



Mr Brendan Grylls MLA
Nationals WA Leader
Parliament House
Perth WA 6000

Dear Mr Grylls

LABOR'S PROPOSAL TO FORM MINORITY GOVERNMENT IN PARTNERSHIP WITH THE NATIONALS

Congratulations on running a brilliant election campaign. You have achieved your stated objective of winning the balance of power in order to secure better outcomes for regional communities. I acknowledge that you have a mandate to deliver this. Well done.

I also acknowledge, following my discussions with you this week, that you are committed to responsible financial management and stable government.

It is my strong belief that these objectives can best be achieved by the formation of a minority Labor Government in partnership with the Nationals WA.

Such a partnership would be enhanced by Labor's relationship with the Federal Government. We will be strong advocates for Commonwealth investment in regional Western Australia.

Labor's established machinery of government and experience will also allow early implementation of our agreed priorities.

Please find attached two documents which detail how such a Government could be structured and operate.

1. A Royalties to the Regions package which details Labor's proposed \$1 billion legislated investment fund along with suggestions for portfolio allocations that would provide Nationals ministers with responsibility for delivering projects and services to the regions worth more than \$2.8 billion; and
2. A draft partnership agreement between Labor and the Nationals based on the governance model developed by the Rann Government and co-signed by National Party Minister Karlene Maywald.

I would be happy to discuss these proposals further with yourself or any of your colleagues.

Finally, I wish to thank you for the mature and constructive way you entered into negotiations with me this week. I believe it augurs well for any future Government you may be a part of.

Whichever decision you make, I trust it will be in the best interests of our State.

Yours sincerely

Alan Carpenter

Alan Carpenter MLA
PREMIER

September 12, 2008.

AGREEMENT

THIS AGREEMENT made the _____ day of _____ 2008

BETWEEN the Hon Alan Carpenter MP as Premier of Western Australia and for and on behalf of the Labor Party ("Premier")

And Brendan Grylls MP (**Nationals Leader**)

- (A) The Premier leads a minority Labor Government, which came into office on (insert date).
 - (B) The Premier and the Nationals Leader agree that it is in the best interests of the people of Western Australia that three National Party members be appointed as a ministers within the Carpenter Government. In particular they agree that such an appointments will:
 - (a) Secure the position of the Government on the floor of the Legislative Assembly; and
 - (b) Make available to the Government the ministers' skills and advice.
 - (C) The minority government shall operate as a partnership between Labor and the National Party and shall not be a Coalition.
 - (D) The purpose of this Agreement is to record the political understandings reached between the Premier and the Nationals Leader as to how the partnership agreement should operate.
 - (E) The Premier and the Nationals Leader agree that Nationals ministers will have a special position in Cabinet in that, by reason of their non-affiliation with the Labor Party, there is a class of issues in respect of which it will not always be possible for the Nationals ministers to be bound by a Cabinet decision (the class is defined in clause 3 and are referred to in this Agreement as "Issues"). The agreement reached between the Premier and the Nationals Leader is intended to reduce to a minimum any matters where the Nationals ministers will not be able to agree to a decision of Cabinet, but acknowledges that when such a circumstance arises, the parties will seek to identify it as early as possible and the Nationals ministers will absent themselves from the Cabinet discussion at the earliest time.
1. This Agreement is conditional upon the approval of this Agreement by the Cabinet, the Labor Parliamentary caucus and the Western Australian Branch of the Australian Labor Party (in accordance with its rules and procedures).

The parties agree that they will each use their best endeavours to obtain the relevant approvals and that, in the event that such approvals are not obtained, they will enter into discussions to ascertain if any other like Agreement can be made.

2. APPOINTMENT AS PORTFOLIO MINISTER

The Premier will advise His Excellency the Governor to appoint the Nationals ministers to ministerial portfolios to be determined by the Premier.

- 2.1 The Nationals ministers will have authority to enter into contracts on behalf of the State for the purposes of their portfolios.
- 2.2 In each of their Ministerial capacities, the Nationals ministers will be serviced by and may give directions to the Departments to which their ministerial capacities relate.
- 2.3 The Premier will, at the request of the Nationals ministers, engage personal staff selected by the Nationals ministers, in consultation with the Premier, to assist the Nationals ministers.
- 2.4 In performing their portfolio responsibilities the Nationals ministers must give effect to (in order of priority):
 - 2.4.1 Any applicable laws or directions, instructions or orders having legal effect;
 - 2.4.2 Any decisions of the Executive Council;
 - 2.4.3 Any decisions of the Cabinet;
 - 2.4.4 Any policies agreed between the Nationals ministers and the Premier;
 - 2.4.5 Save as specified in para 2.7 of this Agreement, any relevant policies announced by the Labor Party in the 2008 Western Australian election ("Labor policies"), or subsequently.
- 2.5 Where the Nationals ministers are unable or unwilling to perform their Ministerial responsibilities in accordance with 2.4, the Nationals ministers must immediately inform the Premier of that fact, together with their reasons, and will meet with the Premier as soon as may be convenient in order to seek some accommodation between them.
- 2.6 The Nationals ministers must make every effort to provide the Premier with as much notice as possible when they are unwilling or unable to perform their Ministerial responsibilities in accordance with 2.4.
- 2.7 It is understood that the Nationals ministers may not have to comply with Labor policies in relation to:
 - 2.7.1 Issues relating to the mining of uranium; and
 - 2.7.2 Issues relating to the growing of genetically modified crops;
 - 2.7.3 Issues believed to be matters of conscience.

- 2.8 The Nationals ministers will be bound by the Ministerial Code of Conduct except as provided for in this agreement.

3. ATTENDANCE AT CABINET

- 3.1 The Nationals ministers will be provided the same Cabinet papers as every other Minister.
- 3.2 The Nationals ministers will peruse those Cabinet documents at their earliest opportunity.
- 3.3 If, after reading a Cabinet document, in the opinion of the Nationals ministers, it would be inconsistent with the Nationals ministers' non-affiliation with the Labor Party for the Nationals minister to be bound by a Cabinet decision in relation to an issue, the Nationals ministers must immediately upon reaching that opinion, inform the Premier of that fact, together with their reasons, and will meet with the Premier as soon as may be convenient in order to seek some accommodation between them in relation to the policy and/or procedure to be followed.
- 3.4 The Nationals ministers must make every effort to provide the Premier with as much notice as possible when the Nationals ministers believe a matter for decision in Cabinet will be inconsistent with the Nationals ministers' non-affiliation with the Labor Party.
- 3.5 The Nationals ministers agree that in this Agreement, the Issues will be limited to:
- 3.5.1 issues with direct and immediate effect upon the Nationals ministers' electorates;
 - 3.5.2 such other matters as the Nationals ministers have advised the Premier from time to time in writing.
- 3.6 If, after the meeting referred to in clause 3.3 of this Agreement, no other accommodation can be reached then the Nationals ministers will:
- 3.6.1 immediately return to the Cabinet office all copies of the Cabinet documents and all notes or other records relating to the Cabinet documents or copies; and
 - 3.6.2 absent themselves from that part of the Cabinet discussion where the relevant matter will be or is being discussed.
- 3.7 Even where the Nationals ministers have absented themselves from Cabinet in accordance with this clause, the Nationals ministers agree that they will not criticise, comment on or disclose the relevant policy until the policy has been publicly announced by the Government.

- 3.8 The Premier agrees that the Nationals ministers, having complied with the arrangements in this Agreement, are not subject to the usual rules of Cabinet solidarity in respect of that particular matter. In particular, the Nationals ministers, whilst remaining members of the Cabinet, may criticise the particular Government policy in relation to which the Nationals ministers absented themselves from Cabinet after the policy has been publicly announced.
- 3.9 The Nationals ministers may not divulge any of the material in any Cabinet documents and are bound by Cabinet secrecy in the same way as any Minister, notwithstanding anything in this Agreement.
- 3.10 Except as provided in this Agreement:
- (a) The Nationals ministers will be full members of Cabinet with the same entitlements to take matters to Cabinet, to discuss matters within Cabinet and to vote on matters in Cabinet as any other Minister.
 - (b) The Nationals ministers will be subject to the usual rules of Cabinet solidarity.

4. EXECUTIVE COUNCIL

- 4.1 The Nationals ministers agree that they will not provide advice directly to the Governor except with the prior approval of the Premier.
- 4.2 The Nationals Ministers agree that they will not attend an Executive Council meeting where there is on the agenda a matter upon which they absented themselves from Cabinet in accordance with clause 3 of this Agreement.

5. VOTING IN PARLIAMENT

- 5.1 Save for a matter on which the Nationals ministers have absented themselves from Cabinet in accordance with clause 3 of this Agreement, the Nationals ministers agree to support the Government in the Parliament and to vote with the Government on any matter raised in the Parliament which has received the prior approval of Cabinet.
- 5.2 The Nationals ministers are not obliged to support the Government in the Parliament nor to vote with the Government in relation to:
- 5.2.1 Matters about which they have absented themselves from Cabinet; or
 - 5.2.2 Votes concerning Issues about which they have given notice to the Premier (unless they have voted in Cabinet in relation to that Issue).

5.3 Notwithstanding clauses 3 and 5 of this Agreement, the Nationals ministers agree that for so long as they shall remain ministers in the Carpenter Government, the Nationals ministers will support the Government in relation to any "confidence" motion in the Western Australian House of Assembly.

5.4 Nationals ministers will use their best endeavours to secure the support of other Nationals members of parliament to support the government on parliamentary votes on all matters the Nationals ministers are supporting.

6. EFFECT OF AGREEMENT

The parties acknowledge that this Agreement represents their understandings and intentions, but that neither party is thereby constrained from acting in what they perceive at the time to be the best interest of the State of Western Australia. However, both parties undertake, so far as is consistent with their duty, that before taking any action to bring this Agreement to an end that party will communicate with the other with a view to reaching some accommodation consistent with the intent and purpose of this Agreement.

7. FURTHER MATTERS

7.1 Uranium mining.

It is agreed that National Party ministers will not vote in a way which would compel the Government to allow the mining of uranium in Western Australia. Further, Nationals ministers will use their best endeavours to secure the support of Nationals MP's for this position in any vote on the floor of Parliament.

7.2 GM crops

It is agreed that Labor's moratorium on the growing of commercial GM food crops, including canola, will continue. However, the Government will consider allowing the growing of other GM crops for fibre and bio-fuel purposes on the recommendation of a risk assessment to be initiated by the Minister for Agriculture.

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“ROYALTIES TO THE REGIONS” PACKAGE

SUMMARY

1. The new Government will establish a new \$1 billion Royalties to the Region Fund (see attachment A);

Attachment B provides information on the proposed financial aggregates.

2. Under a new Government, the National Party Ministers will have control over the following six portfolios:
 - Agriculture
 - Regional Development (including Royalties for the Regions Fund)
 - Regional Transport (incl Roads)
 - Regional Housing
 - Regional Power (Horizon Power)
 - Regional Education; and
 - Regional Health

The value of all of these portfolios would be significantly more than \$2.7 billion over the forward estimates. Attachment B presents some of the value of these portfolios, but this list is by no means complete.

In respect to these portfolios, departmental structures are to be reviewed to provide direct day to day responsibility to the regional minister, with issues of major or state-wide significance, or programs with significant whole of government implications, to be the joint responsibility of both the regional and state-wide Minister.

Details of these relationships are to be resolved between the Premier and Leader of the National Party with each committing to use their best endeavours to achieve amicable resolution.

A Cabinet regional services committee will be established to co-ordinate government regional services.

3. In Government the Labor and the National Party Ministers will work in partnership to implement the Labor Party's regional election commitments (these are listed in Attachment C).

In Government the Labor and the National Party Ministers will work in partnership to implement new projects in regional Western Australia, currently earmarked in the forward estimates (a number of projects that have either recently commenced or are due to commence are listed in Attachment D).

4. The new Government will provide extra funding for the RFDS and increase the boarding allowance.

PARAMETERS

- Labor's election commitments, together with its existing program will see a net debt to revenue of 42.6 per cent by 2011-12.
- The Government understands that there has been significant revenue gain due to the depreciation of the Australian Dollar. However the Government has not included this additional revenue in preparing the financial impact of the offer below as the full revenue update has not been concluded.
- The offer attached will add another \$1 billion to the forward estimates, bringing the net debt to revenue to 46.2 per cent, this is below the Government's self imposed limit of 47 per cent.
- It is not the intention of the Government to defer or cancel projects already committed to, in order to fund this package.

A NEW “ROYALTIES TO THE REGIONS” FUND

1. The Government will introduce a new “Royalties to the Regions” Fund.
2. The Government will introduce legislation to create this Fund, within the first three months of the new Government. Immediately after the Government is formed, the Fund will be established administratively.
3. The “Royalties to the Regions” Fund will be set at a value of \$1 billion, indexed annually by CPI.
4. The legislation will require that at the first day of each financial year the fund hold \$1 billion.
5. Each year funds will be drawn from the RTR fund, and the RTR Fund will be replenished by the amount drawn.
6. The draw down amount will be assessed each year during the Budget process.
7. The Minister for Regional Development will have ministerial responsibility for the RTR Fund.
8. A Royalties for the Regions Commission/Council will be created. It will be a statutory body that would comprise Commissioners with expertise and knowledge of regional development and community capacity building.
9. The RTR Fund will be in two parts, with one part administered by the Commission and another directly by the Minister. The funding available under each part will be determined by the ERC.
10. In respect to the first part administered by the Commission. The Minister for Regional Development will determine the range of programs to be funded. The Commission will advise the Minister of the specific projects to be funded under the recommended programs. The Minister will provide regular reports to Cabinet of the list of projects recommended for funding.
11. In respect to the second part of the Fund, the Minister can make recommendations to the Cabinet for expenditure for services and infrastructure across regional Western Australia. These will ordinarily be major projects.
12. Over the forward estimates 2008-09 to 2011-12 a total drawdown of \$1 billion is agreed. This is a minimum figure that can be revised upwards subject to agreement of the Cabinet, informed by the Budgetary situation.

FINANCIAL AGGREGATES						
	08-09 000\$	09-10 000\$	10-11 000\$	11-12 000\$	Total 000\$	
1 New Royalties for the Regions Fund *	150,000	250,000	300,000	300,000	1,000,000	
2 Agriculture Department of Regional Development (estimate only)	157,695	175,411	214,715	219,001	766,822	
Capital	30,000	30,000	10,000	10,000	80,000	
Regional Roads (estimate only)	489,985	409,208	376,596	358,420	1,634,209	Assume 60% of roads capital is allocated to regional roads.
Capital						
Maintenance	240,000	240,000	240,000	240,000	960,000	Assume 50% of maintenance budget is allocated to regional roads
Regional Housing (Estimate)	165,852	115,248	91,903	75,875	448,878	Assume 25% of public housing in the regions.
Horizon Energy	123,311	98,375	64,245	62,581	348,512	
Sub-Total	1,206,843	1,068,242	997,459	965,877	4,238,421	
3 Labor's regional election commitments	35,157	156,119	150,317	105,334	446,927	
4 Other programs	7,500	7,500	7,500	7,500	30,000	
Total	1,399,500	1,481,861	1,455,276	1,378,711	5,715,348	

* The Royalties for Regions Fund is worth \$1 billion. The line in the table shows the predicted annual drawdown from this Fund.

** The Education and Health metro/regional allocation has not been included as reliable estimates could not be produced in the time available.

Labor's Election commitments for Regional Western Australia (Capital only)

	08-09	09-10	10-11	11-12	Total
Police and Justice					
Fitzroy Crossing (\$7.46m)	250	7,010	200		7,460
Mt Magnet (\$4.69m)	100	4,140	450		4,690
Manjimup (\$5.4m)	520	4,780	100		5,400
Regional Radio Network (\$31.272m)		20,071	11,201		31,272
Health					
Albany Hospital	5,087	20,618	34,466	26,334	86,505
Kalgoorlie Hospital (\$54.8m)		7,400	7,400		14,800
Education					
Toilet, admin, covered assembly etc	4,000	4,000	4,000	4,000	16,000
School Maintenance	9,500	23,000	23,500	19,000	75,000
School Improvements (Detailed breakdown below)	500	15,150	25,000	19,000	59,650
Geraldton SC			5,000		5,000
Hedland SHS			7,000		7,000
Donnybrook DHS				5,000	5,000
Albany SHS		500		2,000	2,500

Bunbury SHS	Election commitment				2,000	2,000
Broome SHS	Election commitment				5,000	5,000
Dalyelup PS	Election commitment	100				100
Kununurra DHS	Election commitment	4,000			6,000	10,000
Exmouth DHS	Election commitment			5,000		5,000
Dongara DHS	Election commitment			7,000		7,000
Wyndham DHS	Election commitment	100				100
Halls Creek DHS	Election commitment	2,000				2,000
Bunbury PS	Election commitment	2,000				2,000
Wilson Park PS	Election commitment	500				500
Yakamia PS	Election commitment	3,000				3,000
Boyanup PS	Election commitment	100				500
Dardanup PS	Election commitment	100				500
River Valley PS	Election commitment	100				100
South Bunbury PS	Election commitment	1,000				1,000
Flinders Park PS	Election commitment	100				100
Belmay PS	Election commitment	1,000				1,000
Newman PS	Election commitment	150				150

Pegs Creek PS	Election commitment	100				100
Other						
Ord River Irrigation Area (\$30m)	Election commitment		8,000	10,000	12,000	30,000
South Hedland Town Centre Revitalisation (\$22.2m)	Election commitment	8,200	11,000	3,000		22,200
Regional Racecourse Infrastructure Grants Program (\$30m)	Election commitment	6,000	6,000	6,000	6,000	24,000
Greenbushes to Bunbury Railway (\$5.5m)	Election commitment		5,500			5,500
Tantabiddi Boat Ramp	Election commitment		3,000			3,000
Collie Town Centre Revitalisation	Election commitment		500			500
Menzies Town Centre Upgrade	Election commitment		500			500
Bunbury Naval Cadets	Election commitment	400				400
Balingup Main Street Redevelopment	Election commitment		300			300
Albany Lions Community Respite Centre	Election commitment	100				100
Total election commitments		35,157	156,119	150,317	105,334	446,927

New Projects In Existing Forward Estimates (Capital only)

	08-09	09-10	10-11	11-12	Total
Police and Justice					
South Hedland (\$17.7m)	9,413	3,254			12,667
Pilbara District (\$17.5m)	10,150	3,085			13,235
Blackstone MFPF (\$6.9m)	6,433				6,433
Kalgoorlie Court Upgrade (\$30.7m)	10,159	16,990			27,149
Carnarvon Police and Justice Complex - Court and Tribunal Services (\$25.5m)	8,524	17,048			25,572
Carnarvon Police and Justice Complex - Police Station (\$12.5m)	290	1,165	9,512	500	11,467
Kimberley Prison 1 and Work Camp (\$103 million)	3,820	25,260	46,200	28,250	103,530
Health					
Kalgoorlie Hospital (\$54.8m)	2,800	10,720	17,430	8,680	39,630
Broome Hospital (\$42m)	11,692	9,628	3,863		25,183
Radiotherapy Facility in Bunbury (\$15m)		6,000	3,000		9,000
Hedland Hospital (\$152.8m)	55,766	47,852	25,414	1,400	130,432
Esperance Integrated District Health Service (\$13m)		900	4,500	7,000	12,400
Busselton Hospital (\$77.4m)	9,288	16,254	28,639	22,290	76,471
Wyndham Health Centre (\$4.5m)	3,937				3,937
Education					
Karratha Education Precinct - Senior School (\$31.5m)	9,500				9,500
Karratha Education Precinct - Middle School (\$46m)	3,500	26,000	16,500		46,000

Karratha Primary School (\$26m)	Fwd Est	1,000	20,000	5,000	26,000
Albany Residential College	Fwd Est	4,326	3,600		7,926
Other					
Carnarvon Power Strategy (\$70.9m)	Fwd Est		26,020	20,265	68,701
New berth at Port Hedland Port (\$225m)	Fwd Est	155,000	55,500		210,500
Albany Waterfront	Fwd Est	36,544	500		37,044
Albany Entertainment Centre	Fwd Est	30,849	25,720	10,274	66,843
Connect Grange Resources iron ore mine at Southdown to power grid	Fwd Est	4,584	37,217	72,200	177,601
Upgrade of Great Northern Highway (\$188m)	Fwd Est		5,047	25,000	82,047
Upgrade of Great Northern Highway (\$12m)	Fwd Est	11,591	442		12,033
Bunbury Waterfront (\$48.3m)	Fwd Est	5,485	10,504	10,504	37,415
New 360 km electricity transmission line from Pinjar to Geraldton (\$294.9 m)	Fwd Est	75,659	121,128	78,708	291,008
Stage 2 Geraldton Southern Transport Corridor (\$57.2m)	Fwd Est	25,000	30,000	1,431	56,431
Grasmere Wind Farm (\$6.9m)	Fwd Est	1,569	3,347	1,934	6,999
Mumbida Wind Farm (\$18.4m)	Fwd Est	4,125	8,799	5,083	18,399
Total		501,004	531,980	385,457	1,651,553