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Mr Lyndon Rowe
Chairman
Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

Dear Mr Rowe,

INQUIRY INTO MICROECONOMIC REFORM IN WESTERN AUSTRALIA – DRAFT REPORT

Thank you for the opportunity to provide comment on the Draft Report of the Economic Regulation Authority's *Inquiry into Microeconomic Reform in Western Australia*.

The comments that I would like to make on behalf of the Shire of Cranbrook relate specifically to the issue of infrastructure and recommendation four within the draft report relating to the repeal of the Royalties for Regions (R4R) legislation.

The whole premise behind the introduction of the Royalties for Regions Act 2009, was to encourage people to live, work and invest in regional Western Australia. The objective of the Act has always been to promote and facilitate economic, business and social development. Through the R4R programme, significant investment in infrastructure and service delivery has been provided that has enabled the regions to be more sustainable and economically viable.

Prior to the introduction of the R4R programme, the Shire of Cranbrook, like most small regional local governments, struggled to meet the basic infrastructure needs of its residents and ratepayers. The facilities that the Shire has been able to deliver through the R4R programme have breathed new life into the community. There is now renewed vigour and optimism in the town and the social benefit continues to pay dividends.

Since the introduction of the R4R programme in 2008, the Shire has received \$3.6m in grant funding through both the individual and regional components of the Country Local Government Fund. This funding has been applied towards infrastructure projects totalling \$6.4m. These projects have included:

- The construction of new public toilets in Frankland River
- The construction of new synthetic bowling greens in Frankland River
- The construction of a new sporting pavilion and synthetic bowling green at Frederick Square in Cranbrook
- The refurbishment of the Frankland River Hall kitchen
- The refurbishment of the Cranbrook Lesser Hall
- The construction of an amphitheatre in Frankland River
- The construction of a new cricket pitch at Frankland River
- The upgrading and provision of additional facilities at the Frankland River Caravan Park

- The renovation and fit-out of the old sporting club in Cranbrook to transform it into a new landcare and sustainable farming practice facility – Gillamii Centre
- The purchase of the IGA building in Cranbrook (Cranbrook Community Centre Project)
- The construction of new footpaths in Cranbrook and Frankland River
- The resurfacing of the Cranbrook Hardcourts for sporting activities
- The construction of shade sails over the Frankland River Amphitheatre
- Town centre enhancement upgrades to both Cranbrook and Frankland River
- Energy efficiency improvements to council buildings
- Creation of a new Archive Repository in Broomehill in partnership with the Southern Link VROC (Shires of Cranbrook, Broomehill Tambellup, Kojonup, and Plantagenet)
- Waste facility upgrades at Cranbrook and Frankland River and the creation of new Waste Transfer Stations at both locations
- A water harvesting project in Cranbrook in partnership with CBH
- The construction of aged care facilities in Cranbrook (to commence 2014)
- The construction of eight new residential accommodation units in Cranbrook
- The purchase of a transportable, on site, self-contained park home for the Cranbrook Caravan Park

Simply put, all of these projects would not have been possible without R4R grant funding. To recommend in the draft report that regional funding should be restricted to an amount determined annually as part of the budget process, effectively sounds the death knell for future infrastructure investment in regional Western Australia. There is no way that regions will be able to compete for scarce resources within the constraints of a budget process that is under enormous pressure and heavily skewed towards current and future capital works requirements in the City of Perth and the wider metropolitan area. The scale of the current capital works projects in Perth such as the two new hospitals, Elizabeth Quay development and the new Perth Stadium, will consume most, if not all, of the available capital works budget for the foreseeable future. It is unlikely that a new basketball court in a regional centre would be viewed as a priority within the proposed budget context, despite the social benefit that would accrue from such a worthwhile initiative.

The comment in the Draft Report that the R4R programme is not subject to the same scrutiny as other projects is incorrect. When compared to other State Government programmes, R4R has the most comprehensive and rigorous administration and reporting and compliance requirements of any of them. When the programme was launched, there was a tendency for some local authorities to play catch up with their infrastructure renewal requirements. This is not surprising given the lack of funding for regional development in regional areas over the past three decades.

The R4R programme continues to provide a framework to support and maintain strong and vibrant regions by funding improved infrastructure and headworks, enabling across-government strategic regional and community services projects, and providing contestable grant funding. Without the continuation of this funding life line, regional communities will not be able to build capacity and improve services. Currently, there is optimism within the community which leads to expanding opportunity and future prosperity. It is important that this momentum be maintained.

I would urge you to reconsider the recommendation to abolish the R4R programme for the benefit of not only the regions, but also the wider economy.

Yours sincerely,

Peter Northover
CHIEF EXECUTIVE OFFICER