

ROYALTIES FOR REGIONS BILL 2009

Third Reading

MR B.J. GRYLLS (Central Wheatbelt — Minister for Regional Development) [3.10 pm]: I move —

That the bill be now read a third time.

MS A.J.G. MacTIERNAN (Armadale) [3.10 pm]: I reaffirm the opposition's commitment to the development of regional Western Australia and our understanding of the motivations behind the royalties for regions campaign and our acknowledgement and preparedness to support this legislation because it is a program that was put to the people and did get traction in the bush. We do not have any difficulty with that. We need to do some real thinking about this bill and the process of this legislation. We did not need to legislate to introduce royalties for regions. The royalties for regions scheme was introduced administratively through the normal processes of government. That has already been done. We have to think: why then do we have this legislation coming before us? The argument that has been touted by the Minister for Regional Development is that this bill will set royalties for regions in stone. This is to make royalties for regions a permanent feature of the governmental landscape in Western Australia; a feature that will survive the National Party and the Leader of the National Party.

Interestingly, it was announced this morning on ABC radio that the minister had managed to get this through the Parliament yesterday and that this bill had now become law and the National Party had locked in the royalties for regions scheme. We will not comment on the fact that that information that was given to the ABC journalist by the minister's staff was totally incorrect! The more important point is that, once again, the minister is pretending—or, he is seeking to delude the public—that the essence of the royalties for regions program has been protected by this legislation.

This legislation protects the position of Treasury. That is what this legislation does! The opposition sought to debate this with the minister during the very brief consideration in detail stage that we had. Unfortunately, I was disappointed with the approach of the minister. The minister made it very clear, right from the outset—before any debate had started—that he would not be entertaining any amendments. It did not matter what the arguments were, he was not going to entertain amendments!

Mr M.P. Whitely: He is drunk with power.

Ms A.J.G. MacTIERNAN: Yes, drunk with power! It was very interesting looking at the style of debate. The minister had no interest in engaging in debate. The opposition did not put up a whole heap of amendments. We thought that we would focus on a few key issues. A few of those amendments were, in a way, talking points. We had sought to fill out a definition for the local country government fund as a vehicle for raising the issue of the need for this money to be distributed strategically; and we sought an amendment that prescribed that in the assessment of need some weighting would be given to those communities from which the royalties had come and those communities that are disadvantaged by their remoteness. We did not have an opportunity to debate those amendments. The minister said he was not even interested in considering those.

Mr B.J. Grylls: It is not quite true on the local government fund; we did have engagement.

Ms A.J.G. MacTIERNAN: That is true, and I acknowledge that the minister was prepared to consider that in the administrative stage. I will go back to the point I was making about the other amendments. Those other amendments were fairly basic stuff about accountability; like a requirement that, given the minister is going to set up all these different subfunds under royalties for regions, the allocation to each of those funds be revealed in the budget papers. That was so that in each year in the budget papers we would know what funds there were and how much money had been put into each of those funds. That is a pretty basic requirement; it is not something that would tie a person down with paperwork or be overly onerous, but something that would give us some idea of the relativities of expenditure within royalties for regions.

Once again, I want to go to this essential point: what is the point of this legislation? We have already got royalties for regions; it is in place—we have the agreement, the budget allocations and the spending programs. The point of this legislation is supposedly to enshrine this scheme in law. We asked the minister how this bill provides any guarantee that there will be any additional expenditure. Each time I ask this question, because I want to make sure I am right, I go back to the agreement that the Leader of the National Party signed with the now Premier and to the documents that were released by the National Party during the campaign and this essential clause comes up: this project will be additional to moneys that would be in the forward estimates and are over and above the routine expenditure of governments in the regions. This is an incredibly important point.

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Members on this side know that we put an unprecedented emphasis on regional Western Australia and that already in regional Western Australia the budget amount that is spent on infrastructure and services in regional Western Australia, without royalties for regions, exceeds 25 per cent of the value of royalty income. It probably exceeds 25 per cent of total income, but it certainly exceeds 25 per cent of royalty income. Therefore, if the government introduces legislation to enshrine this scheme, there must be some provision that makes this additional to the routine expenditure of government. However, nothing in this legislation does this. The legislation allows this expenditure to be totally open-ended, provided, of course, that it is in the regions.

As we have said time and again, this bill allows for any number of subfunds to be set up to receive the money from the 25 per cent allocation but there is absolutely nothing to stop this being used incrementally as, basically, the vehicle for delivering the normal services that one would expect in regional Western Australia. The minister's response, when we point out that this bill does not deliver anything—it does not deliver any security—was that, of course, it will always be available to a government not to do it. What is the point? We have not been able to get the minister to be honest about the point of the legislation. He is going to misrepresent to the people the point of the legislation—the real nature of this bill. He is going to represent to them that he has guaranteed this extra 25 per cent from here to eternity. The devil is in the detail. We do not have to be incredibly skilled to work out that there is no additionality at all entrenched within this legislation. All it does is guarantee a baseload of expenditure in country Western Australia, which is already far and away exceeded by the ordinary expenditure of government. There is no protection in the bill.

The other line the minister used was that expenditure will be independently determined because a trust will be established. Let us look at this trust. For a start, the chief executive officer of his department, of course, who is subject to his direction, will be on the board. That is a very independent person! Secondly, let us look at what the trust's responsibility is. Its responsibility will simply be to make a recommendation about the allocation to the particular subfunds. That is all the trust will do. This bill is not necessary to implement royalties to regions. It does not deliver royalties to regions. Most certainly, the minister should not be saying to the public that it is the essence of royalties to regions. As I said, the essence of royalties to regions is additionality. No additionality is enshrined in any way, shape or form in this bill.

I must say that I was very disappointed in the minister. I will contrast his approach to that of a number of other ministers, even the Minister for Water and for Mental Health makes a genuine effort to answer questions. We saw an extraordinary degree of arrogance when we sought explanations on some of these provisions and a flippant, "You would have to have someone there from Treasury." We would have to have someone there from Treasury because he cannot answer the questions. There was no interest in briefing himself, no interest in actually coming to terms with how this legislation will work and the practical logistics of it. We asked some genuine questions. We do not object to his provision that the fund should be capped at \$1 billion. That is a reasonable provision. But another clause provides that thou shalt allocate 25 per cent. We set out some quite simple case studies of how the amount that should be allocated is, say, \$750 million, but all that could be allocated, due to moneys that may have been allocated but not spent, is \$600 million. We wanted the minister to explain to us how he actually saw this working. I think a deficiency in the bill is the lack of a time line when this would apply. At the time of budget, he might make an allocation of only \$600 million. If three months later moneys that had been allocated were expended from the fund, and the fund total dropped by \$150 million, would he then be required by the operation of this legislation—it seems to me that he would—to top that up with that extra \$150 million? I do not think we got any serious answers to that. I think the answer was, "Oh, well you'd have to take that up with Treasury."

Mr B.J. Grylls: I said yes.

Ms A.J.G. MacTIERNAN: Did the minister say he would top it up?

Mr B.J. Grylls: I said the bill requires it to be appropriated to the full 25 per cent.

Ms A.J.G. MacTIERNAN: I am glad that, at least, we are getting —

Mr B.J. Grylls: I said that to you yesterday.

Ms A.J.G. MacTIERNAN: No; you did not.

Mr B.J. Grylls: Oh, yes, I did. You may not have been listening. You were too busy being condescending. But if you had listened, you would know that that is what I said yesterday.

Ms A.J.G. MacTIERNAN: I expected the minister to be more prepared to engage in debate. On debate on some of the provisions, such as when we asked for the information to be provided in the budget, he kept saying, "My advice is that this clause does it." Only moderate literacy skills are needed to know there was nothing in the clause that required that.

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Mr B.J. Grylls: There you go again; you love talking down to people, don't you? Does it make you feel stronger?

Ms A.J.G. MacTIERNAN: I do not. Seriously, I was incredibly disappointed with the minister's performance because I thought he would attempt to engage on the issue. As I said, we did not put up huge numbers of amendments. We did not try to bog this down. We wanted to focus on a few key issues, quite frankly, where we thought we could actually improve the legislation. The minister was like a robot and he kept reciting "Treasury advises me...". He is manifestly capable of reading the provision and understanding that it does not say that at all.

It is interesting to know that there will be a top up. Of course that will make it very difficult to set a budget, because he will not know in advance how much money will be expended from the fund. He will not know what levels of top up will be required throughout the year. I can foresee a great difficulty in the stabilisation of that. I would have thought that one way he could have dealt with this would be by nominating a couple of periods in the year when an assessment is made, and then he could make an adjustment.

On a similar point, the shadow Treasurer asked: what happens if the fund overshoots the mark; is there an adjustment the following year? It would have been useful for that to be outlined in the legislation, to make it clear just how this fund will be operated, because there are these uncertainties. Will it go right up to the end of the year? Will it still have to be topped up? That will make it extremely difficult for government to budget. Regardless of how much is in the fund and regardless of the \$1 billion cap in the bill, the minister will have to set aside the full 25 per cent in each budget because he does not know what will happen during the year. It will not be in the fund; another holding fund will be required in which to park the money. A number of issues have not been addressed.

I do not doubt in any way the commitment of the minister or the National Party to regional development. That is not in question. However, as I said, his performance yesterday surprised me because I did not think he would be like that; I thought he would be much more interested in engaging in the debate, particularly, given we had a very modest number of amendments. I think a theme picked up by the member for Willagee the other day was that this legislation will not deliver longevity to this scheme, as the minister knows, because there is nothing in it at all that gives it any statutory protection. The longevity of this scheme will come out of the real and defensible benefits that it can offer to the community if it is guided in a highly strategic way. I think the minister's refusal to consider some of these very modest transparency measures are regrettable. Quite frankly, I cannot see that it would have created any political difficulty at all. That lack of transparency and the minister's lack of preparedness to support that transparency reflects an attitude that, given his level of popularity, he does not have to engage in the normal checks and balances.

There was a member of this Parliament 20 years ago who had a similar view, ultimately had a period of glory and then had a very difficult 20 years following that. I therefore urge the Minister for Regional Development to think about his scheme, to which he is no doubt genuinely committed. I urge him to think about whether he is actually advancing the royalties for regions scheme by refusing to adopt an approach that would give at least some reasonable comfort about the transparency of the scheme.

I want to end on a note of perhaps seeing some consensus emerging. I do not believe that the real key for regional development, particularly in the more remote areas of the state, lies simply in the quantum of money that we put into these areas. Indeed, I set out in my speech some of the great words of wisdom from June Oscar, the woman who so successfully, with a number of other women, led the charge to have alcohol restrictions placed in Fitzroy Crossing. She said, "Don't just keep pouring money in. It's not about the money. It's about the control. It's about the capacity that we have to participate in this process, the capacity that we have to make decisions." As we go to the more remote areas of Western Australia, the Pilbara, the Kimberley and the goldfields —

Mr B.J. Grylls: Do you know June?

Ms A.J.G. MacTIERNAN: Yes.

Mr B.J. Grylls: You should encourage her to nominate for the development commission.

Ms A.J.G. MacTIERNAN: I am more than happy to do that, and I am sure Hon Tom Stephens, who knows her well, will do so himself.

I did quote extensively from June Oscar's recent address to a meeting of the Equal Opportunity Commission. She was very much saying that Aboriginal people have to deal each day with such extraordinarily complex social problems—a multiplicity of cultural groups, historic people and traditional owners, plus the cultural collision between traditional society and burgeoning mining activity—that they need to be more deeply engaged. I know

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that the Minister for Regional Development has spoken of governance. I say to him that a view shared by many members on this side of the chamber is that if we are to make real progress—not just handing out lumps of money from this fund—there needs to be a radical rethink of the service delivery models, the way in which we devolve responsibility within the obvious parameters of our statehood, the way in which we devolve more responsibility for determining which services are delivered and how they are delivered in these communities; and until we do that, we will not make a transformative difference. We will be able to make things a bit better and that will continue. We have certainly tried to do so and have put a lot of effort into that work. However, I am talking about not only Aboriginal communities, but also issues concerning the growing mining towns. I think the minister would agree that the time has come for us to take a more radical approach to the engagement of people in regional areas and to give them more of a say in their own destiny—that is, obviously, within our responsibility to allocate and monitor funds. However, when it comes to actually making decisions, prioritising and delivering those programs, we can do a lot more to support our regional communities. I believe that is how we will get better results.

I will give one example of when some members went to the Pilbara. We went to the Kimberley also, but this is an example of the failure of projects in the Pilbara when they were run from a centralised Perth bureaucracy, even when there were outposts in the Pilbara. Projects there do not always fail, as the nature of the people involved ensures that they succeed. However, in the example in the Pilbara a group of public servants from different agencies were involved in the delivery of services to children from zero to five years of age. We could not believe that some of those people there, who were managers for that area, had never had dialogue with any other agency that provided related and overlapping services. Some did not seem to think that that was unusual or problematic. They seemed to think that their lines of communication were with Perth and their accountability was to Perth. The fact that there was not much being delivered did not seem to be of great concern. As I said, that attitude does not always apply, as there will always be talented, hardworking and committed individuals who take a different approach and go out there and actively seek that engagement. However, we must make sure that the structural arrangements that we have in place actually make projects happen, rather than that they may happen but cannot be guaranteed to happen. We can, therefore, do a lot more.

We have a huge state. There is a real challenge in ensuring that those regional areas meet their full potential and deliver the sorts of lifestyle to which people aspire. It can be done and we want to work together to deliver it, but let us do it in an atmosphere of transparency. As I said, we obviously wish the Minister for Regional Development well, but I urge him to think again about the transparency provisions. We will reintroduce them in the Legislative Council and hope that he will reconsider his rejection of them.

MR T.G. STEPHENS (Pilbara) [3.36 pm]: As the Minister for Regional Development knows, the opposition is supporting the bill and thinks that it would be enhanced by amendment. In reference to this legislation, I cannot help but be reminded that when in office the Labor Party introduced legislation to the Parliament that was aimed at putting in place regional infrastructure for delivering into regional areas of Western Australia. That legislation represented at that time a significant increase in funds for regional communities. As the responsible minister, I introduced the bill into the upper house. I was told—unfortunately behind the chair rather than on the floor of the house—after the legislation had been put through endless debate with the opposition at the time, that the bill would be dealt with savagely and endlessly by the then opposition. The then Leader of the Opposition, the current Leader of the Government in the upper house, Hon Norman Moore, made it clear that it would take all the available time and more that the house had before the Liberal Party would allow that legislation to be discussed, debated and brought to resolution in the Legislative Council. We were a busy government with lots of other legislation on our plate and, unfortunately, that legislation never became law. That was because of the intransigence of the Liberal Party at that time at our attempt to cement and lock into place legislation that was aimed at significantly lifting the quantum of funds available to the regional communities of Western Australia. As the Minister for Regional Development knows, that bill, like this one, was not exactly necessary because, as is the case with this legislation, the program of regional infrastructure can be delivered without it. The program of regional infrastructure under the eight years of the previous government was delivered without the underpinning of legislation, as this program could be delivered. However, we as an opposition have committed to bipartisan support for this legislation. We hope this bill meets a different fate from the one we introduced and we hope that it gets through the Parliament, although ideally with amendment. I do not know whether the Leader of the House in the upper house, the Leader of the Liberal Party, has the same attitude to this legislation. I know that he will have an eye to the politics of this legislation, as he did to the politics of ours.

I am critical of not the philosophy of this legislation, but the way in which this government is going about delivering the programs under what I consider to be an inappropriate utilisation of narrow party politics that are not in the best interests of the regional areas of Western Australia or good governance. That is my criticism of the mode of operation of the National Party in its handling of this program. I believe that the legislation, if

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amended, could have helped to protect the government and National Party and the best interests of regional Western Australia by ensuring that party politics is not played out with what governments, particularly the state government, should be continuing to focus on. For the financial opportunities that come from resource activities across regional Western Australia, there should be commensurate focus. As the previous speaker said, this bill is not only about money; however, money is desperately needed for the state to focus on some of the major challenges in regional Western Australia. I echo those sentiments.

Government contribution cannot simply be a replay of palliative economics, if I can draw upon a thesis that was put before this Parliament by the now shadow Treasurer, the member for Victoria Park, in his headland speech, which was critical of the concept of palliative economics. The royalties for regions fund runs the risk of being simply a poker machine and we will have to pull down the right handles to get the right colour scheme before any funds can flow out with surety into the communities to support their needs. The voice of regional WA in the design of policy, in the construction of programs and in the participation of program delivery is absolutely critical to the success of regional areas of Western Australia.

As a regional representative—my comments apply to both this government and the previous government—there is nothing worse than the electorate being dependent upon Perth-based administrations and ministers to make each inch of progress successful; for example, the arrival of a minister from a Perth-based government to a regional area must tick off on the minuscule steps that are necessary prerequisites in the orderly progress of regional communities, irrespective of whether it is a land release program or a planning approval process. In the long time that I have been a representative of regional areas in both houses of Parliament I have found it utterly frustrating to be dependent upon Perth-based administrations and ministers. It is horrifically destructive of the success of regional communities.

For me the fear I have about this legislation, which I have expressed in this debate, is the same fear that I have about Indigenous affairs and regional development; that is, there is a huge risk that siloed funds, which applies also to the royalties for regions fund, can be the only bucket from which central agencies can draw before anything can be done in regional areas.

The Premier recently travelled throughout the north west highlighting the need for an approach to urban development, particularly in the Pilbara's future cities of Port Hedland and Karratha. He talked about the need to emulate the successes of Darwin. Simultaneously, he is leading a government that has agreed to core funding from central agencies in the Water Corporation being pulled out of regional communities. As a result, a town like Port Hedland has lost its infill sewerage program. That program is a prerequisite for doing exactly what the Premier has identified is necessary. As the royalties for regions program comes into effect with its bucket of money, perhaps other smaller buckets of money, all adding up to a significant amount, will disappear over the horizon. We could end up with a quarantined bucket of money for which the core agencies of government will do absolutely nothing. This was the failure of Indigenous affairs policy, and I fear it was the failure of regional development strategies of the past. There is a real risk that this program will experience similar failure.

How is that avoided? In part, it is avoided by very hard work by a minister. Sometimes I wish that the member for Armadale had spent less time playing with metropolitan train sets and had been more available in her portfolio —

Mr D.T. Redman: You should say that while she is in here.

Mr T.G. STEPHENS: I am glad she is not here. I am a fan and a friend. She was a minister with a huge capacity for delivering projects, and had she been given the opportunity to work exclusively on regional development strategies and to deliver all the energies that were necessary to successfully get a train line built to Mandurah on time and on budget, or certainly near enough —

Mr B.J. Grylls: A couple of years.

Mr T.G. STEPHENS: It was pretty good. The skill, effort, focus and sheer grunt of a minister to do something like that should not be underestimated. I repeatedly remind the house that I have been in this Parliament for a very long time. In that time I have found it rare to get such a phenomenon of a minister who will let no obstacle get in the way of delivering upon government policy that she was able to embed and enshrine, firstly, into the Labor opposition and, secondly, into Labor in office.

One thing that will be necessary to deliver on regional policy is that there must be absolutely no laziness by the minister responsible in focusing on regional activities. It requires focus and hard work to deliver on advancing regional interests. It requires not only hard work, but also smart work and collaboration with all the arms of state and federal agencies and regional communities to achieve success. The collaboration with regional communities will require structures that are not yet in place to secure the successful development of those regions. In my view

the development commissions in their current format do not cut the mustard. They need to be replaced by something that is spoken about in the Indigenous Implementation Board's report to government; that is, new models of delivering for those regional communities. It should not be about duplication of existing structures, but replacing structures. It will require the skill of leadership in government to find a way to get rid of structures that are not able to adequately deliver and to find new ways of removing some of the existing structures—namely, the federal government and state government regional development structures and organisations that are in the way of the orderly development of the regions.

The appropriate expenditure of effort and energy needs to be harnessed in a way that gives real voice, real grunt and a flow of funds to those communities and not be dependent upon decision making in a Perth-based ministerial office or department for the processing of an acceleration of effort. I started my job representing the Pilbara at a time when BHP Billiton told me that the life of its operation would be about 25 years. That was in reference to the Mt Newman mine, around 1980, before I was elected to Parliament. I was told that approximately 25 years would see out Mt Whaleback. Of course, that deadline has come and gone and now the president of BHP Billiton Iron Ore, Ian Ashby, is describing the operation as being one-third of the way through its journey on production figures that are yet to treble. The operations of towns such as Port Hedland and Newman, on current known reserves and projected export figures, have a 70 or 80-year journey ahead, and there is massive growth yet to come. This will clearly require a completely different way of thinking about the way Western Australia operates in a region such as the Pilbara, and that is only the BHP operation! Recently I went with the shadow Treasurer to Gina Rinehart's operation at Roy Hill, out the back of Nullagine. There are ambitions for a 55-million-tonne annual operation, with very significant reserves. There are opportunities for new harbour facilities in Port Hedland, and there is already a rail easement available to them. It would appear that the Port Hedland Port Authority has been cajoled into delivering an agreement in principle for an export capacity of 55 million tonnes a year. Talk about the magic pudding! I do not know how it will be done, but the port authority has made a commitment to Gina that 55-million-tonne berthing facilities will be available. That is just one of the operations; there are several smaller ones around the place, including Atlas and Fortescue. That is not to mention Rio Tinto and the integration of the two facilities. That is just iron ore; there are many other commodities on the go in the Pilbara, and that is just the Pilbara! The state has opportunities in the regions of Western Australia that are utterly and completely bewildering to anyone who has witnessed the growth of the industry over the past 30 years, as I have. There is also the Kimberley, with its own particular opportunities and challenges.

I understand the history of the royalties for regions response and I support the thrust of it. I fear for it because, as I said, I fear that it will become a political plaything rather than a policy instrument that will empower the regions in the way that the regions need to be empowered to give them the chance to respond to their challenges. These regions are very conscious of their opportunities, and yet are hamstrung as they await the cumbersome process of a Perth-based administrative response to their opportunities, and the piddling decisions that are left to consecutive governments down here.

Mr B.J. Grylls: What would you do with the development commissions?

Mr T.G. STEPHENS: I would integrate them into bigger and better structures that combine commonwealth, state and local strategies into something that is grander, bigger and stronger, and is underpinned with a flow of funds such as those that are now at the disposal of the government.

Mr B.J. Grylls: It's interesting that we've got the four councils and the Pilbara Regional Council, the development commission, the new planning authority and the regional development authority. They are all essentially the same people.

Mr T.G. STEPHENS: They should be integrated; whack them all together into a single entity and give it real grunt and real meaning. That is easy to say, and there are vested interests all over that exercise. For instance, the planning processes in a region like the Pilbara really need to be integrated into some new cashed-up structure that includes voices from the entire region.

Mr B.J. Grylls: I know you're good friends with Tim. You should sit down and have many bottles of wine with him as you discuss this, because he'll be a key person in shaping exactly what you're talking about.

Mr T.G. STEPHENS: Which Tim?

Mr B.J. Grylls: Tim Shannon.

Mr T.G. STEPHENS: Oh, right. I thought Tim Marney was suddenly on side!

Mr B.J. Grylls: Tim doesn't like any of us regional members.

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Mr T.G. STEPHENS: I hope he is on side, too. More importantly for someone like the Under Treasurer is that —

Mr B.J. Grylls: You'd be interested to know that Tim Marney is very much interested in exactly what we're talking about; in fact, he's a very strong advocate and supporter, and he's been involved with Sanderson.

Mr T.G. STEPHENS: My view is that this is not easy stuff; it is hard stuff. There will be a lot of people who do not understand it and will not be immediate supporters of it, but for me it is about ensuring that the regions continue to deliver very large golden eggs for regional communities, the state and the nation. That is done by empowering those communities so they can benefit from it and speed it up rather than stand in the way of it. There are people in these little communities who want to stand in the way of things because they cannot see the benefits that flow to them, whether they are Indigenous or other people in the community. They stand in the way of things and utilise local structures because they cannot see the return. My view is that this is a mechanism that could be enhanced. We are talking about stuff that requires the involvement of more than just one side of politics. This will require a restructuring of the way we do governance in Western Australia.

Mr B.J. Grylls: I actually agree that what you and the member for Armadale have just spoken about is more important than the dollars. If the dollars can be used as catalyst to ensure that this happens, it will be a real legacy.

Mr T.G. STEPHENS: I have not had this conversation with the minister. When I was Minister for Local Government and Regional Development I came across a program that was described to me as the National Party training program—the bush leadership program. I think the minister is a graduate of it and I gather that there will be many other National Party members of Parliament who have graduated from it. To that extent, I guess it delivers part of what Monty House was on about.

Mr D.T. Redman: Not political leaders, but a lot of rural community leaders.

Mr T.G. STEPHENS: The ones that I bumped into at that point all seemed to be card-carrying members of the National Party, but maybe that was just the limitations of my experience! Nevertheless, I saw rural leadership support as something that had to be defended, and I fought off efforts to shut it down. I wanted to make sure that it did not just respond to leadership opportunities in the wheatbelt, but I also wanted to embed it with the capacity to build regional leadership in the remote areas of the state and amongst the Aboriginal communities, where leadership is not something that simply happens by magic. It happens through absolute focus and effort. I fear what I am about to say, but I think the royalties for regions program has to work on leadership in all regional areas—not just deliver more card-carrying members of the National Party, but deliver regional and rural leadership, including Indigenous leadership, so that more places can emerge from the chaos that Fitzroy Crossing emerged from as a result of the quality of its leadership. That did not happen by accident; that came straight out of a history of working with the leadership of the women of that community, and can be traced back to the Home Maker program of the 1970s.

Mr B.J. Grylls: And the leadership of people like June Oscar in Fitzroy Crossing and Doreen Green in Halls Creek. They are some of the greatest examples of leadership in modern society, and somewhat unrecognised.

Mr T.G. STEPHENS: When the minister has an opportunity to speak to his colleague the Minister for Racing and Gaming, he will need to appreciate that every regional community will need to find a voice on the issue of liquor licensing laws, to shape and design things that respond to needs and specific circumstances, rather than being persuaded by the police force, which seems to be determined to find a statewide solution to this. That is nonsense. Each regional community will find that building leadership does not happen easily; it has to emerge from a partnership of support. We have a tiny number of Aboriginal communities that are successful. Noonkanbah is one of them. The gifted leadership of a couple of individuals who have delivered that skill for years has meant the community is successful. Leadership then has to have opportunities for expression, and expression, in my view, will come from real government structures whereby the leadership can find an effective voice in the —

The DEPUTY SPEAKER: Member for West Swan, will you please stop having a private meeting and either leave the chamber or sit down.

Mr T.G. STEPHENS: The Royalties for Regions Bill has, therefore, I suppose qualified support from people like me. I am enthusiastic about the opportunities that come with it. I guess there will be times, as the minister is conscious, when I will sing the praises of the initiative and times when I will be critical, if it is being in any way utilised in a partisan way. That is a hard path to walk. I will try to give accolades for something that I think is by and large good, but when it is abused or misused, I will try to ping the minister and point out exactly why I believe it should not be utilised in ways that are simply and clearly partisan politics, rather than focusing on supporting the many needs of regional communities. That is enough. I wish the bill had been in better shape by

the time it left this house and I hope it is in a better shape by the time it leaves the Legislative Council, but time will tell.

MR B.S. WYATT (Victoria Park) [4.02 pm]: I rise to make a short contribution to the Royalties for Regions Bill 2009 and to strongly endorse the excellent contribution made by the member for Pilbara.

Mr T.G. Stephens: Is that where I was quoting you!

Mr B.S. WYATT: Particularly when the member for Pilbara quoted me—that is always the better part of his speech!

I also endorse the member for Armadale's comments about transparency and the concerns she raised about continuity. I do not want to go over the comments made by the member for Armadale because I am aware that we are operating in a time frame, but I will say a few words because I was not in this place for the second reading debate. It is perhaps the second reading debate that I most wanted to be in the chamber for this year. Unfortunately, for various reasons I was required to be paired during that second reading debate.

Mr B.J. Grylls: The third reading has been much more valuable than the second reading debate.

Mr B.S. WYATT: The minister referred to some of the contributions made in the second reading debate and it sounds as though some good contributions were made. Therefore, I will make some comments about the bill. I will make two points at the beginning of my contribution that I will return to at the end. The Minister for Regional Development now has an extraordinarily interesting job and role to play in front of him. Not only was the royalties for regions policy the key to the government in that this legislation is why the member for Cottesloe sits in the Premier's chair, but also I think that the minister should have had the local government portfolio. I will come back to that because I think this legislation does not establish what I understand the minister wants royalties for regions to be. I do not think that what the Minister for Regional Development is doing is in sync with perhaps what the Minister for Local Government is doing about local government amalgamation. The two approaches might be getting closer now—I am not sure—but I do not think there was that coordination initially.

When the minister sat on this side of the house, he gave many speeches about regional development, the problems in regions and the problems government has in delivering services to regional areas and what he hoped to do with this legislation. This bill will no more deliver what the minister wants than the Royal Perth Hospital Protection Bill 2008 will ensure that there is a tertiary hospital in the city in that whether the skeleton of royalties for regions that is outlined in this bill will actually deliver what the minister wants will come down to the minister of the day.

I think every member of Parliament made the point that the purposes of the royalties for regions program are outlined in the bill, and I do not think anybody has any disagreement about them. Clause 9 basically outlines that the purpose of the royalties for regions fund is to provide infrastructure and services in regional Western Australia; to develop and broaden the economic base of regional Western Australia; and to maximise job creation and improved career opportunities in regional Western Australia. I do not think anybody can fault those aims. However, before I entered Parliament, I gave some thought to regional Western Australia. Every member of Parliament in Western Australia, whether they are federal or state members, cannot represent Western Australia without spending a lot of time thinking about regional WA. I am the member for an inner-city seat; however, the sheer size of our state means that every MP must have an interest in the regions. I think this was caught up to a certain extent in the debate about the former Howard government's desire to centralise services in Canberra. The response from state governments, particularly distant state governments such as Queensland and Western Australia, was that Canberra does not have the solutions, the experience or the networks to make decisions on behalf of Australians in regional areas. A similar argument can be made that people in Perth do not have that same local knowledge and credibility to deliver services in Kununurra, Esperance or anywhere in between. Therefore, I think this legislation reflects a bigger constitutional debate that has been going on for a while now about the role of government. Much comment has been made about the inability of Canberra to actually implement policies successfully on the ground. Regardless of what the Prime Minister of the day says, the structures of government are simply not in place to deliver what they say, and a similar problem exists in Western Australia.

Mr B.J. Grylls: I think the current federal government through its stimulus plan is actually better at that than maybe previous governments —

Mr B.S. WYATT: I think the minister is right —

Mr B.J. Grylls: It is in quite a good partnership with state agencies and that is not always perfect but —

Mr B.S. WYATT: I think the minister is right in that the economic stimulus plan has promoted much better delivery simply because it was in a short time frame.

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Mr B.J. Grylls: Correct. The need for it to be quick meant that the federal government could not set up a parallel delivery system.

Mr B.S. WYATT: With that, I found in my electorate that what got in the way is some of the government structures, such as local government, that have required—extraordinarily in some cases—an approval process. As a result of that, the stimulus, which money we want spent in a certain time frame, probably will not happen. That is why I made the point before—I do not know whether the minister is interested in local government—that I think local government should have gone together with the regional development portfolio so that the amalgamation process or policy of government could have been worked through together. It is something that I have given a bit of thought to for a while. I know the minister is aware of a discussion paper that I wrote in March 2007 on this point. I will refer to a paper that I have written—even if that is somewhat arrogant. The feedback I got was that this paper was very well received, particularly from regional development commissions. I provided every regional development commission with a copy of my paper to get their feedback because it discussed something that I thought was patently clear to anybody who spent any amount of time in regional areas. The member for Pilbara referred to the term “palliative economics”. I would like to claim that term as my own; however, it was a term developed by Professor Erik Reinert in his commentary on the United Nations’ millennium goals. Professor Reinert stated —

Several UN Development Decades were only of limited success. In this perspective the Millennium Goals may appear as the United Nations institutions abandoning the project of developing the world poor, abandoning the effort to treat the *causes* of poverty and instead concentrating on an effort that to a large extent attacks the *symptoms* of poverty ... in my view too much of the development effort has been abandoned: to a considerable extent *palliative economics* has taken the place of *development economics*. Indeed the balance of development economics—radically changing the productive structures of poor countries—and palliative economics—easing the pains of economic misery—is, in my view, the key issue, and I think we are planning for a serious imbalance where the extremely high costs will be much less important than the long term negative effects.

My worry, and the worry that the member for Pilbara has raised, is that the royalties for regions money will simply become a palliative approach to regional development. I hope I am wrong. I hope the minister will be able, through the wide ministerial powers that he has been given, to flesh out this legislation so that it will promote the adoption of a development approach rather than, as outlined by Professor Erik Reinert, a palliative approach. If that does not occur, a lot of money will be spent over time with no discernible difference and no discernible change in regional Western Australia. The success of royalties for regions will not depend on whether a Labor government or a Liberal government is occupying the Treasury bench. The success of royalties for regions will be measured by whether, in 20 years from now, royalties for regions still exists in some form. That will be the case only if there is buy-in and support from metropolitan Western Australia. Regardless of the support for royalties for regions that exists in regional WA, as soon as there is a general perception that royalties for regions is just a slush fund or is being spent for useless purposes, the political capital that is supporting royalties for regions at the moment will disappear. I know that the minister is aware of these concerns. The reality of government is that whoever ends up with the majority will look at areas to cut. However, if royalties for regions ends up delivering an efficient regional development structure, it will be kept in place.

The member for Pilbara outlined the idea of integration. In my paper I proposed a regional development structure that is based broadly around the regional development commission areas of jurisdiction. I made the point that Western Australia is very well defined by the regions—the Kimberley, the Pilbara, the mid-west, the great southern, the south west and the goldfields. It therefore makes sense to have a structure that reflects that regional identity of Western Australia. As part of that process, we could incorporate the Aboriginal traditional owners into the mainstream government structure. That is, we could treat the traditional owners as wards—for want of a better description—so that they could be represented on that regional government structure. That would then allow them to buy into the mainstream government structure and have some influence and decision-making capacity over the delivery of important services to the regions in which they live. However, I fear that if the Minister for Local Government and the Minister for Regional Development go off on different paths, this may be an opportunity that is lost. I certainly say this with no partisan influence at all, but I believe that the Minister for Regional Development has been given an extraordinary opportunity—an opportunity that I quite envy—to achieve an outcome for regional Western Australia that has been missed for a long time.

I have written and made comments recently about Aboriginal affairs and the role of the Department of Indigenous Affairs. My personal position is that the DIA has allowed mainstream government to abrogate its responsibilities. Not long after I was elected to this place, and not long after Tim Marney became Under Treasurer, he raised this very issue. He said that when the budget process was going through Treasury and departments were putting in their bids for their annual budgets, he realised very quickly that basically every

department was making an Aboriginal bid. Indigenous affairs, housing, health and justice were all making their Aboriginal bids, and there was no overall strategy. That is a perfect example of the palliative approach to economics that I referred to earlier. There was nothing to bring it all together. For far too long that palliative approach to economics has dominated the delivery of Aboriginal affairs in regional Western Australia, because that is what we are talking about here. I have in fits of pique called for the Department of Indigenous Affairs to be abolished. Whether it needs to be abolished or radically restructured is something that I am open to suggestions and ideas about. However, at the moment my view is that the department is well past its use-by date in terms of the delivery of services. The Minister for Regional Development now has an opportunity to deal with that matter. We spent some time in our short consideration in detail stage on the subsidiary accounts for this fund. Clause 5(1)(d) of the bill refers to “any other account determined by the Treasurer”. That provides an opportunity for the minister to take significant leadership in the Aboriginal affairs portfolio and start to incorporate regional development and Aboriginal affairs into one single process in regional Western Australia. The problem is that when regional development occurs in regional Western Australia, it is usually in the form of a mine, and Aboriginal people are living right next to that mine in conditions—from the sorts of statistics that we have seen—of decay and abject poverty. I hope the minister is aware of the opportunity that he will have through this legislation, and through the influence that he will have on the Liberal government, to achieve some meaningful outcomes. Some reference has been made already to June Oscar. June Oscar has outlined the fact that more money is not going to solve any of the problems that she is encountering in her community. The problem is that structures need to be provided by which her local community can take control of and deliver on some of those programs rather than have them controlled out of Perth or even Broome. So there really is a wonderful opportunity here for the minister.

Mr B.J. Grylls: Before you move on, I think that is why the Ord expansion offers so much opportunity. That is exactly what we are trying to do. We are saying that we should not just do that project and tack on some cash on the side for the Indigenous community. We need to look at how we can weave the Indigenous community into the process every step of the way. That is why, in our negotiations on the Ord Final Agreement, we negotiated agricultural land for the Indigenous community. Housing blocks are being developed. We have just created a block of land to enable the Indigenous community to participate in the building of the work camp that will be required. I am on record as saying that this is one of the most unique opportunities in Australia to try to do exactly what you are talking about.

Mr B.S. WYATT: The Ord is probably the key to what I have just been talking about. I do not think the Kimberley gas hub is the answer, despite what the Premier has said. I think the Kimberley gas hub will be like the Burrup. The member for Pilbara has told me that fewer than 10 Aboriginal people are directly employed on the Burrup. I acknowledge that the jobs of running the LNG trains et cetera are obviously highly sophisticated jobs.

Mr T.G. Stephens: For the past 25 years, fewer than 10 Aboriginal people have been employed on the Burrup.

Mr B.S. WYATT: Obviously there will be flow-on jobs from that sort of investment, and from the Kimberley gas hub as well, but I think the Ord will have a more direct impact on local jobs and local regional development opportunities for Aboriginal people in the Kimberley than a gas hub will have. I may be wrong on that. That is just how I see that playing out.

I want to again, for my own self-interest, I guess, outline a couple of issues that summarise the point I was trying to make in the discussion paper that I put out back in March 2007. I noted —

- Our federation, that is, our country’s machinery of government, has become too dysfunctional to adequately respond to the complexities of the delivery of public policy.
- Despite generous economic times, there has developed within Australia, two economies ...

I then make the point about how these two economies are extraordinarily different. I continue—

- Whilst the two economies have divided our metropolitan areas, the real manifestation of the disengaged economy is felt in the regions and highlighted most often in the statistics that derive from Aboriginal poverty.
- As a result of the inability of our governance structure to deliver on public policy commitments, an ad hoc palliative economic approach has become the norm.
- For too long, governments have addressed economic and social problems in regional Australia through a policy prism of disaster relief.

As a result of that we have seen an incredible waste in spending public money. I continue —

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- If we continue down the path of palliative economics in respect of our regions, we are, in effect, accepting the ultimate demise of our regions and simply applying a palliative economic drug to ease the pain on the way to the economic grave.
- Indigenous policy should be developed and implemented beyond the social context of ‘Aboriginal Affairs’ as a separate portfolio area and more in the context of mainstream economic and regional development.
- How do we ensure that the inter-connected economies of regional and metropolitan Western Australia can be mutually supporting to the benefit of all people of our state regardless of where we live?
- Fundamental reform of our federation is required if we are to seriously deal with issues such as poverty, climate change and water reform.

The DEPUTY SPEAKER: Member for Victoria Park, can you speak clearly into the microphone, for Hansard’s sake?

Mr B.S. WYATT: To continue —

- A regional governance structure, financially empowered and appropriately legislated, is the only way by which public policy can effectively be delivered.
- Western Australia needs to continuously assess its mineral royalty structure and how to maintain its position as a modern successful resource economy whilst endeavouring to broaden our economic base.
- Western Australia should consider the option of a State based ‘future fund’ by which to preserve the long term benefits of our current commodity economy.

I realise that I have wandered, to a certain extent, away from the Royalties for Regions Bill; however, we are in the third reading debate and I did not get the opportunity to participate in the second reading debate on this legislation. The bill in its current form will not do anything more than what the Royal Perth Hospital Protection Bill 2008 will do. The Royal Perth Hospital Bill will not mandate Royal Perth Hospital to operate as a tertiary hospital. This bill will not do what the minister says royalty for regions will do. It will not maximise spending, it will not develop and form the economic base, and it will not provide infrastructure and services in regional Western Australia. It may give the minister the financial capacity to direct money into certain areas that will promote that work, but once this minister is gone—ministers come and go—the legislation will rise and fall on the clout and power of the minister of the day. This bill does nothing to endorse, enshrine or entrench a royalties for regions structure at the heart of government.

I think that this legislation has been drafted by the Department of Treasury and Finance in a way that ensures that, in future, royalties for regions will not necessarily have to be a drain on public moneys and will not necessarily deliver one cent more to regional WA than what is currently being delivered through the mainstream government process. That is the fundamental problem with the legislation. That problem has been highlighted by the member for Armadale.

The Minister for Regional Development did not need to get cantankerous over the member for Armadale’s contribution. She was not intending to humiliate the minister. She was simply making the point that the legislation does not do what the government said to regional Western Australia that it would do. That is, the essence of royalties for regions is additionality—in other words, it is above and beyond the money that mainstream government departments will commit and spend in regional Western Australia. It is clear what will happen over time: funds will be withdrawn from mainstream government departments, and royalties for regions will be there to pick up the slack. Any spending in regional Western Australia will be coming from royalties for regions funds, with the consequent badging, and there will be a withdrawal of spending, which will not necessarily be badged, from health, education, justice and police. Over time, regional spending will always be funded through royalties for regions, which in the long term will result in a real decline in spending in regional areas.

I do not intend to speak any longer. I have raised a number of issues beyond royalties for regions, and I appreciate the patience of the house in allowing me to raise those issues. However, the amendments that were proposed by the opposition—there were not many—were not outrageous or obstructionist.

Mr T.G. Stephens: This is a great speech, member; you should keep it up!

Mr B.S. WYATT: Indeed, I note that the minister has committed to include the amendment proposed by the member for Albany in the guidelines he intends to establish. It may be that in the Legislative Council some of these amendments will be carried.

I have not tried to filibuster this issue at all, despite comments from some of my colleagues. These were points that I wanted to get on the public record, even though on many occasions while sitting on the other side of house in the previous government I gave part of this speech. As I said, the minister has an incredible opportunity. My only fear is that if this policy is not delivered well and in concert with the Minister for Local Government and the Minister for Aboriginal Affairs, it will be a policy that will be expensive and regional WA will be no better off.

MR A.J. CARPENTER (Willagee) [4.25 pm]: I spoke on this bill in the second reading debate, and I will endeavour not to replicate the commentary that I made then, even though I am sure it was very valuable. This is an interesting piece of legislation.

I will preface my remarks by saying that it is very exciting to be involved in government in Western Australia. When one becomes a minister and is involved in government, one is able to make decisions that deliver change to the Western Australian community. It is incredibly exciting and rewarding, and a privilege. Richard Court said to me when I became the Premier, “You will find it such a privilege that you will inevitably enjoy it and look back on the experience positively.” One of the great things that we are able to do in public life is to deliver benefit to people—more broadly than to our own immediate families and friends—in the broader community. The thing that drove me to get involved in politics was, in the first instance, to try to deliver fairness and greater opportunity to more people in our community of Western Australia. This would probably be true of most members in the house. They want to see fairness and better opportunities in the community.

I have absolutely no doubt that is what drives the Leader of the National Party. I have had enough conversations with him and watched him in his short parliamentary life to believe that he is driven by the view that he can provide greater benefits, fairness and opportunities to people. I think that was the genesis, along with pure good politics, of the royalties for regions program. I reflected upon good politics versus good policy in the second reading debate, and I will not repeat myself on that.

This legislation falls somewhat short of the model that ideally the Leader of the National Party would like. In all my conversations with him about this concept, we talked about his desire to see additional funding to that which was already committed and that which would normally be committed in the process of government. As has been pointed out by previous speakers, this legislation does not do that; it does not guarantee anything like that in the future. I also think that the decision to accept the offer from the Liberal Party to go into government with it, which was inevitable given the history of the two parties, has delivered not a good outcome for royalties for regions, but actually a bad outcome. It has raised immense expectation, because a lot of money has been shovelled out of the door very quickly. Again, I can understand why that is considered desirable by National Party members. Members of the National Party, having gone through the process of saving their party from apparent oblivion, and finding themselves in a position where they are able to exercise enormous power in the WA political landscape—the balance—wanted to be able to demonstrate to their supporters and the broader community that they would be positive and effective. I think that was a thought well held, because it will never happen again. The Labor Party will never again entertain going into a coalition with the National Party given what happened last time. When the Leader of the National Party in this house and the leader of the National Party in the upper house both said quite publicly that they would prefer to be in government with the Labor Party, they were forced into government with the Liberal Party because their broad-base supporters would not countenance the alternative. Nothing will ever change that. If the current Leader of the National Party could not pull that deal off, no future leader of the National Party will ever be able to. In a sense, it was a once-in-a-lifetime opportunity for the National Party to get into government, and they wanted to make the most of it.

I said “raised expectations”. Shovelling all that money out the door is the very reason that the 13 or 14 per cent budget blow-out in public sector spending happened. That was the reason for it. The Treasurer would not want to admit it publicly, but he knows it. Public sector spending in Western Australia blew out by 13 per cent, which is an astonishing amount of money, because of this policy initiative. That is what the Treasurer was hinting at when he said, “You have to honour your election promises when you get into government.” Thinking of all that money that has gone out the door, where is the benefit one year on? My advice, therefore, if I can be so arrogant, is the government must make sure this hard-earned taxpayers’ money, is spent wisely on long-term, preferably infrastructure, benefits that will deliver good outcomes for Western Australia for a long period, not just a short period.

The alternative we provided was, rather than pouring hundreds of millions of dollars out the door straight away, to step up gradually the amount of money that would be spent through royalties for regions so it would not have a negative impact on the budget with a \$1 billion fund topped up annually, starting with fairly small expenditures and building up to bigger expenditures as the budget allowed it. That was much more economically sensible and responsible. It is a shame that the model adopted by the alliance government is so fiscally unsustainable. As I said, it has raised expectations that there is some pot of gold—some magic pudding—that will provide immense

benefit for evermore, over and above that which government would normally provide. Those expectations must inevitably be dashed and there will be a repercussion from that. However, that is not for me or our side of Parliament to worry about; that is for the National-Liberal Parties to worry about in the future.

I spent four years as Minister for Education and Training and two and a half years as Minister for Indigenous Affairs—I will reflect on that in a moment—and some time as Minister for Sport and Recreation. During that time there was often a complaint from both our own regional members and from National and Liberal Party regional members that not enough money was being spent in regional Western Australia by agencies such as education. I recall asking for an analysis from the education department on what percentage of the education budget was being spent in regional Western Australia as opposed to the metropolitan area. I stand to be corrected, because this is from pure memory, but I recall that 40 per cent of the education budget was being spent outside the metropolitan area. It was a surprisingly large percentage of budget. The education budget at the time was well in excess of \$2 billion—I think it was about \$2.5 billion or \$2.6 billion. Forty per cent of that, as we can see, is a very large amount of money; in fact, it is in excess of the 25 per cent of the annual royalties earned by the state. That was spent just on education. I think members can see where this line of logic is running. The amount of money spent just on education in Western Australia by the state government is in excess of 25 per cent of the royalties earned in the state. The big weakness of this legislation is that it does not require the royalties for regions money to be in excess of that which is usually spent delivering government infrastructure and services. It is quite conceivable that at some future point a government—it might be sooner rather than later—using the substitution effect we are already seeing, will be able to point to expenditures just in education and say to the supplicants from political parties, “You’re already getting that money; in fact, you’re already getting more than 25 per cent, you don’t need any special additional allowances.” I make that point. I was in government long enough to know how it works and how the people who jealously guard the public purse work. I know what line of logic they will run out in the future. I point to what I think is that obvious deficiency.

There has been some discussion, which I want to reflect on briefly, about the potential alignment of the royalties for regions fund and the need for improved services, outcomes and infrastructure in Aboriginal communities. I do not think anyone in this Parliament today would argue against the need for better outcomes for remote, and even urban, Aboriginal communities—nobody would argue about that. There is some opportunity here, therefore, for the royalties for regions fund to assist in delivering better outcomes. As I said, I was the Minister for Indigenous Affairs in Western Australia for two and a half years. I came to the place with, and still have, a strong desire to see better outcomes for Aboriginal people—opportunities expanded, and more fairness delivered. I do not have a mortgage on that sentiment by any means. But in the time we were in opposition and then in government, I have observed how some people with the best of intentions achieve nothing. One of the ways they go about doing that is by forever constantly describing the problem and advocating adjustments to the way bureaucracy goes about its activities, which deliver no increased benefits. They do that rather than analysing what initiatives in particular communities might help. What I fear is that that fault, if we like, and the way we address Indigenous affairs in Western Australia, both historically and contemporaneously, will continue into the future.

I acceded to a request from the then Indigenous affairs minister, Sheila McHale—I thought it was a good request—to employ a special adviser on Aboriginal affairs. My very high regard for John Sanderson led me to believe that he was the person for the job. I do not think a person with better credentials was suggested. His intentions are pure. Unfortunately, the experiment was an abject failure. It was an abject failure for a very simple reason. What I asked from John Sanderson was to go into Indigenous communities and identify ways that we could put in practical initiatives to help people get an economic base to their existence—particularly employment opportunities for men. I thought that with his status in the community he could go to the boardrooms of every company in Australia and at least get a hearing and suggest ways they could engage in employment projects in Indigenous communities. I pointed out the example of Brendon Hammond, the former managing director of Argyle Diamonds, who had achieved an economic miracle by ensuring that 25 per cent of his staff were Aboriginal. He ran a very profitable business based on his knowledge. His approach was that, just because a person had dark skin, it did not mean he was incapable of holding down a job. He had learnt his skills in Africa. He produced what I believe was an economic and social miracle at Rio Tinto with Argyle Diamonds. What I got instead from the Indigenous affairs special adviser was a series of reports that basically described the problem. I knew the problem; I had lived with Aboriginal people in the broader community all my life in country Western Australia and then as a minister. I knew the problem; I did not need it to be described to me. I wanted someone who was prepared to activate some solutions, but they did not come. When I criticised that fact, I was pilloried in the media in Western Australia. I advise people who are embracing the latest report from the Indigenous Implementation Committee to ask that committee to provide more than a suggestion for re-organised bureaucracy. The answer does not lie in re-organised bureaucracy. There is actually no solution here, but it is all about engaging the people in meaningful employment. I do not mean just government employment; I mean real

Extract from Hansard

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economy employment. It can be done. BHP Billiton, despite all the criticism, is doing it in the Pilbara. Rio Tinto is doing it. Even Woodside, with Don Voelte, had embarked upon a program. He did that because we in government criticised him for not doing it. In the first discussion I had with Don Voelte, he told me that he had doubled the number of Aboriginal employees. I knew that he had only one and asked him if there were now two. He more or less confirmed that that was the case and said that he had a bigger agenda. If the royalties for regions funding results in just pouring more money into a new bureaucratic system, it will achieve nothing. I give the Minister for Regional Development the benefit of that experience.

There has been some criticism of Tim Marney, the Under Treasurer. In my experience in government, Tim Marney, as much as anybody else, was committed to getting better outcomes for Indigenous communities. Tim Marney was not a person who denounced government activity or anything like that; far from it. He was a person who genuinely wanted to see better outcomes, but he had a sense of the economic value of government activity. I want to continue on this reflection, because I think it is important that the Minister for Regional Development, who will oversee the royalties for regions funding, has some idea of the legacy, and the difficulty therefore, that lies ahead in this area.

In 2001, when we came to government, Indigenous people in Western Australia had been demonised by the previous government. They were held up as people who were going to snatch away people's backyards through the avenue of native title, they were going to destroy the economy of Western Australia, they were avaricious people and we should all be afraid of them. *The West Australian* newspaper cooperated in that presentation. I well remember the scare headlines of *The West Australian* and a photograph of a black hand reaching around the map of Western Australia; in other words, we were all in peril from some Aboriginal land grab!

Geoff Gallop, Eric Ripper and the rest of us who were in opposition at that time decided that we would embrace native title and take on the challenge of making it work to deliver benefits for Aboriginal people, irrespective of the storm of criticism that came from every single private-sector business organisation, particularly those in the mining industry. We had several meetings at which we were loudly and almost violently castigated by people in the mining industry because we were embracing native title. Premier Gallop had the courage to stand up to them, and we went ahead with our native title policies.

Eight years later, 900 000 square kilometres of Western Australia lies under native title. We have just enjoyed the biggest mining boom the state has ever seen. We have doubled the size of the economy. We have reduced unemployment. A record number of Aboriginal children are staying on at school in years 11 and 12 and a record number of Aboriginal children are in apprenticeships and traineeships. We have built schools, medical facilities and police stations all over Western Australia. We became the first government in Western Australia's history—I include Labor governments as well—to tackle the problem of domestic violence and child sexual abuse in Aboriginal communities. We did that off the back of the coronial inquiry into the death of Susan Taylor, the recommendations of the Gordon inquiry and the flood of information as a result of that inquiry that came to us from metropolitan Indigenous people—the Nyoongahs—and people from regional communities. We took on Robert Bropho, to whom the previous government had provided some sort of independent federal state in the Swan Valley where he could defy the law and not be touched, no matter what was going on. We took him on, we exposed him for what he was—a paedophile—and he was dealt with by the law and is now in jail.

We built nine or 10 multifunction police stations in regional remote communities. I visited them. I drove out to Warburton and Warakurna on the last parliamentary break and had a look at them. They are wonderful facilities. Police, community services, justice services and a range of other government services are all provided from that one facility. Numerous offenders have been charged, arrested and taken out of those communities as a result of our government's activity. That has provided some relief and some safety to Aboriginal women and children in those communities—the sort of relief and safety that they had been denied for decades before that.

We took the Clontarf Football Academy for boys from basically a prototype project, which benefited about 20 Aboriginal boys when we came into government, to a program that now delivers services, benefits, training and leadership—the member for Pilbara talked about the need for leadership training—to something like 800 to 1 000 young Aboriginal boys, not only in Western Australia but also in the Northern Territory and South Australia.

We established a quarantine for a percentage of the funds from the community sporting and recreation facilities fund for the delivery of recreation facilities to Aboriginal communities, which had previously been denied them because local governments had refused to recommend them to the fund. That was the first time ever that had happened.

Mr Brendon Grylls; Ms Alannah MacTiernan; Mr Tom Stephens; Deputy Speaker; Mr Ben Wyatt; Mr Alan Carpenter; Mr Paul Papalia

We created the richest Indigenous art award in Australia, beyond the belief of Aboriginal artists all over the country that any state government would provide an award and therefore an incentive of that nature. Tragically, it has been slashed in two by the newly elected government.

There are a range of issues, but the challenge was there and it remains there. It is frustrating, I suppose, to hear so much negative reflection on the efforts that the previous government—of which I was leader and also of the government of which Geoff Gallop was leader in the early days—put into delivering benefits for Aboriginal people.

The Leader of the National Party might want to be reminded of the fact that when we first got into government, we signed a formal agreement with the Indigenous people of Western Australia through the Aboriginal and Torres Strait Islander Commission's regional representation organisations to deliver better outcomes, justice and more fairness and opportunity for Aboriginal people. However ATSIC failed to maintain support from the then Howard government and was closed down, even though I believe ATSIC in Western Australia was operating quite well. There were difficulties but it was operating quite well.

If the Minister for Regional Development's intention is to use the royalties for regions fund to establish some form of regional representation body with Indigenous people, I wish him the best of luck and I hope it works, but he will need to maintain an extremely positive and active engagement with it lest it fail as well, because there will be plenty of critics.

The royalties for regions fund started off as a manifestation of the good intentions of the National Party leader and his supporters. It was, incidentally, very good policy and made a great slogan—a slogan which proved effective in the election campaign. I hope that this legislation does not develop into a mere extension of a good political slogan. I hope that this legislation is not just an addendum to a good political slogan that will ultimately deliver no real benefit and disappoint the people whose expectations have been raised extremely high.

I wish the Minister for Regional Development the best. I have absolutely no doubt about his intention. I also have no doubt that his intention involves delivering great benefit to the National Party. I do not think that is unreasonable; he is the Leader of the National Party and wants it to flourish. However, he should be careful in the way he goes about it, because those warning flags that I raised the other day were real. The Minister for Regional Development must avoid getting involved in problems of lack of accountability and lack of transparency. Even with the best of intentions, if he does not avoid them, that will be unfortunate.

We will support the passage of this legislation. It is unfortunate that the amendments put forward by Hon Alannah MacTiernan have not been accepted as yet, but there may be some reconsideration of that.

MR P. PAPALIA (Warnbro) [4.50 pm]: I am cognisant of the time and that members are anxious to get away. Therefore, I will not reiterate the argument I put in a colourful fashion in the second reading speech on the Royalties for Regions Bill 2009, but I will say that I concur with the criticisms of this legislation made by members on this side in this third reading debate.

I will pick up on one point that was made by the member for Victoria Park in the course of his lengthy contribution. I refer to the concern that was raised about the impact that this legislation will have on local government. I agree with the member for Victoria Park that it is clear that the development and introduction of the royalties for regions fund has, to some extent, been done in isolation of the Minister for Local Government and the Department of Local Government. I know that the minister responsible for this legislation has had interaction with the local government minister, has worked with the local government minister on some announcements that have been made and has a degree of responsibility for the country local government fund.

The criticism that has been made of this process is fair and it can be identified through a sequence of events. The first indicator was that the initial announcement of the country local government fund was made by the Minister for Local Government, who obviously knew nothing about the content or nature of that fund at the time he made that announcement. The second indicator was the way in which the structural reform process was announced by the Minister for Local Government at the same time as the Minister for Regional Development was trying to roll out the first component of the country local government fund. I note, of course, that the criticisms made, and arguments used, by the Minister for Local Government to encourage, and threaten to force, amalgamations on local governments were good arguments for why the government should not have been rolling out the first round of the country local government fund in such a hasty fashion. That is not a criticism of the minister because, as the member for Willagee identified, the minister always wanted to get that money out there in a hurry, and there is a good argument for doing that. Coincidentally, in the light of the economic crisis at that time, the argument could be mounted that it was a positive move to get it out quickly. However, the minister was doing that at the same time as quite possibly the greatest change imposed on the local government sector in this state's history was taking place with very little consultation. It is an indication to me of a stovepiping of operations between the

two ministers and the two operations—one being to introduce the royalties for regions program and the other to roll out amalgamations or structural reform.

The third indicator—which is not related to this minister but to the theme of this minister operating in one field of endeavour whilst acting in isolation of a similar action by another minister that imposes change and demands—is the recent announcement of the proposed changes to planning in this state by the Minister for Planning. Although, having received a briefing, I believe it has every indication of being a reasonable change, despite some of the criticisms that have been levelled at it. I am still waiting to learn more about that proposal. However, the indication is that it seems to be a reasonable process. The Minister for Planning set a target through a discussion paper, put it out into the community for discussion and gave a time frame for people to look at it. He will call for a response to the discussion paper at the end of that time frame. That is in stark contrast to how the Minister for Local Government handled the changes to local government. He went out into the community and told local governments that they had to make changes. He did not consult and he did not engage in winning the hearts and minds of the people whom these changes will directly impact upon. Since then, he has had to engage in a series of backflips to achieve some degree of discussion with the people this change will impact on.

I wish the minister well with this legislation. I acknowledge that he said he will work on the regulations to deal with the questions that have been raised by the member for Albany and me. I still share the concerns of other members that when this minister is no longer the minister there is no guarantee in this legislation that this process will continue to guarantee 25 per cent of royalties above and beyond normal forward estimates. Nevertheless, I ask the minister to look at the concern that the member for Victoria Park identified, and which I share; that is, for this and the country local government fund, which is such a significant component of the royalties for regions program, to work well there must be very close engagement with what is going on in the local government department. I agree that it would have been better for the minister to have retained responsibility for that portfolio. Nevertheless, as this legislation is going ahead I ask the minister to be cognisant of the threats represented by any further breakdown in coordination of the activity around royalties for regions and the concurrent structural change process that is being undertaken in the local government sector.

MR B.J. GRYLLS (Central Wheatbelt — Minister for Regional Development) [4.56 pm] — in reply: I thank members for their contribution to the third reading debate on the Royalties for Regions Bill 2009. I am heartened by the very positive and well intentioned comments that members have made in the third reading debate. It made me reflect on my eight years or so in this Parliament and I wish there had been more opportunities to have debates in this context in which members from a broad spectrum of Western Australian electorates have turned their mind to regional issues and offered their thoughts on how it could be done better. The members for Armadale, Pilbara, Victoria Park, Willagee and Warnbro in taking the opportunity to contribute to this debate this evening have certainly done that. It is very empowering for the Parliament if the full weight of all members, as opposed to just the government side of politics, is behind thinking about these issues and putting forward their ideas. I give my commitment that I take on board their issues and their challenge.

I agree wholeheartedly with members that the Royalties for Regions Bill, which is about to be read for the third time, imparts an enormous opportunity for both regional Western Australia and me. The challenge is great and the road is littered with failures by governments of all political persuasions. I will do my utmost to ensure that we enhance the opportunities and the capacity of regional Western Australia. I will be judged on that moving forward, as I should be, and as the Liberal-National government should be now that it has such a strong agenda for regional development.

Members are 100 per cent correct in their comments that true regional development is probably not about money at all; true regional development is about harnessing the leadership capacity of people from regional Western Australia to define and determine a better future for themselves. If they can achieve that, they will drive that. I spoke to somebody yesterday who has a great interest in regional development and I said that government can do only so much. We can set a framework, but it will be up to regional Western Australians to take advantage of the opportunity that royalties for regions presents, to take advantage of the opportunity presented by the new Liberal-National government and, most importantly, take advantage of the opportunity presented by the bipartisan approach that has been shown in this house in the third reading debate of this bill to improve the outcome for regional Western Australia. We can all take on board that challenge.

During the debate specific reference was made to Indigenous Western Australia. I put on the record again that in my 12 months as a minister Indigenous affairs has been the most rewarding, exciting and challenging part of my portfolio. We cannot look at regional development without looking at Indigenous development and enhancement. I certainly look forward to using my time as minister, however long or short it might be, to do my bit to take up that very complex challenge, as previous ministers have done.

Extract from *Hansard*

[ASSEMBLY - Thursday, 24 September 2009]

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Mr Brendon Grylls; Ms Alannah MacTiernan; Mr Tom Stephens; Deputy Speaker; Mr Ben Wyatt; Mr Alan Carpenter; Mr Paul Papalia

I thank members on all sides of the house for their support. The members of the Liberal Party have supported the concept of royalties for regions from the moment we formed government. The leadership of the government, in the Premier and Treasurer, has supported this. We hear from the Premier's words that there is a real government focus on regional Western Australia, and that is very heartening to leaders in the community. I am sure that they are also hearing the words of members such as the former Premier, the member for Armadale and the member for Victoria Park, that everybody wishes to see a better result for regional Western Australia. If this legislation and the royalties for regions policy can enhance opportunities, we can make Western Australia a better place. It is great to be part of a Parliament—not a government, but a Parliament—that is very clearly focused on regional Western Australia, regional development and Indigenous enhancement. Let us all see that at the end of this Parliament, we have used our capacity to enhance the lives of all Western Australians, including those who live in regional Western Australia.

I thank members for their support and I welcome the third reading of the Royalties for Regions Bill 2009.

Question put and passed.

Bill read a third time and transmitted to the Council.