

# Things can take a while longer in the country



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How would you like to be able to tell the Government that as things are a bit tight, you have decided not to pay your power and water bills until next year?

That is what the State Government is now saying to local communities who had committed to works programs on the expectation of Royalties for Regions funding.

Country people have long accepted that they have to wait longer for some things – mail from the city, the latest movies, broadband internet – and now they can add Royalties for Regions.

Local Government Minister John Castrilli recently advised Councils that as a result of "reduced royalties revenue and the commitment to preserving a healthy State balance sheet", \$130 million of Royalties for Regions funding will be deferred. That means that half way through the financial year the State Government has decided that it will back out of this year's funding to Councils and instead make the funds available in July.

Councils and their ratepayers are left to carry the risk of reorganising projects and contracts with suppliers all because of a State Government cash flow problem.

Mr Castrilli is just passing on the message from Treasury but having seen the projections, Councils are now asking if even the deferral is genuine. Logic suggests that if this year's allocation is indeed deferred then there should be double the amount for next financial year – the deferred amount plus next year's allocation.

However the State Government's mid-year financial projections show no such thing, rather just \$97.6m that was always allocated for 2010-11.

It also provides an insight to the State Government's priorities when faced with "reduced royalties revenue and the commitment to preserving a healthy State balance sheet".

The \$130m reduction in Royalties for Regions is just a 20 per cent cut to the overall program however Local Government loses a disproportionate 100 per cent of funding. That is the cuts to Local Government contribute three quarters of the \$130m reduction. But while Councils lose all funding under the Country Local Government Fund, the Local Government Department's take is up from \$2.5m to \$10m.

And while it's good news for country pensioners that the budget to give them each a \$500 fuel card has been increased by almost 50% to \$18.5m, you do have to question the State Government's motives.

Similarly for the New Regional and State Wide Initiatives allocation increasing from \$15.5m to \$89.6m, with no explanation as to where these funds will be spent.

Perhaps the Initiatives will include covering problems in other areas such as the \$30m hole in the Environment Department's budget after the delay in charging higher landfill levies.

Regardless of these priorities, there needs to be a better system to allocate Royalties for Regions funding otherwise it is a farce.

With Council funding entirely reliant on the current year's royalties, the final amount to be allocated can not be known until the end of the year, and as such not able to be budgeted for by Councils at the start of the year, and consequently never able to be spent.



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