



ROYALTIES FOR REGIONS

**Sustainable Economic Growth for Regional Australia Conference
28 October 2009**

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INTRODUCTION

Royalties for Regions:

- ❑ State Government policy
- ❑ Equivalent of 25 per cent of mining and onshore petroleum royalty revenue invested annually in regional Western Australia. Currently \$644m in 2009-10
- ❑ Targeting about 25 per cent of the State's population
- ❑ Less than 4 per cent of total State budget



CABINET APPROVAL 2009

Royalties for Regions agreed to by Cabinet on 13 October 2008

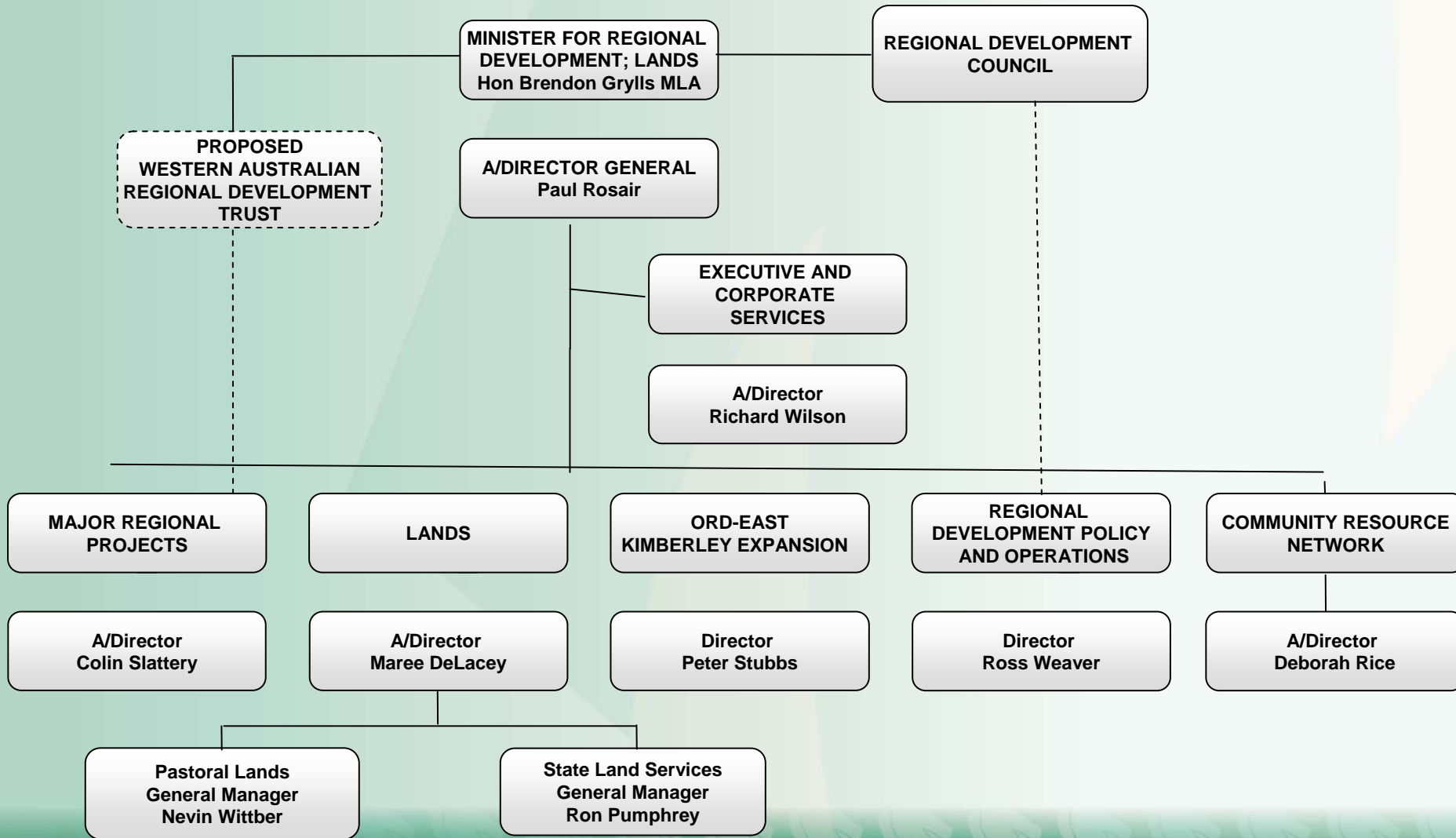
Approved the Royalties for Regions Bill to:

- ❑ Establish the Western Australian Regional Development Trust
- ❑ Establish a Royalties for Regions Fund
- ❑ Amend the *Regional Development Commissions Act 1993*

State Government announced the creation of a new department on 8 April 2009

- ❑ 1 July 2009 - Department of Regional Development and Lands established

Legislation was introduced into the Autumn Session of Parliament, debated and passed in the Lower House in September.



THE THREE FUNDS

Royalties for Regions
\$3.057B*

Country Local Government Fund

- Launched 16 December 2008

Regional Community Services Fund

Supporting initiatives such as:

- Patient Assisted Travel Scheme
- Boarding Away from Home Allowance
- Royal Flying Doctor Service
- Community Resource Centre Program

Regional Infrastructure and Headworks Fund

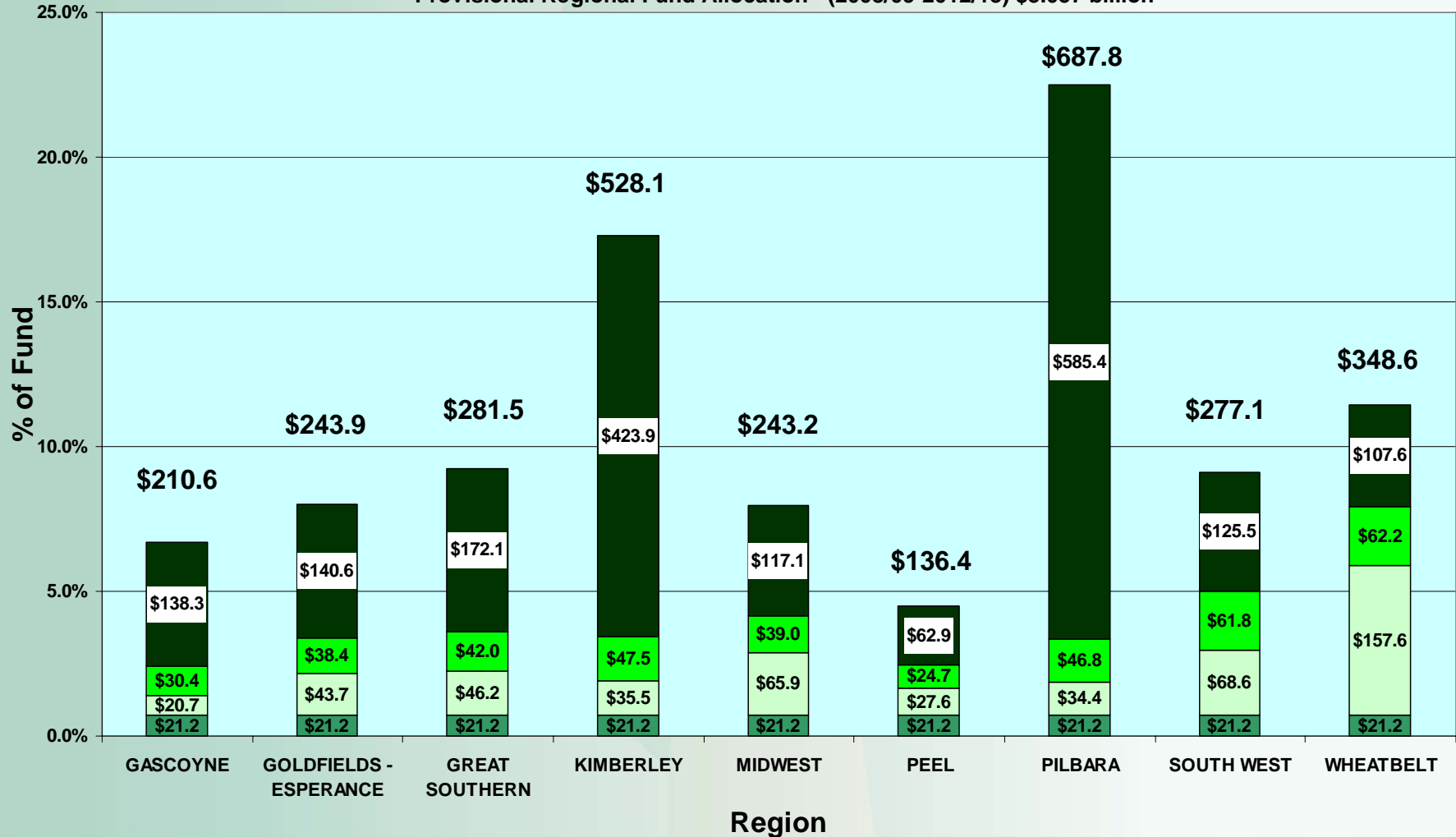
Supporting initiatives such as:

- Regional Grants Scheme
- Ord Stage Two
- Kalgoorlie Hospital
- Exploration Incentive Scheme
- Pilbara Revitalisation Plan
- Gascoyne Irrigation Pipeline

* Estimated 25% of Royalties for Regions 2008/2009 – 2012/2013

Royalties for Regions

Provisional Regional Fund Allocation - (2008/09-2012/13) \$3.057 billion



- NEW REGIONAL AND STATEWIDE INITIATIVES
- REGIONAL COMMUNITY SERVICES FUND
- COUNTRY LOCAL GOVERNMENT FUND
- REGIONAL HEADWORKS INFRASTRUCTURE FUND

ROYALTIES FOR REGIONS - KEY PRINCIPLES

- ❑ Local decision making in regional areas is fundamental;
- ❑ State Government departments' administration and processes should provide for and support decision making in regional areas; and
- ❑ Strategic projects in regional Western Australia are a priority.



ROYALTIES FOR REGIONS - OBJECTIVES



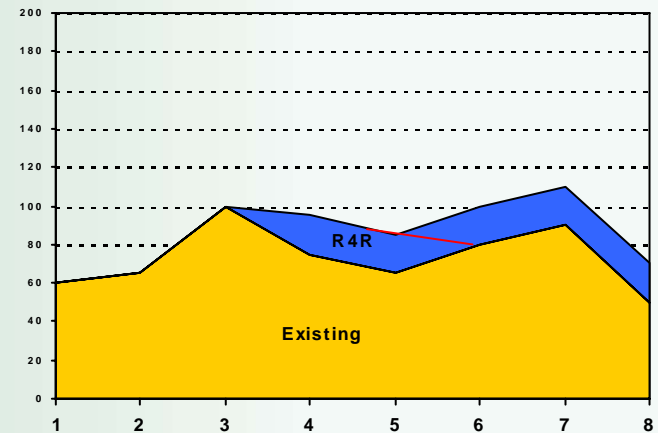
Stronger regional communities to:

- ❑ Support and maintain strong and vibrant regions
- ❑ Improve infrastructure, headworks and community services
- ❑ Provide contestable grant funding to enable more opportunities for community, business, industry, NGOs, and Federal and State agencies

FUNDING PRINCIPLES

Royalties for Regions funding is:

- ❑ Established to supplement – not supplant – funding of core infrastructure and services across regional Western Australia
- ❑ Not intended to replace existing administrative and governance arrangements
- ❑ Not to replace community service obligations
- ❑ Not to recover dividends to government
- ❑ Made up of a mixture of committed and contestable funds



ROLE OF DEPARTMENT OF REGIONAL DEVELOPMENT AND LANDS

- ❑ Establish suitable frameworks for Royalties for Regions funds to be distributed
- ❑ Develop and maintain reporting mechanisms – external reviews, social impacts study
- ❑ Establish governance frameworks – audit, risk management, review of national and international processes
- ❑ Manage communication
- ❑ Administer and deliver projects



THE FUNDS – OVERVIEW

Royalties for Regions
\$3.057B*

Country Local Government Fund

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Regional Community Services Fund

Supporting initiatives such as:

- Patient Assisted Travel Scheme
- Boarding Away from Home Allowance
- Royal Flying Doctor Service
- Community Resource Centre Program

Regional Infrastructure and Headworks Fund

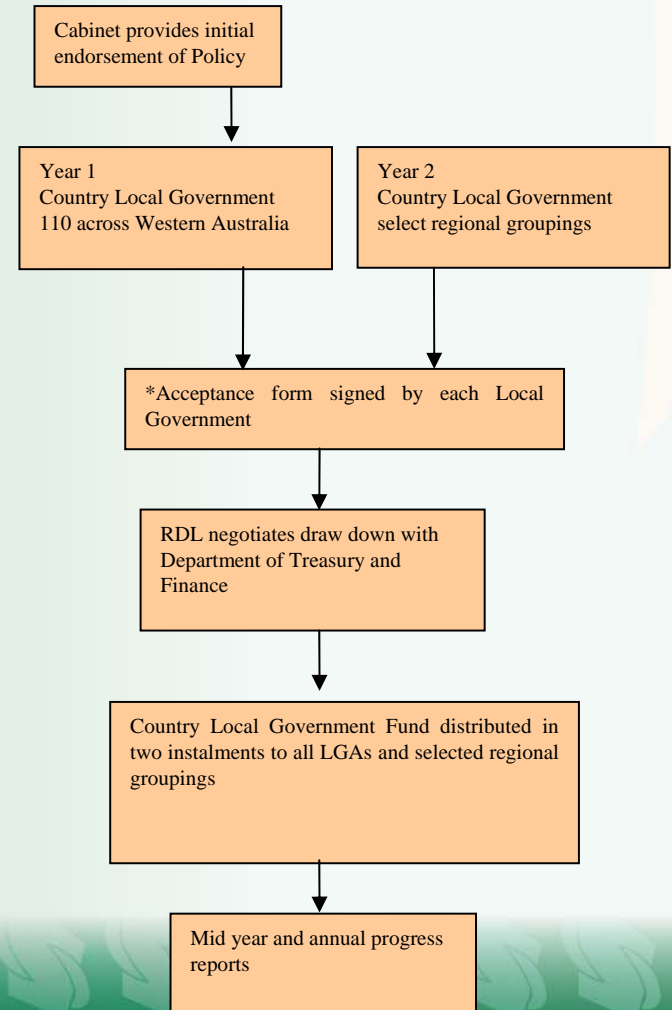
Supporting initiatives such as:

- The Regional Grants Scheme
- Ord Stage Two
- Kalgoorlie Hospital
- Exploration Incentive Scheme
- Pilbara Revitalisation Plan
- Gascoyne Irrigation Pipeline

* Estimated 25% of Royalties for Regions 2008/2009 – 2012/2013

1. COUNTRY LOCAL GOVERNMENT FUND

- ❑ Launched 16 December 2008
- ❑ Provides tied funding for infrastructure provision and renewal (\$100M in 08/09) directly to local governments and Regional Organisations of Councils (ROCS)
- ❑ Allocation of funds is tied to expenditure against the local government asset classes according to the *Local Government Accounting Manual*.
- ❑ Not to retire debt
- ❑ Align with WALGA's Sustainability Study



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Regional Community Services Fund

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Regional Infrastructure and Headworks Fund

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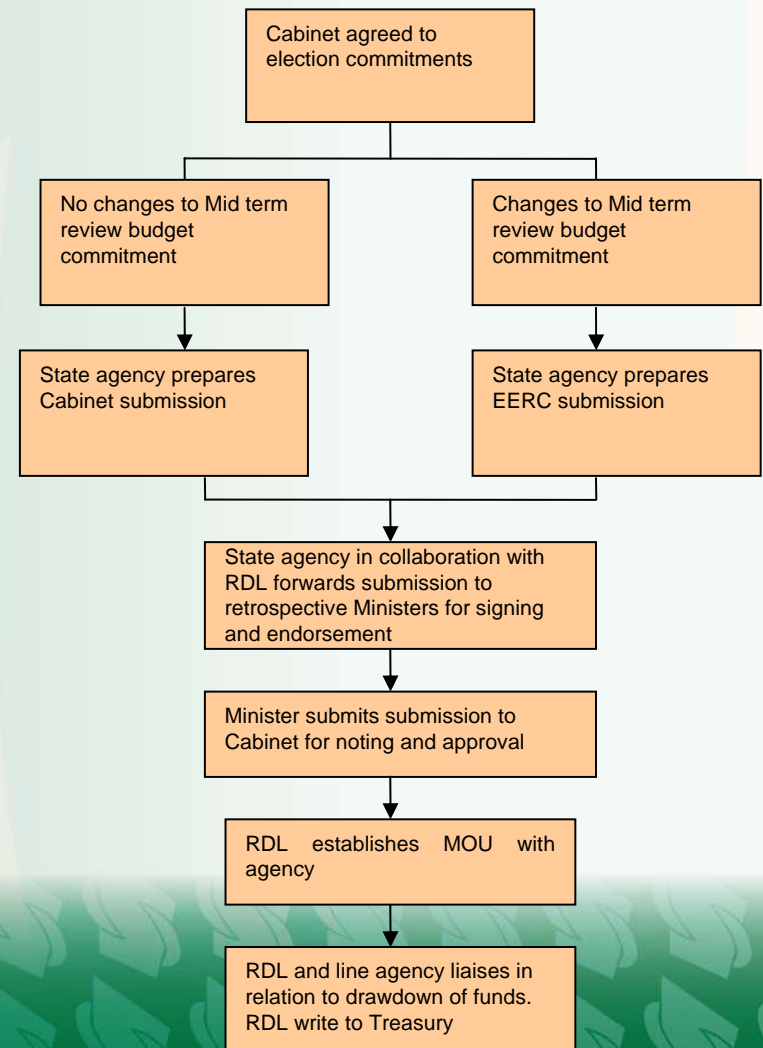
- Regional Grants Scheme
- Ord-East Kimberley
- Kalgoorlie Hospital
- Exploration Incentive Scheme
- Pilbara Revitalisation Plan
- Gascoyne Irrigation Pipeline

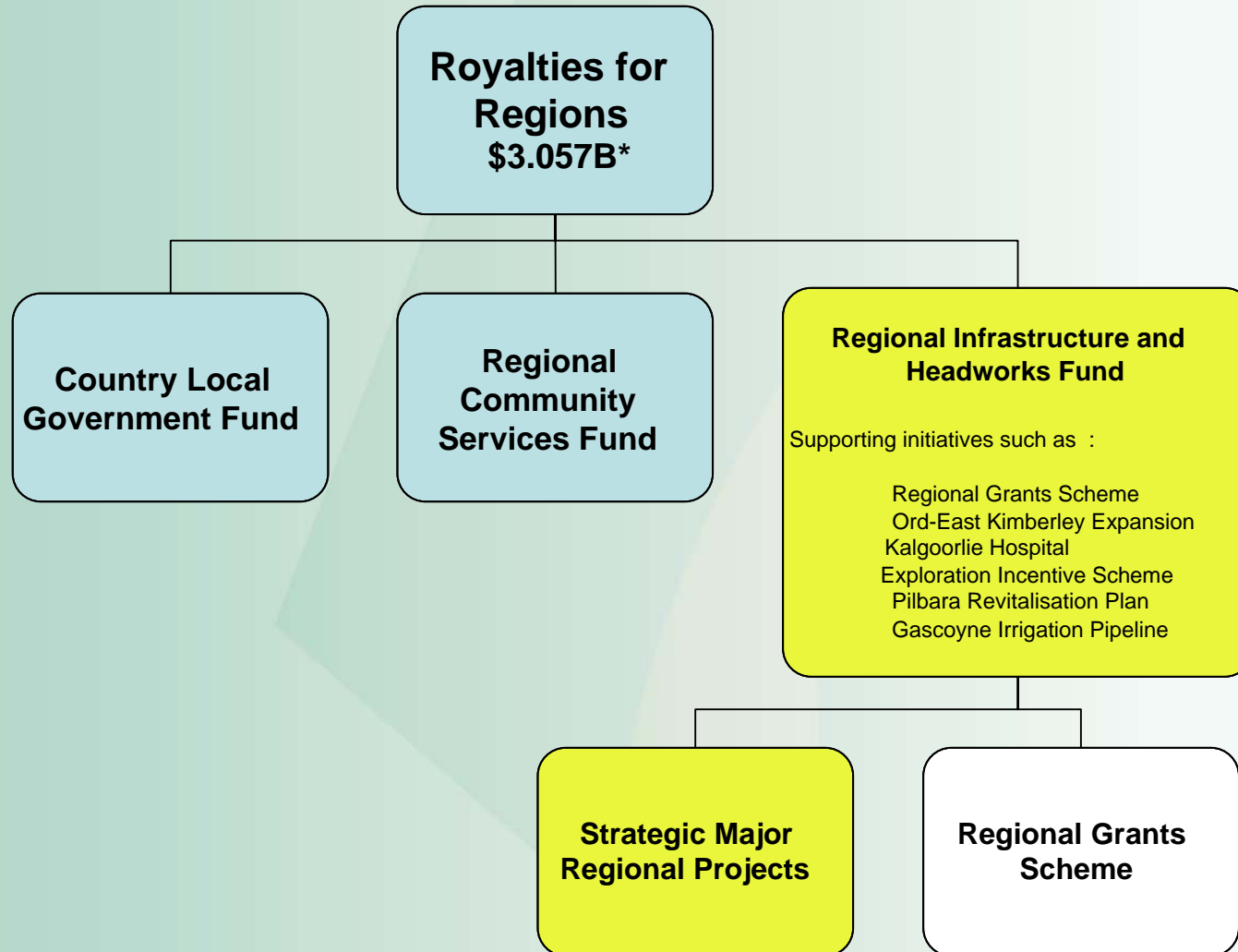
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2. REGIONAL COMMUNITY SERVICES FUND

Supports services and programs which improve the quality of life for regional residents such as the:

- ❑ Patient Assisted Travel Scheme
- ❑ Boarding Away from Home Allowance
- ❑ Royal Flying Doctor Service
- ❑ Community Resource Centre Program (formerly Telecentres)
- ❑ Country Age Pension Fuel Card





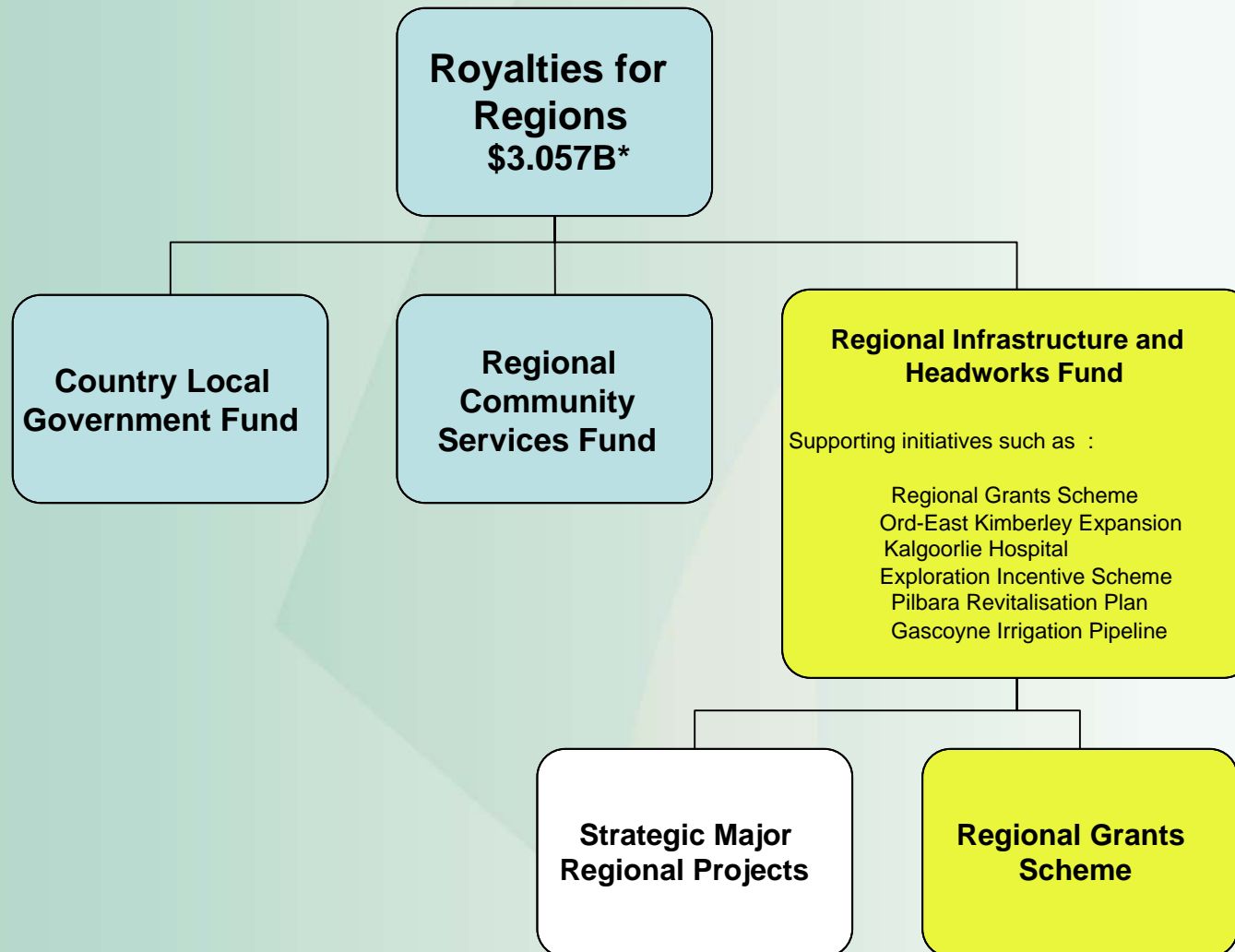
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REGIONAL INFRASTRUCTURE AND HEADWORKS FUND

3a. Strategic Major Regional Projects

Are acknowledged as being of strategic importance to the State and apply broadly across a region.

- ❑ Ord-East Kimberley Expansion
- ❑ Pilbara Revitalisation Plan
- ❑ Housing for essential workers
- ❑ Regional Hospitals – Kalgoorlie, Nickol Bay and Albany
- ❑ Exploration Incentive Scheme
- ❑ Gascoyne Irrigation Pipeline
- ❑ Regional Airport Development Scheme
- ❑ Northern Towns Development Fund
- ❑ Bunbury to Albany Gas Pipeline



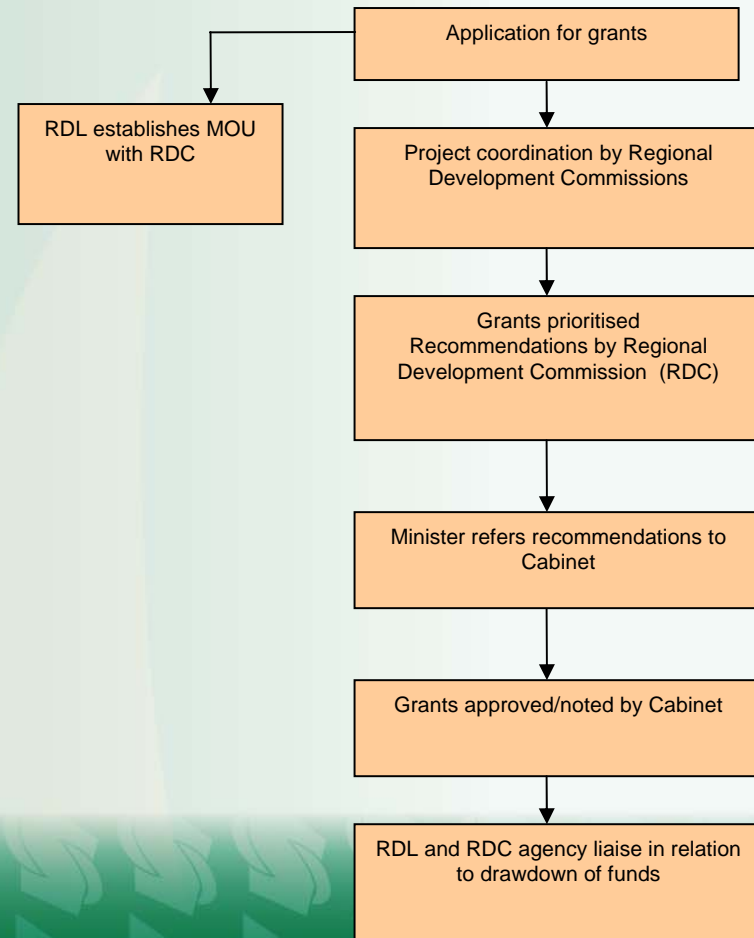
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THE REGIONAL INFRASTRUCTURE AND HEADWORKS FUND

3b. Regional Grants Scheme

Contestable funding

- ❑ Provides new opportunities for local communities to improve and develop infrastructure and services in regional WA
- ❑ Provides funding for local services and infrastructure projects
- ❑ Encourages leveraging opportunities
- ❑ Prioritised according to regional needs



THANK YOU

