

Division 13: Regional Development and Lands —

[Supplementary Information No B8.]

Question: Mr M. McGowan requested a list of uncompleted projects, their original cost and how much is unspent on each, and when they were originally scheduled to be completed, under the royalties for regions fund.

Answer: The \$334 million in the Special Purpose Account as at December 2010 related to expenditure that had been deferred to a future period to be drawn down by state agencies and local governments according to a Memorandum of Understanding and/or Financial Assistance Agreement.

The breakdown of the \$334 million relates to the following:

Country Local Government Fund — \$90 million deferred in 2009/10 into the forward estimates.

Regional Grants Scheme — \$52 million. The Regional Development Councils as part of their governance framework only disburse funds to recipients when financial agreements are in place and milestones are met by these recipients as part of their governance framework. This amount was deferred in 2009/10 and was yet to be drawn down by the individual Commissions.

Ord–East Kimberley Expansion Project — \$64 million deferred from 2009/10 into the forward estimates.

Housing for Workers — \$103 million deferred from 2009/10 into the forward estimates.

Government’s 3% Efficiency Dividend — \$25 million previously allocated as a savings contribution towards the achievement of the Government’s 3% Efficiency Dividend.

[Supplementary Information No B9.]

Question: Mr M. McGowan requested information on information on the spending profile of the Mid West solar farm project, how the project is tracking and other information that is deemed relevant.

Answer: Verve Energy is developing a 10 MW solar photovoltaic (PV) power plant in the Mid West Region, to demonstrate the viability of this form of grid-connected technology on a commercial scale in Western Australia. This will be Australia’s first utility scale solar farm, delivering Western Australia the largest solar PV facility in Australia.

Royalties for Regions is contributing \$10million towards the approximate \$50 million cost, with \$5 million allocated in 2010-11 and a further \$5 million in 2011-12.

Verve Energy has a Memorandum of Understanding with a major financial institution for the project. The parties have agreed to a Terms Sheet for a Shareholders Agreement which would underpin an Incorporated Joint Venture between Verve and the major financial institution for the project. The full Shareholders Agreement is expected to be executed by the end of June 2011.

Construction on the plant is scheduled to commence in September 2011, with works expected to be completed in April 2012 for commissioning and commencement of operations in May 2012.

The project is expected to encourage future private investment in solar technology by identifying unintended barriers in existing approvals, regulatory or market processes so they can be rectified, thus reducing investment risk for future developments and hence the cost of debt and equity finance.

The plant will provide the opportunity to identify network issues for solar power on the South West Interconnected System, facilitating future developments and ensuring that associated commercial decisions are made with knowledge of any technical requirements or constraints. It will also assist Western Power to review and if necessary amend its technical rules to deal effectively with large scale solar technology.

[Supplementary Information No B10.]

Question: Mr M. McGowan requested information on the breakdown of the \$58 million allocated to administrative expense under royalties for regions.

Answer: Of the \$58 million identified in the question, **\$27.4 million** relates directly to administering the program and as indicated by the Minister, the final funding allocation is subject to Cabinet approval. There is no further expenditure on direct administration of the program contained in the budget.

In responding to the question the Department of Regional Development and Lands (RDL) understands that the \$58 million refers to the following line items in the budget:

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 Mr Mark McGowan

	2010-11 Estimated Actual \$'000	2011-12 Budget Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000	Total over Fwd Estimates \$'000
Regional Development Program Support	2,562	2,832	2,936	2,981	3,027	14,338
Royalties for Regions - Administering the Royalties for Regions Fund	3,180	9,003	9,276	9,622	9,929	41,010
Royalties for Regions - Mid West Unit		750	750	750	750	3,000
Total	5,742	12,585	12,962	13,353	13,706	58,348

Regional Development Support Program (\$14.3 million) – This relates to an increase in RDL’s appropriation to deliver services and initiatives **not** funded through the Royalties for Regions program. It is the only item from the table above that has received final approval to access the funds.

Royalties for Regions - Administering the Royalties for Regions Fund (\$41 million) – This budget item still requires the approval of Cabinet to access the full funding entitlement. Increased resourcing for administering the program includes:

- support to the Western Australian Regional Development Trust;
- a new Research unit that would look to address an information gap in relation to key statistics for the people living in regional Western Australia;
- support for Royalties for Regions initiatives that have a significant lands component such as Pilbara Cities; and
- support for budget management and evaluation.

The \$41 million can be broken down as follows:

	2010-11	2011-12	2012-13	2013-14	2014-15	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Royalties for Regions Program Administration		6,528	6,740	6,961	7,186	27,415
North West Projects - Land Support		1,105	1,143	1,183	1,225	4,656
Western Australian Regional Development Trust		409	427	453	473	1,762
Research and Information Team (Policy)		961	966	1,025	1,045	3,997
Administering the Royalties for Regions Fund	3,180	9,003	9,276	9,622	9,929	41,010

Royalties for Regions - Mid West Unit (\$3 million) – This is still subject to final approval of Cabinet and will fund a unit directly involved in delivering the Mid West Investment Plan budget initiative.