

ROYALTIES FOR REGIONS BILL 2009

Second Reading

Resumed from 11 August.

MS A.J.G. MacTIERNAN (Armadale) [10.54 am]: As we know, a great deal was promised under the banner of royalties for regions. Of course, we acknowledge that there has been some delivery of funding into the regions as a result of the deal done between the Liberal Party and the National Party, and we acknowledge that many communities have enjoyed the grants that have been made. But what has been achieved does not in any way equal the claims made about the brand of royalties for regions, either in quantum or in the practical impact of making the regions more sustainable, particularly for those regions that generate the royalties.

True it is that royalties for regions tapped a deep vein of grievance in the regions, and the sale of the idea centred on the notion of returning 25 per cent of royalties to the regions that had earned them. This promise resonated with the bush, but we note that the National Party did not win any of Labor's five country seats, which would suggest recognition of the record level of expenditure on roads, hospitals, schools and police facilities in regional Western Australia under the former Labor government. That was also recognition, of course, that we had very capable members in those seats. It is important to understand that notwithstanding this massive marketing campaign, five of our six country members were re-elected—not counting the member for Mandurah; six out of seven were re-elected, if we include the member for Mandurah!

The former Labor government's spending went on the building or upgrading of 16 hospitals, massive improvements to road infrastructure, the land release program and the rejuvenation of Albany. These projects were recognised by the public, and that was why we were able to hold on to our country seats. It is important to realise the reality of the expenditure and what it achieved during our term of government, as opposed to what was achieved by the previous coalition government. In virtually every one of our budgets more than 50 per cent of the very considerable Main Roads Western Australia budget was spent in regional areas. In our last budget, for example, the per capita expenditure in the Pilbara was \$7 000 a head, compared with the metropolitan expenditure of \$1 400.

There were other programs such as the uniform tariff, which I think conservatively amounted to a subsidy of \$3 000 a head. It was the current Premier who moved to scrap the uniform tariff then, and I remember that when we in opposition we resisted that strongly because it is important to have measures such as the uniform tariff that provide equality of opportunity to the regional areas and underpin the capacity for a lot of regional development. It must be acknowledged that the former Labor government delivered very, very substantial programs in regional areas, and some are still ongoing.

That is not to say that there is unmet need in the bush, and it is certainly not to say that service delivery in the bush does not need to be improved. There are very real challenges in many regional communities, particularly those in the north of the state and the eastern goldfields. We have to rethink how we deliver government in those regions. Our regional cities also face many challenges, and they need the support to be able to successfully compete with Perth and build their communities and allow Western Australia the benefit of a better population spread.

For all its skilful marketing, from what we have seen of royalties for regions, it is not the answer. It has added some short-term dollars to the bush, the expenditure of most of which lacks any strategic value. Those that were strategic, by and large, would have had projects that needed to be funded under the general expenditure of government or initiatives that our government had started.

It is important to go back and see how this policy of royalties for regions was sold. Royalties for regions was sold as returning royalties to regions that produced them. That resonated with people; they knew about the amount of endeavour that was going on up in the north of the state. People felt that this was a good thing and that royalties should go back into those regions. The policy was certainly not sold on the basis that the money would be going substantially to regions that had no involvement in the production of royalties. Indeed, in our view many of the important and substantial-in-size funds in royalties for regions have been deliberately structured to benefit National Party seats, which are not significant producers of royalties. This of course has led to some appalling anomalies, which are particularly grating when we think about the way this was marketed—that is, returning the royalties to the regions, not taking the royalties from regions and giving them to other regions that have nothing to do with the production of royalties.

I will not go into this matter at great length, as we have canvassed it to a great extent in this place before and it has become a matter of some notoriety in the bush. Under the country local government fund, people in remote Halls Creek, one of WA's most disadvantaged towns, receive only \$421 a head, whereas the people in Bruce

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Rock, in the minister's electorate, get \$744 a head. Likewise, Goomalling will receive \$529 a head, whereas people in the Shire of Wyndham-East Kimberley will receive \$228 a head.

Mr B.J. Grylls: Plus \$220 million.

Ms A.J.G. MacTIERNAN: If the National Party wants to count all the road projects, we can count all the road projects. We are talking about the country local government fund. The National Party has structured this fund to benefit its own electorates, which do not generate royalties. Port Hedland, under this very significant fund of \$400 million, receives \$111 a head, whereas Toodyay, just an hour's drive from Perth, receives \$229 a head.

Mr B.J. Grylls: Plus \$40 million this year.

Ms A.J.G. MacTIERNAN: These were programs that already had allocations to be spent on them. The Port Hedland town centre revitalisation was a commitment that we made. We had done the preparation work, had made the commitment and it would have been in the budget.

Several members interjected.

Ms A.J.G. MacTIERNAN: The point we are making is that we do not need royalties for regions to deliver that. It would have been delivered.

The rhetoric for this \$400 million was returning royalties to the regions, not giving royalties to the regions. How can we return royalties to areas that do not produce them? The rhetoric was that these areas would get the benefit of royalties to regions. What we have seen is a distortion. To add to that, the minister actually received from the Western Australian Local Government Association a funding formula. WALGA is a group that I would have to say is dominated by smaller local authorities, many of which are National Party constituencies. WALGA recognised that we should have a formula that took into account aspects such as remoteness of location and the cost of delivering services to those areas. However, that did not apply in the minister's formula; the minister replaced the WALGA formula with his own formula. This was one of those miraculous whiteboard things. There is not a single document in the minister's office about how he developed the formula. Although he claims to be the person who developed it, he has not produced a single document from his office. The reality is that by moving from WALGA's formula to the minister's own formula, shires such as Derby/West Kimberley, Halls Creek and Ashburton had their allocations cut by up to one-third, while every single National Party shire received more than was recommended by WALGA.

Mr B.J. Grylls: That's wrong. You are misleading the house. You are wrong and you know you are wrong.

Ms A.J.G. MacTIERNAN: We have done the analysis and we have shown that analysis.

Mr B.J. Grylls: I know you have. I will be happy to present that analysis to the media afterwards. You have just misled the Parliament.

Ms A.J.G. MacTIERNAN: The minister should give us his documents. He has come into this house time and again during estimates and question time and said that he developed the formula in conjunction with the Minister for Local Government. Then when we applied under freedom of information legislation to see the documents from his office, he said, "There aren't any."

Mr B.J. Grylls: No, the Department of Local Government holds them.

Ms A.J.G. MacTIERNAN: The minister has a formula that he has developed, but he did it magically without a single document.

Mr B.J. Grylls: Just don't mislead the house and I won't interject again.

Ms A.J.G. MacTIERNAN: The minister has not gone with the WALGA formula.

Mr B.J. Grylls: Merredin's allocation dropped and Corrigin's allocation dropped. How do you justify that?

Ms A.J.G. MacTIERNAN: Okay.

Mr B.J. Grylls: Ah! Thank you. Now you're not misleading the house!

Ms A.J.G. MacTIERNAN: Almost every single National Party shire.

What I do say is that every one of the National Party shires got more than it should have. If the minister really supported the notion of what royalties for regions is about—recognising the problem of remoteness and service delivery—much bigger grants would have been given to all those communities in the remote parts of our state.

Perhaps I should also make some mention of the telecentre fund or the community resource fund. The fund has \$40 million. It just so happens that 55 per cent of telecentres are in the four National Party seats.

Extract from Hansard

[ASSEMBLY — Thursday, 20 August 2009]

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Mr B.J. Grylls: Do you not support that? Do you oppose that?

Ms A.J.G. MacTIERNAN: It is interesting that the minister should use telecentres as the focus of distributing this money. If I were looking at a map of Western Australia, I would see that all these people in National Party seats have lots of telecentres but people in remote areas do not. Is it appropriate that telecentres are the focus for the distribution of funds? I would say no, it is a distortion. During the last period that the National Party was in government, it loaded up the telecentres in its four electorates. There are many other mechanisms that the National Party could choose, but it looked around to see the things it could focus on.

Mr B.J. Grylls: Like what? What would you choose?

Ms A.J.G. MacTIERNAN: There could be other community resource centres.

Mr B.J. Grylls: What would you choose other than telecentres as that vehicle?

Ms A.J.G. MacTIERNAN: We could have community resource centres. They do not necessarily have to be telecentres. The National Party could have said, if it thinks telecentres are so important, that it would ensure there was an equal distribution of telecentres around the state. It could have asked why the four National Party electorates had the lion's share of telecentres. It could have said that telecentres were so important that it would put telecentres into remote areas that did not have telecentres. That would have been a better expenditure of the \$40 million.

Mr B.J. Grylls: We have committed to them. We have committed to 20 new telecentres.

Ms A.J.G. MacTIERNAN: The National Party still has an in-built bias towards its own electorates.

Mr B.J. Grylls: Why didn't you get rid of that in-built bias when you were in government?

Ms A.J.G. MacTIERNAN: It is because we were focusing on other programs that we believed were more contemporary ways of delivering services to remote regions.

We have done a critique and we believe that some distortions have been created in the way in which the funds have been structured. That is contrary to the whole rhetoric on royalties to regions. The rhetoric, the whole language, of the sale was returning royalties to the regions, not giving royalties to regions. It was a very skilful sale. Everyone recognises that the Leader of the National Party has a high degree of political skill in positioning himself, although I always remind him that the Labor Party did win five country seats. The National Party did not win a single country seat off us.

Mr B.J. Grylls: Got one back so far!

Ms A.J.G. MacTIERNAN: The National Party went behind the play and deceived all of those Labor voters in the north west coastal area. The National Party went around and stole that —

A government member interjected.

Ms A.J.G. MacTIERNAN: The Libs got one. The point I am making is that although we recognise that the Leader of the National Party —

Several members interjected.

The ACTING SPEAKER (Ms L.L. Baker): Excuse me. Can members keep the side conversations down. The member for Armadale has the floor.

Mr P.B. Watson interjected.

The ACTING SPEAKER: Member for Albany, enough!

Ms A.J.G. MacTIERNAN: I want to now analyse the deal that was done to determine whether it has been honoured. We say that there are many ways in which the promise of royalties for regions, which subsequently translated into the deal between the National Party and the Liberal Party —

Several members interjected.

The ACTING SPEAKER: Order, members! I advise members on both sides of the house that this is not a free-for-all. If members must have discussions, they should please take them outside.

Ms A.J.G. MacTIERNAN: We know that there was a lot of backtracking in the first week or two after this deal was formed. The minister was saying that he would not have any problem with projects such as the Busselton waterfront and the Kalgoorlie hospital, in its entirety, being funded out of royalties for regions money because it would be money being spent in the regions. The opposition vigorously and assertively pointed out that that was not what had been agreed to—that that was not what the Liberal and National Parties had told the community

about the agreement. The agreement was that this funding would be over and above the money in the forward estimates. In the two weeks of argy-bargy engaged in by the Leader of the National Party and the Premier, they first of all denied that this was the agreement and then, finally, the Leader of the National Party said that yes, that was the agreement that he was going to stick to. Ultimately, a couple of weeks later, the Premier was flushed out and he also said that yes, that is what the agreement meant. However, it was quite clear that it was a question of doing whatever it would take to get agreement. How did they manage that? The deal was always going to present very real financial challenges. In the first instance, three per cent has been cut from the target. The 25 per cent from the royalties amounted to \$644 million. The Leader of the National Party accepted a cut to \$619 million, because, he said, of the global financial crisis—so it was no longer 25 per cent. However, I will not make too big a deal about that. The Leader of the National Party was dishonest in his media releases on the day of the budget. On budget day he said that royalties for regions totalled \$644 million, and he did not acknowledge the fact that he had copped a three per cent haircut in the system. Nevertheless it is at least arguable that there was some capacity in that agreement for cuts given that things turned out to be worse than predicted due to the global financial crisis and the agreement contained some caveats about maintaining the state's AAA credit rating. I do not want to overplay the importance of that cut. I think it significant and inexcusable that the promise of an additional 25 per cent was breached. Already more than 25 per cent of the value of royalties is spent in regional Western Australia—well in excess of 25 per cent. More than 50 per cent of the Main Roads budget alone is spent in the regions. A careful analysis of the last budget shows that more than \$500 million of regional spending has been either axed from or deferred in the 2008-09 and the 2009-10 budgets. In order to fund this \$619 million investment, the government has axed, deferred or taken out from the budget more than \$500 million of expenditure. This is a gross fraud. The Leader of the National Party, the Minister for Regional Development, says that if it cannot put a green and gold brand on it and if it cannot have a hat and a T-shirt and a poster that says royalties for regions, the government is not interested. It does not matter that it is regional expenditure; it is important that it be regional expenditure that the Nationals can brand. When the government was trying to make the 2009-10 budget work, it removed \$500 million for projects such as Caring for our Country, which lost \$11 million; the Kalgoorlie courthouse, which lost \$27 million; the Carnarvon police complex, which lost \$25 million; Albany Regional Hospital, \$10 million; Busselton hospital, \$43 million; country infill sewerage, \$20 million; and regional land development, which this minister goes on about, lost \$32 million from the budget. Many country members will go through the sorts of things that have been lost. I am sure that the member for North West will bemoan, as he has done before, the loss of facilities for and broken promises to the Carnarvon community. I look forward to his contribution about the Carnarvon community.

Mr V.A. Catania: Will the member for Armadale take an interjection?

Mr P.B. Watson: Sit down; you are insignificant.

Mr V.A. Catania: Obviously I have fought very hard for and will continue to fight very hard for the Carnarvon police station and courthouse. How much was in the 2008-09 budget for that project—\$80 million?

Ms A.J.G. MacTIERNAN: By our calculations, \$25 million has come out of the budget. Obviously, the budget was more than \$25 million, but that is what has actually been taken out of the 2008-09 and 2009-10 budgets.

Mr V.A. Catania: It was originally a \$40 million development.

Ms A.J.G. MacTIERNAN: Yes; but I am asking about what has been lost from the 2008-09 budget and the 2009-10 budget. The Premier says that forward estimates mean nothing. Because the official policy of the government is that forward estimates are meaningless, we have to look at what the government has actually done. The only thing the government has committed to is the budget for this current year. If we look at what the government says it did and what we know it did across the regions in 2008-09, we can see that it put its foot on the hose of every country program, including the Karratha education facilities in the member for North West's electorate! That absolutely disgraceful delay was argued on the basis of royalties for regions. Despite the need to develop Karratha, it put on hold, for a year, the massive redevelopment of the schools in Karratha so that it could review whether it was going to undertake that development. It was not about reviewing whether it was going to do it; it was about trying to balance the 2009-10 budget by clawing back as much money out of the 2008-09 budget as possible. And in 2009-10, we see other delays. I am specifically talking about the money that was in the budget for projects that have now been axed or delayed. Quite frankly, given this government's official policy that forward estimates do not count, we can have no confidence that anything in the forward estimates for which the work has not already started will go ahead. We already know about the \$2 billion black hole that the shadow Treasurer has so articulately outlined. We have a great deal of scepticism about the government's ability to fund any of these projects. As I have previously said, a great fraud is being perpetrated on the people of regional Western Australia when this government says that royalties for regions funding is going to be additional expenditure over and above that of the forward estimates. To fund that \$619 million, the government ripped out

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\$500 million from the budget. We have already seen emerging patterns in royalties for regions expenditure, such as the notorious program of mattresses and disinfectant for Port Hedland Regional Hospital, funding for schools and other funding across core services—all those are being funded out of royalties for regions money. I am sure that regional members will speak at some length about this, but we have seen not only the \$500 million in capital expenditure pulled out of the budget, but also these regions become victims of the three per cent cuts in recurrent spending. Three per cent cuts have been made in regional areas to fund cow parades and ute festivals, while the important services of government are cut because they cannot have a green and gold brand. That does not matter to the National Party, as long as it can introduce services that have a green and gold banner.

Someone sent me a copy of the esteemed newspaper *Plantagenet News*. It contains an article written by the member for Blackwood-Stirling headed “Royalties for Regions delivers in State budget”. It states that royalties for regions has delivered —

- \$7 million for improvements to Muirs Highway and South West Highway
- \$8 million, over forward estimates for the re-opening of regional police stations, including Cranbrook.
- \$6 million for projects aimed at developing South West horticultural industry ...
- \$3million to assist industry development and production capacity to South West dairy and animal production industries.
- ...
- \$12.2 million to continue construction on Mount Barker Community College ...

Were these projects funded under royalties for regions? No, they were not. We are witnessing systematic misrepresentation about what royalties for regions is delivering. We put money into Muir Highway every year. We put money into Brookton Highway. Did we label them as being funded under royalties for regions?

Mr B.J. Grylls: You labelled it Building WA, didn't you?

Ms A.J.G. MacTIERNAN: It was not an express fund.

Mr B.J. Grylls: Weren't there TV ads about Building WA using taxpayers' money?

Ms A.J.G. MacTIERNAN: We are talking about an additional fund. The whole selling point and the essence of the argument was about additionality. I have shown that to get the \$619 million this year, \$519 million worth of capital works have been axed, let alone all the three per cent cuts that are going on in the regions, leading to the sorts of problems that are occurring with paediatricians in the Kimberley. There are numerous examples of those cuts. We have to ask ourselves whether we are getting beyond the myriad small projects and projects such as the upgrade to the South Hedland town centre, a project that would have been funded under the normal banner of government.

Mr B.J. Grylls: Seven billion dollars was cut out of the forward estimates due to the financial circumstances of the state. You are suggesting that none of that would have happened.

Ms A.J.G. MacTIERNAN: Not at all. That is simply not the case. We are saying that there are a whole lot of non-strategic programs; programs of questionable value. When we look at the cost-benefit ratio, the government has shown a massive interest in programs that are not funded from royalties for regions. It is taking money out of the bush in order to fund those programs that it can brand as royalties for regions.

As I said, *Plantagenet News* indicates another phenomenon. Any item of expenditure that is going into country Western Australia is being surreptitiously repositioned as royalties for regions, even though it has nothing to do with royalties for regions.

I want to look at the bill and show how it relates to this analysis that we have. The minister's second reading speech states —

The central and simple principle behind this legislation is that every person in Western Australia should be entitled to basic services and infrastructure no matter where they live—schools, hospitals, government services and recreation and sporting facilities, as well as the ability to develop business and economic prosperity. However, this legislation is not just about structural development. It is about people being encouraged to live and grow within their communities, to bring up families without having to move to cities for education or health services, to become long-term residents and to drive and plan the future of their own communities.

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There is nothing in this bill that adds to that worthy objective. It is an objective that every government in Western Australia has shared. It is an objective that we certainly believed in with our record infrastructure expenditure in the bush and the record number of new services that we put into the bush. We agreed with those principles; they are worthy principles. This bill has got absolutely nothing to do with it. I urge members to read the legislation because there is not one single guarantee in this bill that any additional money will go to the bush. It is important to understand that the standard routine expenditure of government on core services, be it roads, health, policing or education, exceeds 25 per cent. We have to understand that principle first. We already have as standard expenditure in the bush in Western Australia a sum that is more than 25 per cent of the value of royalties. How does this bill give us anything extra? It does not. The bill says that the government will hypothecate; it will work out a sum that is equal to 25 per cent of the royalty revenue for a particular year. Then it will put that into the royalties for regions fund. That can be spent on three funds, which are named in the bill. It is critical that members understand how this works. The government will establish the fund, which will consist of the following subsidiary accounts—the country local government fund, the regional community services fund and the regional infrastructure and headworks fund. There is no definition of what those funds might comprise. They could be spent on anything. The far more salient point—this truly has been a piece of legislation where Treasury has won out—relates to clause 5(1)(d), which states that the fund can also consist of —

any other account determined by the Treasurer, on the recommendation of the Minister, to be a subsidiary account.

There is absolutely nothing in this bill that says that all road funding cannot come out of that fund.

Mr B.J. Grylls: That would be your plan.

Ms A.J.G. MacTIERNAN: I am saying that the bill does not guarantee anything. The government claims that this bill adds some guarantee that the royalties for regions deal that the National Party did with the Liberal Party for the first four years is enshrined in law. It is not. There is nothing in this bill. It is just smoke and mirrors. Has the minister read the bill? If so, he would be aware that this fund has infinite flexibility on what it can be spent on.

Mr B.J. Grylls: Not while I'm the minister.

Ms A.J.G. MacTIERNAN: That is fine but that is not what the legislation is about. That is not what the minister is telling the community. He is saying that he has done this deal with the Liberal Party for the first four years but now we have this piece of legislation that will lock this away for time immemorial. It will not. It is a complete and utter fraud. This is the most blatant piece of window-dressing that I have ever seen.

Mr B.J. Grylls: How would that occur politically? If I were to use this legislation to just load all basic government funding under it, would you just ignore that? If you were in government and I were in opposition, and you were to do that, would I just ignore that?

Ms A.J.G. MacTIERNAN: What I am saying is that this bill adds nothing.

Mr B.J. Grylls interjected.

Ms A.J.G. MacTIERNAN: It does not. It adds nothing to the process. The minister is saying that he is going to use his political gravitas and his political clout within the government to achieve this result anyhow. What does the minister think this legislation will add?

Mr B.J. Grylls: This legislation will create a fund that will appropriate 25 per cent of royalties for the government to spend, at its discretion, on new projects and programs in regional Western Australia.

Ms A.J.G. MacTIERNAN: Sorry. New projects. Can the minister show me where in the bill it says that?

Mr B.J. Grylls: Keep going.

Ms A.J.G. MacTIERNAN: The minister cannot show me that. That is because it does not exist. This bill does create a fund. There is no doubt about that—it does create a fund. As I have said, the first three funds are similar in nature to funds that the minister has already created in an administrative sense. None of these funds is defined. There would be nothing to prevent the regional community services fund, for example, from gradually becoming the fund that was used to deliver community services such as education and health. I think that is what we are already seeing. We are already seeing what should be part of government expenditure clearly coming out of these funds. In addition to the three subsidiary accounts that are listed in clause 5(1)(a), (b) and (c), the bill goes on to say —

(d) any other account determined by the Treasurer, on the recommendation of the Minister, to be a subsidiary account.

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The only caveat that has been placed upon this fund is that the money from the fund must be spent in regional Western Australia. As I have said, already well in excess of the sort of money we are talking about here—the equivalent of 25 per cent of royalties—is spent in the regions. There is absolutely no guarantee in this bill that this money will be spent in the regions. Not only is there no guarantee in this bill that this money will be spent in the regions, but also it is quite meaningless. If the minister were serious about this matter, he would have made some calculation of the percentage of the budget that is spent in the regions now and would have said that this fund is to be over and above that expenditure. However, the minister did not do that. That is because Treasury would not allow him to do that. Treasury won the debate on the creation of this bill. That is our primary critique of this bill. As I have said, we are already seeing the routine business of government being done through royalties for regions. Over time, this legislation will add nothing to regional Western Australia. An agreement has been reached between the National Party and the Liberal Party. However, this bill in no way enshrines that agreement.

I need to point out also that this bill in no way guarantees that 25 per cent of royalties will be put into this fund. This bill places a cap of \$1 billion on the total royalties for regions fund. As I understand it—I will be interested to see whether the minister also believes this is how the bill will work—the Treasurer will make the determination about how much of the royalties will be put into this fund. Let us assume that things are going well next year and there is \$750 million in the fund. However, at the end of the financial year, and perhaps as part of a deliberate go-slow, where the Treasurer deliberately does not approve projects —

Mr B.J. Grylls: Your government had experience of that—a deliberate go-slow!

Ms A.J.G. MacTIERNAN: Look at what this government did in its first year in office with the Karratha schools! Why did the government need to review the Karratha schools? Why did they have to go through a year-long review and that \$100 million of expenditure have to be put back? The government is now not going to build those schools in Karratha—probably because it cannot put a royalties for regions brand on them!

Let us say, for example, that in 2009-10 there is a royalty boom and the amount of money in the fund is \$750 million. That is probably a figure that we will get to in a couple of years. However, only \$350 million of that is expended. I am not talking about approval. I am talking about actually expended. That would mean that \$400 million would be left in the fund at the end of that financial year. Therefore, at the beginning of the following financial year, although the royalty entitlement to the fund might be \$750 million, only \$350 million could be put into the fund, because only \$350 million had been drawn down. The way this fund is structured gives the government enormous flexibility to put a go-slow on projects and thereby totally slow down the quantum of money that will go into the fund.

There are also some seeming paradoxes and administrative complexities in the bill. We would be very interested if the minister could tell us how these will be dealt with. One of those paradoxes is that the bill provides that the maximum amount in the fund is to be \$1 billion. However, the bill also provides that 25 per cent of royalty revenue must be put into the fund. We are unclear about how the minister is going to manage this and how he is going to budget for this. At the beginning of the 2011-12 financial year, for example, \$400 million might remain in the fund. That would mean that only an extra \$600 million could be put into the fund to keep it below the cap of \$1 billion. However, what will happen six months later when draw-downs have been made from the fund? Which of those provisions will then come into effect? Will that trigger a requirement for more money to be put into the fund because it has fallen below the \$1 billion cap and will need to be topped up? Is that how it will work?

Mr B.J. Grylls: Finish your speech. Finish your presentation.

Ms A.J.G. MacTIERNAN: Okay. This is getting a bit technical, but some obvious administrative problems and budgeting problems are going to occur with this legislation. This legislation does not make it clear whether the determination will be made just at the beginning of the year. The minister might set out in the budget that only \$600 million needs to be put into the fund because there is still \$400 million in the fund that has not been expended. However, arguably once there have been draw-downs on the fund and the balance falls below \$1 billion, the minister will have an obligation to top it up. However, that may not have been budgeted for. I would very much appreciate it if the minister would try to explain to us how this will work. We are very concerned about the lack of transparency in this bill. It is not clear whether there will be any statement in the budget about how this fund will work. For the 2009-10 financial year, there was a statement in the budget about what the royalties for regions expenditure would be, and about what the breakdown between the different accounts would be. However, there is nothing in this legislation that requires any disclosure by the government, as part of the budget process, of the different subsidiary accounts and of the various items that will be allocated. We will, therefore, be moving an amendment to seek to ensure that there is that disclosure and that the practice that the government has followed this financial year is enshrined in the legislation. That deals only with the

allocation to the broad funds. We believe also that if we are to prevent this fund from continuing to be a slush fund, a pork barrel or a whiteboard—or whatever we might want to call it—it is essential that we establish a mechanism for disclosure of what the specific items in these funds will be spent on. Therefore, within each of the subsidiary —

Mr B.J. Grylls: What funding for regional Western Australia wouldn't you regard as pork-barrelling, since every time we spend a dollar outside Perth you call it port-barrelling?

Ms A.J.G. MacTIERNAN: No, we do not. When the minister deliberately, without using one single piece of paper, comes up with a formula that overturns the Western Australian Local Government Association recommendation that says we should be looking at the cost of delivering services to remote regions and that we should be looking at the difficulty and the social disadvantage within those communities—the minister ignores that recommendation and magically channels a huge, long formula to his department as an alternative—we say that is pork-barrelling. We say that when the minister cannot produce one single, logical, coherent argument to explain his formula, that is pork-barrelling. It is not every expenditure in the regions.

We believe—I would be interested to know whether the minister would have a problem with this—that that practice that we saw in the budget this year of setting out the allocation of royalties for regions within the subsidiary accounts should at least be contained in the budget. We believe that there should then be a six-monthly reporting to Parliament of what expenditure has actually been approved under those subsidiary funds and what amount has been expended.

Mr B.J. Grylls: Isn't that in the budget, though? Isn't that the budget?

Ms A.J.G. MacTIERNAN: No. What I am saying, my dear, is —

Mr B.J. Grylls: My dear? I think you need to call me Minister for Regional Development.

Ms A.J.G. MacTIERNAN: Sorry; the minister. That is not in this agreement; that is not in this document. The minister is claiming that this offers some guarantees and that this is creating a framework. We are saying that if the minister is happy with this proposal—I cannot see the document that the minister has, and I would be keen to see it —

Mr B.J. Grylls: It is just the budget; it breaks up the three funds and everything underneath them.

Ms A.J.G. MacTIERNAN: Okay. We certainly believe that this should be —

Mr B.J. Grylls: That page is in the budget.

Ms A.J.G. MacTIERNAN: Hold on. We certainly believe that this should be incorporated. We want this practice to be incorporated into the budget each year, if not for the forward estimates at least, then as the government did this year in the actual budget document. However, we also note that these are subsidiary funds, and subsidiary funds within them. We believe that every six months—we are not arguing for any more frequently than that—there needs to be a statement about what these particular generalist things have in fact been spent on. For example, looking at “Regional Organisations of Councils New Regional Infrastructure Assets”, we would like to know who has actually got the money. I do not think that is unreasonable. We know that at the beginning of the budget year the minister could not know all that, so we would not require him to put that in the budget.

Mr B.J. Grylls: Wouldn't that be specifically defined in the midyear review? Isn't that the six-month review you are talking about?

Ms A.J.G. MacTIERNAN: No. We are talking about a more specific statement once every six months of what expenditure has been allocated and what funds have been expended, because it is important for us to understand what is in the fund, how much the fund made and what flexibility the fund may have into the future. I think it is important for us to be engaged in the issue of the regions. It is interesting to read, as I said, some of the observations that the minister made in his second reading speech.

However, I want to quote, if I may, from a statement that was made recently by June Oscar. The member for Pilbara, the member for Victoria Park and I, and, I think, the member for Midland, were at a function the other night at which June Oscar showed her film on the initiative that was taken in Fitzroy Crossing to introduce alcohol restrictions in that community. It gave, I think, a pretty honest account of not only the discussion within the community and some of the conflict within the community, but also the overwhelming good results that came from that. Certainly, the member for Pilbara, the member for Victoria Park and I agreed that the most powerful thing to come out of that was not just that we could see something that was working—it was fantastic

to see something that was working—but also that we could hear the statement made by June Oscar about what we should draw from this experience. I will take a few minutes to quote this. She said —

The last thing we want on the back of the positive profile that Fitzroy Crossing has achieved is additional investment by governments in the things they have always done. More programs, more bureaucrats and more coordination to manage additional funding. That would be disastrous because it would simply create confusion and undermine the authority of the Aboriginal community leaders who have achieved so much in the last eighteen months.

She goes on to say that together they number approximately 4 500 people in the Fitzroy Valley, and she says —

We deal with customary law, the complex relationships of family and community and our religion and beliefs. Within this complex social and cultural reality we deal with the extraordinary array of our community organisations that receive public funding and deliver services. We also deal with our land holdings—a number of Aboriginal owned pastoral stations, outstations and communities as well as native title claims and determinations within the context of a land management regime that has been imposed on us.

Against this reality is the work of government which has legal obligations to provide services on the basis that the people of the Valley are Western Australian and Australian citizens. There is a hospital, public housing, schools, essential services and local government services.

Government responsibility to provide good government in the form of skill development, employment, health services, education and child protection does not interface or connect in a formal sense with the cultural and social reality of the Valley.

In essence government approach to service delivery is fundamentally assimilationist and a recipe for continued disaster.

What is required is a new relationship that structurally connects the Aboriginal cultural and social domain with government's responsibility to provide good government. ...

Instead of the many individual State and Commonwealth agencies providing services and making decisions without real accountability to the community there is potential and need for a regional body—made up of community and government—to support sustainable development.

I think that in there is the essence of an idea of where we need to move to. We are not going to make the changes that we need in order to really put in place a whole new way of development within those communities, and particularly in those remote regions, without a real rethink. This is not just about the quantum of money, where the funds are put, whether or not the funds are in 10 subsidiary accounts or whether they get a green and gold brand on them; it really is about a need to revise the whole way in which we deal with our regions. The more remote the regions, the more need there is for a real, new dialogue and a new way of exploring partnerships and sharing power in the development of services.

Mr B.J. Grylls: I completely agree, and we are starting that.

Ms A.J.G. MacTIERNAN: I am sure that the Minister for Regional Development has good intentions, and I am sure that this is not something that he would disagree with. But I say to the minister that this bill does not do that; it does nothing like that. This bill is just a piece of window dressing that Treasury has gone along with because it knows it is absolutely, completely and utterly meaningless. It guarantees nothing. It does not guarantee a cent of additionality into regional Western Australia.

MR P.B. WATSON (Albany) [11.50 am]: First of all, I fully support royalties for regions and I congratulate the minister on taking it to the election campaign. I thought he ran a very good campaign. The idea of royalties for regions was great and very well accepted in the regions. I still have concerns about its sustainability and transparency. As the member for Armadale has said, it is very hard to find out from the bill what is actually going on. So far royalties for regions has delivered the Country Age Pension Fuel Card, which is very popular in my electorate and I am sure in all regional electorates. One of my concerns is the local government regional grants scheme. I will move an amendment during consideration in detail to ensure that local governments make a case for funding rather than just being given money. When the City of Albany was given funding it put a notice in the paper asking people to write in with suggestions for what the money would be good for. I think there should be a bit more structure in the way the money is allocated. I am sure the member for North West will talk about some of the things he thinks about royalties for region. I want to refer to a few comments that he has made. I am sure he will follow them up now that he is on the other side. According to my notes, he said —

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Can I first say that we all agree with royalties for regions, but I think it is a great policy when it's on paper, but we're now seeing that implementation of royalties for regions has come at a cost to the people of the north west.

According to my notes, he also said —

The National Party made unsustainable promises to its voters and will be held accountable for its failure to honour these promises.

He also said that members can see it unravelling because the minister had misled Parliament on several occasions and that the Minister for Regional Development is an irresponsible minister. I am sure he still believes that! He also said, according to my notes —

Everyone believes in the principle of royalties for regions, but when we look at what is being delivered, the smoke and mirrors, the cost shifting between departments and the fact that everything is ...

We do not know.

It is very interesting. I am sure the member for North West will stand up and show the courage he has shown in the past! When we sit next to someone in Parliament for a period, we tend to get to know them. We hear what they think of people on the other side and what their ambitions are. We hear, "Will I win the next election?" I never heard anything about his constituents; it was all about the member for North West. He said things like, "They're at my electorate all the time; I'm worried about what they're going to do". I never once heard him say, "I want more for my electorate".

Mr V.A. Catania: Do you want me to discuss what the Labor Party is all about?

Mr P.B. WATSON: I do not take —

Several members interjected.

The ACTING SPEAKER (Ms L.L. Baker): Order! The member for Albany has the call.

Mr P.B. WATSON: I do not take interjections from people I do not respect. I do not mind taking interjections from the Premier; I respect him, but I do not respect the member for North West.

Mr V.A. Catania interjected.

The ACTING SPEAKER: Order, member for North West!

Mr P.B. WATSON: Thank you, Madam Acting Speaker.

Several members interjected.

Mr P.B. WATSON: The member for North West all of a sudden has a voice today. A member would not want to go to war with him because he would be the only person to have a white handkerchief in his pack. He would be saying, "I surrender; I surrender"!

The member for Collie-Preston and I fought and won difficult electorates in three elections.

Mr D.A. Templeman: And did brilliantly.

Mr P.B. WATSON: We won. One person was pushed into the upper house by his father and with the support of the Labor Party. But he did not like it there; he wanted to be a minister so the Labor Party got behind him and helped him win a seat in the lower house. Only six months in his position and it got a little bit hard.

Mr V.A. Catania interjected.

Mr P.B. WATSON: I am talking about the credibility of the National Party.

Point of Order

Dr M.D. NAHAN: This has nothing to do with the bill.

The ACTING SPEAKER: Can we keep to the Royalties for Regions Bill, please.

Debate Resumed

Mr P.B. WATSON: Thank you, Madam Acting Speaker. Did we touch a little nerve then? The trouble is I had to wipe the yellow stuff off the seat when we came to take our seats. I will get back to the bill.

Mr C.J. Barnett: This is telling us far more about you than it is about the member for North West.

Ms Alannah MacTiernan; Mr Peter Watson; Dr Mike Nahan; Mrs Liza Harvey; Mr Mark McGowan; Acting Speaker; Mr Tom Stephens; Mr Bill Johnston

Mr P.B. WATSON: Can I just ask the Premier: what about the member for South Perth or the member for Murray, who are both —

Mr D.A. Templeman: Disgruntled.

Mr P.B. WATSON: — disgruntled.

The ACTING SPEAKER: I appreciate that there is some passion around the chamber today, but can all sides of the house please keep the debate to royalties for regions?

Mr P.B. WATSON: Thank you, Madam Acting Speaker. I was talking to my friend the Premier.

The thing about royalties for regions is that there is no transparency about it. I looked at the situation when the Labor Party was last in government. Albany was given a lot of money, and Geraldton was given a huge amount of money. Apart from the funding for the Country Age Pension Fuel Card, I do not see where royalties for regions is increasing that funding. Now water and gas rates are increasing and a tax is being imposed on recreational fishing. Regions are getting money in one hand and losing it from the other. Royalties for regions is supposed to be funding new projects. The amount of \$135 million was allocated in line with the Liberal Party's commitment at the last election to build a new Albany Regional Hospital. That is fair enough. What do we see now? Royalties for regions is funding \$30 million. Obviously, the Treasurer is saying, "Okay, we'll provide \$30 million through royalties for regions and take it back for a hospital, which we've already done". I refer also to the gas pipeline.

Mr C.J. Barnett: We're very popular in Albany.

Mr P.B. WATSON: I know I am very popular in Albany; that is why I have been re-elected twice.

Mr C.J. Barnett: Maybe the member for North West should explain to the residents of Albany what we are doing under royalties for regions.

Mr P.B. WATSON: If only the Premier knew the support the member for North West has out on the street. The Premier brought up the subject of the member for North West. He has to come into this house for as long as he is a member. I have been speaking to lay members of the National Party in Albany and surrounds, and they are very disappointed. Some of them have been supporters for a long time.

Mr B.J. Grylls: They'll probably join the Labor Party.

Mr P.B. WATSON: No; they are disappointed. They might even vote for the Liberals, which would probably be worse.

Mr V.A. Catania interjected.

Mr P.B. WATSON: Did members hear a noise?

Mr M. McGowan interjected.

Mr C.J. Barnett: Calling members of Parliament rats is just awful.

Mr P.B. WATSON: Grow up little man! When in opposition the Premier was called to order many times because of the things he said. Yet he is behaving now like a pious little Buddha over there now.

Mr C.J. Barnett: What?

Mr P.B. WATSON: He has no credibility. We can bring out the *Hansard*.

Mr B.J. Grylls: Something about him being Premier elevates him.

Mr P.B. WATSON: I remember having a conversation with the Premier when he said he was going to retire. He said, "Look, I'll come down to Albany and I'll run as a candidate against you". He did say that, but he might have had a few chardonnays at the time. He said to me, "If you want me to come down and run in Albany, just give me the money that you pay for your campaign". He said that when he was thinking of retiring. Claremont supporters stick together.

Mr C.J. Barnett: You are testing the relationship!

Mr P.B. WATSON: I think the National Party has done a great job. The Minister for Regional Development has done a great job, as has the Minister for Sport and Recreation. But the Minister for Agriculture and Food is doing a terrible job.

Mr B.J. Grylls: I'll pass that on.

Mr P.B. WATSON: I am sure he will know where it has come from.

Ms Alannah MacTiernan; Mr Peter Watson; Dr Mike Nahan; Mrs Liza Harvey; Mr Mark McGowan; Acting Speaker; Mr Tom Stephens; Mr Bill Johnston

This bill will not bring anything extra to the regions, and that is a concern. If the Minister for Regional Development can ensure that the funding is more sustainable and its distribution more transparent, I will be 100 per cent behind it. I agree with the concept of this bill. However, to come out and say that Labor did not put money into the regions is wrong.

Mr B.J. Grylls: I do not recall saying that.

Mr P.B. WATSON: He is saying that the government did not put money into the regions.

Mr B.J. Grylls: I was very supportive of you in government.

Mr P.B. WATSON: It is a pity the Minister for Regional Development was not supportive on the day after the election, when he had to make that decision.

Several members interjected.

Mr P.B. WATSON: The Minister for Regional Development was very, very supportive, but the member for Kalgoorlie has told me that even on the morning of the decision the Minister for Regional Development was leaning our way. It does hurt us a bit when he attacks us now because we know that he could have been a brother to us!

Mr B.J. Grylls: And vice versa!

Mr P.B. WATSON: It was great to see that he saw sense on the issue of retail trading hours and came over to us.

Mr B.J. Grylls: Came over to you? I think that you're the one that maybe changed your view!

Mr P.B. WATSON: No. Turning to that subject, we went out and polled our electorates and the result was surprising.

Mr B.J. Grylls: The Leader of the Opposition polled his electorate in Belmont shopping centre, and found that the majority supported deregulation.

Mr P.B. WATSON: That is the thing; we have a caucus which allows everyone to have their say.

Mr B.J. Grylls: Do you think that's a good thing?

Mr P.B. WATSON: What?

Mr B.J. Grylls: That the caucus forces you to vote one way, even though you think another way.

Mr P.B. WATSON: No, we had a vote on it. We all got up and spoke about it.

Mr B.J. Grylls: The people that wanted deregulation have been forced to come to Parliament and vote in opposition to it.

Several members interjected.

Mr P.B. WATSON: Apparently they could not decide on it in the Liberal Party room.

The ACTING SPEAKER (Mr J.M. Francis): Order, member for Albany!

Mr P.B. WATSON: It is an interjection.

Point of Order

Mrs L.M. HARVEY: As tempting as it is to listen to the member for Albany debate something other than the Royalties for Regions Bill 2009, that is what we are debating.

Several members interjected.

Mr M. McGOWAN: I wish to speak to the point of order that the member for Scarborough raised. A lot of interjection is happening on subjects surrounding this bill, and it is entirely appropriate for the member to respond to those interjections. Should he refer to how members intend to vote on this bill, that is traditionally accepted as debating the bill before the house. It is entirely appropriate to raise those matters. If members want to reach the stage when we cannot refer to how another member might be intending to vote on a bill, we are in a very strange environment.

The ACTING SPEAKER: I take the point of order. My ruling is this: I will allow the member for Albany some leeway on this. I appreciate that he is responding to interjections, and I ask both sides to keep the interjections down and for the member for Albany to return to the bill being debated.

Debate Resumed

Mr P.B. WATSON: I thank Mr Acting Speaker for his indulgence. I fully support the royalties for the regions initiative, but I am really concerned about how it is being rolled out.

Dr M.D. Nahan: You've said that five times.

Mr P.B. WATSON: I will put it this way: when the member for Riverton speaks, he has to speak five times before we can understand him, so he should not worry about how many times I say the same thing!

Dr M.D. Nahan: You must be hard of hearing, then!

Mr P.B. WATSON: No, I only understand English!

The ACTING SPEAKER: Order, member for Riverton!

Mr P.B. WATSON: Has the member for Riverton finished, or is he going to get up and speak his intelligent garble later on?

I will be proposing an amendment to the way funds are distributed via the country local government fund; people should not be given money that they do not know what to do with. Much funding is needed in regional areas, such as for the grain freight rail network, and for the surf club in Albany. I will be speaking about one of the heroes from the surf club later on during my 90-second statement. I do not think that money is reaching the projects that need it.

Mr B.J. Grylls: May I make a sensible interjection?

The ACTING SPEAKER: If the member for Albany agrees to take the interjection.

Mr P.B. WATSON: I respect the member; I will take his interjection.

Mr B.J. Grylls: Do you oppose the notion of giving local governments the authority for decision making about the local infrastructure needs of their communities? Is that something that you support or oppose?

Mr P.B. WATSON: I think it should be done, but I think they should have a structured plan.

Mr B.J. Grylls: I'll respond to that later.

Mr P.B. WATSON: In this round of funding, Albany had toilets and footpaths built. I said to the Mayor of Albany that if somebody is 50 metres out to sea off Middleton Beach and that person is drowning, the toilets will not save him, but the surf lifesavers will.

Mr B.J. Grylls: That is your individual opinion on what the priorities should be. The council is democratically elected; it made its priorities. Do you not support the council?

Mr P.B. WATSON: I will explain how it made the decision to spend the money.

Mr B.J. Grylls: I understand it called for public comment.

Mr P.B. WATSON: Yes, it called for public comment on it. It is a decision-making body, but it did not make the decision itself. That is what concerns me.

Mr B.J. Grylls: On the issue of trading hours you went out to the community and sought public comment.

Mr P.B. WATSON: I did.

Mr B.J. Grylls: What's wrong with the council doing it?

Mr P.B. WATSON: I was seeking the opinion of businesspeople in Albany. We have been attacked about that, but 85 per cent of people asked in my electorate were against it.

Mr B.J. Grylls: I agree.

Mr P.B. WATSON: They opposed it because they were worried it was going to be a thin end of a wedge to get into regional areas. As the member knows, regional areas prefer their local governments to make the decisions.

I will say for the sixth time that I fully support the idea behind the bill, but I hope that country members can consult with the National Party to try to design a better model for the future.

MR T.G. STEPHENS (Pilbara) [12.05 pm]: The Royalties for Regions Bill 2009 does absolutely nothing that cannot already be done by government. It guarantees nothing, it advances nothing and it delivers nothing. It is a pale cipher of what was said before the election and, before the bill was presented in this form, what the National Party said it was going to do.

Extract from *Hansard*

[ASSEMBLY — Thursday, 20 August 2009]

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Ms Alannah MacTiernan; Mr Peter Watson; Dr Mike Nahan; Mrs Liza Harvey; Mr Mark McGowan; Acting Speaker; Mr Tom Stephens; Mr Bill Johnston

The National Party led regional people to believe that it was going to position legislation that would guarantee that this percentage of royalties would forever flow to the people of regional Western Australia. This bill does no such thing. As members in this place know, and as hopefully those who study *Hansard* will soon understand, this bill is a fraud. It does not give the Minister for Regional Development any extra power over and above what he currently has; in fact, we have all noticed that since the opportunity for the minister to spend funds under the banner of royalties for regions has existed, he has had the banners, placards and balloons out and has been promising to deliver money without the need for this legislation. This bill does nothing to secure an income stream. It is a bill that has already been neutered by Treasury. I can well imagine how the eagle eyes of Liberal Party members, such as the member for Riverton, would have looked over any earlier drafts of the legislation to ensure that it was as utterly useless a piece of legislation as has ever been advanced in this Parliament.

What is needed from governments is a focus on regional issues. In this state that is absolutely critical, because what makes Western Australia special is its regional areas. Any state or territory can have a beautiful city, as we do.

Mr C.J. Barnett: When it's open!

Mr T.G. STEPHENS: The draw of the city is enhanced by the opportunities on offer in regional Western Australia. The regional areas complete the state. Much has been done for regional areas by government and regional Western Australia has done much for itself, but evidently much more is needed. This bill does not achieve what needs to be done. It does not guarantee or secure the income streams needed for regional Western Australia. It is simply part of the process of the National Party injecting party politics into regional Western Australia to try to present itself as some sort of green and gold knight to try to hoodwink regional WA into thinking it is getting something extra.

The member for Armadale has already managed to extract the proof from the Minister for Regional Development, by way of the exchanges across the floor during the debate, that this legislation does not guarantee that a single additional dollar will be spent on regional Western Australia. Also not guaranteed by this legislation is that the royalties for regions banner will be elevated above the risky whiteboard exercise that has been on display in the activities of the Nationals since they have been in office. In the royalties for regions programs that have been delivered by the combined National and Liberal team are seeds of the government's own destruction. The government will find, I fear, that the Auditor General will soon have to take up permanent residence in the office of the Minister for Regional Development.

Mr B.J. Grylls: We welcome him.

Mr T.G. STEPHENS: He will be absolutely on the minister's case as he looks to see what is going on. How can the Minister for Regional Development wander around the areas of regional Western Australia and tell people that he guarantees and assures them that funds will flow to them in response to their particular plea or issue, even in advance of them putting in a submission, documenting their case or putting up a proposal that is subject to appropriate scrutiny and analysis of its long-term benefits?

Returning royalties to the Pilbara, where the needs are great and the opportunities are many, is clearly an important response to a region like that. Many other regions deserve focus on their challenges, focus on their needs and focus on their opportunities. For me, as I look at the royalties for regions program, both in the way it has been delivered to date and the way it has now been presented in this legislation, it does not appear to have the core focus on any appropriate response from government; that is, a focus on giving priority in the first instance to need, particularly acute need. There is nothing about this bill, for instance, that responds to a region where the needs are greatest. There is nothing in this legislation or in the program that has been delivered to date that gives priority to the regions where the needs are most acute.

It is also clear that there is nothing about this legislation that responds to the pleas of people such as June Oscar from Fitzroy Valley. In her wonderful address in Perth last week, and in the same address that was refined and delivered with passion to the federal Parliament on Tuesday this week, she basically criticised the old paradigms, of which this bill is part. She referred to ministers based in Perth governments dictating the terms under which the response of program design and delivery is done out of the initiatives of government and then the people in the regions are supposed to cop it. This bill does not restructure the way governance should be delivered in the regional areas of Western Australia. For instance, it does nothing about responding to our existing challenges. The Premier came into Port Hedland and talked about the self-evident need for a different way of constructing residential accommodation while simultaneously his Minister for Water Resources pulled out the critical infrastructure for that accommodation. He pulled out the funds for an infill sewerage project that would have underpinned the manner in which the town could have advanced in future with different residential accommodation based in the middle of Port Hedland. This government operates out of Perth like the old Indian goddess who had too many heads—making contradictory speeches out of those different heads and with arms

and legs waving all over the place in different directions all at once. That too often is the way government is delivered—or not delivered—in regional Western Australia.

Mr B.J. Grylls: Will you take an interjection?

Mr T.G. STEPHENS: I prefer not to, but I am happy to interject on the minister's speeches later and give him the chance then!

Instead of this legislation, we need measures that guarantee and deliver certainty to regional Western Australia, where there would be real regional decision making, real design of programs and real engagement of regional people in the delivery of those programs. We do not need legislation like this aimed at politicising a program of government, pretending that it is something it is not and hoodwinking many people across the state that it has done something that it has not. There is no guarantee of new funds and there is no guarantee that it will deliver on the promise of focus on regional areas.

I had the opportunity in the Gallop government of introducing the Regional Investment Fund Bill 2001 into the upper house of state Parliament. It was a bill that had some similar features—some similar wording even—to this Royalties for Regions Bill 2009. I recall the taunts of opposition members at the time as they made it clear to me that they would waste the time of the house until we gave up on trying to advance the legislation. I think the words they used to me behind the screen of the President's chair at the time were that while their backsides pointed in the particular direction they pointed in, they would guarantee that the legislation would not be allowed to progress through the Parliament. It was a bill aimed at guaranteeing a certain amount of funds for regional communities, but its progress and advancement through the upper house was effectively thwarted by the Liberal leader in the upper house. I will be interested to see the approach adopted by that Liberal leader now in reference to this bill. The Regional Investment Fund Bill had more substance in many ways than this bill has, and it also had some better features than this one has. It is a problem for me that in the previous government there were clear processes for securing transparency in handling regional investment funds. It was an absolutely rigorous process, it was not politicised, and it did not allow the Minister for Regional Development to go out to a community and guarantee that funds would be on offer, even in advance of an application being made. We were subject to clear scrutiny by our colleagues in Labor's Expenditure Review Committee, by our colleagues in cabinet and by officers in Treasury, and the process did not run foul of the Auditor General. That will not be the case with this Minister for Regional Development and it will not be the case once this legislation is passed. Nothing in this legislation protects the people of Western Australia from the National Party, which is plainly corrupting the political process, as has been displayed by the defection of the member for North West on this royalties for regions scheme, the subject of this bill. The member for North West has said as much. He has said that the only way his electorate would be looked after under this scheme would be if he ratted on the people who voted for him and ratted on his political colleagues; that is, if he made the lives of those former political colleagues more difficult by going to his electorate and saying that the only way he could get funds into his electorate under the royalties for regions scheme was to become a National Party member.

Mr V.A. Catania: I never said that.

Mr T.G. STEPHENS: The member for North West said exactly that.

What an absolute corruption of the political processes that initiatives of government are put in place, not in response to need and not in response to opportunity, but rather for plain political gain!

Mr B.J. Grylls: We have announced more for your electorate than for the seat of North West.

Mr T.G. STEPHENS: The member for North West seems to think, and has said as much to the electorate to which he was elected as a Labor member by Labor voters, that the only way he can secure a focus on the royalties for regions program is to become a National. The Leader of the National Party is corrupting the parliamentary process. He is corrupting the government by this process. His colleagues in the Liberal Party need to watch him. He will bring them down with him in that process.

I have watched the core services of government disappear from the regions. As I said in this house earlier, morgues in Port Hedland are filled to overflowing with bodies that cannot be buried because a core program of government that has been on offer since governments came into existence in Western Australia has gone. Governments have always assisted in the burial of people whose families cannot afford it. A core program like that is gone and regional morgues are filled to overflowing; they are in excess of capacity. Bodies, including those of babies, cannot be buried because one of the core services of government has disappeared, presumably in order to put in place the frippery of the National Party with its green and gold colour scheme and its balloons.

The poor pensioners across the regional areas of Western Australia need something in their wallets that resembles a National Party membership card before they can gain access to the fuel card system for regional Western Australia. Labor Party people not only have to carry their Labor Party card but this thing that looks like

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a National Party card—it is green and gold—before they can get discounted fuel under the royalties for regions scheme. It is offensive for people in the bush to be subject to that requirement. The National Party does not know the difference between party politics and government. It does not have the maturity to understand it. I have been in this Parliament long enough to know that people eventually learn their lessons the hard way. Many of my colleagues learnt the hard way. That is one of the reasons that we can stand forever proud of delivering into office the Gallop government. It returned to the benches of government the ethics of government administration and an understanding of the distinction between party politics and government administration. It put in place structures that protected the community's interests and government processes so that they were not corrupted in the ways they have clearly been corrupted since the arrival of the National Party on the Treasury benches.

The Leader of the National Party has said that he will deliver transportable homes into the regional areas of the Pilbara. At Bellary Springs I happened to stumble across a chap who was on his way from Paraburdoo to Tom Price with one of these transportable homes that had apparently been delivered by a government caught up in the royalties for regions scheme. The transportable home gives new meaning to "Plunkett Homes". It was not a Plunkett home but it had at least one of the hallmarks because they just "plunk" them and run. They plunk the transportable unit and then run.

Mr B.J. Grylls: Where was that?

Mr T.G. STEPHENS: Bellary Springs. The transportable home was delivered without positioning a veranda around it and with the solar hot water system facing away from the sun. Nothing was put around this home to protect the people who are living in it from the harsh summer coming their way. This is from a government allegedly responding to the accommodation needs of the regions, a government badging itself with the royalties for regions program, by which it is delivering a transportable response, as though it has no confidence in the long-term commitment to that region of homes that can accommodate families. God help us if they are the sorts of homes that will be delivered to the government employees in Tom Price and other communities. I have seen the National Party leader prancing around the transportable home construction units in Perth promoting how successful his initiatives will be. Instead, regional communities should be empowered with structures that give amplification and effect to their voice in the design of their programs. They should be given a megaphone to help them shake those programs and policies and the delivery of those policies, rather than the minister simply running around like some modern-day King Canute trying to hold back the wave of regional communities that want transparent structures in which their voices can be heard. They want their programs to be delivered in response to their needs, not the political needs of the National Party.

[Member's time extended.]

Mr T.G. STEPHENS: I have seen the failure of policies in the area of education. Programs have been stripped away from the regional areas as the financial capacity of the education systems to respond to the needs of those regional communities diminishes. We have seen this not only in the area of education but also in health and housing. The core arms of government are not delivering the government's programs as it withdraws from core service delivery and turns instead to royalties for regions funding before it will do anything at all. In the past there have been some levels of flexibility in the education policy areas. Policy has been able to deliver some flexibility for how teachers might use their annual airfares to travel away from their workplace at the end of the year. Under this government that flexibility has been removed from teachers in regional areas. Instead they are told that if they have an airfare, they have to fly back to Perth rather than utilise it to go to the sorts of places from which they came. In the past they have been able to utilise the funding equivalent of an airfare to Perth to return to the homes from which they have been recruited or to go to other destinations where they can holiday. In one case a schoolteacher was recruited from Tasmania. He had never been to Perth in his life, he knew nobody in Perth and he never wanted to come to the place, but he wanted to teach at Kirrikurra, which is as close to Alice Springs as we can get in Western Australia. His preference was to go home at the end of the year rather than go to some foreign city. The education department, in its wisdom, decided to eliminate that opportunity and require that all teachers use their airfare packages to come to Perth for their annual holidays. This can be juxtaposed against a government that says it has some sensitivity to the regions. All of its alleged sensitivity is wrapped up in this bill and in its aspiration of royalties for regions, while simultaneously the caravans are disappearing over the hills with the rest of the loot, whether it is infill sewerage money, the funds needed to bury people lying in the morgues or the funds for a sensible response to the needs of schools and teachers in regional areas. All of the regional sensitivity that should be built upon and strengthened is now disappearing, as the focus of regional activity is now on the royalties for regions program.

Mr B.J. Grylls: Will you be voting against the bill?

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Mr T.G. STEPHENS: I will not oppose the legislation. All I say is that the government's legislation will add nothing of value to the statute book. It offers no guarantee of new funds. It offers no protection to the taxpayers —

Mr B.J. Grylls: You should oppose it if you don't agree with it.

Mr T.G. STEPHENS: I am saying that the minister's legislation will ultimately bring him down. His initiatives and the way he is playing politics in government will be the seeds of his own destruction. He has not given weight to ethics and probity and the structures that will respond to need. He is preoccupied with the narrow political preoccupation of a party that was about to disappear in Western Australia, and that might still disappear. The minister is preoccupied by that, and in his preoccupation he structures what appears to be an attempt at a legal defence of his pre-election commitment to deliver new funds—when he has done so such thing! The Royalties for Regions Bill does not deliver new funds. It does not deliver accountability. It does not deliver the guarantee of a secure income stream for regional communities. It does not deliver the real community input into policy design structures or program delivery that is the right of regional communities. The Pilbara, a region with a current population of some 50 000 people, had, at the time of Federation, a population level that would almost have justified a new state. Yet today, those people are to become mendicant to this royalties for region minister who rolls around in those regions lucky enough to have a National Party member of Parliament and, therefore, guaranteed access and input. However, for those regions without a National Party member, there is no structure in place to guarantee a response to their needs, opportunities or rights. That, for me, is the disgrace. For example, the future of the ambulance service in Newman could not be guaranteed until the royalties for regions scheme suddenly appeared and all of a sudden this core ambulance service once more had a new life. It was not because of core Department of Health or WA Country Health Service funding, but because a green and gold National Party minister came over the hills and guaranteed royalties for regions funds to ensure that the paramedical service will continue —

Mr B.J. Grylls: They asked you for two years and you said no!

Mr T.G. STEPHENS: We put funding in place for a trial, with the guarantee that if the trial went well, the future funding of that service would be locked in. What has this government done? It has, once again, simply topped up funding for the moment with royalties for regions money. It has not locked that funding into the St John Ambulance Service agreement, thereby securing ambulance services for the township of Newman and other regional communities well into the future.

Mr B.J. Grylls: They are pretty excited in Newman to get it sorted out at last.

Mr T.G. STEPHENS: The minister's problem is that we simply do not need a minister prancing around the state preoccupied with party politics; we need structures that guarantee results. We need a process of government which will secure a voice for regional communities in the design of policy and creation of programs and which will engage them in program delivery—that is, a process that is not dependent on some prince-like minister emerging out of an office on the Terrace or in West Perth. Regions need a fundamental guarantee of the core government services that they are entitled to, such as education, health and safety. The provision of housing and essential services should be guaranteed; the turnaround of the neglect that is too often on offer from Perth-based administrations of all persuasions, and government at every level, should not be dependent upon the backup of a royalties for regions program said to be about new funds, additional effort and additional focus. It is incumbent upon the government to do better than that which it has done in the drafting of this inane legislation; this inadequate bill that does so —

Mr B.J. Grylls: Why are you supporting it?

The ACTING SPEAKER: Order!

Mr T.G. STEPHENS: The Minister for Regional Development has his mandate —

The ACTING SPEAKER: Order, members! I am sure that the member for Pilbara does not need me to protect him from the interjections of the Minister for Regional Development.

Mr T.G. STEPHENS: The minister has carriage of a bill for which he has a mandate; however, the content of the bill does not guarantee that there will be continued funding. The minister has not guaranteed, by way of this legislation, anything that will meet the needs of regional communities. This legislation will, in the end, become the weapon by which the people of Western Australia will strike down this government and the National Party for their failure to respond to the real need of regional communities for a guaranteed role underpinned by a secure and guaranteed funding stream. Such a funding stream would thereby guarantee communities a voice—a

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voice with a megaphone!—in program and policy creation and guarantee engagement in the delivery of programs across the core areas of government.

MR W.J. JOHNSTON (Cannington) [12.35 pm]: I commence my remarks by making a point about the branding that has been referred to on a number of occasions—that is, the green and gold branding that has been used for the royalties for regions scheme. I notice that the Minister for Regional Development often interjects about the globe that appeared on former government projects and about the Building WA slogan, or whatever it was, used by the state government in the past. Because this is a very important issue, it is very important for the minister to understand that the former Carpenter and Gallop governments never branded in the colours of the Labor Party any works funded by the taxpayer, nor did they ever use any logo or any device attached to the Labor Party to brand those works.

Mr P.B. Watson: We should have!

MR W.J. JOHNSTON: We should have. The globe logo, Mr Acting Speaker, was the state government logo. It had nothing to do with the Labor Party; it was neither a logo nor a brand of the Labor Party. The deliberate decision by the new government to brand all these items in the colours of the National Party is a reflection of the government's attitude. It cannot distinguish between the needs of the state and its own political needs. That is, really, one of the principal problems with the Royalties for Regions Bill 2009. I will speak more on this later, Mr Acting Speaker. The National Party has form on this issue—but I digress.

Simply, the Labor Party position on this bill is that it will not deliver what has been promised to regional Western Australia. The bill enables royalties for regions money to be used to fund core services and infrastructure, but nothing in this legislation prevents the routine expenditure on health, education, policing or transport being shifted to the royalties for regions fund. Indeed, nothing in this bill guarantees adherence to the National Party commitments made at the time of the 2008 election.

Members must also remember that the Labor Party has a proud history of representation of the regional areas. We have had and we continue to have very strong representation from regional areas. I note that the member for Mandurah, who has entered the chamber, is one of our strong and undoubted contributors to regional representation. The member for Albany, whom I have the pleasure to sit next to in the chamber, is again an undoubted talent that the Labor Party has contributed to the Parliament. The member for Pilbara and the member for Kimberley, and Hon Jon Ford, Hon Helen Bullock, Hon Sally Talbot, Hon Matt Benson-Lidholm and Hon Adele Farina, are all great people who represent regional areas.

Mr P.B. Watson: Don't miss anyone!

MR W.J. JOHNSTON: I am trying not to.

Mr M.W. Sutherland: What about the member for North West?

MR W.J. JOHNSTON: Once upon a time, we would have had to include the member for North West, but he ratted on the Labor Party and the people of his electorate and now sits on the other side of the chamber.

Mr M.W. Sutherland: He saw the light.

MR W.J. JOHNSTON: He ratted, member for Mount Lawley. He ratted on his electors.

We also have to note that representation is not about slogans, but about accountability. We know that royalties for regions commitments have not been implemented. Royalties for regions is in fact another broken promise of this new government. It is a demonstration of the arrogance of this new government.

I must say that when I stand in this place to speak on regional topics, I always regret the decision that the Labor Party made—and that I made as the then state secretary of the WA Labor Party—to support the National Party in the Merredin by-election in 2001. We ran a candidate in that by-election only because we were asked to do so by the National Party. I always think that, had we not run a candidate at that by-election, the chances are that the Liberal Party would have won that seat. We all remember, of course, that that was the by-election at which the member for Merredin was elected. Of course the person who was campaigning against the National Party at that election was the then Leader of the Liberal Party and now Premier, the member for Cottesloe. It is interesting that the National Party understood the position of the now Premier and his city-centric attitude to politics. I can understand, therefore, why the National Party thought it had to come up with a new device to protect regional Western Australia. Unfortunately, this bill will not do that effectively. But I can understand why the National Party felt it needed to do that. The National Party always criticised the now Premier for the fact that, as a minister in the Court government, he ignored the needs of regional Western Australia. He was the one who opposed the introduction of a uniform electricity tariff. He wanted to make people in regional Western Australia pay more for their electricity.

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Ms R. Saffioti: I think he wrote a cabinet submission on it.

Mr W.J. JOHNSTON: As I recall, a cabinet submission did go in on that subject.

Ms R. Saffioti: And it was leaked!

Mr W.J. JOHNSTON: Yes! We have to wonder who leaked that cabinet submission.

So we know that the National Party fears the attitude of the now Premier to regional Western Australia. I understand that the Labor Party would agree with the National Party on that. That is why we were so pleased that on that polling day, the National Party handed out the Labor Party's how-to-vote cards. We are very pleased that the National Party was so generous.

Mr I.C. Blayney interjected.

Mr W.J. JOHNSTON: No. The Labor Party has never handed out how-to-vote cards for the Greens. But we were pleased to get the National Party's help in that way on election day. Of course that was because the National Party was recycling the preferences to itself. It is interesting that at the last federal election, the National Party nearly knocked off Wilson Tuckey, the federal member for O'Connor. As I am sure you would know, Mr Acting Speaker (Mr J.M. Francis), because you are a student of mathematics in politics, we got so close—within 300 votes—in our double-dealing with the National Party that we nearly got him! We could have had a National in the federal Parliament! That would have been a mistake as well, I suppose.

It is interesting that the Minister for Regional Development states in his second reading speech that, "The royalties for regions policy was central to the formation of the present government." I suppose that is true. There is no question that the National Party campaigned very strongly during that election. It has been noted that it was an effective campaign, and that although the National Party was not able to win any seats from the Labor Party, it was able to win some seats from the Liberal Party. Therefore, there is no doubt that the minister has a mandate to implement this election commitment.

It is interesting also, while I am on the issue of implementing election commitments, that the National Party is not interested in implementing its election commitment on trading hours. Members will remember, I am sure, that the National Party said during the election campaign—I quote from an election pamphlet that was authorised by Brendon Grylls, MLA, Leader of the Nationals WA, that —

Endorsement from The Nationals —

This is in respect of forming government —

will be conditional upon a guarantee that shopping hours in Western Australia will not be deregulated.

The pamphlet states also —

If The Nationals WA gain the balance of power in the Legislative Assembly at the next State election, the Party will be in a position to determine which major party governs in Western Australia.

Therefore, although the National Party might be interested in partly fulfilling its commitment on royalties for regions, it has failed in its commitment to shopping hours.

Mr B.J. Grylls: A technical breach!

Mr W.J. JOHNSTON: A technical breach! So the "core promise" of John Howard and the Liberal Party is now infecting the National Party! The National Party's position now is that it does not matter what it promises in an election campaign; it is not going to implement that when it is elected. The National Party has adopted some part of the Liberal Party attitude to politics. The position here is simple. The Liberal Party has infected the National Party with this idea of "core" and "non-core" promises. That is what the Leader of the National Party has just explained to us in the chamber.

We on this side of the chamber are getting used to being abused and ridiculed by the arrogant Minister for Regional Development. We are also getting used to the minister's simple sloganeering. We saw that a moment ago when the member for Pilbara was speaking. Rather than take on board any of the problems that were being raised by that member, the minister just got back to his usual sloganeering. I point out to the minister that it is important to think about what other people say. If the minister wants to continue to be arrogant and listen only to his own voice and not worry about what other people say, that is for him. But there are consequences. I point out that it is not just the Labor Party that is criticising the royalties for regions processes. That criticism is not of the policy; it is of the outcomes. The minister would know the criticism from the member for Pilbara about the outcomes of this slogan. I also note the position of the RAC WA. I quote from the "perthnow" website of 22 July, which quotes Mr Brown, on behalf of the RAC, as saying —

“While the National Party is throwing money at the fake cows for country WA, they have refused to spend a single dollar of the Royalties for Regions on making country roads safer.

“So not a single dollar for saving lives but \$70,000 for plastic cows. This is madness.”

He said also —

“So we now have a situation where the National Party thinks that fibreglass cows are basic, essential infrastructure but country roads aren’t” . . .

So it is not just the Labor Party that is making these observations and criticisms. Indeed, the Chamber of Commerce and Industry of Western Australia has made some interesting commentary about royalties for regions. I wrote to the Chamber of Commerce and Industry and asked it about its position on royalties for regions, and I am indebted to James Pearson for writing back to me, in his letter of 23 June —

Mr B.J. Grylls: A good friend of mine, James! We talk regularly!

Mr W.J. JOHNSTON: So do we. In fact, he probably has more in common with this side of politics than he has with the minister’s side. That is an interesting issue but we will not worry about that. Mr Pearson said in his letter, in part —

Public funding should be allocated according to clearly defined and transparent criteria.

Later in his letter he says —

It is important that projects considered as part of the Royalties for Regions policy undergo the same stringent assessment process as any investment project, including a cost benefit analysis and opportunity cost evaluation.

Therefore, when we say that it is important to consider the way in which funding is allocated, we are not alone.

I also want to note some comments that were made by the Chamber of Commerce and Industry in its “2009-10 Pre-Budget Submission to the WA Government”. The CCC states at page 11 of its submission, under the heading “Need for Reform” —

Given that the root of the Government’s budgetary difficulties rests largely with ongoing high rates of spending growth, CCI believes that a key priority for the 2009-10 budget will be to ensure that growth in total government expenses is contained.

I will go on later to explain the CCI’s specific analysis of royalties for regions. This is its general analysis of government expenditure. The problem here is not a lack of income for the state government, but rather the uncontrolled expenditure that the Labor Party has been pointing out.

The CCI states at page 21 of its submission, under the heading “Royalties for Regions” —

While CCI recognises the need for further investment in wealth-creating infrastructure and essential services in some regional areas of WA, it is concerned that the Royalties for Regions policy will place increasing pressure on the state’s deteriorating budget position over the forward estimates.

CCI believes that the Royalties for Regions policy should be tied to well-defined, transparent and measurable outcomes, to ensure that resources are directed to the most valuable uses, and to ensure accountability.

Therefore, to say to the minister that he should be accountable is not to say anything radical. It is a perfectly reasonable view, and it is a view that the Labor Party will continue to put. We need to remember that the National Party has form on this question. It is interesting to read the recent report from the Australian National Audit Office on the regional partnerships program—colloquially known as the regional rorts scheme. On page 19 of its fourteenth report of 2007-08, it states —

In this context, there are two dimensions relating to the administration of the Programme that have been highlighted by the audit:

- the flexibility in the application assessment and Ministerial approval processes creates challenges in ensuring transparent, accountable and cost-effective administration and in demonstrating the equitable treatment of applicants; and
- the manner in which the Programme had been administered over the three year period to 30 June 2006 examined by ANAO had fallen short of an acceptable standard of public administration, particularly in respect to the assessment of grant applications and the management of Funding Agreements.

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Debate interrupted, pursuant to standing orders.

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