

REGIONAL INFRASTRUCTURE FUND

660. Hon M.J. CRIDDLE to the Minister for Agriculture, Forestry and Fisheries:

One of the four members of the Dry Seasons Advisory Committee has indicated that he believes the State Government is ripping money out of rural Western Australia. He has stated that the State Government made the assessment criteria for the successful claim so difficult that farmers in the exceptional circumstances-approved area are not being granted money from the State Government. He also believes that since the property tax was scrapped, the State Government's regional investment fund has been reduced by \$5 million. Is this the case?

Hon KIM CHANCE replied:

It is an interesting question. It relates to a radio interview involving that former member of the Dry Seasons Advisory Committee. All the members of the Dry Seasons Advisory Committee have done an absolutely superb job in the advice they have given to the Government and in their support for the four applications for exceptional circumstances funding. However, from what I could ascertain from the radio interview, the former member's concerns seem to rest in three areas. These seem to be the assumptions that the Government's new \$75 million commitment to regional Western Australia through the regional infrastructure fund has in some way been reduced by \$5 million, only \$20 million of the \$30 million commitment to the third exceptional circumstances area has been paid, and the exceptional circumstances criteria are set by the Western Australian Government.

The \$75 million regional infrastructure fund is entirely new money which the current Government has committed over a four-year term to developments in Western Australia, including such matters as tourism. The \$5 million commitment to tourism was mentioned during question time today. The error of that former member of the DSAC was to listen to the media reports that intimated that the \$75 million fund has been reduced by \$5 million and therefore now contains only \$70 million. That is incorrect. There was to have been a \$25 million allocation in 2001-02 and a \$15 million allocation in 2002-03. Instead, \$20 million will be allocated in each of those years. The commitment still adds up to \$75 million over the four years. We have deferred \$5 million from one year into the next, but we have not, as the former member seemed to misunderstand the situation, reduced the regional infrastructure fund from \$75 million to \$70 million.

I believe it is true that only \$20 million of the maximum amount that could have been claimed from the EC3 declaration has been paid. These are very round figures. That assumption also relates to a misunderstanding of the process. When we make application for funds under the exceptional circumstances scheme, we publish three figures: the low-cost scenario; the most likely scenario; and the high-cost scenario. For budgetary purposes, Governments will always refer to the high-cost scenario. I think there is more money to be paid under the EC3 arrangements. I cannot vouch for the fact that \$20 million has been paid, although that is the figure that the former member used. It will be in extremely unusual circumstances that we ever reach the maximum scenario. I believe that is the difficulty he has in understanding that.

The third issue is that the former member seems to believe that the exceptional circumstances criteria are set by the Western Australian Government. That clearly is not the case. The exceptional circumstances criteria are determined by the parameters of the scheme that was the subject of a commonwealth-state agreement in 1992. The Dry Seasons Advisory Committee put together the specific mechanisms for meeting those criteria, and it could be that the former member misunderstands that to mean that the Dry Seasons Advisory Committee sets the criteria. That clearly is not the case. The Commonwealth determines the criteria within the parameters of the commonwealth-state agreement. The former DSAC member should have known that, because he was one of the members who played a key role in constructing the mechanism for meeting the criteria. I was somewhat disappointed by the comments that he made; he should have known better. However, that does not detract from my admiration of the wonderful work that the former member did in the specific area that he was contributing to the State's farmers. His achievements were very considerable.