

OUR REF: 276020

Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

Dear Sir

**INQUIRY INTO MICROECONOMIC REFORM IN WESTERN AUSTRALIA
DRAFT REPORT**

I refer to the above Draft Report, the thirty one recommendations it has made and the calling for submissions on the report.

Council is particular concerned about recommendation 4 *'Repeal the Royalties for Regions legislation, or restrict regional funding to an amount determined annually as part of the Budget process and guided by appropriate cost benefit analysis on a project-by-project basis.'*

As you are no doubt aware, as part of the Royalties for Regions (R4R) program a Country Local Government Fund (CLGF) of \$100 million dollars was established. For a number of years local governments in this State have been calling on the State Government to assist in the funding of the infrastructure backlog that has continued to get worse and placed enormous pressure on individual local governments to meet this shortfall with ever decreasing funds.

The allocation of the CLGF fund has allowed local governments to address this issue over the last five years and whilst it is accepted that metropolitan local governments have not had access to this fund, it has greatly assisted regional local governments, who amongst other infrastructure have a much larger proportion of roads under their control, and hence financial responsibility, than do the metropolitan local governments. It is just disappointing that a political decision has been made to withdraw this annual allocation as it has substantially improved the quality of infrastructure and community facilities available to people living in regional Western Australia and an ongoing allocation would have in time assisted in removing the inequality that current exists between metropolitan and regional areas.

The State Government under its various State Planning Strategies is promoting and seeking to encourage the location of its ever-expanding population growth, both from overseas and from within Western Australia's existing population, to take place in the regions of the State rather than the metropolitan area. For this to happen and to encourage people to live in areas outside of the metropolitan area then infrastructure and community facilities have to be provided that are comparable to the metropolitan area.



For far too long the regional areas of Western Australia have been neglected whilst funding from the State budget has continued to be spent on the metropolitan area. This has clearly been a political decision by both sides of politics over many years, given the fact that 42 of the 59 State politicians represent the Perth metropolitan electorates.

The recent substantial investment in the Pilbara area from R4R is clear evidence of what can be achieved in the regional areas of Western Australia when decisions are made based on future economic benefits to the community and the State rather political bias. This funding would not have been allocated had it been left to come from the annual State budget. There are many other examples of funding allocations to key regional infrastructures projects from R4R in other regions that would not have happened without this program being in place.

It has been claimed that R4R is not subject to the same scrutiny as that required of other government projects. Whilst not privy to the current approval process of other government projects, from the CLGF program perspective, I can say that all regional local governments were subject to very close scrutiny and had to go through a substantial approval process and scrutiny from the Department of Regional Development before funding was approved.

If you have any queries please do not hesitate to contact me on 9727 0222 or email me at info@capel.wa.gov.au.

Yours faithfully

PF SHEEDY
CHIEF EXECUTIVE OFFICER

8 May 2014