



ROYALTIES FOR REGIONS

THE NATIONALS PLAN TO DELIVER MORE FUNDING TO REGIONAL WESTERN AUSTRALIA

A DISCUSSION PAPER FROM THE STATE PARLIAMENTARY LEADER OF **THE NATIONALS**

Introduction

Mining royalties are collected for all minerals under either the Mining Act 1978 (WA) or State Agreement Acts, which are negotiated for individual projects. All mining royalties are paid to the State Government. Petroleum royalties are administered and collected and shared under State and Commonwealth legislation.

Discussion

The State Government collects more than \$2.5 billion in royalties each year from mining and petroleum producers with the money going into the consolidated revenue pool.

Western Australia's resource wealth now flows predominantly into the metropolitan area while regional and rural infrastructure and community projects languish. The government of the day chooses how and when hospitals, schools, community services and development programs receive funding.

While there are special State-funded schemes, such as the Regional Investment Fund (\$80 million over four years), regional funding falls well short of the scale necessary to support and sustain major industry development and community growth. This unfairness must be addressed.

If The Nationals WA gain the Balance of Power at the next State election we will use the leverage in the Parliament to ensure the equivalent of 25 per cent of all royalties revenue is reinvested in rural and regional WA to provide for further economic and social development. This will be 25 per cent over and above current and budgeted Government expenditure.

Funding

State Treasury reported total royalties of \$2.1 billion in 2006-07 and expects to receive \$2.5 billion 2007-08 and \$2.7 billion in 2008-09.

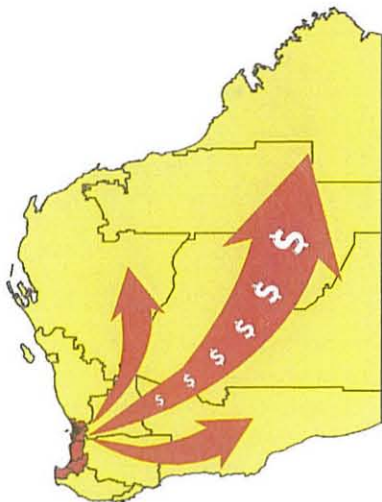


Diagram 1
The equivalent of 25 per cent of all royalty payments to the State to be quarantined for reinvestment into regional WA.

A 25 per cent share of the estimated \$2.7 billion in royalties likely to be collected by the State Government in 2008-09 would provide more than \$675 million for investment in specific regional projects.

RECOMMENDATIONS

The equivalent of 25 per cent of all royalty payments to the State to be set aside each year for reinvestment into regional WA.

Funds to be held in a Special Investment Fund (SIF) capped at \$1 billion annually.

Disbursement from SIF to be over and above normal Consolidated Revenue Fund allocations the regions.

SIF funds to be distributed on an agreed formula to:

- Regional councils for local projects;
- Regional projects developed and prioritised with the involvement of Regional Organisations of Councils and Regional Development Commissions;
- Statewide projects developed and prioritised by the Regional Development Council; and
- State Government initiatives that boost and leverage regional growth and investment.



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BALANCE OF POWER

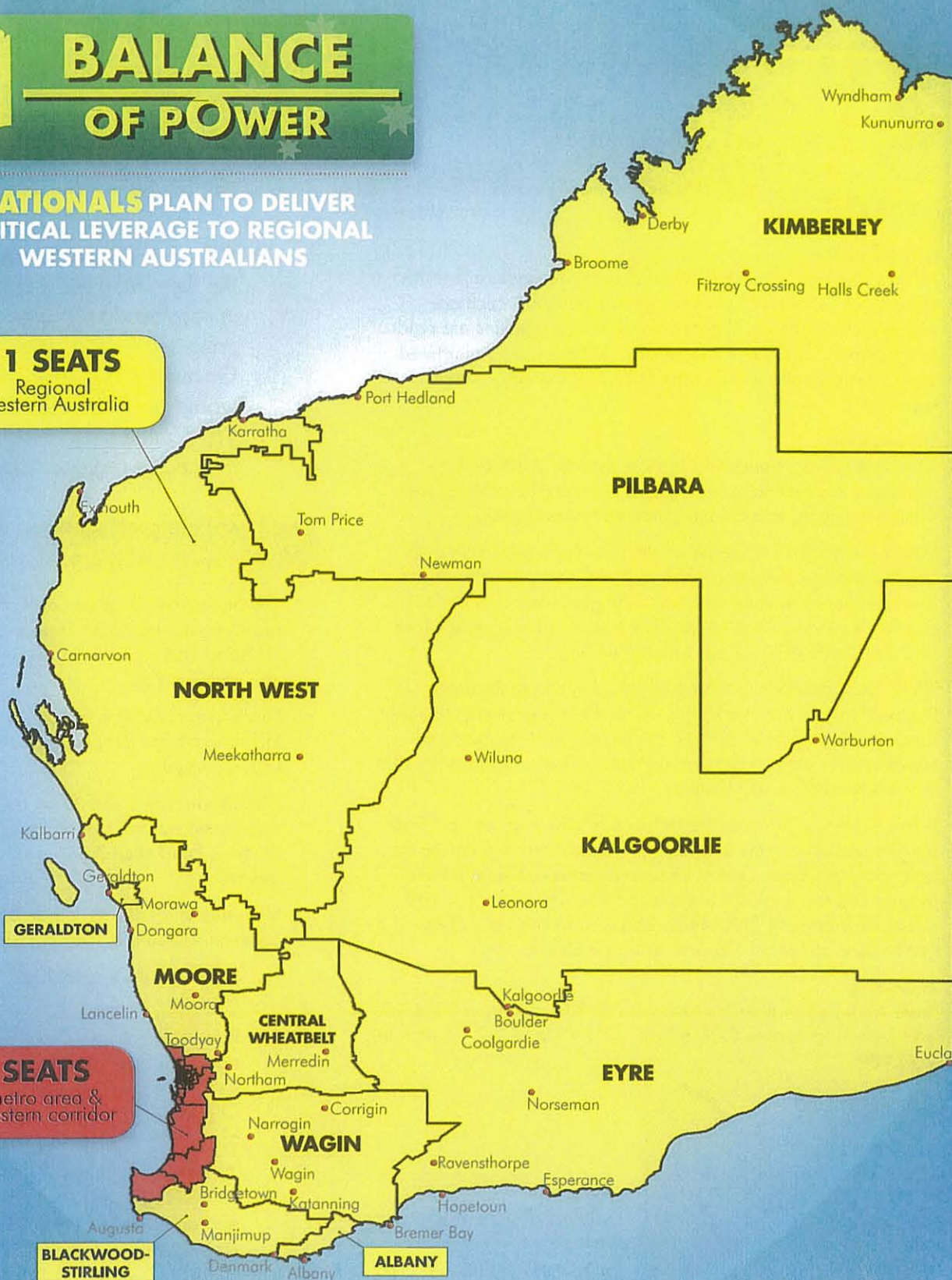
THE NATIONALS PLAN TO DELIVER
POLITICAL LEVERAGE TO REGIONAL
WESTERN AUSTRALIANS

11 SEATS

Regional
Western Australia

48 SEATS

Perth metro area &
south western corridor



As we head to the next election, the Government's one vote one value legislation has handed 48 seats to the coastal strip between Mindarie and Margaret River, with just 11 representatives for the remaining 95 per cent of Western Australia.

With just 11 seats outside that coastal strip it's easy to guess where most of the State's spending and services will be focused! The Nationals WA have a clear agenda to deliver a fairer deal for regional WA. Balance of Power is the only

way regional politicians can leverage a better deal for their electorate when they are outnumbered by Perth politicians. Eleven seats, voting as a regional bloc in Parliament can ensure that regional infrastructure and services are not neglected.

With the Balance of Power at the next State election we'll stand behind a non-negotiable policy called *Royalties for Regions* that will return 25 per cent of the State's mining and petroleum royalties for regional and rural projects.