

Hon Norman Moore; Hon Dee Margetts; Hon Murray Criddle; Hon Ray Halligan; Hon Derrick Tomlinson; Mr Tom Stephens; Hon Bruce Donaldson; Deputy Chairman

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**REGIONAL INVESTMENT FUND BILL 2001**

*Second Reading*

Resumed from 14 November.

**HON N.F. MOORE** (Mining and Pastoral - Leader of the Opposition) [7.54 pm]: This Bill has its genesis in the Labor Party's policy at the last election, in which it promised to set up a \$75 million regional investment fund. To quote from the Labor Party's policy, the regional investment fund will -

... allow regional towns and communities to facilitate infrastructure projects that build on local strengths. The focus of the Fund will be on capital works projects that meet an identified need for increasing a region's competitiveness in new markets, and that allows for genuine public and private sector cooperation;

That sounds really good. Further down, the Labor Party's policy states -

In order to facilitate such infrastructure projects, Labor will establish a **\$75 million Regional Investment Fund** that will allow regional towns and communities to:

- . support new industry development, including capital works to facilitate economic development;
- . improve critical transport linkages, including roads, rail, ports or airports of strategic regional significance;

All that for \$75 million -

- . build up tourism and eco-tourism infrastructure, including new and improved facilities; and
- . better link regional WA to new opportunities in education, training and information technology.

The focus will be on capital works projects that meet an identified need in increasing a region's competitiveness in new markets.

Examples include the supply of critical infrastructure, or diversifying a region's economic activity, particularly in emerging areas of economic development such as environmental industries, biotechnology, information technology and communications.

I suspect that not a lot of those things can be achieved for \$75 million.

Hon Kim Chance: Obviously, very large projects like the southern transport corridor are dealt with separately.

Hon N.F. MOORE: Critical transport linkages, including roads, rail, ports or airports of strategic regional significance are projects that I suspect would need more than \$75 million.

Hon Kim Chance: Of course. That is why the large projects are dealt with under conventional arrangements.

Hon N.F. MOORE: I agree; that is how it should be. However, the Labor Party's policy said that the \$75 million would pay for these things. Clearly, it will not. This is another sleight of hand in the way in which the Labor Party promoted itself before the election, and it worked, obviously.

Hon Kim Chance: It could be a thing like sealing the Bruce Rock airstrip, for example, which I think is \$70 000.

Hon N.F. MOORE: No, a regional airports development scheme is already in place under which airstrips at small airports are sealed.

Hon Kim Chance: It might be over and above that.

Hon N.F. MOORE: Can the minister tell me of a railway line, a port or an airport of strategic regional significance that would be funded out of this? Clearly, the minister will do that when he responds.

Hon Tom Stephens: Possibly the Broome port could get some leverage to assist it with its extension of the port. That sort of project would want leverage with federal funding and other loan funds.

Hon N.F. MOORE: A fund that is worth \$75 million over four years is being set up under an Act of Parliament. That amount is now \$70 million because \$5 million has been deferred as a result of the -

Hon Kim Chance: No, that is incorrect, and I thought I told you that. It is still \$75 million. It went back a year; that is all.

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Hon N.F. MOORE: The \$75 million will be spent over four years, except that in the first year there will be \$5 million less. Is that the story?

Hon Kim Chance: Yes.

Hon N.F. MOORE: We will soon find out. However, we have not yet found out from the Government what it will put into the out years to replace the premium property tax. The Leader of the House told me, in answer to a question I asked, that the Government will make that decision for the next budget. Therefore, the Government must find the funds it has forgone by getting rid of the premium property tax. That must be filled up next year. We will see whether it comes out of this fund again next year.

Hon Tom Stephens: No, increased economic activity.

Hon N.F. MOORE: Is that what the minister calls it?

Hon Kim Chance: It also comes off the surplus. If nothing has been allocated in terms of revenue growth, it comes off the surplus.

Hon N.F. MOORE: On the other hand, will the Government simply say to the departments that they must cut their expenditure by five per cent, and call it a priority bonus or something like that?

Hon Tom Stephens: Don't be a pessimist.

Hon N.F. MOORE: We will wait to see what happens. If, after four years, the Government has spent \$75 million, I will say that it has met its promise. If it has not, it will be criticised for that.

Hon Kim Chance: That is fine.

Hon N.F. MOORE: However, it is a heap of rubbish to say to the people of Western Australia that they will get improved transport linkages, including roads, rail, ports and airports out of \$75 million over four years.

Hon M.J. Criddle: It is \$1 million a kilometre for rail.

Hon N.F. MOORE: Is it \$1 million a kilometre? We have already talked about the Tom Price road; we could get half a road for the price that is being paid for that road. That is what the Labor Party told the people of Western Australia. Many people would have thought that putting \$75 million into the regions was a good idea. One of the reasons the Labor Party said it is that many northern authorities in particular have a view that they should get a share of the royalties that are generated in their regions. The Labor Party led some of those councils to believe that they would get some of that as well. Now it is saying that the \$75 million fund will cover the arguments that the authorities might use to have some of the royalties returned from whence they came. An amount of \$75 million for all the regions of Western Australia over four years is not a lot of money at all. That is a drop in the ocean in the context of the dollars being spent by Governments for infrastructure throughout the regions. Can the minister explain to me why it is necessary to set up this regional investment fund, which will be managed by the Regional Assistance Authority? Perhaps the minister will tell me why we need an authority to dispense \$75 million. Who is handling this Bill?

Hon Kim Chance: Hon Tom Stephens. I am going away now.

Hon N.F. MOORE: I was interested to know; it was not because the Leader of the House was interjecting.

Hon Kim Chance: I was helping out, but I thought it was inappropriate.

Hon N.F. MOORE: No; I think it is important that the Leader of the House is helping.

Hon Tom Stephens: And he will continue to help.

Hon N.F. MOORE: Actually, given a choice -

Hon Tom Stephens: Don't be mean.

Hon N.F. MOORE: Some people are naturally helpful and some are naturally unhelpful, and I will not suggest of the two who is who.

The Labor Party went into the election with that policy and now we have a Bill before Parliament to set up the regional investment fund and an authority to facilitate the expenditure of those funds. The regional investment fund is made up of three programs: first, the regional infrastructure funding program will provide financial assistance of between \$100 000 and \$5 million for major construction-ready capital works projects. That fits in with the Labor Party's promise at the election, which related mainly to capital works projects. Secondly, the

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regional development scheme will provide financial assistance of up to \$150 000, to cover capital works and other project costs. Thirdly, the Western Australian regional initiatives scheme will provide financial assistance between \$5 000 and \$250 000 for non-capital works projects designed to deliver benefits across more than one region in a number of areas. Can the minister tell me in his response whether a certain amount of the \$75 million has been set aside for each of those three programs; and, if so, how much in each case?

The \$75 million has been readily discussed, first in the Government's policy document and then in the second reading speech on this Bill. Can the minister advise me - it is very important that I get an answer when he responds - whether the \$75 million is all new money, or whether it is money that is already allocated to other projects and has been brought into this particular fund? The impression created when this \$75 million was made available was that an additional \$75 million would be allocated to the regions of Western Australia. The Premier mentioned in the other House that some of the commitments would be paid for from this fund and some existing programs that were being funded by the previous Government may also be funded through the \$75 million. Is the whole \$75 million new money, is it money being transferred from other programs, or is it money that will be used to fund some of the Labor Party's other commitments in addition to the \$75 million that has been promised? That question is quite significant in the context of this Bill. It is important that we know exactly how the money will be spent. I would like to know exactly how much money has already been spent, so the House has some indication of the sorts of projects that are to be paid for from this fund.

The whole system of regional development in Western Australia these days is rather interesting. Members will recall that we recently dealt with a Bill to change the situation with regional development authorities. At that time I raised some concerns that I have about the administration of regional development in Western Australia. Essentially there is a cabinet subcommittee chaired by the Premier. I presume that it is still in place; if it is not, I am sure the minister will tell me. The regional development ministers - namely, Hon Tom Stephens, Hon Kim Chance, Hon Nick Griffiths and Hon Jim McGinty - are also members. Hon Tom Stephens, as a substantive minister, is Minister for Local Government and for the Kimberley, Pilbara and Gascoyne. Hon Kim Chance covers a couple of regions and Hon Nick Griffiths and Hon Jim McGinty cover one region each. Three city ministers and two regional ministers make up the regional development subcommittee. That committee obviously makes certain decisions about regional Western Australia, and I do not know what they are because I am not invited to the meetings. However, the minister might tell me about the sorts of things that they talk about and what they do. Hon Tom Stephens is not only minister for a number of regions, but also Minister for Regional Development. I do not know how that relates to the cabinet subcommittee or how he relates to other ministers who represent only regions. However, it sounds a little unusual that we should have such a structure. Does Hon Tom Stephens, as the Minister for Regional Development, have any authority over Hon Kim Chance, Hon Nick Griffiths and Hon Jim McGinty about what they do as the ministers for regions? I am interested in the answer to that. If they come forward with a proposal to do something in their regions, does Hon Tom Stephens have any overriding capacity to approve or disapprove of those proposals?

On top of this, there is the Regional Development Council, which comprises the chairs of the nine regional development authorities and three other appointed members. The nine regional development authorities report to five ministers as well as to the Regional Development Council. Then there is an overriding cabinet subcommittee that deals with regional development. It seems to me to be a rather cumbersome arrangement. Maybe the Government is working its way through this, or maybe it works extremely well; I do not know.

Hon N.D. Griffiths: We dealt with these issues in a previous Bill.

Hon N.F. MOORE: The minister never answered me.

Hon N.D. Griffiths: Yes, I did; you just did not like the answer.

Hon N.F. MOORE: The minister can have another go at trying to convince me if he likes. I am not trying to be critical; I am describing to the minister again the system of administration of regional development in Western Australia, which I think is rather peculiar. Even though the minister might have told me - either I have forgotten or I did not understand - I still do not know the role of Hon Tom Stephens, as the Minister for Regional Development, in the overall scheme of things as opposed to that of Hon Nick Griffiths, as Minister for Goldfields-Esperance. I do not know the relationship between the two, if there is one.

Hon Tom Stephens: Very good.

Hon N.F. MOORE: I am not talking about their personal relationship; I am talking about their ministerial relationship and the relationship those ministers have with the cabinet subcommittee and the Premier. It seems on the surface to be a bit cumbersome. I have just mentioned the Regional Development Council, which consists of the people who run the different development authorities. What is the relationship between that council and

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Hon Tom Stephens as the Minister for Regional Development and the cabinet subcommittee? In addition to that the Government now proposes to set up a new body called the Regional Assistance Authority. The last time we debated this issue I said that that was cumbersome and that there might be potential for conflict between ministers on different issues. The Government is now adding another element to the issue, the Regional Assistance Authority, which will be set up to dispose of the funds under the regional investment fund.

Hon Tom Stephens: The authority is not complex in that it describes the Minister for Local Government and Regional Development in the same way the Minister for State Development is described as an authority under his Act. However, my authority is described in various ways by the Act and a policy that governs the Act. This is not a new power.

Hon N.F. MOORE: I understand that. My next question is: will the minister explain to the House how this authority will work in practice and why we need it? It is competent for Governments to spend money; that is what they are elected to do. It is important for the House to understand that provided Governments go through the proper processes of accountability in the expenditure of funds, they do not need a heap of authorities to expend those funds. The Bill refers to the Regional Assistance Authority, which is a body corporate that will be set up, which body corporate is the minister, who is to have power to delegate authority to other persons. However, the setting up of an authority to allocate funds must be explained. Why do we need an authority to spend the money on areas covered by the Bill when the Government, through other agencies, already spends money on those areas? For example, Main Roads spends money on roads and the Water Corporation spends money on water resources. I do not know who builds railway lines any more; however, other organisations already spend money on such infrastructure projects. Why is it now necessary to set up an authority, albeit that it is the minister, to spend money through this fund on projects on which money is already spent?

When I read further in the Bill of the powers of the authority I wonder why, having gone down the path of creating an authority, it is necessary for the authority to have these powers. These powers relate to the spending of the regional investment fund. The authority will have power to acquire, hold, manage, improve, develop and dispose of any real or personal property. The authority will have the power to enter into contracts or arrangements; provide, take or arrange security; and act in conjunction with a person, a firm, a public authority, a local government, a department of the public service or an agency or instrumentality of the State or Commonwealth. I wonder about the necessity of these powers when the purpose of the authority is to allocate money.

I will give a simple example of when I was a minister and allocated money. I was in charge of the community sporting and recreation facilities fund, which was a fund that allocated money to local authorities for sporting facilities. I did not create an authority to do that.

Hon Dee Margetts: Did you have a whiteboard?

Hon N.F. MOORE: No, I did not. I was about to explain the significant difference in the way it was done and the way a whiteboard was used. A committee was formed which met annually for as long as it took to make decisions based on the applications that had been received for funding. The committee would make recommendations to the Government about how the funds should be spent. The minister - me in this case - also took to Cabinet proposals for projects supported by the Government that it believed should be funded. The Cabinet made a decision on the Government's supported projects and then endorsed the recommendations of the independent committee.

Hon Tom Stephens: What was the statutory authority under which those funds were dispersed in that portfolio?

Hon N.F. MOORE: They were dispersed by virtue of the fact that the minister was entitled to allocate funds through his department for the performance of the functions of that department. No separate statutory authority was required to allocate those funds. The Auditor General's view was that it must be transparent. If a Government has a process of allocating funds on the basis of submissions, it is important to have a transparent process. I always argued with him that the Government was entitled to allocate funds provided it went through a proper process. The proper process in our case was to get recommendations from an independent committee and for Cabinet to make a final decision. The Cabinet then took full responsibility for the decisions, not a single minister or a chief executive officer.

This Bill proposes that \$75 million will be allocated to certain people who make application for the funds. We are told that we need to set up an authority to allocate the funds. That would be acceptable if the authority's role were only to allocate funds. However, the authority will be able to do many other things; namely, acquire, hold, manage, improve, develop and dispose of any real or personal property and so on.

Clause 7(2)(e) - which I understand the minister will seek to delete, a move of which I approve - gives the authority the power, if written approval of the Treasurer has been first obtained, to participate in any business

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arrangement and acquire, hold and dispose of shares, units or other interests in, or relating to, a business arrangement. Again, although the Government is seeking to delete that paragraph by way of amendment, it must have been part of its thinking on this Bill. It gives the authority significant powers that have nothing to do with the allocation of funds to organisations that make application. The minister will tell us about that when he seeks to move the deletion of paragraph (e). However, he might also tell us why he needs all the other powers as an authority, bearing in mind that the sole purpose of the authority is to allocate funds to those who make successful application for them. Advertisements are currently running in newspapers indicating the availability of the funds and suggesting that applicants make application for them. The question of what the authority will do and why it is necessary to have the powers that the minister seeks is an important issue.

Further on in the Bill, part 4 explains the form of the financial support that can be made available. This part relates back to what I said a moment ago. Clause 12 reads -

Financial support may be provided in the form of any, or any combination, of the following -

- (a) grants;
- (b) loans;
- (c) subsidies;
- (d) guarantees;
- (e) concessions on any tax, duty or charge due to the State;
- (f) any other direct or indirect financial support or assistance.

Paragraph (f), which refers to direct or indirect financial support or assistance, might explain the need for some of the powers that the minister is seeking to provide to the authority. However, the other paragraphs refer simply to funds given to an applicant by the Government by way of a grant, loan or subsidy. They do not require the Government to have power through the authority to acquire, hold or manage property. I guess it will have to provide, take or arrange security if it is to have an arrangement such as that, which would provide indirect financial support or assistance. I am a bit interested in all this and I am looking forward to the minister's explanation of why this is necessary.

In clause 13 the Bill provides for the authority to approve guidelines for the way in which the funds are allocated. Clause 14 contains restrictions on the provision of financial support. Basically, clause 14 states that if there are no relevant guidelines, it is still possible for funds to be made available provided written approval has first been obtained from the Treasurer. I wonder why it is necessary to do that. That simply means that the Treasurer has the power to make decisions about allocating funds which are outside the guidelines. I am interested to know why that particular provision is included. Why set guidelines, if the Treasurer has the capacity to make decisions outside those guidelines?

The Opposition supports the legislation, because it welcomes the allocation of any money to regional Western Australia. However, I am interested to know how much will be available, how much has already been spent and how much is money from other programs. I am interested in the technicality of all this: why it is necessary to go down this particular path; and why set up an authority that will just be the minister? Why not have a statutory authority consisting of a board that can make decisions independent of the Government? A lot of people like the idea of independent decisions being made for the allocation of government funds. I am not necessarily one of them. Why not establish an authority consisting of a board that will make judgments about where the funds should go, without any political involvement? I know that the Minister for Local Government and Regional Development would not make any political decisions about the allocation of funds - he is not that sort of person - but at some time or other there may well be a Minister for Local Government and Regional Development who will take control of the regional investment fund legislation, and declare that he is the authority and he does not have to go to Cabinet. I notice an amendment was proposed in another place, which was not successful, that would have required a decision to allocate funds to go to Cabinet. A minister in the future might well say that he has \$75 million to spend in the following four years, and might get out the whiteboard, call for applications and then publish lovely four-page advertisements funded by the Government. On the whiteboard all the applications would be listed with a blue, green or red mark alongside them. I am told they used to do this in the good old days. A green mark denoted a National Party seat, red denoted a Labor Party seat and blue denoted a Liberal Party seat. The funds were allocated on the basis of whether the applications were marked red, blue or green.

Hon M.J. Criddle: The minister is wearing a green shirt. We would be on top of the pile all the time.

Hon N.F. MOORE: That is exactly right. Interestingly, in respect of the community sporting and recreation facilities fund, although there was no differentiation between red, green or blue electorates, I regret to say most

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of the money went to green electorates. It was not my intention, but it just happened that people in the wheatbelt made a significant number of applications and for reasonably small amounts of money, so they were generally very successful. Bigger local authorities kept asking for very large sums of money and kept missing out.

Without being facetious - in fact, I am being quite genuine - this \$75 million has basically been given to the minister to spend. He is an authority with certain powers and, although he must abide by the Financial Administration and Audit Act requirements, he does not have to go to Cabinet, he does not have to get anybody else to assess his determinations and he is not required to have them double-checked by anybody. No other organisation - namely, Cabinet - is required to approve or disapprove of what he is doing. It would be quite out of order for a minister whose electorate is in the north of the State to allocate vast amounts of this \$75 million to that area. I know that would not happen now, but I guess people keep an eye on these things to find out where the money is going.

The minister might also tell me whether there will be some form of annual report on this fund, and whether he will advise Parliament at the end of each year who has received the money. It might not be a bad idea to include in the legislation a requirement for the minister to report to Parliament at the end of every year on the allocation of funds. I say that only because we are proposing to set up this authority with all these elaborate powers and so on, in order to spend \$75 million out of \$10 billion of taxpayers' money. I wonder why we are going to all this trouble. Why does not the minister, through his department, set up a structure which enables people to apply for the funds, put in place a proper process to determine who should be successful, and have Cabinet make the decision at the end of the day? Those who made an application would know whether they had been successful. It would be a good thing to then report to Parliament on who got the money and who did not.

Although we all look forward to seeing the \$75 million go into the regions of Western Australia, it will not be much for each region. It is fundamentally chickenfeed; it is an election sop that was designed to create an impression of enthusiasm for the regions, and it will translate into very few dollars. We believe that fairly large amounts of the money have already been spent, or have been allocated to other projects that will not receive the funds they would have had this Government not won the election. There is no doubt that regional Western Australia believes that it has been let down; it believes that we let it down in government, and we suffered the consequences of that. As was debated today, the regions are not of the view that the Government is looking after their interests; as I said earlier, 8.9 per cent of the vote in Merredin does not suggest to me that people living in the wheatbelt believe that the State Government is looking after their interests. I do not know how much money the wheatbelt will get out of this. An allocation of \$75 million over four years for nine regions means approximately \$8 million per region; and there are three different categories. Therefore, it will not make a whole lot of difference. It is just another example of the Labor Party promising these funds in the election campaign and gaining some kudos for something which is probably not what the regions particularly need.

I look forward to the minister's response to a number of these issues. If the minister's answers do not satisfy my concerns, I will ask some further questions at the committee stage. The Opposition supports the legislation, although I find it difficult to understand why it is necessary to go down this path to allocate what is in the overall scheme of things a relatively small amount of money.

**HON DEE MARGETTS** (Agricultural) [8.28 pm]: On behalf of the Greens (WA), I rise to discuss some elements of the Regional Investment Fund Bill 2001. As has been mentioned, on the surface the concept of a \$75 million fund over four years seems attractive, and it certainly is in keeping with the promises made by the Labor Party prior to the election. The fund has some attractions from a Greens' perspective, in that reference is made to setting a maximum amount of \$25 000. The reason it has some attractions is that it is obviously not geared towards the big end of town. Hon Norman Moore made the good point that an amount of \$25 000 will not produce roads or rail. However, at the small business level, or at the level of community development that is in the twilight zone between the community sector and the commercial sector, there are many projects for which an amount of \$25 000 is not unreasonable. I am reminded of a proposal by a group in Dongara for a training facility for St John Ambulance. That group was running a range of training courses that were producing health benefits for the region, but because it was operating out of a garage, every time it wanted to hold a course it had to take the ambulance out of the garage. That group could provide a training facility if it were given a relatively small amount of money and had community involvement. For many projects, a relatively small amount of money can go a long way. Therefore, my attention was immediately alerted to the potential for a relatively large number of relatively small grants to enhance a wide range of community or small business projects, and that has some attractions.

However, as has been mentioned, the structure that will be set up to administer this fund is somewhat odd. The fact that the authority will be governed by the minister, and that the minister can delegate his authority, may give rise to a perception in the community of a whiteboard-type situation; and if people do not watch very carefully, a

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perception can easily become a reality. What I am talking about is not corruption by individuals but corruption of the process. We are talking about \$75 million over four years, spread over a range of regions. A structure could be put together relatively easily to deal with this situation. If the minister is acting as the authority, it is likely the minister will be subject to lobbying from a range of areas. The explanatory memorandum states with regard to clause 13 -

This clause requires the Authority to prepare and approve guidelines for the provision of financial support. It is intended that these guidelines will be publicly available.

I hope it is more than just an intention. The explanatory memorandum states with regard to clause 11 -

This clause authorises expenditure from the Fund for the purposes of the Act. This includes the objects of the Act, financial support of works that enhance sustainable development, funding programs supporting this Act and the *Regional Development Commissions Act 1993* and any other regional development initiatives.

We have had a debate about the Regional Development Commissions Act and about the issue and definition of sustainable development, and I have indicated that I am very pleased that the Government is strongly considering incorporating the issues of Agenda 21 and the concept of ecological, social and economic sustainability. The Department of Commerce and Trade Annual Report 2000-01 states that a review of the Regional Development Commissions Act has now been completed in draft form. We were promised that that review was likely to include a recommendation that the concept of sustainability, including ecological sustainability, be included in the objects of the Act. It is good that within this process of allocating funds, the concept of enhancing, encouraging or promoting community-based, regional-based or even small-business based sustainable development is possible.

However, I am not sure that the proposed structure, whereby the minister will be the authority and Cabinet will provide the checks and balances, is the ideal mechanism. The process should be improved, at the very least to guard against the danger that this nice juicy fund of \$75 million will be rorted. I am in the process of drafting an amendment to provide that the guidelines for the provision of financial support be made public so that people will know the conditions under which that funding will be made available. Ideally, because this Bill is about regional development, the regional development commissions should put their suggestions to the minister, and when the minister has made his decisions, by whatever method the minister will use, those decisions, and the reasons for those decisions, should be gazetted. There will be a regional filter, whereby people who know the region can nominate people within their region who have a good proposal, and the names and projects of the successful applicants will be gazetted. That will mean that there is an automatic check and balance. It will mean also that instead of having a freedom of information scurry at some stage of the year or just before an election, the process will be open and people will know under what conditions they can apply. I am not sure that this is the best scheme that we can have, but if we are aiming to have smaller scale and regionally-focused projects, and to enhance sustainable development, it is not unreasonable that this kind of check and balance be built into the system. I apologise that the proposed amendment is not in front of members. However, for a range of reasons, at this time of year and with the staffing that we have, we often have less time in which to get things done than we would like. The minister has indicated that we will not be ploughing ahead with the committee stage this evening, and I am grateful for that.

Hon Tom Stephens: We could have the committee stage if you were ready. I thought you were still proposing to get your amendment ready this evening. I am sure we could provide some assistance from the Table, if that is what you were after.

Hon DEE MARGETTS: The minister has indicated that the situation that I thought was the case is not the case. That causes me some concern, because when the minister contacted me earlier in the day, I said we would not be ready today, and the minister said we would deal just with the second reading. I would very upset, having had that conversation, if the minister were now to plough on with the committee stage. There is some indication from the opposition benches that this measure needs to be improved. An amendment that was proposed with regard to Cabinet did not get up in the other place. I apologise that we have not finished the drafting of our amendment, but the reality is that Governments need the cooperation of all the parties in this place, and, given the staffing situation and the pressures that occur, some consideration would be very helpful. I would be very annoyed, to say the least, if at this late stage I were to find out that the Government thinks we will now plough on regardless to the committee stage of the Bill. However, the other place has indicated that there needs to be some check and balance. No Government should knowingly go into a situation in which the perception, at least, exists for the potential for a whiteboard-type sports rort in the future. Most people have said they have learnt from that kind of circumstance having occurred in the past. Although this might work with the best of intentions, the various people in this Chamber are giving a conditional approval on the basis that it is not

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misused. We owe it to ourselves to ensure that the best administrative structure is put in place so that any potential rort is not possible. My amendments are not ready yet.

Hon Tom Stephens: What would your amendments deal with?

Hon DEE MARGETTS: I do not have the drafting in front of me, which is why I am asking - not unreasonably - that we complete as much as we can of the second reading debate this evening, and we commence the committee stage of the Bill when the amendments have been drafted and are available. When one has only 1.4 staff members it is not always possible to do things in as timely a fashion as one would ideally like.

Hon N.F. Moore: Have you looked at the National Party's amendment in the other place that was rejected by the Government? It may solve everybody's problem if we agree to that.

Hon DEE MARGETTS: I have not seen the National Party's amendment. However, I believe it related to cabinet approval.

Hon N.F. Moore: Cabinet approval needed to be tabled in Parliament.

Hon DEE MARGETTS: All members know that cabinet secrecy means that at any stage information about the process by which these decisions are made could be out of this Chamber's reach; although there is at least some political accountability when Cabinet makes that decision.

Hon M.J. Criddle: The National Party's amendment asked for tabling in the Parliament.

Hon DEE MARGETTS: Yes; and tabling is a good thing. However, the tabling is an afterthought. Part of my proposal would be the concept of gazetting the decisions that are made. That is a good idea and part of what I would like to include in the proposal. However, I want to take accountability to the community a step forward by providing people with the information about the guidelines and what is open to them. I will give one example: in recent months, when I was at a football match at Lake Grace, it was put to me that some people in the local community were interested in the concept of a solar desalination plant. I made some inquiries about what was available. Not a lot of people produce solar desalination plants, and at this stage in this State they are largely experimental. However, if any State should be developing this technology it is probably Western Australia, with our salinity problems, dams drying up in dry seasons, problems with water quality and the necessity to replenish stock water in bad seasons. The possibility of setting up a mobile desalination plant that could be used by a range of people within a community instead of just one person - it is unlikely this would be a commercial operation - and the concept of some commercial demonstration projects seemed attractive, so I made some inquiries. It appears that commonwealth and state funding is available for a range of solar power projects. State funding is also available for people who wish to replace diesel motors with solar or renewable energy alternatives. There is a gap with such things as desalination plants, because they do not fit into any of the categories. It seems that this kind of project would be an ideal community-based sustainable development project under this kind of fund for which there currently does not seem to be a category of funding. It provides community benefit and is moving in the direction of sustainability. It is not yet commercial in the true sense of the word, but the demonstration projects can lead only to improved technological developments. If people see that these things work they will copy them. If they do not work it is an incentive to work and improve things in the future. Therefore, it is an important issue.

There seems to be general, guarded support for the concept of a regional investment fund, and in this Chamber there appears to be a desire to improve the process. No Government in its right mind would knowingly go into a situation that could lead to enormous political and public embarrassment - as we know, it has happened in the past - without making sure that the checks and balances were in place. My concept is double sided; it is about letting people know ahead of time, given that this Bill says that the authority - the minister - will prepare guidelines for the provision of financial support and it is intended that the guidelines be publicly available. Let us make this part of the process and for the guidelines to be advertised. We will encourage people to make application if they know what the guidelines are. If we want it to be a regional development issue, it can go through the regional development commissions that have already been set up. The commissions can put their recommendations through to the authority - the minister. The outcome of that and the reasons those decisions are made - as has been suggested in the amendment in the other place - would then be gazetted. That is my suggestion.

I would like to think that the minister does not think it is appropriate to plough on. I would like to think that support exists in the Chamber to finish the second reading debate and to give ourselves the opportunity to deal with appropriate amendments when those amendments become available, which I hope will be tomorrow.

**HON M.J. CRIDDLE** (Agricultural) [8.46 pm]: Hon Norman Moore made some important points earlier about where the funds would come from, and I touched on the sharp reduction in road funding in regional areas. It is



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all very well for the Government to put in place a \$75 million regional investment fund over four years. However, it is self-defeating if the Government is pulling many hundreds of millions of dollars out of road infrastructure. I have some difficulty with that. However, I am more than happy with anything that puts in place a fund for regional and rural Western Australia.

I will make a few points on the Bill. I will not take up a lot of time because many of the points have been covered. I will touch on some of the points made by Hon Dee Margetts about an amendment that she proposes to move. The Bill provides a mechanism for the regional investment fund and establishes a Regional Assistance Authority. It seems unnecessary to establish an authority, which may be a minister, to administer the fund when this could be done by a department. The minister is involved in governing the fund, so there is no distancing of ministerial decision making from this mechanism. That conflicts with the policy of the Government to reduce the number of statutory authorities. We are creating another authority when the Machinery of Government Taskforce has recommended reducing the number of statutory authorities across the board.

The second reading speech states that this authority is to be the minister, who will perform its function and determine its policies, role and affairs. However, the Bill does not outline whether an authority will be appointed, and, if so, its composition. In fact, the Bill does not define which minister is responsible for the authority. I understand that four ministers have responsibility for development commissions around the State, so a number of ministers could be involved in this legislation.

The objects of the Bill are very broad. I am advised that they are consistent with the legislation governing regional development commissions. As I said, I support legislation such as this, which provides for development of any kind within the region, although to a very large extent the fund itself has been eroded by current projects.

The National Party in the other place moved to amend clause 7 to provide that written approval of the Treasurer be obtained and the Treasurer participate in any of the business arrangements and acquire, hold or dispose of share units and other interests in or relating to business arrangements. That refers to equities. The clause allows the Government to invest in equities. The Public Accounts and Expenditure Review Committee presented a report in 1996 titled "Western Australian Government Financial Assistance to Industry", which found that the role and powers of the Department of Commerce and Trade and other state government agencies should prohibit the use of equity investments as a form of financial assistance to industry. I understand the Government will move an amendment to clause 7 to remove that section of the Act. I look forward to hearing the minister's remarks about that.

I refer to the clause that deals with the infrastructure fund and program and the possibility of amending clause 11, which is about the regional infrastructure funding program and suggest that Cabinet should approve these projects. Details of the financial support should be tabled in Parliament as soon as practicable following cabinet approval. That will provide a clear understanding of the reasons for decisions and give some comfort to people that the process is public.

The regional investment fund accounts for capital infrastructure projects worth between \$100 000 and \$5 million. I understand the projects that have already been funded are the South West On-line project for \$5.5 million and the interpretive centre at Shark Bay for \$5 million. The minister may indicate whether they have been funded. They may have been outside the guidelines, which I understand the minister has set.

The amendment moved by the National Party in the other place also suggested that details of funding should be tabled. That would provide some accountability, transcend the argument of commercial confidentiality and provide information that should be available to the Auditor General to ensure the appropriate expenditure of government funds. The amendment moved in the other place is a mechanism that could well and truly overcome some of the concerns expressed by Hon Dee Margetts, although the Government did not accept it.

I would like the minister to table the guidelines for this legislation so that everybody is well and truly aware of what hoops must be jumped through to gain financial assistance through the fund. That will allow the checks and balances to be in place and accountability to be recognised as the funds are forwarded to the various groups.

I am happy for this Bill to proceed, although I am somewhat sceptical about whether funds have been taken out of regional and rural Western Australia to implement this mechanism for further funding. I will support the Bill but I would like to hear the minister's comments on clauses 7 and 11 concerning the amendments moved by the National Party in the other place.

**HON RAY HALLIGAN** (North Metropolitan) [8.54 pm]: I share the concerns of some of the other speakers on the structure of the fund that this legislation will establish. I sincerely hope that the minister can provide some of the answers to my questions. As has been said, it is laudable that funds will be available to the regional areas of the State. They certainly need some assistance. However, apart from the question of where \$75 million will

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come from, I am a little concerned about how the structure is to be established, whether some of the \$75 million may be used to form the new bureaucracy and whether all these agencies are needed to implement this proposal.

We know that the Bill is to create the Regional Assistance Authority. We are not sure exactly what is involved in that authority. In his second reading speech, the minister said the authority was to be the minister. He will perform its functions, determine its policies and control its affairs. That would be a wonderful position to be in. I am sure the minister will not do all the day-to-day work associated with the allocation of the fund. A structure must be in place.

In addition to that authority, and the minister, ministers are responsible for various regions throughout the State. In addition there are nine regional development commissions and the Department of Local Government and Regional Development. The proposed regional investment fund will provide for three programs, two of which will be administered by the Department of Local Government and Regional Development. Those three schemes are the regional infrastructure funding program, which was established to provide more capital works projects when initial expressions of interest must be submitted to the Department of Local Government and Regional Development. The guidelines indicate that, if eligible, the proponents will be invited to submit a full application. They are capital works projects for which obviously the Government has set some priorities, because it mentions that funding will be considered for tourism development, transport enhancement, information and technology enhancement, youth-focused facilities - I would like the minister to explain a little more about that - industry development, such as industrial parks and research facilities; housing programs to attract professional and skilled employees and facilities that will attract and retain long-term residents. That scheme provides funds only for the capital works. Specifically excluded in all the schemes is a contribution towards recurrent expenditure. Obviously anything that is commenced under this program must be able to stand on its own two feet and generate income so that it can continue. We may expect that that should take place. That is why I wonder about some of the focuses such as youth facilities and information and technology enhancements. It does not seem to me, at least until I hear the minister's explanation, that they are commercial enterprises that can generate sufficient income and profit to be sustainable.

The second scheme is the regional development scheme. That is to provide funds for a mix of capital works projects and other projects, which may include feasibility studies and regional and local marketing programs, as well as festivals and events. One imagines that the Government's intention is that if one is able to generate interest in the regional areas, in turn that may bring with it some form of commercial enterprise that will create jobs and bring more people to the region. That scheme is administered by each of the nine regional development commissions, and applications are to be submitted to those commissions. That differs somewhat from the other two schemes that are administered by the department.

The third scheme is the Western Australian regional initiatives scheme. That is administered by the department and is to provide funds that will go towards activities involving capacity building, leadership and professional development. The minister may be able to expand on how that may provide for sustainable development within the regions. Funds will also go towards tourism development, youth support and industry-related research. Therefore, to some extent there appears to be some overlap. Perhaps the minister will explain that and what is intended. The funds are for feasibility studies, business and marketing plans, cost-benefit analyses, market research, economic impact studies, etc. However, if the funding associated with those activities exceeds \$20 000, it is said that the funding applications will receive a low priority. It may well be that someone is able to come forward with a proposal under which the costs are \$25 000 or \$30 000, but in turn that will be able to generate 1 000 jobs. Will that proposal be not necessarily ignored, but given low priority? It may well be that it needs a much higher priority. Many other proposals that cost a lot less than \$20 000 may be put forward, but, after they are investigated, they may be unable to provide what the Government wants.

I can understand certain aspects of the application form associated with the regional initiatives scheme; others cause me consternation. It appears that the Government has set its sights on certain areas in certain regions, and that is understandable. If those areas have worked through their regional development commissions and their local government authorities, they may very well have been able to identify possible business activities that, when established in a region, would be sustainable because a great deal of competition would not be created; and, in turn, much of what was being developed would not be viable. Part of the application form states that the applicants must describe what they expect to do, and the expected outcomes must be of state significance. Perhaps the minister could explain what the Government had in mind when it included that in the application form. The application form also states that projects should have substantial flow-on effects or demonstrate a high degree of innovation. I am not completely sure what is meant by that, because the application form also states that applicants must -

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Provide details of previous Government (Federal or State) support received by your organisation within the last three years for similar projects.

One part of the application form says that the project must be innovative, but a person must have done it before.

Hon Dee Margetts interjected.

Hon RAY HALLIGAN: It is a catch-all. There are several other aspects under the funding category associated with improved access to services and improved education. If recurrent costs are involved, I wonder what sort of income generation these organisations must be involved in so that they can be sustainable, because they cannot come back to government and ask for these funds. I am not sure what the Government has in mind as the type of organisation that can ask for these funds.

I also have concerns about the organisations that can apply. We have heard the saying about Dracula being in charge of the blood bank. Some organisations that are able to apply for, and to some extent oversee, these funds are local government authorities. I am not suggesting there is anything untoward in that, but there could be compromising situations at some stage. State government agencies can apply for these funds. Therefore, possibly the Department of Local Government and Regional Development could make the decision. The minister is the authority, so he can go down the path of taking up shares and doing all manner of things. I will speak about that in a moment. I am not suggesting for one moment that this smacks of the old WA Inc years, but it possibly could have been done better than it has been done, because it gives far too much opportunity for people to point the finger and say that this thing goes around in circles, it goes through far too many doors, and one never knows where it is likely to end up.

Hon Tom Stephens: I draw your attention to the fact that I have given notice of my intention to delete the clause that deals with empowering the authority to hold or dispose of shares, to which your second reading contribution just referred. I know that you are dealing with the Bill as it currently stands. However, I am flagging that at the committee stage I will remove that clause about which you have just expressed concern.

Hon RAY HALLIGAN: I am pleased to hear that. I do not have that amendment in front of me, and I was not aware of it. However, I will be interested to see that amendment, because the second reading speech says that the clause allows the authority to participate in any business arrangement and acquire, hold and dispose of shares. The minister is suggesting that that part -

Hon Tom Stephens: All of it will go.

Hon RAY HALLIGAN: The whole lot will be deleted?

Hon Tom Stephens: For the purposes of completing your second reading contribution, I point out that it is on page 5 of the Bill, and it is all of clause 7(2)(e). That will be deleted, which is all of the words from the second reading speech to which you have just referred.

Hon RAY HALLIGAN: That will overcome the problem, and I am pleased to hear that. I have not had time to have a good look at it, but I will be interested to see what is left in the Bill. Clause 8 states that the authority, after consultation with each of the regional ministers, may delegate to the chief executive officer or a regional minister any function of the authority under another provision of this Act. Even then, a delegation to the CEO may expressly authorise the CEO to further delegate the function in writing to a specified officer of the department - we are certainly going around in circles - or to the holder or holders for the time being of a specified office or class of office in the department. It is like the proverbial peeling of the onion; one does not know where one will end up. There are layers everywhere here. If one asked who was the authorising officer for this particular submission, it could well be someone in the department, and we do not know how far we could go.

Again, I do not understand why all these delegations are necessary. The minister might be able to explain that to me. Surely someone must take responsibility at some stage, and it has to be someone other than a level 3 in the department. My reading of this suggests that it could be anyone at any time anywhere within the department. That is not satisfactory. We are talking about \$75 million. We are talking mainly about larger amounts. I expect that it will be able to be handled by someone of a higher classification who will not delegate it any further. Clause 8(7) of the Bill states -

Nothing in this section limits the ability of the Authority to perform a function through an agent.

Now we are going from the authority to a regional minister or to a CEO, through the department to any number of people who are designated for that purpose, or the minister could even go outside and appoint an agent. What form of agent did the minister intend? Under what circumstances might the minister appoint an agent?

Hon Ljiljanna Ravlich: You should ask that in Committee.

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Hon RAY HALLIGAN: I will, but I would like a response from the minister in the meantime. Interestingly, clause 12 deals with financial support and states that concessions can be provided on any tax, duty or charge due to the State. I am a little unsure how the minister will be able to apply that or whether the minister will provide the moneys to the applicant to pay those charges. One would expect that the minister will not be in a position to waive them. Can he give some explanation of what is meant in clause 12(f), which states -

any other direct or indirect financial support or assistance.

Again, it is a catch-all. It gives the minister enormous powers. All I can say is that I would not like to be the Auditor General trying to follow some of the powers that could be created in a situation such as this. The idea to provide funds for regional areas is laudable.

Hon Ljiljanna Ravlich: It is an excellent idea.

Hon RAY HALLIGAN: Provided they receive it in a form that is acceptable to everyone, not just to the Government.

Hon M.J. Criddle: And it is new money.

Hon RAY HALLIGAN: It must be new money as well; that is very true. We know that the Government has allocated funds to very worthwhile purposes, such as roads and the like, through its budgetary process, so I am sure that it will provide new money. These are some of the issues to which I would like the minister to respond. There are certain aspects that I will raise in Committee at a later stage.

**HON DERRICK TOMLINSON** (East Metropolitan) [9.15 pm]: I feel as though I should apologise for jumping to my feet at this stage, because I know that I am not scheduled to speak on this Bill. As a matter of fact, I had no interest in this Bill whatsoever until I heard what Hon Ray Halligan said while I was upstairs working on something else.

Hon Tom Stephens: Isn't there some way for us to turn off your speakers?

Hon DERRICK TOMLINSON: Never. One of the things that I was elected to do was to make laws for the good government of Western Australia. For as long as I am in this place, I will participate in the making of laws for the good government of Western Australia.

I was stimulated to think about what Hon Ray Halligan was saying because he spoke about something called the Regional Assistance Authority. I wondered what the Regional Assistance Authority was. I got a copy of the second reading speech and a copy of the Bill. I turned to clause 4 and found that the authority means the Regional Assistance Authority established by clause 5. I then turned to clause 5 to find out what that meant. Clause 5 states that a body called the Regional Assistance Authority is established. It is a body corporate with perpetual succession. Proceedings may be taken against it and the authority is to be governed by the minister. At that point I was interested in what Hon Murray Criddle had said prior to Hon Ray Halligan. He asked who is the minister. I turned to the definition, but it does not refer to the minister. The definition refers to a regional minister. The regional minister means a minister to whom the administration of a commission is for the time being committed by the Governor. I then turned to clause 5(5), which states -

The Minister, in the name of the Authority, is to perform the functions, determine the policies and control the affairs of the Authority.

The minister is the regional minister. We then will have a system of regional authorities in which the regional authority is the regional minister. As there is no authority, the regional minister is the authority, because the authority does not exist other than in clause 5(1), which states -

A body called the Regional Assistance Authority is established.

There is nothing else. Even if there were something else, clause 5(5) states -

The Minister, in the name of the Authority, is to perform the functions, determine the policies and control the affairs of the Authority.

The minister is the authority. Regardless of anything else, the minister is the authority. What does the minister do? The minister is responsible for the regional investment fund. He gives away money. He will give away \$75 million a year over the next four years, less \$5 million which has been taken out to recoup something else that the Government had not accounted for. That is \$75 million a year over four years for the regional investment fund, which is \$300 million.

Hon Tom Stephens: I am sorry, you lost me.

Hon DERRICK TOMLINSON: \$300 million.

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Hon Tom Stephens: No, \$75 million divided by four.

Hon N.D. Griffiths: I thought you were a numbers man.

Hon DERRICK TOMLINSON: I am not a numbers man. It is \$75 million over four years; that is still \$75 million under the control of not only a minister but also regional ministers. There is no doubt that there will be some horse trading in Cabinet to determine how much each minister will get of that \$75 million over four years. However, that \$75 million will be in a trust fund controlled by the minister who is the Regional Assistance Authority. As a trust fund it has a special status in the Financial Administration and Audit Act. In some respects it will be separate from the accountability mechanisms of that Act. Therefore, the authority, which is the minister - and the minister is five ministers - will have control over a trust fund in which there is an investment over four years of \$75 million together with the money that is already available in the industrial development fund. How much is that fund? I guess we could find out if we referred to the *Budget Statements*. Mr President, the reason I am concerned is that this Bill defies all the principles of accountability in the expenditure of public funds. It gives the minister a gravy train.

Let us look at the constitutional structure of Western Australia. We have a State Government and local government authorities. Local government authorities in the Perth metropolitan region already have established themselves as regional authorities. The east metropolitan, the north west metropolitan, the south west metropolitan and the south east metropolitan regional authorities are local government authorities with power conferred on them by this Parliament under the Local Government Act and subject and accountable to all the processes of this Parliament, including the requirements of the Local Government Act and the Minister for Local Government. They have demonstrated that they can invest funds in all of those aspects of regional development that are aspired to in this Bill. Outside the metropolitan region is an area that we nebulously call regional Western Australia. Anywhere south of Rockingham, north of Wanneroo and east of Wooroloo is regional Western Australia. At one time it was called rural and remote Western Australia. Remote Western Australia was anywhere more than two hours travelling distance from a population centre of 200 000 people. In Western Australia that was anywhere within two hours driving time of Perth. In each of those areas, whether they are called rural and remote Western Australia or regional Western Australia, there is a structure of local government authorities which are accountable, which meet all of the requirements of the law and which have statutory responsibilities conferred on them by either the Local Government Act or other instruments of accountability, such as the Financial Administration and Audit Act. Each of those established regional authorities, like those in the metropolitan area, could conduct the functions that are now conferred by this Bill on a minister. They could conduct them according to democratic governance procedures under the accountability and statutory requirements of the Local Government Act and the Minister for Local Government.

We have in place a structure for regional development through which the Government could legitimately and properly direct state revenue for the purposes intended by the Bill and by doing it in that way all of the political and financial accountability structures would be in place. Instead of following that route of using the established mechanisms of government in Western Australia, we will have an entity called the Regional Assistance Authority which resolves itself to the minister - in fact each of the ministers responsible for regional development in each of the regions, each of whom will be authorised by clause 5(5) to perform the functions, determine the policies and control the affairs of the authority. It is a one-person authority.

There was a time in Western Australian history that was characterised as WA Inc. This Bill has all of the characteristics of that form of governance. This Bill puts all of the authority in the hands of a person who will not be accountable, because the funds - \$75 million over four years - are to be sunk into a trust account. The Government should go ahead with this Bill and in four years I promise it a royal commission.

**HON TOM STEPHENS** (Mining and Pastoral - Minister for Local Government and Regional Development) [9.26 pm]: I thank members for their contributions to this debate. I have listened attentively to each of the contributions, which have indicated a variety of questions, concerns, support and forecasts of doom.

Hon Derrick Tomlinson: No forecast of doom. You can take that as a bet.

Hon TOM STEPHENS: All right. This Bill needs to be considered in its context. One of the best questions asked during the second reading debate came from the Leader of the Opposition, who wanted to know why we should set up this authority. The truth of it is that it is entirely unnecessary. We did not need to do it. There is in the statutes available to the Government sufficient legislation to do almost all that is proposed to be done with this Bill. For instance, if the Government decided, for whatever reason, not to proceed with the Bill it could rely on the Industry and Technology Development Act; that would be sufficient to operate the regional investment fund of \$75 million over four years. That Act provides the opportunity to do almost everything that is intended to be done by this Government with this Bill. I note that in the transition between the initial and final drafts of

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the Bill a clause was added that, frankly, skipped the attention of the Premier and his colleagues, of which I am one, which was drawn to our attention by Max Trenorden, MLA. We have agreed that that clause is not as intended. On that basis we have decided to agree to the suggestion to withdraw it. We understand that the concerns of Hon Derrick Tomlinson about WA Inc might be heightened by the words contained within the clause, but it was never the Government's intention that the authority be established with that provision. For instance, if this Bill did not progress tonight or by the end of the year, and the Government still had its commitment to a regional investment fund, we could find an alternative route and rely upon another Act that has all the authority for doing what the Government wants to do.

Hon Derrick Tomlinson: My advice to you is to do that.

Hon TOM STEPHENS: That is one option. However, the Government chose to do something that was deliberately far more transparent and accountable to this House and to the people; that is, to make sure through this process that it set up mechanisms to make the whole thing transparent and accountable. One of the hallmarks of this Government, from the Premier down, is that it has been driven by a shared experience of the way Governments have operated; what people see is what they get - thorough commitment and determination to deal with things in a proper, appropriate and transparent manner.

Hon B.K. Donaldson: You are admitting to WA Inc then?

Hon TOM STEPHENS: The Premier is on record about those issues.

Hon Derrick Tomlinson: You will be on record in four years if you pass this legislation.

Hon TOM STEPHENS: The Government is trying to proceed with legislation that delivers on a pre-election commitment to this fund. It is setting up a process that is discrete, that is certain and that is aimed at positioning in the forefront of Parliament and the people of Western Australia a transparent process for the handling of these funds.

I could go straight to the Industry and Technology Development Act, which in many of its provisions refers to the sorts of powers contained within the legislation now before us. For instance, in section 9, financial support, we find the exact words that have sparked concern among members during this debate. That section states -

For the purpose of furthering the objects of this Act, the Minister may provide financial support, in accordance with this Part, in the form of any, or a combination, of the following -

- (a) grants;
- (b) loans;
- (c) subsidies;
- (d) guarantees;
- (e) indemnities;
- (f) concessions on any tax, duty or charge due to the State;

Hon Ray Halligan will be able to picture that. The legislation before us has simply picked up that section and created a provision for handling funds discretely, transparently, openly and with certainty. That legislation is put into this Bill to make us accountable to Parliament in that manner.

Hon Ray Halligan: I did not say it was not transparent, but exactly how was it going to be done?

Hon N.F. Moore: It is not transparent if nobody knows what you are doing.

Hon TOM STEPHENS: The Government wants to deliver to the community and to the Parliament a transparent process that will hopefully attract the support of the Leader of the Opposition. I understand that the Leader of the Opposition has at least expressed his support for the Bill in principle, and he is now querying the detail. I hope that by the end of this debate, or perhaps the discussion over the short title, we will be on our way to receiving support for the legislation, as the Government proposes to amend it during the committee stage.

I have discovered, as a result of being in cabinet and in government for a longer term than my previous short 10-and-a-half weeks, that being a minister does produce a couple of things. Suddenly a minister discovers that he is an authority in various legislative forms. I gather that I am an authority in at least two forms already. I am an authority under the Public Works Act. I have discovered I am the Western Australian Building Management Authority. On my reading and understanding of that Act, I probably do not need any more powers sent in my direction to do absolutely anything. In my capacity as the Western Australian Building Management Authority, I feel like a medieval pope with more powers than I can poke a stick at.

Hon Ray Halligan: Just don't abuse them.

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Hon TOM STEPHENS: I absolutely agree. I refer to the Public Works Act 1920, the Western Australian Building Management Authority, section 9B(2), which states -

The Building Management Authority

- (a) consists of the Minister for Works referred to in section 5(3); and
- (b) under its corporate name -
  - (i) has perpetual succession and a common seal;
  - (ii) may sue and be sued in any court; and
  - (iii) subject to this Part, is capable of doing and suffering all such acts and things as bodies corporate may lawfully do and suffer.

It then continues -

The functions of the Building Management Authority are -

That is me, I have discovered.

- (a) to acquire, hold, lease, take on lease, dispose of, exchange, provide, construct, alter, protect or manage authorised buildings, and to acquire, hold, take on lease or dispose of land for that purpose;
- (b) to borrow moneys for the purpose of the acquisition, provision, construction, alteration, protection or management of authorised buildings and for the purpose of acquiring, holding or taking on lease land in connection with that acquisition, provision, construction, alteration, protection or management;

The Act goes on to spell out the powers -

Hon N.F. Moore: But you need those powers possibly to do things that that Act requires. This Bill is simply about handing out money.

Hon TOM STEPHENS: This Bill is about setting up a transparent process for administering the regional investment funding program.

Hon N.F. Moore: You do not need those sorts of powers in order to allocate funds.

Hon TOM STEPHENS: The Leader of the Opposition is absolutely right: this Bill is not necessary. We can proceed to hand out the funds that we have -

Hon Derrick Tomlinson: Let us stop the debate now and get on with the next clause and withdraw the Bill. It is not necessary.

Hon TOM STEPHENS: It is not necessary, but it is the policy decision of this Government to proceed down this path; that is, to offer to the Parliament and to the people of Western Australia a transparent, separate, discrete piece of legislation that deals with this fund. That is our response to the lessons of history.

Hon Derrick Tomlinson: Why do you not adjust the powers of the local authorities and give them the resources to do it?

Hon TOM STEPHENS: I understand, but that is a separate argument.

Hon Derrick Tomlinson: No, it is not. It is the alternative to the very transparent report that you are about to wreak upon this State.

The PRESIDENT: Order! I think the minister was trying to conclude his summary.

Hon TOM STEPHENS: I thank the member for his view, but it is not a view that the Government would be persuaded to adopt. We believe that this fund was legitimately put in place through an administrative process governed by a combination of both an Act and a set of binding guidelines that will be transparent, open and useful to the community of Western Australia. In response to the questions asked by the Leader of the Opposition, this gives certainty to the government program. It allows the minister to have authority over the funds, and it follows the successful legislative model in Victoria, upon which this initiative is based.

With regard to the break-up of the funds, which we have been asked by the Leader of the Opposition to detail, it is proposed out of the \$75 million program over four years to have the major program, which is the \$55 million regional infrastructure funding program; the \$5 million Western Australian regional initiatives scheme; and the

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\$15 million regional development scheme, which will effectively be \$400 000 for each of the nine development commissions over a four-year period.

A question was asked about whether this is all new money. The answer is yes, it is new money, in the sense that money has been allocated in this Government's budget for this fund. However, I know that may be construed as a tricky answer. There is another way of answering that question. I will ask the Leader of the Opposition's question in another way. Are any programs of the previous Government that dealt with regional infrastructure and regional development not being continued by this Government? I presume that a number of regional programs in a variety of portfolios are not being continued. I gather from the answer to a question that was asked in the House today that the Water Corporation is being accused of not continuing with a regional sewerage program of the previous Government. It may well be that a program has been shut down by a board or corporation and that those funds for regional Western Australia have disappeared. I am not the minister with responsibility for that portfolio, and even that minister may not know the answer, because it will be dealt with by the board -

Hon N.F. Moore: Are you saying that the decision to cut the infill sewerage program was made by the board, not the minister?

Hon TOM STEPHENS: No. All I am saying -

Hon N.F. Moore: I am not talking about you. I am talking about your colleague, who seems to want to blame the Water Corporation for all the problems.

Hon TOM STEPHENS: In one sense, this was a pre-election commitment and a budget bid for \$75 million of new money as our allocation to this fund.

Hon N.F. Moore: But you have closed down a few other programs.

Hon TOM STEPHENS: It may well be that ministers, agencies, authorities, development commissions and corporations have, in that panoply of what is the Government of Western Australia, shut down or not continued with a variety of different schemes.

Hon N.F. Moore: Don't you think you should be able to tell me what they are?

Hon TOM STEPHENS: I do not know how the Leader of the Opposition found it when he was in government, but I am finding that sometimes the left hand does not know what the right hand is doing, and we endeavour to do our best to find out who has what, where and how -

Hon N.F. Moore: Treasury can tell you tomorrow what programs have been shut down and what programs this will replace.

Hon TOM STEPHENS: I look forward, as the Minister for Local Government and Regional Development, to pressing that case and trying to find out from my colleagues and Treasury the types of programs that have not been continued by this Government. The answer to the question about whether this is all new money is that yes, in that sense it is new money; that is, we made a bid for a regional investment fund of \$75 million.

Hon Derrick Tomlinson: How much has been spent already?

Hon TOM STEPHENS: That was the Leader of the Opposition's next question. The answer to that question is that no money has been spent as yet.

Hon Derrick Tomlinson: How much money has been allocated?

Hon TOM STEPHENS: That is a different question. I have not had that figure put in front of me. The Leader of the Opposition referred to some pre-election commitments that were made by the Government. That includes the South West Online project, the Shark Bay World Heritage interpretive centre project, and the Point Samson fishing platform. Subsequent to the election, funds were also allocated for tourism recovery. The Government also made a decision to allocate funding for the south west forest initiative.

Hon Derrick Tomlinson: What does that comprise?

Hon TOM STEPHENS: There is no specific current answer, but the notional allocation from this fund for 2001-02, by cabinet decision, for the regional infrastructure funding program is \$15.2 million in its first year of operation.

Hon Derrick Tomlinson: For the forests?

Hon TOM STEPHENS: No; \$5.5 million for the forests in its first year of operation.

Hon Derrick Tomlinson: What about in the second year?



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Hon TOM STEPHENS: The notional allocation is \$1 million for the South West Online project and \$2.3 million for the Shark Bay interpretive centre project. Does the member want me to go to the forests?

Hon Derrick Tomlinson: We are already up to \$18 million.

Hon M.J. Criddle: There is also \$16.5 million for the forests.

Hon TOM STEPHENS: I am glad the member told me that, because for a minute I had the awful feeling that I was giving new information. I am relieved to know that Cabinet has made a decision that \$16.5 million over four years will be allocated from the regional infrastructure funding program for our policy decisions on the forests.

Hon Derrick Tomlinson: Does that mean the total is now \$34 million?

Hon TOM STEPHENS: The total is \$75 million, from which -

Hon Derrick Tomlinson: We are talking about the money already allocated. You were up to \$18 million, and you have now found another \$16.5 million, because Hon Murray Criddle remembered it.

The PRESIDENT: Order! Is the minister responding or is the minister initiating a new debate?

Hon Derrick Tomlinson: He is floundering.

Hon TOM STEPHENS: I regret that the member thinks I am floundering. I am doing my best to answer the questions. However, the risk in answering questions in this House in a comprehensive manner is that each question may lead to an answer being given in all honesty, and then to an attempt by someone to misconstrue that answer.

Hon N.F. Moore: You would never do that, thank goodness. The question is: how much of that \$75 million has been allocated to other programs over the next four years?

Hon TOM STEPHENS: Nothing has been allocated to other programs.

Hon N.F. Moore: What about other commitments or promises?

Hon TOM STEPHENS: Not other promises.

Hon N.F. Moore: The Shark Bay interpretive centre is a promise you made.

Hon TOM STEPHENS: Yes, but not other programs. This is a regional infrastructure funding program, and intrinsic to it are these commitments; that is, as part of this program we will spend those funds that I have described, which I see from this table add up to \$30.5 million.

Hon N.F. Moore: So \$30 million of that \$75 million has been committed?

Hon TOM STEPHENS: It is the \$16.5 million that has already been announced, as Hon Murray Criddle has indicated, and the funds for the South West Online project, the Shark Bay interpretive centre, the Point Samson fishing platform and the tourism recovery, as a response to our pre-election commitment to spend \$75 million on regional infrastructure funding. The Cabinet has adopted the view that these policy initiatives, some of which were pre-election commitments, were appropriately positioned within this funding program. Sometimes I wish things were otherwise and we had a limitless bucket of money or a tree that grew it. However, upon arrival in government I discovered that the bucket was not fantastic and the tree was not growing as fast as one would like. I hope that as the State continues to prosper with the support of industry, we may have additional opportunities, and, if all goes well, perhaps we can even grow this fund at some stage over the four years.

Hon Derrick Tomlinson: If you table the paper you have in your hand the Leader of the Opposition would have the answer to his question.

Hon TOM STEPHENS: He has the answer to his question. This is a briefing paper that I will not offer to table at this point, but I will read from it. If it is appropriate for me to table it at some later stage, having read it in full, I may take that opportunity - as suggested by Hon Derrick Tomlinson.

Hon N.F. Moore: When you advertise this fund, you should be saying there is \$40 million less.

Hon TOM STEPHENS: I understand what is currently left in the fund, and that is one way of describing it. The Leader of the Opposition should keep in mind that we have yet to determine precisely how \$16.5 million from the forest allocation is to be spent, as is the case with \$3 million allocated for tourism and the regional aviation recovery program.

Hon Murray Criddle: Is it \$3 million or \$5 million?

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Hon TOM STEPHENS: It is \$3 million; the other \$2 million came from the regional airport development scheme. The allocation of the total of \$5 million can still be determined on the basis of submission.

Hon M.J. Criddle: Can you tell me whether the \$2 million that came from RAD relates to one year or is spread over a number of years?

Hon TOM STEPHENS: I do not know the answer to that; I am not the minister with responsibility for that scheme. It is such a good scheme that I wish I was responsible for it. It is a very good scheme and the former Government should take credit for it. I would love to have responsibility for it.

Hon M.J. Criddle: It has resulted in 60 projects throughout the State.

Hon TOM STEPHENS: It has resulted in some very good projects. I enjoyed opening one of them. I whipped into Lombadina before Hon Murray Criddle could land and declared the airstrip open.

The Opposition asked what authority I had over the other regional ministers. The answer is none.

Hon Derrick Tomlinson: What rationale determines the allocation of the funds?

Hon TOM STEPHENS: I ask that Hon Derrick Tomlinson not distract me. He has had his opportunity. I know the member well and I know how easy it is to be abstracted by him and possibly even extracted by him, but he will not distract me tonight. I will respond to the member's official contribution to this Chamber rather than being distracted any further.

The relationship between the regional ministers, the Premier and the regional development commissions has been variously described in this House in statements. It has all been reasonably and clearly explained. Essentially, the Premier has taken on the role of chair of the regional development standing committee of Cabinet. As described by the Leader of the Opposition, four ministers serve on that committee with the Premier. I am the Minister for Local Government and Regional Development. As the Leader of the Opposition has pointed out, I have specific responsibility for three development commissions, as does the Minister for the Midwest, Wheatbelt and Great Southern; the Minister for Peel and the South West has responsibility for two development commissions; and Hon Nick Griffiths has responsibility for the Goldfields Esperance Development Commission. They are the ministers to which each of those development commissions respond. In my case, the Department of Local Government and Regional Development has within it the old parts of the Department of Commerce and Trade that dealt with regional development for which I have specific responsibility. That department will administer a variety of programs of support for not only local government but also the regional communities of Western Australia in a range of programs that are described in the operations of that department. From time to time that department will have the opportunity to work in partnership with development commissions that are outside my own ministerial portfolio as Minister for the Kimberley, Pilbara and Gascoyne for those north west development commissions. However, the precise question related to my relationship with those development commissions. The answer is that I have no specific relationship to them. The development commissions are independent statutory authorities that deal specifically and directly with their ministers who have been allocated by virtue of portfolio allocations of the Government at the point at which it was sworn in. I have particular responsibility for the Regional Development Council, which comprises the chairs of the nine development commissions who come together and meet with an independent chair. That organisation tries to have an overview of regional policy that transcends the narrow boundaries of any particular regional development commission and endeavours to respond - as it did with the previous Government - to the more general issues of regional development in ways that can coordinate a whole of Western Australia response to issues that go across all regions. Historically the Regional Development Council has dealt with issues like the fly in, fly out arrangement under the skilful chairmanship of Stuart Morgan. It has endeavoured to focus on the policy governing the provision of water, power and telecommunications in regional Western Australia. I became aware that the council was dealing with a particular issue that I thought was an appropriate use of the Regional Development Council's time. I think it was the aviation policy issue. There was another issue that is not currently springing to mind, but I was pleased to think that the Regional Development Council was endeavouring to add value to the process of government responding to the issues of regional development in that manner. That is specifically the narrow role that I have as regional development minister; that is, I deal with the Regional Development Council. I deal separately with my own three development commissions under those other portfolio titles, but I deal with the Regional Development Council as regional development minister, and with the Department of Local Government as Minister for Local Government. That will create for me the opportunity to work in partnership with all of those regional colleagues and to be able to specifically assist the standing committee of the Cabinet that the Premier chairs.

I do not think that any model of government is guaranteed to be perfect. Our predecessor, the coalition Government, established the process by which the regional development minister was the Leader of the National Party, Hon Hendy Cowan. That had some particular strengths associated with it. One minister was responsible

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for both state and regional development under one portfolio, with specific responsibility for all regional development across Western Australia. One of the National Party's greatest strengths was its capacity at any point to be able to spit the dummy and walk out from the coalition if it was not getting its way.

Hon Murray Criddle: We did not dummy spit.

Hon TOM STEPHENS: That is true, but in dealing with regional issues the coalition framework put at the National Party's disposal a potential power that could have ensured it got its way.

Hon N.F. Moore: You forget that in the past four years there was no requirement to be in a coalition.

Hon TOM STEPHENS: There was no requirement other than honour, but the Liberal Party did not need it numerically. The two parties went to the polls as a coalition.

The PRESIDENT: Order! Perhaps members will address the Bill.

Hon TOM STEPHENS: In the process of discussing the Bill in the second reading debate I have been asked how the four ministers with responsibility for regional development commissions relate to the regional development minister. This legislation is the Government's response to regional issues. It believes it has strengths that the previous system lacked. It will bring four specific advocates for regional development within Cabinet with responsibility for statutory authorities, obligations to work inside the cabinet standing committee and to work under the team that is being specifically formed by the Premier. It will add clout and value to the regional development pursuits of government. It may not be a perfect structure with its inevitable tensions hinted at by members' questions. Tensions will arise given the opportunities, particularly for someone like me, to trip up on the sensitivities of other ministers in their areas. I am conscious of that. It is one of the problems I have as a hyperactive, determined advocate for regional development. I will do my best to respect the fact that I have four colleagues who have exclusive obligations to their development commissions for delivery of regional needs.

Hon N.F. Moore: Are you taking something for that hyperactivity?

Hon TOM STEPHENS: Can the Leader of the Opposition suggest anything?

Hon N.F. Moore: I did not think you would admit to it.

Hon TOM STEPHENS: I spent 20 years being very active in politics and in pursuit of the issues that drove me into Parliament. I make no apology for who I am and what I try to bring to this job.

I was asked how the authority would work. I, as the minister, will work very hard. The minister is the authority. The Government does not propose to create another board. That was not part of its agenda in developing this legislation. If anything, the Government has decided to try to reduce the number of boards and committees that would otherwise inappropriately eat up the community's resources. We do not believe it is necessary to have yet another board. It would reflect a position contrary to that which the Government flagged following the machinery of government report. We are endeavouring to review the number of boards and committees in operation.

I was asked why clause 7 was necessary. It will provide flexibility for entering into arrangements with private firms to protect the financial interests of the State. Specifically, in handling the Western Australian regional initiative scheme, the regional development scheme fund or the regional initiative fund, a development commission or the Department of Local Government and Regional Development may find it appropriate - as it was for previous Governments under the Industry and Technology Development Act - to have the flexibility to strengthen the relationship between the Government, the minister and the authority in transmitting those funds to the appropriate body. There must be a binding obligation for the funds to be spent and accounted for in the manner agreed by virtue of the contestable processes relevant to the fund. This is a flexible way of entering into binding arrangements that obligate organisations in receipt of the funds to spend them appropriately. I am not sure where that sentence started but I am sure it will be clear when I read the duplicate.

Hon N.F. Moore: That is not the reason for fixing up *Hansard*.

Hon TOM STEPHENS: The sentence seemed to be too long. I think the Leader of the Opposition understood what I was saying, but I could try to start the sentence again if he wanted me to.

Hon N.F. Moore: Please don't.

Hon TOM STEPHENS: I was asked to explain clause 12. I am not sure whether this is a critical question. The notes I have in front of me do not help me clarify the matter. I will try to get an explanation.

Clause 14(4) was apparently copied from the Act under which the previous Government operated.

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The details are to be included in the department's annual report; that is, through the Minister for Local Government and Regional Development, an annual report from the department will be provided to the House.

Hon N.F. Moore: Is there a requirement for an annual report?

Hon TOM STEPHENS: I do not know the answer to that. Perhaps during the Committee stage I will be able to answer that question. I have made a commitment to report annually on the expenditure of these funds. That expenditure will be reported through the department's annual report because I am the minister with overall responsibility, through that department, for the administration of these funds.

Hon Dee Margetts asked a question about economically sustainable developments and the amount to be set in regulations when the grant does not fit within the guidelines. The Government will review the Regional Development Commission Act to consider ESD principles. Hon Dee Margetts suggested that an opportunity could be available for the fund to be rorted. I am not sure what she was specifically referring to. However, the Government is seeking to deliberately set up a transparent process with very clear guidelines to ensure the fund will not be rorted. The process should be in contrast to a rort and be transparent because, according to government policy, the guidelines will be public and unable to be abused in the way the member fears they will be.

These schemes will be advertised widely. Laws are not needed to advertise a scheme or even to operate the program. The Government has given a commitment to be open, and it will be. My next point answers not only Hon Dee Margetts' question but also Hon Murray Criddle's question. The guidelines for the operation of the regional infrastructure funding program are available on the web site of the Department of Local Government and Regional Development. I have the guidelines for all the programs in my hand now. The first six pages deal with the RIF program. Five pages deal with the Western Australian regional initiatives scheme. A five-page document details the guidelines for the regional development scheme. I encourage members to go to the web site. At the conclusion of this debate, I will ensure that these guidelines are tabled so that members know how the scheme will operate.

The operation of the fund was the subject of consideration by the cabinet regional development standing committee. The standing committee considered the guidelines and resolved what those guidelines and the mode of operation of the fund should be. That decision was taken to and endorsed by the Cabinet as a binding decision on all the ministers who have responsibility for the operation of this fund.

I have already advised Hon Murray Criddle that the Government will move to delete clause 7(2)(e). It is considered unnecessary. The acquisition of shares in companies is not considered to be appropriate for government. My note about clause 11 is that it will be government. A question was asked about whether money has been given to the South West Online program. I have answered that question. The money has not yet been spent, but it is committed.

Hon Ray Halligan asked whether \$75 million would form a new bureaucracy. There will be no new bureaucracy. Only the department that is already in place will administer the schemes.

Hon Ray Halligan: From existing resources?

Hon TOM STEPHENS: That is correct. I think the next question was what are youth-focused facilities. Recreation, education and training for youth opportunities are available. They would be open to people who had a view that a regional infrastructure program that could respond to the needs of youth could be positioned under these guidelines for application to one of the three funds. It would then be open to one of the three schemes to consider any of those applications. For instance, a youth-focused organisation could, if it had a program whose activities transcended the boundaries of any one region, make application under the Western Australian regional initiatives scheme for funds to assist the initiatives relating to its program.

Hon Ray Halligan: It is one-off funding, is it not?

Hon TOM STEPHENS: It is not recurrent.

Hon Ray Halligan: Those organisations would have to look to other programs.

Hon TOM STEPHENS: That is correct. At this stage, there will be annual allocations for a contestable fund.

Hon Ray Halligan: The application form for that type of activity should possibly include a question about where the organisation will find its recurrent funding in subsequent years.

Hon TOM STEPHENS: That is a good suggestion. I will encourage the department to comment on it. If an applicant for a one-off recurrent grant wants the program rolled over each year, he will need to identify how the program will pick up funding for recurrent expenditure independently of this fund, which is a triggering device.

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The regional initiatives fund is for capital works, not recurrent expenditure. The regional initiatives scheme is not necessarily for capital expenditure, nor is it meant for what I would call recurrent expenditure; it is an annual allocation for programs other than capital programs. I do not know how other people would describe it, but I suppose it is a recurrent program. However, it should not be seen as a binding, annual allocation. If it is allocated one year, that does not mean it will be allocated again the next year.

Hon Ray Halligan: It is a difficult area. We have both had experience with that in the past. Funding has been provided to organisations along those lines and, if they have obtained capital funds elsewhere and set up infrastructure, that makes it difficult for the minister to deny the additional funding.

Hon TOM STEPHENS: There is no overlap in that way with the RIF.

The \$20 000 limit applies to feasibility studies, but is not for other projects. If that is an issue, the member can raise it with me.

Reference was made to the state significance of RIF. These funds can be utilised for leverage to assist other projects, such as the establishment of an industrial park. Projects that have been drawn to my attention involve groups that are trying to put together a cocktail of funds from a variety of sources. This applies to groups that cannot get the recurrent funds they need. A group proposing to undertake work on the Broome port is putting together a package of federal, defence, regional initiative and loan funding. That expansion project would increase economic activity in the area.

The previous Government had a very successful program run by the Country Housing Authority. Grants of \$50 000 were made available to local councils to construct substantial housing infrastructure throughout Western Australia. That funding triggered the provision of significant additional funding for the construction of accommodation in communities that were having difficulty attracting professionals such as doctors, nurses and so on. The provision of that accommodation made attracting those professionals much easier. The authority could make a submission for funds under this program to obtain the resources it needs to respond as it did under the previous Government's scheme. Those decisions will be dealt with according to these guidelines.

I have already given the House - I repeat it for Hon Ray Halligan - the assurance that clause 7(2)(e) will be deleted in response to the member's concerns. Clause 8 contains a standard delegation provision to expedite the issue of financial assistance, but the minister will still be in control of the fund. However, this will need to be done in accordance with the guidelines. The answer to the member's question about clause 12, with which I have been provided, is that it is to maximise the ways of assisting regional projects.

I offer to conclude my remarks at this point. I recognise that a couple of issues have been raised and I take the opportunity to recommend to the House the following course of action: if the House were to agree now to the second reading of this Bill, I would have the opportunity at the committee stage to proceed to at least the short title and the proclamation. In deference to the questions that have been put to me by both the Leader of the Opposition and Hon Dee Margetts about proposals to amend the Bill, it is my intention to consider such suggestions further. However, I do not think we would go past clause 2 of the Bill tonight, because Hon Dee Margetts has indicated that she wants to put forward an amendment.

Hon N.F. Moore: We could sort it out tonight.

Hon TOM STEPHENS: That is my intention at this stage. If we get to the committee stage, and it becomes clear that that would be unacceptable, I would not want to proceed past clause 2. I thank members for their various comments, and I hope that the second reading of the Bill obtains the support of the House so that we can proceed immediately to the committee stage.

Question put and passed.

Bill read a second time.

#### *Committee*

The Deputy Chairman of Committees (Hon Kate Doust) in the Chair; Hon Tom Stephens (Minister for Local Government and Regional Development) in charge of the Bill.

#### **Clause 1: Short title -**

Hon RAY HALLIGAN: I failed to ask a couple of questions during the second reading debate. First, there are three schemes associated with the investment fund. Have specific amounts of money been allocated to each of those schemes? Secondly, is it possible to transfer funds from one to the other, depending on the demand on each of those schemes?

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Hon TOM STEPHENS: Yes, it is possible. It would simply require a cabinet decision. The mechanism would be for a fund to be reallocated either from a program to a scheme or from a scheme to a program. There is one program and two schemes in the trinitarian approach that we are adopting. The cabinet standing committee on regional development could, by virtue of a recommendation to it, recommend to Cabinet that funds be transferred from one area to another. It would then be up to the Cabinet to decide whether a scheme will lose some funds in favour of the program or whether the program will lose funds for one or other of the schemes.

Hon DEE MARGETTS: The information presented in the second reading debate has given me some concerns. We are dealing with a Bill to establish a regional investment fund. We have been led to believe that around half the money promised for the fund over the next four years has already been allocated, if not spent. The fund appears to contain some of the money that one would normally find in other areas, such as the forestry budget. Given that the title of this Bill is the Regional Investment Fund Bill and that its stated aim is to enhance sustainable development, can the minister explain how the \$16.5 million for forestry fits into the explanation of what is a regional investment fund under the objects of the Bill? Other clauses of the Bill state that amounts for some areas will be limited to \$25 000. Is this a forestry Bill? It seems to be a hotchpotch of funds that have already been allocated in other budgets. Can the minister clarify why the funds that we would normally find under the forestry allocation will be in the regional investment fund?

Hon TOM STEPHENS: The \$16.5 million for forestry is part of the roughly \$123 million forestry adjustment package that was allocated by the Cabinet. These funds are to assist the south west region adjust to the changes in industry and the economics of the operations that will flow from this Government's policy decision regarding the harvesting of those forests. To my knowledge, no decisions have been made about how that \$16.5 million will be spent. The Government is in the process of seeking good suggestions on how that money can be usefully spent to assist the communities of the south west adjust to the direction taken by virtue of its fulfilling a pre-election commitment on the harvesting of old-growth forests. In the face of that, Hon Dee Margetts, and any other member of the Chamber, has the opportunity to make suggestions to Government. In this case, I suspect that such suggestions would be made to the Minister for Forestry and Fisheries, the Minister for the Environment and Heritage and the Minister for the South West. It is my reasonably well-informed assumption that the funds will be directed towards programs developed by those three ministers to respond to industry adjustment as a result of policy changes in those areas.

Hon B.K. DONALDSON: There is a \$16.5 million package to the forestry industry, \$2 million is hived off because of the evil premium property tax that the Government attempted to introduce and \$5 million is for a tourism package. Will the minister put on the public record what is left of that \$75 million, and move away from smoke and mirrors?

Hon TOM STEPHENS: There are two ways of answering that question. One is that all of the \$75 million is left. The other is that the fund has been fully allocated in three ways: to one program and two schemes. Of the \$75 million divided over four years, there will be a notional allocation of \$55 million for the regional infrastructure funding program, \$15 million for the regional development scheme and \$5 million for the Western Australian regional initiatives scheme. All of the \$55 million is left, or none of it is left. It is all allocated to programs but yet to be spent, whichever way the member wants to read the answer. Of the funds that have been allocated to specific programs, there is a notional allocation, not yet spent, for the south west online fund for programs not yet completed. Some \$5 million has been notionally allocated to the Shark Bay interpretive centre, none of which has been spent.

Hon B.K. Donaldson: It probably won't be spent.

Hon TOM STEPHENS: This afternoon I concluded a meeting with the Shire of Shark Bay in the conference room downstairs in Parliament House about how those funds might be spent. If we are lucky enough to get the funds that we are told might be available from the federal Government to augment those funds, that notional allocation could eventually find its way into the Shark Bay community. There are therefore two answers to the question. None of the funds are spent -

Hon N.F. Moore: Just tell him how much has been notionally allocated.

Hon TOM STEPHENS: As Hon Murray Criddle told us, \$16.5 million has been notionally allocated to forests, \$3 million to tourism -

Hon M.J. Criddle: Don't worry about me. Is that what you have notionally allocated?

Hon TOM STEPHENS: An amount of \$16.5 million has been notionally allocated and \$3 million for tourism.

Hon N.F. Moore: I thought it was \$5 million.

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Hon TOM STEPHENS: No, \$3 million for tourism and another \$2 million from the regional development scheme. It will be possible for \$3 million of the allocation to the regional investment program to be spent through the Western Australian Tourism Commission for regional aviation recovery programs, on the basis of submissions made to the WATC and others for funds. That allocation is therefore part of funds yet to be spent under that program through a variety of notional allocations in the \$75 million fund.

Hon B.K. DONALDSON: The minister has not answered the question. The minister talked about notional grants, and that is exactly what Hon Dee Margetts alluded to tonight. The minister has had the whiteboard out already; let us not kid ourselves.

Hon Kim Chance: What are you talking about?

Hon B.K. DONALDSON: I am asking a question of the minister.

Hon Kim Chance: You are making an absurd statement, not asking a question.

Hon B.K. DONALDSON: I have asked the minister a question and he did not answer it. I asked him to give me a complete list on record tonight of all the notional grants.

Hon Kim Chance: He just did.

Hon B.K. DONALDSON: I want it spelt out loud and clear, not in acronyms. I want to know that there is \$16.5 million for forests, \$5 million for the Shark Bay interpretive centre, \$3 million for the tourism package, and \$2 million because of the evil tax the Government could not get up, the special premium property tax. Let me go through it slowly. I might have to draw some pictures for the minister. I want the minister to say that there is \$75 million there. I want him to go through each item. I will get a calculator out if he wants me to. I want him to tell me what will be left to be spread over the next four years under his direction.

Hon TOM STEPHENS: Some \$75 million is left over the four years to be spent in a variety of ways, which include \$55 million for the regional investment fund, \$15 million for the regional development scheme, \$5 million for the Western Australian regional initiatives scheme. That is a total of \$75 million, of which \$5.5 million has been allocated for the South West Online program, \$5 million for the Shark Bay interpretive centre, \$500 000 for the Point Samson fishing platform, \$3 million for the tourism program, as described, and \$16.5 million for the forest program. Those programs add up to \$30.5 million.

Hon B.K. Donaldson: You have already allocated those sums.

Hon TOM STEPHENS: They are notional allocations to a variety of programs. As yet, to my knowledge not a single dollar of the \$75 million has been spent.

Hon N.F. MOORE: I thank the minister for telling us of the notional allocation of \$30 million. It means in effect that when advertisements are made for applications for funding, the Government should talk about \$45 million being available for allocation, bearing in mind that it might change its mind on some of the notional allocations. I do not think the Government can start spending those notional allocations until it makes a decision about them. The minister should be telling the community that \$45 million is left, not \$75 million of which some is notionally allocated and none has been spent. The minister can stand all day and say that none has been spent. That is fine, except that when he tells the people of Shark Bay that he has not spent the \$5 million allocated to the interpretive centre and it might be spent somewhere else, they will not be at all impressed. The Government has allocated the money notionally. If it is not spent on those projects, the minister will find himself in a spot of bother. I understand that there is \$45 million to allocate to the community by way of application, unless the Government decides to notionally allocate more money to other things.

Hon Tom Stephens: Or allocate more funds to the fund.

Hon N.F. MOORE: Whichever.

Hon Kim Chance: Hopefully, by the end of year four, there will be nothing left, so to say that there is a scheme with no money in it is crazy. It is a \$75 million scheme.

Hon N.F. MOORE: I am now talking about the advertisements that appear in the newspapers, asking people to make an application for the \$75 million fund. People get the impression that there is \$75 million to apply for. I am saying that \$35 million has been notionally allocated and is not available at the moment for people making applications to access the fund. If the Leader of the House cannot work that out, I do not know what is going through his mind.

I want to raise another issue. Among the Government's election promises it promised the Shark Bay interpretive centre. It did not promise that it would come out of this fund, as I recall. The minister might be able to tell me if the Government did.

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Hon Tom Stephens: Apparently we did not.

Hon N.F. MOORE: The Government promised the people of Shark Bay that it would give them an interpretive centre. It also said to those same people that there was \$75 million in a regional investment fund. It did not tell them that it was the same fund. It is a bit like the community sporting and recreation facilities fund, about which I have spoken on many occasions. The Government promises people things and then says that the money will come out of a fund that it is promising for somewhere else. It is basically double dipping. The minister should tell the people of Western Australia that the money is notionally allocated. I do not disagree with any of the things the Government wants to spend the money on, because it is the Government's business. The Government is entitled to spend money on what it wishes. I do not have a problem with any of that \$30 million. I especially like the Shark Bay bit, and I hope the Government gets some money out of the Commonwealth. If it does not, it should scream loudly; and I will support it, if that is any help.

Hon Tom Stephens: I suspect it will be helpful, and I appreciate it.

Hon N.F. MOORE: We are getting a new Minister for the Environment, so that might help.

Hon Tom Stephens: Who is the new minister?

Hon N.F. MOORE: David Kemp. This Government should not be running around telling the Western Australian community that if it wants to apply for money, \$75 million is available, because it is not.

Hon Kim Chance: I do not think the advertisement says \$75 million is left in the fund.

Hon N.F. MOORE: I am talking about perceptions and impressions that are being created in the minds of the public.

Hon Kim Chance: I repeat my question to you: what do we do at the end of year four when there is perhaps \$5 million left? Do we advertise it as a \$5 million fund?

Hon N.F. MOORE: Does the Leader of the House want me to tell him how to run the Government? If he is really smart, next year he will say there are X dollars in the next out-year and he will keep this funding going. Therefore, it is \$75 million for the next four years, which works out at X dollars a year, and he will keep it going. Next year when the budget comes down, the Government will allocate in the fourth out year the same number of dollars it has been spending in every year. It never runs out; there are always a certain number of dollars to spend.

Hon Kim Chance: The difficulty with doing that with the large expenditure or allocation to the forests policy, is that some will not be drawn down until year four, and it is difficult to know when it will be drawn down.

The DEPUTY CHAIRMAN (Hon Kate Doust): Members, can we return to talking about the short title. Perhaps the Leader of the Opposition will allow the minister to respond?

Hon N.F. MOORE: The point I am trying to make is that if the Government wants to tell everybody that it has \$75 million, it must be clarified on the basis that it is not all available. Secondly, to repeat the point, I do not know whether that money for the forests was promised independent of this.

Hon Kim Chance: No.

Hon N.F. MOORE: It is a new decision, is it?

Hon Kim Chance: It is actually part of the increased sum of \$67 million or thereabouts, and we took the figure out to \$123 million.

Hon N.F. MOORE: Therefore, a decision has been made since the election to take \$16.5 million out of this fund and put it into forests?

Hon Tom Stephens: It was an additional larger total than that which we originally promised we would spend on forestry adjusted programs. This became a fund that grew, and it grew to the point of \$123 million, and part of those funds have been notionally drawn down on the regional investment fund.

Hon N.F. MOORE: In respect of the South West Online funding of \$5.5 million, was that promise made independently of this fund as well as prior to the election?

Hon Tom Stephens: Yes.

Hon N.F. MOORE: In other words, it is the same as the Shark Bay interpretive centre. The Government promised \$75 million plus \$10 million, or plus \$11 million if we add both amounts.



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Hon Tom Stephens: There is another way of saying it. We promised \$75 million. A promise was made to South West Online, Shark Bay interpretive centre and the Point Samson fishing platform. The way you are constructing the argument is one way of viewing it, but I do not think it is the only way to view it.

Hon N.F. MOORE: The minister is telling me that he promised the public \$75 million for this fund, money for Shark Bay, money for South West Online and money for Point Samson jetty, and he did not say that those three items would come out of the \$75 million. In my opinion, that is a sleight of hand!

Hon B.K. DONALDSON: This whole \$75 million saga is amazing. Hon Murray Criddle drew to the attention of the Chamber that this came out of the budget papers, and the Leader of the Government in this House had to go over and see where it was. He did not know. The Minister for Agriculture, Forestry and Fisheries did not know where that \$16.5 million came from.

Hon Kim Chance: Which \$16.5 million was that?

Hon B.K. DONALDSON: The \$16.5 million that came from the \$75 million. My memory is very good and I remember that Hon Murray Criddle raised that matter. The minister went over to check what was in the budget papers. His eyes were almost rolling around on the ground.

Hon Kim Chance: It is the Point Samson fishing platform that I wanted to check.

Hon B.K. DONALDSON: We have identified that it is a smoke and mirrors trick, and I want to make sure that is on the public record.

Hon DEE MARGETTS: We should call this Bill the “Sham Regional Investment Fund Bill”. This Bill appears to set up a new regional investment fund. However, it would be useful to know whether an advertisement has already been placed; and, if so, to whom it is targeted. According to the explanatory memorandum, the maximum financial support that will be provided will be set at \$25 000. However, multimillions of dollars have already been allocated. Therefore, this Bill is a nonsense, because it proposes to put under a new authority programs that are already stuck together from bits and pieces of other allocations. I thought this Bill was about regional investment and asking people to come up with ideas about sustainable development. However, it is not that at all. It is a sham about putting together bits and pieces of other parts of the budget. My concern, and the concern of other members, is about the process. It appears that the process is a foregone conclusion, because the money has already been allocated.

Hon Kim Chance: In what respect are you saying that? You are not making any sense at all. What are you talking about?

Hon DEE MARGETTS: If the minister thinks this is a good process, it would not make sense to him. This Bill is not about a new authority to spend money on new proposals. This Bill is about something that has already happened; namely, bits and pieces of budget allocations that should be allocated and spent under the programs to which they are meant to be attached, but that somehow or other will be put under this new authority, for reasons that no-one can work out.

Hon Derrick Tomlinson: You would have to be stupid not to be able to see through this rort!

Hon Kim Chance: Then vote against it!

Hon DEE MARGETTS: I will, and that is what I will recommend to my colleagues. This process is a sham, and we seem to be advertising something that in reality does not exist because it has already been allocated to a large extent. When we consider how much pressure the Government is putting on us to pass legislation, this process is a waste of our time, and the Bill is very disappointing -

Hon Derrick Tomlinson: And dishonest.

Hon DEE MARGETTS: It is indeed. It is unfortunate that this early in the Government’s term, it has come up with a scheme such as this. It is a total disappointment. Why on earth is the Government talking about a maximum of \$25 000 per proposal when we have a range of multimillion dollar add-ons to major infrastructure projects that have already been allocated?

Hon TOM STEPHENS: I disagree strongly with the Leader of the House.

Hon N.F. Moore: I would not get too carried away! The Leader of the House thinks it is nitpicking.

Hon TOM STEPHENS: I urge the Leader of the House to give me the opportunity of encouraging all members to vote for this Bill. I disagree with the Leader of the House’s efforts to encourage Hon Dee Margetts to vote against this Bill. I will give members the reasons why she should vote for it. As we have said, we do not have to deal with this Bill. If members want to vote it out, that is fine, the Government will find another way of

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administering the \$75 million of funds it is committed to spending. This Bill, which has taken up legislative time of Government and is unnecessary in that strict sense, is the Government's effort to subject itself to a scrutiny process. That process includes this parliamentary debate, in which in reply to every question that I have been asked I have delivered an accurate answer to the best of my ability. I have made the way this fund will be dealt with absolutely clear, which is in marked contrast to the way I have seen Governments behave over the 20 years I have been in this place.

Hon Dee Margetts asked specific questions about advertising. These programs have been advertised in all the regional newspapers and in *The West Australian*. They have also been advertised on the web sites of all the regional development commissions and on the web site of the Department of Local Government and Regional Development. The programs were advertised in the week commencing 8 October.

In refer to the way Governments spend funds. Typically, Cabinet can consider a submission on any issue at any time. Any member who has been a member of Cabinet will know that, by virtue of a cabinet decision, a program can be abolished. However, this program has not been abolished. The program exists and the allocation of its funds will be governed by a structure that includes the notional allocation of this \$75 million over one program and two schemes through the variety of ways that have been described to members. This fund is not a sham. At some point, I would like more funds to be allocated to this program. If a larger surplus were to emerge over the four years of this Government, my regional colleagues in the ministry and I, supported by my caucus colleagues, would want to increase the program. This gives us our best shot at delivering the program. The program includes a range of responses from government across a range of activities.

**Clause put and passed.**

**Clause 2 put and passed.**

**Clause 3: Objects -**

Hon TOM STEPHENS: Hon Dee Margetts has made her position clear and, in those circumstances, I will proceed with the Bill. She has indicated her opposition to it, so I intend to proceed through all clauses of the Bill.

Hon DEE MARGETTS: I said that I had amendments to make and I have not been told that I no longer have the right to propose amendments. I had a conversation this afternoon with the Minister for Local Government and Regional Development. Maybe he misunderstood our conversation, but this afternoon on the telephone I understood that we would not proceed with the committee stage of this Bill. This is ridiculous! If the Government does not want cooperation for the rest of the year, this is the way to do it. Bring it on. Roll it on. The Government should not expect cooperation when it wants it. This is not the way to carry on. If the minister wants to roll on with this Bill, he should do it. My amendments have not been prepared yet; they are being circulated now. There should have been at least some time for other members to see them. I have not said that I would not propose any amendments. If this is the way the Government wants to carry on, it should not expect cooperation for the rest of the year.

Hon TOM STEPHENS: I understand the view of the honourable member. The amendment is circulated. I thank her for the opportunity to look at her amendment. We are about to adjourn the debate, and the Bill will come back on at the convenience of the Chamber.

**Progress reported and leave granted to sit again.**