



GOVERNMENT OF
WESTERN AUSTRALIA

Structuring Regional Development for the Future

***A Review of the Functions and Responsibilities of
Regional Development Commissions***

November 2010

The Review Committee

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Scope of the Review¹

Request from the Minister for Regional Development for a review so as to advise the Economic and Expenditure Reform Committee on the future of Regional Development Commissions and regional development

A Review of the Functions and Responsibilities of Regional Development Commissions²

The review committee will consider and report on the functions, responsibilities and structures of Regional Development Commissions, having regard to:

- The effectiveness and cost efficiency of the RDCs in achieving their objects and functions specified in Section 23 of the *Regional Development Commissions Act 1993*³;
- The effectiveness of the existing model in achieving the Liberal-National Government's commitments to regional development, having regard to any overlap, duplication of effort and approaches in other jurisdictions;
- Any improvements in government service delivery for regional development considering governance arrangements, administrative operations, regional decision-making, regional accountability, avoidance of duplication and the roles and responsibilities of other agencies and organisations; and,
- Legislative amendments that may be required.

Referred: 17 March 2010

Due: 30 September 2010

Extended to: 30 November 2010

Table of Contents

THE REVIEW COMMITTEE – MEMBERS AND STAFF	ii
SCOPE OF THE REVIEW	iii
CHAIR’S FOREWORD	viii
ACKNOWLEDGEMENTS	1
RECOMMENDATIONS	2
TERMINOLOGY, ACRONYMS AND ABBREVIATIONS	6
PART ONE: INTRODUCTION	8
Chapter 1: How we approached the review	8
1.1 Conduct of the review.....	8
Chapter 2: Background	9
2.1 History.....	9
2.2 A unique model.....	10
2.3 A changing context.....	12
2.4 RDCs’ legal status.....	13
Chapter 3: Regional development elsewhere	15
3.1 Regional development in Australia.....	15
3.2 Regional development internationally.....	21
3.3 Conclusions.....	24

PART TWO: WHAT WE WERE TOLD	25
Chapter 4: Consultation part one - meetings	25
4.1 By the Regional Development Commissions	25
4.2 By directors general/CEOs	26
4.3 By targeted stakeholders	28
4.4 Conclusions	29
Chapter 5: Consultation part two - submissions	30
5.1 Issues paper	30
5.2 Invitation to make submissions	31
5.3 Who responded	31
Chapter 6: Consultation part three - analysis of submissions	32
6.1 How should government be organised to improve services and support for regional development?	32
6.2 How are Regional Development Commissions performing?	38
6.3 Notable submissions	46
6.4 Conclusions	47
Chapter 7: A consultant's perspective	48
7.1 The consultant's brief	48
7.2 Methodology	48
7.3 Key findings and opportunities for improvement	49
7.4 Conclusions	52
PART THREE: HOW TO STRUCTURE REGIONAL DEVELOPMENT	53
Chapter: Structuring regional development	53
8.1 Why have regional development?	53
8.2 Guiding principles	54
8.3 The new regional development paradigm – horizontal and vertical integration	55
8.4 Royalties for Regions	57
8.5 Regional governance	58
8.6 Realising human capital	59
8.7 Leadership and skills	61
8.8 Regional blueprints	63
8.9 Sustainability	64
8.10 Local government	65

PART FOUR: CONCLUSIONS AND RECOMMENDATIONS	66
Chapter 9: Conclusions and recommendations	66
9.1 Introduction	66
9.2 The effectiveness and cost efficiency of the RDCs in achieving their objects and functions specified in Section 23 of the <i>Regional Development Commissions Act 1993</i> and the effectiveness of the existing model in achieving the Liberal-National Government's commitments to regional development, having regard to any overlap, duplication of effort and approaches in other jurisdictions.	67
9.3 Any improvements in government service delivery for regional development considering governance arrangements, administrative operations, regional decision-making, regional accountability, avoidance of duplication and the roles and responsibilities of other agencies and organisations.	67
9.3.1 Introduction	67
A new structure for Regional Development Commissions	
Roles and responsibilities	
Management	
Advantages and disadvantages	
9.3.2 Governance, financial and administrative matters	71
Western Australian Regional Development Commission (WARDC)	
Governance	
Administration	
RDC-Regions	
Governance	
Administration	
Employment powers	
Location	
Budgets	
9.3.3 Functions and powers of the RDC-Regions	74
Sources of functions and powers for RDC-Regions	
Reviewing functions – general approach	
Reviewing functions – general context	
Reviewing functions – principles	
Roles not supported	
Roles supported	
Reviewing functions – detailed roles and responsibilities	
Reviewing functions – future directions	

9.3.4 Functions and powers of the WARDC.....	80
Reviewing functions – detailed roles and responsibilities	
9.3.5 Benefits of the new structure.....	81
9.3.6 Other necessary changes.....	81
Skills assessment	
Performance management and accountability framework	
Review of all government agency boundaries	
Directors general group for regional development	
Framework for regional forums	
Working with Department of Indigenous Affairs on models for realising human capital	
Review by all government agencies towards regional collocation	
Framework for strategic plans/blueprints	
9.3.7 Integration of regional development, planning and local government in the Pilbara.....	85
9.3.8 Recommendations.....	88
9.4 Legislative amendments that will be required.....	91

ENDNOTES..... 92

ATTACHMENTS TO REPORT (SEPARATE DOCUMENT)

1. Review of the Functions and Responsibilities of Regional Development Commissions - Terms of Reference
2. Review of the Functions and Responsibilities of Regional Development Commissions - Issues Paper
3. Review of the Functions and Responsibilities of Regional Development Commissions – Responses to the Issues Paper – Submissions and Consultations: A Summary Report (Final Edition)
4. PricewaterhouseCoopers Report – Effectiveness and Cost Efficiency of the Regional Development Commissions in achieving their objects specified in Section 23 of the *Regional Development Commissions Act 1993*
5. Report of the Review of the *Regional Development Commissions Act 1993* (June 2004)
6. *Regional Development Commissions Act 1993*

Chair's Foreword

In the eight months since I began as Chair of the Review into the Functions and Responsibilities of Regional Development Commissions (RDCs) the political landscape for regional Australia has changed significantly. The election of three independent regional Federal Members of Parliament to a balance of power position in Canberra has brought about increased political recognition of the economic importance of investment in sustainable and enduring regional development across the nation.

This national shift in regional focus follows the change of government in Western Australia in September 2008 that resulted in more robust regional investment through the Royalties for Regions (R4R) program, which sets aside the equivalent of 25 per cent of all mining and onshore petroleum royalties for investment in regional infrastructure and community projects, over and above normal budgeted government expenditure.

I believe this review is timely because with significantly increased investment into the regions can come risk, as well as opportunity. The risks can include failure to deliver outcomes, duplications and overlaps, and lack of capacity. The review allows us to reflect on the delivery structures and systems of the RDCs and determine what can best support our future investments in regional Western Australia.

Regional governance is important to any change. Local decision-making should be a cornerstone for regional investment by all tiers of government. A focus of this review has been to ensure this mantra endures, especially in relation to Royalties for Regions (R4R) investment which is now enshrined in the *Royalties for Regions Act 2009*. By 2013-14, more than \$4.2 billion will have been invested in regional Western Australia through this program.

We need to bring regional government into the 21st Century and ensure that by empowering our communities they will thrive. State Government, and just as importantly, local governments, the Commonwealth (through the Regional Development Australia organisations) and not-for-profit partners, need the capacity to work together on the ground for localised decision-making. This objective has been outlined in the State Government's Economic Audit Committee report, which was a catalyst for this review.

This review has allowed us to garner ideas from organisations and individuals right across the Western Australian spectrum. It has been a valuable reminder of the aspirations, insights, vision and ideas that can come from people in all walks of life: experts, community and industry leaders and local champions. The responses to the review have been overwhelmingly positive, constructive and ambitious.

As with any review of this kind, we have received a vast array of differing opinions and suggestions on how we can strengthen regional development for the future. Not all of these form part of our conclusions or recommendations, but they have assisted us in our deliberations and, importantly, in being informed on the different views of our communities.

We received 207 submissions and, to ensure objectivity, we sought the advice of an independent consultant to assist in analysing these. We interviewed and met many interested parties, including local government members and WALGA, directors general of State government agencies, politicians (past and present), as well as members of the public and community groups. Without exception there was a passion and intense interest in the questions we were being asked to address.

Local government again showed itself to be a key partner in regional development.

Discussions with stakeholders centred mainly on the importance of providing RDCs — or whatever entity is created — with status, capacity and purpose to deliver on a reinvigorated regional development agenda for the future.

We organised meetings in Queensland and Victoria so that we could familiarise ourselves with the structures and experiences of other jurisdictions. If regional governance in Western Australia were to be measured against jurisdictions elsewhere in Australia, then the RDC model, with its local staff, CEO and board, would stand out against all other systems, which are broadly centralist in nature.

We also contracted PricewaterhouseCoopers (PWC) on the efficiency and cost-effectiveness of the RDCs. They concluded:

- At the time of PWCs visits in July and August 2010 the operating environment of the RDCs was efficient, although most were at full capacity and were forecasting increased headcounts. The weaknesses of the RDCs lay in their capacity to marshal, co-ordinate and prioritise the allocation of resources in order to efficiently support their regional objectives.
- With increasing R4R funding and the RDCs reaching capacity, a step change is needed to ensure the RDCs continue to meet their objectives. Possible changes include increased resourcing and more effective use of the resources available and/or an increase in productivity by centralising processes such as R4R administration, reporting and back-office functions.

From this evidence we have developed a number of recommendations. In summary these are:

- That a new statutory authority should be established named the Western Australian Regional Development Commission (WARDC), with the current RDCs becoming regional offices of the WARDC (to be known as RDC – and then the name of region, eg. RDC – Pilbara). Each regional office should retain its own board, guiding the functions and priorities of the regional office.
- That the WARDC should have its own chief executive officer and should be serviced by the Department of Regional Development and Lands (RDL) for its ancillary and support services, such as corporate services, grant administration and assistance with policy, research, strategic issues and co-ordination. To ensure collaboration across departments and agencies, the WARDC should initially be located in the metropolitan area.
- That the Minister should define the roles and responsibilities for the WARDC and regional offices of the WARDC. Importantly, this should include RDC-Regions developing a pre-eminent regional development plan for the region.
- That structural reforms should be supported by:
 - a skills assessment of the new WARDC and RDL to ensure they are equipped to deliver new roles;
 - the Minister developing a performance management and accountability framework for agencies under the portfolio;
 - the Minister arranging a review of government agency regional boundaries;
 - a group at chief executive officer level facilitating cross-agency collaboration on regional development;
 - the Minister developing a framework for monitoring regional partnerships and forums to ensure their efficiency in achieving horizontal integration and providing ongoing support and guidelines;
 - RDL and the Department of Indigenous Affairs identifying solutions to enhance Aboriginal partnership and governance with a view to developing a policy position for Cabinet; and
 - all state agencies undertaking a review of their regional locations.
- That a working party be created to strengthen integration of statutory land use planning, regional development and local government service delivery in the Pilbara Region.

Chair's Foreword (continued)

Each of these recommendations is worthy of implementation. They have the advantage of providing:

- for a new peak body with its own executive chair and staff whose work will be focused on setting strategic directions, policy and prioritisation, and strategies common to all RDC-Regions;
- Ministerially appointed RDC-Regions boards with enhanced functional strength, greater strategic thinking, and wider regional development planning and decision-making roles;
- for the development of blueprints that will set the future directions of a region;
- efficiencies in non-core work being undertaken by RDL, that will better support RDC-Regions;
- a foundation for integration of players at the regional, state and Commonwealth levels;
- a basis for all government agencies to review their regional operations and boundaries;
- a way forward on the issue of making Aboriginal partnership and governance work in practice; and
- a more sound basis for R4R investments.

Our recommendations should be seen as a package leading to a coherent and comprehensive reform agenda for regional development, rather than read separately. Real reform on regional development will take time and considerable political will and administrative efforts.

In reading this report:

- Part 1 provides an introduction to the review and background information, as well as how regional development operates elsewhere in Australia and internationally.
- Part 2 details what the review was told, including a statistical breakdown of submissions and the PricewaterhouseCoopers examination.
- Part 3 reflects the review's deliberations on a number of key themes.
- Part 4 contains the review's conclusions and recommendations.

I commend this report to the Minister for Regional Development on behalf of the committee.



Wendy Duncan MLC
Chair,
Review of the Functions and Responsibilities of
Regional Development Commissions

25 November 2010

Acknowledgements

The review received 207 submissions, which is a very impressive number considering the complexity of issues on which stakeholders were asked to respond.

Many of the submissions were comprehensive in their coverage of the issues and reflect considerable application and work in preparing a response.

The committee is grateful for the time and efforts made by representative bodies, such as local governments and industry bodies, who garnered a consensus from their members to provide a unified viewpoint. It is appreciated that this may not have been easy.

The committee acknowledges the contributions and goodwill from the Regional Development Commissions. It is never easy being reviewed and their co-operation reflects their very real commitment to regional development and local communities.

The Department of Regional Development and Lands provided the review with quality executive support and we acknowledge that this has greatly facilitated our work.

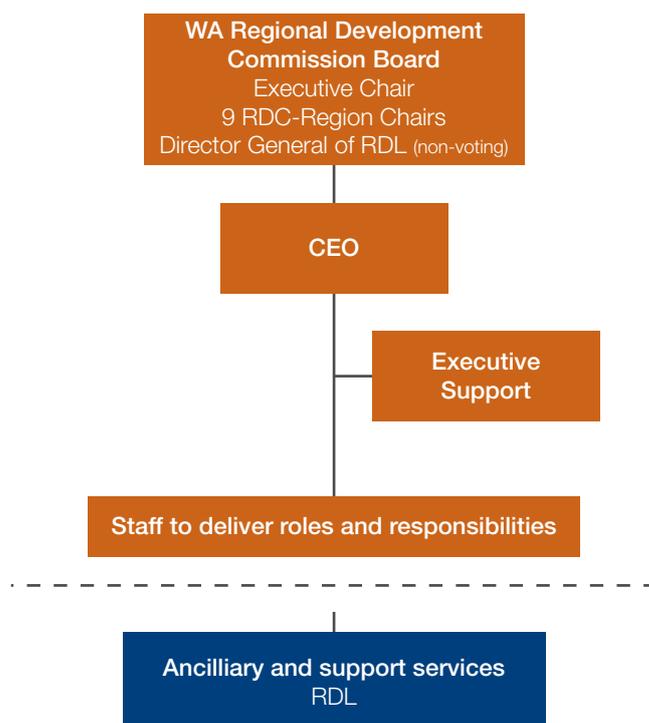
Finally, we are grateful to the many dozens of people who actively expressed their views and provided reflections on regional development matters and the role of RDCs. The importance of these issues, and the general enthusiasm for stronger regional development, are reflected in this report.

Recommendations

A new structure for Regional Development Commissions

The Review of the Functions and Responsibilities of Regional Development Commissions recommends that:

A new statutory authority be established named the Western Australian Regional Development Commission (WARDC)



1. A single statutory authority be established called the Western Australian Regional Development Commission (WARDC), with the current Regional Development Commissions (RDCs) becoming regional offices of the WARDC (to be known as RDC – and then the name of region, eg. RDC – Pilbara). The WARDC will be the employing authority of its staff, and some existing RDC staff will be transferred to the Department of Regional Development and Lands (RDL) with the transfer of ancillary and support services – see recommendation 4. Each regional office will retain its own board, guiding the functions and priorities of the regional office.

Membership of the WARDC

2. The membership of the Board of the WARDC be comprised of an executive chair, appointed by the Minister for Regional Development (the Minister), chairs of the regional offices board, and one non-voting ex-officio member: the Director General of RDL.

Executive leadership of the WARDC

3. The WARDC chief executive officer be employed under section 45 of the *Public Sector Management Act 1994*.

Service-level agreement between the WARDC and the Department of Regional Development and Lands

4. Given the strategic role of the WARDC, and the geographical service areas, consideration be given to entering into a service-level agreement with RDL for ancillary and support services, such as corporate services, grant administration and assistance with policy, research, strategic issues and co-ordination. For regional offices of the WARDC, this will enable them to focus on priority work areas.

WARDC regional office board membership

5. Each regional office board membership be comprised of a minimum of five members appointed by the Minister based on experience, skills and competencies related to the region.

Location of the WARDC

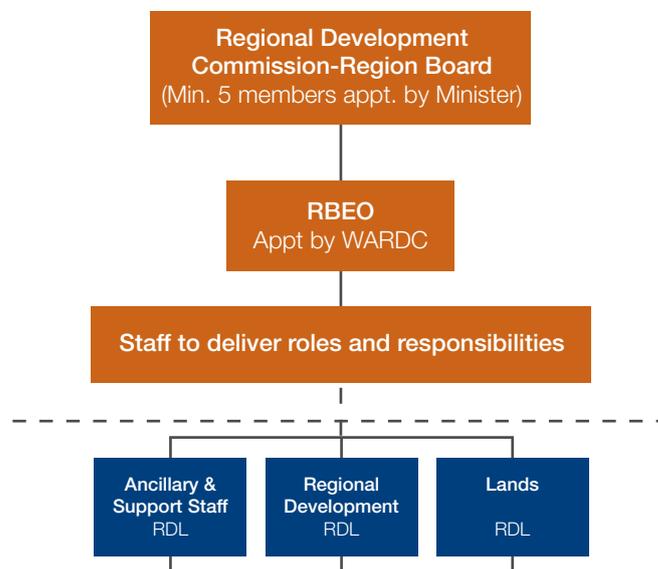
6. To ensure collaboration across departments and agencies, the WARDC be initially located in the metropolitan area.

WARDC roles and responsibilities

7. The Minister develop the WARDC's roles and responsibilities to include:
 - 7.1 coordinating and consulting with key government and non-government agencies, organisations and stakeholders on regional development policy;
 - 7.2 developing a state-wide perspective on regional conditions, including market failures and opportunities for growth;
 - 7.3 providing state-wide views, plans, advice and recommendations to the Minister;
 - 7.4 creating a framework for the development of a regional blueprint to manage growth in a sustainable way, ensuring the integration of government planning, and as a resource for industry and not-for-profit organisations;
 - 7.5 delivering on policy requirements and facilitating joint regional office initiatives relating to regional development that individual offices cannot meet;
 - 7.6 recommending to the Minister prioritisation of Royalties for Regions grants allocation for disbursement by the regional offices of the WARDC, working with the Western Australian Regional Development Trust;
 - 7.7 providing a general managerial and administrative oversight role for the regional offices of the WARDC, including —
 - 7.7.1 endorsement of the appointment and deployment of staff;
 - 7.7.2 strategic financial resource management;
 - 7.7.3 endorsement of strategic, business and operational plans;
 - 7.7.4 endorsement and monitoring of regional objectives; and
 - 7.7.5 peer assessment and evaluation.

Recommendations

Regional offices of the WARDC — roles and responsibilities



8. The Minister develops regional offices of the WARDC with roles and responsibilities to include:

8.1 being the lead coordinator in the regions, for the purpose of coordinating the multiplicity of government and non-government efforts;

8.2 proposing economic and social growth initiatives, including through Royalties for Regions grant funding;

8.3 monitoring regional social and economic development, including market failure, in order to identify specific agency or whole-of-government actions;

8.4 planning to enable the development of a regional blueprint within the framework developed by the WARDC, ensuring the integration of government planning, and as a resource for industry and not-for-profit organisations. The blueprint should serve the following purposes:

8.4.1 it should be the pre-eminent regional development plan for the region, beyond any other plan, and include all government agencies in order to break down silo mentality;

8.4.2 it should reflect the input from, and have the endorsement of, all levels of government and the community in the region;

8.4.3 it should have mandated authority to ensure that the regional office of the WARDC brings people together to develop a blueprint; and

8.4.4 it should be a reference point for any relevant plan for a government department or agency.

8.5 leading on regional development integration of government, business, industry and community partners, through data collection, information provision, promotion, coordination and facilitation;

8.6 providing regional, strategic, high-level advice and recommendations to the WARDC, and through the WARDC to the Minister;

8.7 addressing regional policy matters referred by the Minister through the WARDC.

Other recommendations relating to the structural reforms

9. In supporting the structural reforms above, that the Minister considers the following:
 - 9.1 that as part of the transition to the new arrangements, a skills assessment of roles and responsibilities of the current arrangements be undertaken to ensure the new WARDC and RDL are equipped to deliver the intended outcomes of the new model;
 - 9.2 that the Minister develop a performance management and accountability framework for agencies under the portfolio;
 - 9.3 that the Minister arrange a review of government agency regional boundaries, with a view to consolidating and possibly standardising the boundaries;
 - 9.4 that an existing group be used to facilitate cross-agency collaboration on regional development at a chief executive officer level e.g. the Royalties for Regions Directors General Reference Group;
 - 9.5 that the Minister develop a framework for monitoring regional partnerships and forums to ensure their efficiency in achieving horizontal integration and providing ongoing support and guidelines, particularly relating to Regional Development Australia organisations, Natural Resource Management offices, Community Resource Centres, tourism and the Small Business Development Corporation;
 - 9.6 that RDL and the Department of Indigenous Affairs identify solutions to enhance Aboriginal partnership and governance, to realise human capital for the state, and develop a policy position for the Minister and the Minister for Indigenous Affairs, and Cabinet; and
 - 9.7 that a review of Government agency regional locations be undertaken by all agencies, to assess the option of collocation for smaller agencies or those with limited regional presence.

Working party to strengthen the integration and alignment of statutory land use planning, and regional development and local government service delivery in the Pilbara Region

10. Establish a Ministerially endorsed and mandated working party to strengthen the integration and alignment of statutory land use planning, regional development, and local government service delivery within existing legislative planning frameworks for the Pilbara region. (This accords with Economic Audit Committee recommendations 6 and 10.)

Terminology, acronyms and abbreviations

Regional development is not defined by statute but the committee endorsed the following general definition:

In Western Australia, regional development is a generic term used to describe a variety of social, economic and environmental policy, planning and funding methods that provide opportunities for individuals, families, communities and businesses, outside of large well-developed urban settings, so they are able to prosper in a sustainable fashion.

The committee released an Issues Paper⁴ in June 2010 that contained definitions that are given the same meaning in this report.

Accountability

- Being answerable for decisions and having meaningful mechanisms in place to ensure adherence to all applicable standards.

Cost efficiency

- How outputs are achieved.
- The relationship between outputs and the resources used to produce them.
- Within a structure-of-government context, the extent of overlap or duplication.

Effectiveness

- The extent to which Government's desired objectives are achieved.
- The relationship between the intended and actual results of public spending.
- Within a structure-of-government context, the extent to which:
 - an organisation requires resources and expertise in order to perform its role,
 - it has autonomy sufficient to hold confidence and trust of stakeholders,
 - to which regional participation in government activities or access to government decision-making is enabled compared with alternative models available, and
 - it has the flexibility to anticipate and respond to emerging needs.

Governance

- The set of responsibilities and practices, policies and procedures, exercised by an agency's executive, to provide strategic direction, ensure objectives are achieved, manage risks and use resources responsibly and with accountability.

We have added the following new definitions.

Hosting

- Is a term used to indicate an arrangement whereby running and maintaining services is done on someone's behalf.

Localism

- Localism supports local production and consumption of goods, local control of government, and local culture and identity.

Regional blueprint

- A plan or set of proposals that shows how regional development is going to be achieved in the longer-term.

Regional governance

- Regional governance means the governmental and non-governmental institutional arrangements whereby regional stakeholders manage regional issues.

We have used the following acronyms:

ARDC	the Australian Regional Development Council
CCI	the Chamber of Commerce and Industry
CME	the Chamber of Minerals and Energy
CEO	Chief Executive Officer
DEECI	the Queensland Department of Employment, Economic Development and Innovation
DIP	the Queensland Department of Infrastructure and Planning
DTED	the South Australian Department of Trade and Economic Development
IIB	Indigenous Implementation Board
LEADER+	“Liaison Entre Actions de Développement de l’Économie Rurale” [links between the rural economy and development actions]
LAG	local action groups (within the LEADER+ program)
MoG	Machinery of Government
MoU	Memorandum of Understanding
OBM	Outcome-Based Management
OECD	Organisation of Economic Cooperation and Development
OSBRD	the South Australian Office of Small Business and Regional Development
RBE0	Regionally Based Executive Officer
RCCC	the South Australian Regional Communities Consultative Committee
RCN	the South Australian Regional Coordination Network
RDA	Regional Development Australia
RDA-UK	Regional Development Agencies in the United Kingdom
RDC	Regional Development Commissions

RDC Act	the <i>Regional Development Commissions Act 1993</i>
RDL	the Department of Regional Development and Lands
RDV	Regional Development Victoria
R4R	Royalties for Regions
R4R Act	the <i>Royalties for Regional Act 2009</i>
PWC	PricewaterhouseCoopers
SEQRP	South East Queensland Regional Plan 2009-2031
SBFS	Surat Basin Directions Statement (Queensland)
UN	United Nations
VROC	Voluntary Regional Organisation of Councils
WALGA	the Western Australian Local Government Association
WARDC	the Western Australian Regional Development Commission

We have used the following abbreviations:

Council	the Regional Development Council
Minister	the Minister for Regional Development and Lands
RDC-Regions	Regional Development Commission - Regions
Trust	the Western Australian Regional Development Trust

Part One: Introduction

Chapter 1: How we approached the review

1.1 Conduct of the review

The Review Committee

The Review Committee was created by the Hon. Brendon Grylls MLA, Minister for Regional Development, to report on the full terms of reference. Its composition reflects wide perspectives of government and regional development.

The evidence gathering process

It was always going to be important that the committee canvassed a wide body of opinions as part of the review and give the public and stakeholders, including the RDCs themselves, ample opportunity to respond and offer suggestions. On more than one occasion it was stressed to committee members that this was to be a once-in-a-generation opportunity and that it was imperative that consultation was done correctly.

The RDC Act had been reviewed in 2004 by Professor Reg Appleyard⁵, but this was primarily a review of the workability of the legislation and not an examination of wider policy issues. The recommendations were never enacted and these have been captured generally as part of our review. Most of the recommendations related to the operations of the RDCs but of particular significance was the recommendation that RDCs should have sustainability as a key part of their role.⁶

The committee decided early on that it would gather evidence through the following:

- A comprehensive consultation process, assisted by an issues paper, which would allow the public and stakeholders to provide written and verbal submissions.
- The contracting of an independent consultant to undertake an analysis of the submissions and to report to the committee independently.
- The contracting of a top consulting firm to provide a specialist and independent examination on the efficiency and cost-effectiveness of the RDCs based on a Value for Money audit.
- Formal and informal consultations with key stakeholders, including RDC CEOs and boards.
- Desk-top research on best practice for regional development, including inter-jurisdictional comparisons.

Chapter 2: Background

2.1 History⁷

Regional development first emerged as a policy agenda for State Government with the appointment of a Minister for the North West in 1919. It is clear that the special needs of the north and its potential to contribute to the future of the State were recognised well before large-scale minerals exploitation.

Regional development in the rest of the state was largely captured through the work of the central public service with decision-making located in Perth. There were no obvious underlying policy assumptions about regional development below the 26th parallel until 1971, when a new Department for Industrial Development and Decentralisation was created.

The first network of regional offices occurred in the late 1970s through the Office of Regional Administration and the North West.

In the 1980s, new regional development bodies with statutory authority status started to form under separate legislation — for the South West, Great Southern and Mid-West. The last of these bodies to be created were the Goldfields-Esperance Development Commission in 1990 and the Pilbara Development Commission in 1992.

The incoming State Government in 1993 decided to create a common regional development basis for all regions and introduced the RDC Act, repealing previous legislation and creating nine new RDCs.

The general brief of the RDCs is to co-ordinate and promote the economic development of the regions of Western Australia. The tools of their trade include: facilitation and coordination, advocacy, promotion, information and advice.

Since 1993 a number of small amendments have refined the original RDC Act.⁸

RDCs were subject to a periodic review as required under the legislation.⁹ A review commenced in 1999 by Professor Reg Appleyard as chairman of the review panel. This continued intermittently through to June 2004 at which time the *Report of the Review of the Regional Development Commissions Act 1993* was prepared by the then Department of Local Government and Regional Development. No action has been taken on this review and its conclusions have been considered as part of our process.

Part One: Introduction

2.2 A unique model

Regional Development Commissions

The RDCs represent a unique model in Australia. They are State Government statutory authorities whose role is to facilitate and coordinate the development of the region in which they are based. Section 23 of the RDC Act defines their role to:

- Maximise job creation and improve career opportunities;
- Develop and broaden the economic base;
- Identify infrastructure services to promote economic and social development;
- Provide information and advice to promote business development;
- Seek to ensure that the general standard of government services and access to those services is comparable to that which applies in the metropolitan area; and,
- Generally take steps to encourage, promote, facilitate and monitor the economic development.

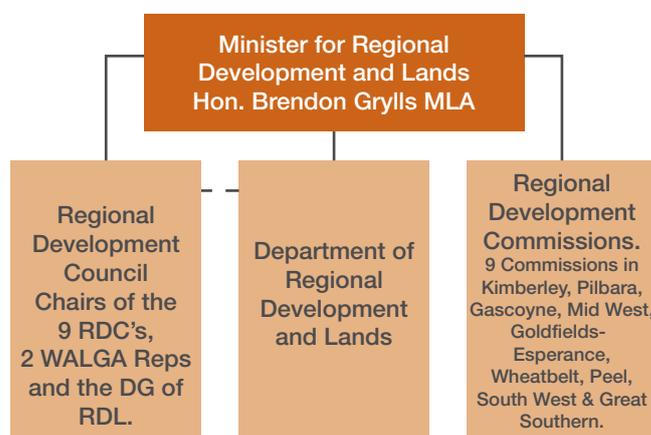
In achieving these roles the RDCs have extensive powers under section 24 of the RDC Act to draw upon including “to do all things necessary or convenient to be done for, or in connection with, the performance of its functions” and to “provide financial support in the form of a grant”.¹⁰

The RDCs have a direct relationship with their communities through their leadership by local people and location in the regions and they are directly accountable to the Minister responsible for administering the RDC Act (the Minister for Regional Development).

RDCs are governed by boards, which directly employ staff, excluding the chief executive officer. The chief executive officer is appointed and employed by the Minister for Public Sector Management. The board is the main decision-maker.

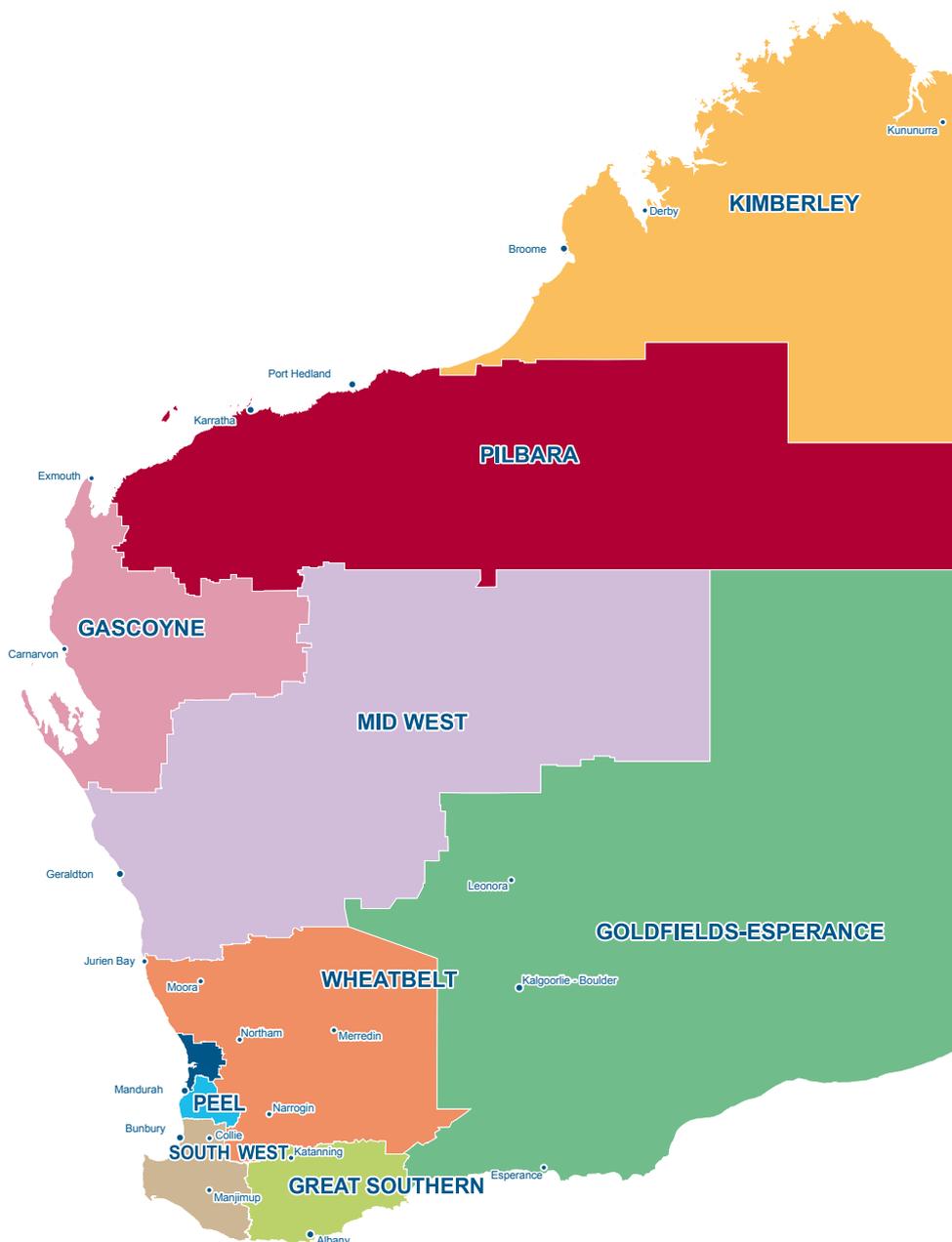
During the second reading speech of the Regional Development Commissions Bill,¹¹ the creation of RDCs was described as marking a new era for regional development administration – with each region being given historic formal recognition and equal ranking from a legislative and administrative perspective.

Below is a diagram detailing the system of reporting of the RDCs to the Minister.



RDCs have their head offices based in the region for which they are responsible. An important regional governance advantage of RDCs is that the people responsible for decisions about the direction, activities and priorities are almost all based in the region.

The geographic area which RDCs cover is defined in the RDC Act¹² and is shown on the map, which includes the locations of RDC offices.



The RDCs are small organisations, each employing between 12 and 23 full-time equivalent staff and, as a whole, the commissions employ 131 staff. Staff numbers have been fairly constant although the demands on RDCs have increased significantly over the past two years with the advent of R4R.

Part One: Introduction

Regional Development Council

At the State level, the RDCs are represented by the Regional Development Council (Council), which is the peak advisory body to the Minister on regional development issues. The legislated role of the Council is to:

- Promote development in all regions;
- Develop policy proposals on development issues;
- Facilitate liaison and coordination between RDCs and agencies; and
- Promote liaison and coordination between local, State and Commonwealth government bodies on regional issues.

The Council can also have a matter referred to it by the Minister. It consists of the chairpersons of the nine RDCs, two local government representatives and an individual appointed by the Minister in the form of the Director General of RDL.¹³

At the request of the Minister, the Council has recently adopted a significant role in administering and prioritising major projects and initiatives, such as through the Regional Strategic Projects funds, which have a total of \$302 million allocated over four years, and the Regional Capital Works Initiative, with an allocation of \$219 million over the same period.

2.3 A changing context

Machinery-of-government arrangements and support for regional development have changed since the election of the Liberal-National Government in 2008. The Department of Regional Development and Lands was established on 1 July 2009 to progress regional development across Western Australia.

Within RDL, the network of Community Resource Centres (formerly known as Telecentres) is being expanded and reinvigorated, providing community bases for information and services resources.

The Royalties for Regions Fund enabled by the *Royalties for Regions Act 2009* (R4R Act) has secured a dedicated funding source for regional development. R4R disburses the equivalent of 25 per cent of the State's mining and onshore petroleum royalties back to the regions. Components of the fund are assigned to State Government agencies, including the RDCs, and the fund is administered by RDL.

The R4R Act¹⁴ also established the Western Australian Regional Development Trust, with its role of providing high-level and wide-ranging advice to the Minister on R4R funds allocations.

A number of related machinery-of-government changes are taking place in other portfolios:

- The Department of Local Government is supporting structural reform of local government and the Minister for Planning has appointed the regional statutory planning committees to support the Western Australian Planning Commission as it prepares regional planning frameworks.
- The Economic Audit Committee in October 2009 released its report *Putting the Public First – Partnering with the Community and Business to Deliver Outcomes*.¹⁵ It stated that in five to ten years time:

“The public sector will increasingly act as a facilitator of services, rather than a direct provider, with all areas of service delivery opened to competition. Citizens in need of services will exercise control over the range of services they access and the means by which they are delivered.”¹⁶

The Economic Audit Committee's work is a useful guide to future planning and decision-making and the need to get government structures right. It included the following principles:

- Striking a balance between efficiency and responsiveness, but not at the expense of appropriate governance and accountability frameworks.
- Promoting effectiveness by encouraging close client relationships.
- Considering amalgamations where reporting is to the same portfolio minister and there are overlapping areas of responsibility.
- Examining organisational and accountability frameworks whenever a non-departmental form is appropriate.

The Economic Audit Committee also made a number of observations that the public sector needed to:

- have the flexibility to respond to the complex and changing needs of citizens;
 - focus on strategic policy as a means of ensuring that priorities are identified on the basis of citizens' needs, and pursuing the best means of addressing those priorities;
 - recognise and promote the importance of good planning as a necessary pre-condition for the efficient and effective achievement of outcomes;
 - facilitate services, rather than provide them directly, unless there is a strong case for direct provision;
 - ensure accountability and transparency without unnecessarily prescriptive processes;
 - function collaboratively to deliver improved outcomes across organisational boundaries;
 - foster innovation and appropriately manage rather than avoid risk; and
 - promote a culture of ongoing self-evaluation and improvement.
- The Australian Government has established Regional Development Australia (RDA) organisations across the nation. In Western Australia, these committees have similar boundaries as RDCs and some overlapping membership with the aim of increasing local collaboration, decision-making and alignment of State and Commonwealth funding priorities within the regions. With the new Commonwealth government's election in September 2010 has come a renewed interest and focus on regional development.
 - In 2009 Cabinet commissioned a review by ministers of all boards and committees with a view to reducing the number and in the first half of 2010 it was announced that 326 have been or

will be abolished.¹⁷

These funding and machinery-of-government changes are profound, and coupled with the increased R4R expenditure through the RDCs, there are additional capacity requirements and increased scrutiny for decision-making process as well as risk.

At its meeting on 17 March 2010, the Economic and Expenditure Reform Committee requested the Minister to conduct a review of the functions and responsibilities of RDCs and to report back to the committee before the 2010-11 mid-year review.

2.4 RDCs' legal status

During the review it was revealed that there appears to be a considerable confusion about the status of RDCs within the overarching system of government entities, and how this translates to 'independence' and workings outside the normal avenues of government bureaucracy.

Research suggests that a lack of understanding on how and where government entities fit into the broader structure of government can lead to problems such as:

- a lack of clarity on roles and responsibilities;
- a lack of transparency with the public; and,
- an inconsistent approach to managing entities across government – which leads to tension, duplication and inefficiency.¹⁸

For the purposes of management and administration, the following are the main institutional forms of government entities that can be classified in Western Australia:

- Departments;
- SES (Senior Executive Service) Organisations;
- Non-SES Organisations;
- Limited-Purpose Departments; and
- Entities Outside the Public Sector.

Part One: Introduction

As a statutory authority, the RDCs are SES Organisations¹⁹. These organisations have the following characteristics:

- They are usually established under their own constituent legislation.
- Powers are defined and confined by their constituent legislation.
- Ministers' powers of control and direction are usually defined and confined by legislation (commonly a Minister can only direct in writing; sometimes directions must be reported in an annual report or tabled in Parliament).
- CEOs are employed by the Minister for Public Sector Management.
- CEOs or the board of management are the employing authority of public servants and SES staff. (In the case of the RDCs it is the Board.)

Ministerial control and governance can be used as an indicator to determine the level of 'independence' that a government entity will have from executive government.

For example, some public utilities, such as the Water Corporation, are corporatised and thus placed at arms-length from executive government. This is so that they can run as commercial entities in competition with private sector businesses on a "level playing field". There remains some level of control by government but this is kept distant and might be exercised through a regulator.

The existence of a board of management for RDCs has been perceived by some, identified through submissions, as giving the RDCs operational independence from executive government and the Minister. However, while RDCs have a board the fact that the Commission's CEO is appointed by the Minister for Public Sector Management, and the RDCs status as a SES organisation, means that RDCs cannot be equated to government trading enterprises or bodies such as accountability agencies²⁰, in terms of their degree of independence from the executive arm of government and the responsible Minister.

However the Minister's power to direct and control each RDC is confined by the RDC Act. Thus RDCs are relatively more operationally independent from the Minister than is a department, such as RDL.

RDL also has a level of responsibility for RDCs as the 'responsible department' for the RDC Act. The RDC Act is administered by the portfolio Minister (the Minister for Regional Development and RDL is the principal agency assisting the Minister in the administration of that Act.²¹ This means that RDL is the main provider of policy advice to the responsible Minister with respect to the operation of the RDC Act.

The picture of the RDCs operational independence and relationship with State Government has changed significantly in practice with the establishment of the RDL and R4R, in which the department takes a lead role. Increasingly, the activity for RDL and the RDCs is directed towards grant distribution. The Council is also increasingly becoming involved in strategic administration and prioritisation of grants distribution across regions.

In broad terms, the level of autonomy for the RDCs is determined mainly by section 25 of the RDC Act, to the extent that, while the Minister can direct any RDC on a very broad range of matters, any direction from the Minister must be reported in the annual report of the RDC.

The boards of the RDC hold the status of 'governing' or 'management' boards. This means that they are decision-makers for their RDC, for which they employ staff, govern and are held responsible. This can be contrasted with the Council which is not a governing board or a statutory authority but an advisory board to government.²²

Chapter 3: Regional development elsewhere

3.1 Regional development in Australia

Federal Government

The new Department of Regional Australia, Regional Development and Local Government²³ was established in September 2010 to replace the former Department of Infrastructure, Transport, Regional Development and Local Government, signalling a renewed focus on regional development. The Department has responsibility for a variety of key programs:

- Infrastructure Employment programs;
- National Bike Paths projects;
- Better Regions; and
- Regional and Rural Research and Development grants.

The department's national office is located in Canberra with State offices in New South Wales, Victoria, Queensland, Tasmania and the Northern Territory. The department is still being established and the new Commonwealth Minister the Hon. Simon Crean MP, has indicated that the department will be a major focus for regional investment, saying *"This is an exciting time to be engaged in the Regional Development Australia network. I am a strong believer in strengthening all of Australia's regions and am delighted to be in the portfolio."*²⁴

The Australian Regional Development Council (ARDC)²⁵ is the peak advisory body on regional development in Australia. The ARDC, chaired by Minister Crean, comprises the Australian Commonwealth, state/territory and New Zealand ministers responsible for regional development, and a representative from the Australian Local Government Association.

The Standing Committee on Infrastructure, Transport, Regional Development and Local Government²⁶ acts as a permanent standing committee, reviewing and recommending agenda items for consideration by the ARDC. The committee comprises the chief executive officer or equivalent from the government agency responsible for regional development in each Australian state and territory and in New Zealand, and the CEO of the Australian Local Government Association.

Regional Development Australia (RDA)²⁷ is a partnership between the federal, state, territory and local governments for better regional development outcomes. The RDA network comprises 55 committees that are constituted as not-for-profit, community-based organisations. Committee members are volunteers. The committees work with their communities to find ways to deal with the economic, social and environmental issues affecting them.

On 25 August 2009, a Memorandum of Understanding (MoU) detailing the operating arrangements for RDAs in Western Australia was signed between the Hon Maxine McKew, Parliamentary Secretary for Infrastructure, Transport, Regional Development, Local Government and the Minister.

The RDA network operates in parallel with the RDCs. Cooperation and collaboration at the local level are being achieved through the development of written agreements between RDAs and RDCs.

Part One: Introduction

In the formation of the Federal Government in September 2010 the three independent Members of Parliament were able to gain significant concessions from the minority Labor Government on regional development. These included:

- A commitment to regional Australia, including vital investments in infrastructure and services, a commitment to “place-based thinking” and “localism” as well as fresh commitments to governance and transparency reform, which will ensure that regional Australia gets a fair hearing and a fair return from its national government.
- Improved governance, with a new, dedicated Cabinet-level Minister for Regional Australia; a new dedicated Department of Regional Australia; a new Regional Australia sub-committee of Cabinet that will be chaired by the new Minister and involve the Prime Minister and Treasurer; a regional Australia coordinating unit in the Department of the Prime Minister and Cabinet; strengthened RDAs; a new House of Representatives Committee on Regional Australia to conduct Estimate-style hearings; and policy support through a Regional Development Policy Centre.
- Improved accountability, in the form of better reporting and a review of the Rural and Regional Funding Framework.
- Commitments such as the National Broadband Network and regional health and education investments, as well as several infrastructure-related items.

To outline the future direction, Minister Crean presented a recent speech that gave an indication of the Commonwealth’s future agenda and how that may affect regional development in Western Australia:

As Federal Independent Tony Windsor’s office reported at the time:

“Minister Crean set out the ‘new paradigm’ for regional Australia with a strengthened Regional Development Australia network to complement the work of local government in the fifty-five regions within Australia. The Government has promised \$9.9 billion to regional areas over the next decade. Of that, the \$6 billion Regional Infrastructure Fund would be underwritten by the Government’s planned minerals resource rent tax and include \$573 million for projects identified by Regional Development Australia Committees. There will also be \$800 million for a Priority Regional Infrastructure Program to fund projects identified by local communities. There were three considerations that guided the Government’s vision for regional Australia: ensuring that economic growth and sustainable development was the driving influence; operating within a federal structure with its recognition of only two tiers of government but noting that there were three levels of government for service delivery; and understanding the importance of local engagement - to more effectively empower local communities. He said the economic and social benefits of broadband should not be underestimated. The National Broadband Network would enable Australians ‘to overcome the tyranny of distance.’”

“Minister Crean said his goal was to entrench regionalism within the framework of government - to champion regionalism in a way that it can’t be unpicked by subsequent governments. A Ministerial Council on Regional Australia would include local government representation and be an important addition to the COAG framework. The principal role of the new Regional Australia and Regional Development Committee of Cabinet would be to ensure strategic direction on community priorities and coordination across portfolios. A House of Representatives Committee on Regional Australia will be established to inquire into the needs and resourcing of the regions and the impact of legislation on regional communities. He said the Government was also funding a Regional Development Policy Centre to provide an additional source of independent advice for both the Parliament and the wider community.”²⁸

New South Wales

As with other states New South Wales Government decentralised to a limited extent in the 1960s and 1970s, through programs such as the Growth Centres Programs. In the late 1980s New South Wales pioneered the Main Street Program based on similar programs in North America. This was one of the early attempts in Australia at more 'bottom-up' regional development approaches. Initially, the program focused on physical planning and streetscapes, but in the 1990s, there was greater emphasis on economic development objectives, and other programs such as the Small Towns Program, were added.

A series of policy statements in the 1990s set out regional development objectives and programs. A key theme of these statements was the Government's approach of 'strategic intervention' – recognising that there were finite resources for regional development and limited capacity to affect macro outcomes, and that resources should therefore be applied selectively in ways that made a positive difference.

The Department of State and Regional Development²⁹ has developed 12 Regional Business Growth Plans for New South Wales. Each plan outlines actions designed to fuel economic growth and address barriers to business investment. The plans focus on strategies for sustainable growth in the region, identifying infrastructure, land use and planning needs as well as skills, industry and business development issues.

The goal of the regional plans include elements of both 'top-down' and 'bottom-up' approaches, since each regional plan is aligned with the objectives in the state plan, as well as being based on local and regional perceptions of key regional needs in areas such as infrastructure, land use planning processes and industry development assistance.

Tasmania

Tasmania does not have a formal regional development model with entities like the RDCs. It implements regional development largely through a series of agreements between local governments and the state – such as the agreement with the Cradle Coast Authority.³⁰ These partnership agreements attempt to achieve collaboration among a range of stakeholder groups in the region and have a specific project focus. The Cradle Coast Authority has partnerships in the areas of education, tourism and natural resources management.

South Australia

South Australia has a strategic plan in which regional development forms an important part.

South Australian's Department of Trade and Economic Development³¹ provides its regional development portfolio through the Office of Small Business and Regional Development (OSBRD). OSBRD is the lead advocate for the state's small business and regional communities. It coordinates a cross-government approach to regional development, working with stakeholders and other levels of government.

South Australia has a Regional Communities Consultative Council (RCCC)³² that acts as an independent advisory body, providing advice on regional matters direct to the Minister for Regional Development. Members are community leaders from regions across the state with insight and expertise on regional issues. The RCCC has strong links and consults directly with regional South Australian communities through quarterly forums at which local issues involving education, transport, infrastructure, environment and health are identified. The RCCC invites members of the local community to join its meetings in the regions. Its members maintain their involvement with the strategic plan.

Part One: Introduction

The RCCC undertake the following responsibilities:

- Advising the Minister for Regional Development about the broad impact of decisions on regional communities.
- Advising the Minister for Regional Development of any opportunities for initiatives to advance the social, economic and environmental development.
- Advising the Minister for Regional Development on the challenges and opportunities involving the provision of government services and programs to regional communities.
- Through the Minister for Regional Development, advising Ministers and Cabinet on matters that may be referred to the RCCC by them from time to time.
- Advocating change that will improve the quality of life in regional areas.

A Regional Coordination Network (RCNs)³³ builds regional capacity and coordination with local, state and Commonwealth governments, and community stakeholders. The RCN currently consists of six networks based on regions. The RCNs meet quarterly and efforts are directed towards:

- Improved delivery of public services;
- Optimised allocation and use of resources; and
- Reduced duplication and overlap.

The RCN framework supports the implementation of the strategic plan and provides advice to each of the Regional Strategic Plan Steering Committees on the implementation of the plan at a local level.

South Australia has had a long-established network of 13 Regional Development Boards (RDB) which are jointly supported by the state government and local government bodies. These provide a shop-front for business development services offered to regions by the State Government, and provide support services to local business, state agencies and local governments. They also provide a service delivery function for a number of other State Government and Commonwealth programs.

Victoria

The Victorian Government's current approach to regional development can be found in its *Moving Forward: Making Provincial Victoria the Best Place to Live, Work and Invest*³⁴ strategy launched in 2005. The stated objectives for regional development are:

- accommodating future population growth in regional centres;
- supporting local and regional efforts to promote growth;
- effective planning for high growth areas;
- addressing specific regional problems such as skills shortages; and
- enhancing the sustainability and liveability of regional centres.

The focus of the *Moving Forward* strategy has been on business support and infrastructure provision.

Regional Development Victoria (RDV),³⁵ a business unit of the Department of Innovation, Industry and Regional Development, is the main state-level body responsible for facilitating economic, infrastructure and community development.

RDV administers the Regional Infrastructure Development Fund, a key part of the Victorian Government's regional development agenda.

The policy framework of *Moving Forward* was constructed around three broad themes – people, infrastructure and innovation.

Victorian Government programs include the Planning for Sustainable Communities in Regional Victoria program, incorporating funding for Regional Strategic Framework delivery and a Regional Urban Development program. The Regional Strategic Framework project funding is for the development of regional plans addressing triple bottom-line, economic, ecological and social issues, and for establishing priorities for regions and sub regions.

Other relevant policies are the Future Farming Strategy and the Regional Town Development Plan Program, for growth planning and data systems relating to land supply.

The following points arose out of a meeting with officials from RDV³⁶:

- On boundaries the Victorian Cabinet previously decided that agencies must adopt common boundaries – this came about with a suite of initiatives under the vehicle of *Fairer Victoria*. Agencies are working towards this.
- Victoria was described as being pretty homogeneous in its geographical and regional setting. In recent years there had been a mandate for regionalism and decentralisation.
- There are no equivalents to WA's RDCs, particularly from a statutory authority perspective but there was local coordination through Regional Planning Committees (RPC). Such initiatives were assisted by having amalgamated local governments that had a greater regional focus and better capacity.
- The RPCs have no statutory enforcement powers or delegated authority but do work within a very strong administrative framework that supports regional development. This included a Cabinet sub-committee and whole-of-Government working committees, including directors general. The Victorian Premier is also a strong advocate and driver for regional development.
- On planning Victoria has a state policy framework through *Ready for Tomorrow – A Blueprint for Regional and Rural Victoria*³⁷ which is, the Victorian Government describes, its “plan for a sustainable and prosperous regional and rural Victoria”. The following is from the document:

Vision: The Victorian Government has a plan for the future of regional and rural Victoria, and securing the regional way of life with:

- prosperous regions that generate opportunities and jobs that contribute to the wellbeing and vitality of local communities and the wider Victorian economy;
- sustainable regions where social, economic and environmental goals are integrated into wise management of natural resources; and
- liveable regions where people enjoy attractive amenities and great lifestyles.

Strategies:

- Strategy 1: Investing in skills and young people.
- Strategy 2: Backing jobs and industry.
- Strategy 3: Building infrastructure, connecting communities.
- Strategy 4: Supporting the regional and rural way of life.
- Strategy 5: Planning better regions – a new partnership.
- Directors general in agencies act as champions for a particular region and generally, on regional development, through Regional Managers Forums/Strategic Planning Steering Group Committees.
- Moves have been made towards a ‘one-stop-shop’ approach referred to locally as Government Services Offices – and this included collocation involving local governments, as well as local government delivering services on behalf of agencies.
- In summary:
 - Regional development works well because it has commitment from the top, including the Premier.
 - The interdepartmental committees comprise of the most senior public servants are very effective in working together on regional development issues – the fact that Treasury is part of this provides strong financial backing.
 - The Cabinet sub-committee provides formal political commitment and oversight.
 - There are generally broad administrative and governance processes supporting regional development.
 - Bigger and better-resourced local governments are important to regional development on the ground.

Part One: Introduction

Queensland

In Queensland, the Department of Employment, Economic Development and Innovation (DEECI)³⁸ is primarily responsible for regional development, working with the Department of Infrastructure and Planning (DIP), which has responsibility also for local government.

There is no equivalent RDC-type body but there are a number of initiatives aimed at partnership and supporting local governments and their moves into regional development. These include:

- The Centres of Enterprise initiative works to build the economic strength of Queensland's regions by focusing on each region's unique strengths and key opportunities, with the goal of becoming known worldwide for innovation and expertise.
- Partnerships and projects, such as on broadband development, are being used in a number of fields to accelerate the penetration of broadband infrastructure and its effective use in regional Queensland.
- *Blueprint for the Bush*,³⁹ is a 10-year whole-of-Government strategy for building a sustainable, liveable and prosperous future for rural and regional communities in Queensland.

In March 2010 the Queensland Government published the *Surat Basin Future Directions Statement*⁴⁰ that:

- sets out an effective framework to shape a prosperous and sustainable Surat Basin region to 2030;
- identifies the major issues facing the region and provides an integrated approach as to how the region will address those issues; and
- establishes clear mechanisms to coordinate the work of the Queensland Government and Surat Basin stakeholders.⁴¹

The following points arose out of a meeting with officials from DEECI and DIP⁴²:

- Local government amalgamation has resulted in a more regional, rather than local focus, and there is increased capacity to lever for change.
- The history of regional development in Queensland, as in other parts of Australia, has been stop-start, with various initiatives and structural reforms tried and abandoned over the years.
- There is no equivalent to WA's RDCs, although there were efforts in the early 1990s to set up regional bodies that were not based on the same statutory lines. They were called Economic Development Boards (Townsville Economic Enterprise, for example, still exists) and these were created as incorporated bodies. They tended to be funded through local subsidies from industry.
- The initiatives at the regional level tend to be extensions of State Government agency policy, or have originated from the local government level, and include partnership groups or local leadership groups.
- There has been some work done on one-stop-services centres but results have been mixed. For instance, the Regional Managers Coordination Networks were established to bring local regional managers together for better coordination and previously they worked on delivering projects to get better services. (There have, however, been questions over how well the networks/relationships have worked in practice as often the culture of the agency has dictated the level of discretion and controls exercised by managers.)

- In the realm of indigenous disadvantage a Government Champion Program has run for a number of years whereby directors general have to champion an indigenous community. This has included the hosting of two forums a year.
- Local government plays a significant role in regional development, especially given the amalgamations that have made them bigger and better-resourced and in Queensland there are city councils that have a significant revenue base.
- The portfolios of planning and local government affairs reside in the one agency (DIP) and this has led to better thinking on the associated agendas. Local governments have taken on a greater and more proactive role in planning.
- The Queensland local government legislation has enabled the Minister to request a regional plan to be created based on regional areas as he/she defines it. Several plans are being developed – of which the South East Queensland Plan⁴³ is most advanced. The approach is to roll-out these plans for the whole of Queensland progressively over a number of years. The plans are developed centrally in the DPI agency and are supported by strategic directions but this work is in its infancy – the general aim is to provide a ‘community narrative’ and to include local land rights issues.⁴⁴
- Planning remains very difficult given uncertainty and so work is done on scenario development to assist agencies in addressing the unknown.
- Queensland has no peak body for regional development such as the Regional Development Council.
- Boundaries remain a problem, with different agencies having different boundaries. Problems arise when trying to gather statistical data and to develop regional profiles.

3.2 Regional development internationally

United Kingdom

The UK Regional Development Agencies (RDAs-UK)⁴⁵ were created under the *Regional Development Agencies Act 1998* (UK).⁴⁶ The statutory objectives of the RDAs-UK are:

- to further economic development and regeneration;
- to promote business efficiency and competitiveness;
- to promote employment;
- to enhance the development and application of skills relevant to employment, and
- to contribute to sustainable development.

There is a RDA-UK for each of the regions in England, apart from London which has its own London Development Agency.⁴⁷ Similar agencies operate in Wales, Scotland and Northern Ireland.

In England RDAs-UK’s report to the Department for Business, Innovation and Skills (DBIS), and each is led by a chair and a board of 15 people, appointed by a DBIS minister. The RDAs-UK chairs are all business people, while the boards are made up of representatives of business, local government, trade unions and voluntary organisations. The day-to-day running of the RDAs-UK is the responsibility of the chief executive. The chief executive is appointed by the board, subject to approval by DBIS.

The objectives of each RDAs-UK are set out in the Regional Economic Strategy (RES) of each region. The RES is a document created and maintained by the RDA-UK for its whole region; in other words it is not simply a document to guide the RDAs-UK, it is intended to guide the work of other organisations. Each RDA-UK updates its RES on a regular basis (approximately every three years) by consulting widely with their partners and stakeholders in the region, including local government, voluntary organisations, private organisations, and other interested groups. The RES must be submitted to the DBIS for formal approval.

Part One: Introduction

The RDAs-UK seek to achieve their objectives in a variety of ways:

- by funding projects either directly or indirectly through a funded body;
- by influencing other stakeholders in the region to take action themselves; and,
- by seeking to influence the policies of central government where they might impact on the region.

The RDAs-UK work together in a number of areas, with different RDAs-UK taking the 'lead' role in varying policy areas. Additionally, the RDAs-UK jointly fund a central secretariat to coordinate this activity. Finally, the three northern RDAs-UK collaborate on *The Northern Way*⁴⁸ (a 20-year strategy to transform the economy of the North of England).

Local Government

The UK Government in December 2009 released a document called *Putting the Frontline First – smarter government*.⁴⁹ Described as a response to the “inescapable fiscal challenge” the following action plan was advanced:

- Strengthen the role of the citizen and civic society.
- Recast the relationship between the centre and the frontline.
- Streamline central government for sharper delivery.

In March 2010 Her Majesty's Treasury responded to the above direction by releasing its paper *Total place: a whole approach to the public services*.⁵⁰ The document:

“outlines the way forward for places, led by local authorities with their unique local democratic mandate, but requiring the active engagement of Government and all local service delivery bodies. It presents a series of commitments that will give greater freedom and flexibility to support a new relationship between Government and places.”

The features of the new relationship include:

- Freedoms from central performance and financial controls.
- Freedoms and incentives for local collaboration.
- Freedoms to invest in prevention.
- Freedoms to drive growth.

The document stated that new ways of working have been pioneered by leading local areas and could be replicated everywhere by:

- starting from the citizen viewpoint to break down the organisational and service silos which cause confusion to citizens, create wasteful burdens of data collection and management on the frontline and which contribute to poor alignment of services; and
- providing strong local, collective and focused leadership which supports joined up working and shared solutions to problems with citizens at the heart of service design.

In *Place-based budgets the future governance of local public services*⁵¹ published by Local Government Association for England and Wales in June 2010, it was argued that reshaping the public sector would require five components:

- a move away from command-and-control provision to more citizen-driven mechanisms;
- greater aggregation and simplification among the existing multitude of budgets and bureaucracies;
- greater devolution of managerial responsibility and decision-making;
- greater transparency; and
- greater democratic leadership and outward accountability for decision-making to local people.

The European Union

The regional policy of the European Union (EU)⁵² has the stated aim of improving the economic wellbeing of regions in the EU. More than one-third of the EU's budget is devoted to this policy, which aims to remove economic, social and territorial disparities across the EU, restructure declining industrial areas and diversify rural areas which have a shrinking agricultural sector. In doing so, EU regional policy is geared towards making regions more competitive, fostering economic growth and creating new jobs. The policy also has a role to play in addressing wider challenges for the future, including climate change, energy supply and globalisation.

EU regional policy consists of three objectives:

Convergence: Over 80 per cent of regional policy funding is dedicated to the regions that fall under the Convergence objective. This objective covers Europe's poorest regions whose per capita gross domestic product is less than 75 per cent of the EU average.⁵³ The Convergence objective aims to allow the regions affected to catch up with Europe's more prosperous regions, thereby reducing economic disparity within the EU.⁵⁴

Regional Competitiveness and Employment: This objective covers all European regions that are not covered by the Convergence objective. With 16 per cent of the EU's regional policy budget dedicated to this objective, its main aim is to create jobs by promoting competitiveness and making the regions concerned more attractive to businesses and investors.⁵⁵

European Territorial Cooperation: This objective aims to reduce the importance of borders within Europe - both between and within countries - by improving regional cooperation. It allows for three different types of cooperation: cross-border, transnational and interregional cooperation. The objective is by far the least important in pure financial terms, accounting for only 2.5 per cent of the EU's regional policy budget.

LEADER+

The EU has introduced the LEADER+⁵⁶ approach to the development, implementation and delivery of rural development policies and strategies.⁵⁷

LEADER+ is financed by EU structural funds and is designed to help rural actors develop the long-term potential of their local region by encouraging the implementation of integrated and original strategies for sustainable development.

LEADER+ aims to ensure better governance at the local level and promote the utilization and development of local resources to stimulate growth and job creation. It is characterised by:

- a bottom-up approach; local capacity-building; competition to promote innovation; public-private sector partnerships;
- networking and co-operation; and the integration of mutually supportive actions across policies for the economy, environment, agriculture, sustainable development, and innovation.

The four priority actions for LEADER+ are:

- using know-how and new technologies to make the products and services of rural areas more competitive;
- improving the quality of life in rural areas;
- adding value to local products, in particular by facilitating access to markets for small production units via collective actions; and,
- making the best use of natural and cultural resources.

Under LEADER+, funding is awarded to Local Action Groups (LAGs) to take decisions on projects that are community-driven, have a wide community benefit, and will lead to desired outcomes. There are presently some 1000 LAGs active in the EU.

Part One: Introduction

The OECD⁵⁸ identifies the key factors for the recognised success of the LEADER+ method as:

- adaptability to different local socio-economic situations;
- capacity to bring local private sector, community, voluntary and government actors together and mobilise resources to create value added synergies; and,
- responsiveness to small-scale projects and activities; an “active” as opposed to “passive” approach; and the integration of environmental concerns.

3.3 Conclusions

The history of RDCs in Western Australia follows the peaks and troughs of regional development seen in other jurisdictions in Australia. For the most part regional governance has had, and continues to have, more meaning in Western Australia through the RDCs than elsewhere, as other jurisdictions have delivered their services largely through programs and projects coming from centralised departments.

The move to bigger and more regionally focused amalgamated local governments changes the picture for regional development, as may be the case with a refocused and better-resourced RDAs.

International evidence illustrates the importance of regional development to a nation’s interests, prosperity and wellbeing. There are significant examples of localism (local control of government, and local culture and identity) being applied.

Part Two: What We Were Told

Chapter 4: Consultation part one what we were told⁵⁹

4.1 Regional Development Commissions

We met with all the RDCs at the commencement of the review and asked them their thoughts on the terms of reference and the future of regional development. The following are the themes and viewpoints that arose from these discussions.

Structure of boards

The current structure of local government and community representation works but there needs to be a focus on ensuring that the best people are appointed. The issue of capability is a real one and various initiatives were relayed and put in place to get balanced and skilled boards. One view canvassed was in favour of smaller boards of six rather than ten members, with more generous fees to attract the right calibre of members.

Boundaries

There was no real appetite for boundary change as the general view was that this would only serve as a distraction. Other views supported departments with regional operations using common boundaries based on the RDCs. Where needed, the Minister should have discretion for change, rather than changing legislation.

Hosting arrangements

Generally hosting arrangements were not supported. RDCs cherished the independence they have with corporate services, together with their ability to respond quickly to matters and to pay local suppliers on time. Their experience with the Office of Shared Services did not lend support to an 'outsourcing' model. Another opinion was for a leading RDC to manage hosting arrangements.

New roles

The general view was that RDCs were receptive to taking on new roles, especially in light of the duplication of government services in the regions. Some RDCs felt that R4R had expanded its roles and was to some extent overshadowing other work. RDCs dealing with education, health and sporting matters were given as illustrations of partnerships across government activities. Another view was that RDCs should be involved in infrastructure implementation, as opposed to just planning for economic development.

White board (what could be done differently with a fresh start...)

The majority view was in favour of maintaining the RDC model. Some supported RDCs getting more resources, but one viewpoint was that it was more about being flexible and responsive, while another view was that although change was expected, it should be based on a 'localised' model, similar to RDCs.

Risks

The main concern highlighted referred to issues with relationships and the potential for complaints against RDCs personnel. Currently these are managed locally within existing governance frameworks.

Some of the responses indicated that as the Minister has discretion in making board appointments, and deciding on the length of such appointments, there is some flexibility. RDCs need to be more open in their operations and communications.

Regional Development Council

There were differing views presented concerning the Council. A significant proportion of respondents maintained that it had not worked effectively as the peak body and that there had not been full attendance or participation at meetings. There were also issues raised on the role of CEOs, the Council's processes and the 'fit' of some of the RDCs with others and how this is 'played out' in the Council. There was a more positive message with the Council's current operations.

Part Two: What We Were Told

Improving RDC

There was no singular view put forward but differing views offered included:

- RDC operations are dependent on forging good relationships and R4R providing greater leverage.
- Strategic planning was an overriding theme with a need for greater coordination and uniformity of planning initiatives across governments and for one plan for the whole region.
- Government services should be centrally located with RDCs. Such collocation would present major advantages.
- More needs to be done in making the benefits of RDCs better known and measurable.
- Links with local people need to be maintained – as a basis for regional governance.
- RDCs should remain ‘separate’ from the government machinery but still have close access to the Minister.
- Duplications in regional development and falling resources in core activities needs to be addressed.
- The credibility of RDCs with the Minister should be preserved.
- R4R management was considered bureaucratic and time-consuming and should be streamlined – with programs staggered across regions.

4.2 Directors general/CEOs

We met with directors general from departments with a strong regional presence or a related interest in regional development matters.⁶⁰ The following are the themes and viewpoints that arose from these discussions.

General points on RDC

A significant majority maintained that to effectively deliver government services a strong regional presence was needed, especially in areas more remote from Perth. There was a very strong view that opportunities are available to build regional development capacity over time through a stronger relationship with RDCs, regional councils of local governments and the Western Australian Planning Commission’s Regional Planning Committees. There was widespread understanding that as the same people are in all these organisations, these could be streamlined to encourage closer relationships.

There is a need for people capable of making high-level decisions and coordinating service delivery in the regions.

Some had nothing, or very little, to do with RDCs, and dealings were not substantial or substantive. The role played was coordination related rather than at a policy or higher decision-making level. A few examples were given of joint working, but most of these were at an ad hoc, low level. Some indicated that RDCs were a valuable source of current information, contacts and statistics for their region, thereby assisting in service planning. RDCs were not considered ‘players’ in higher-level decision making; they did not contribute to policy nor formulated ideas. They were described as ‘reactors’ rather than ‘initiators’. More than one said that they did not know what the RDCs actually did.

RDCs’ roles

While some were of a view that the RDCs should have statutory authority status reflecting their role and access to the Minister, a significant majority thought that they did not need this. Issues were raised on the Minister’s capacity to oversee so many statutory authorities and issues on quality control of submissions.

A few thought that the RDCs role was geared towards marketing and coordination, resulting in partial delivery of services. One described RDCs calling themselves 'generalist' – noting that this was all things to all people.

There was strong support for collocation of government services and, to a lesser extent, amalgamation of services. Terms used were "gateway to the region" and "brokerage role". One warned that there was a risk of loss of focus. There was a strong view that policy and project management should be a major focus in the regional development agenda.

Views on existing structure

There was a very strong majority view that RDCs had serious capability issues and that these needed to be addressed. Ideas canvassed included giving public servants country service and having the Council undertake a leadership program.

There was a clear view from some that there are too many players at regional level, such as in the planning realm. This situation was described by one as being "clumsy".

Capacity

All raised the issue of the RDCs capacity, the differences in capability between them and the fact that this is largely determined by the personalities and skills of CEO's and chairs.

A majority made reference to two RDCs in relation to their effectiveness and ability to influence and work with the major players – this was down to the capability of the CEOs. Nearly all said that they need people in the regions who have the "smarts" to make things happen – and to value-add early in the piece.

Some said what was needed was a very senior local 'manager' who would act as a mover and shaker to get things happening. This person would be "hand-picked" and be able to deal with the most senior levels of government. This is not the case currently. Policy skills were mentioned by some directors general/ CEOs, along with the need for contributions to be made towards this.

Views on boundaries

There was no strong support for change, although there was agreement that lining up agency boundaries made sense, unless there were good reasons otherwise. Some supported extending the Mid West to the Gascoyne, or taking a north and south approach. One made reference to the notion of planning based on a sub-region basis, aligned to "communities of interest".

Views on the Regional Development Council

A few said that the Council should be strengthened and should become more strategic and this could be part of a move away from a RDC structure with a greater role for the RDL. Another view was that the Council could be the statutory authority.

Suggestions and broader issues

- People need to be at the centre of decision-making – to break down bureaucratic barriers.
- Those things that are working should be maintained.
- Flexibility is important – maybe there is not any one structure that fits all circumstances.
- Leadership should come from the centre with local decision-making.
- There is a need to focus on the big-ticket items.
- A grand plan for each region should be formulated.
- Action by local government is needed in the economic development space – rather than waiting for the next big project.
- Government should have one voice.
- A helicopter view of each region is required.
- Less government is desirable – not more.

Summary: support or non-support for current operation

The majority did not support the way RDCs currently operate, indicating that RDL should take on some or all of RDC functions.

A minority did support the way RDCs currently operate, particularly the fact that they provided strong regional governance and decision-making.

Part Two: What We Were Told

4.3 Key stakeholders

Stakeholder 1 (former CEO)

Regional development, in the early years, always had problems with a lack of resources, so departments were restricted in what they could do. Historically, the approach was very much top-down rather than bottom-up. The Bunbury model⁶¹ was the result of this and in effect this same approach was applied throughout the state in the form of the RDC Act. The RDC Act was very much reflective of the roles of RDCs being focused on promotion, coordination and facilitations.

Now there is a need for a stronger role for RDCs with the investments being made through R4R – RDCs should have local ownership thereby making R4R more effective.

Addressing the question of how RDCs can be made more effective;

- Highly respected CEOs with persona and credibility are needed. Legislatively or administratively, without strong CEOs reforms will be undermined.
- RDCs should have a leadership role with agency heads.
- A vision/mission for government on regional development is required. The Victorian model, with its strong administrative systems of support for regional development and political leadership, should be considered.

Increasingly, the issue is not one of regional representation but of competence.

After looking at the models a suggestion was put forward that RDCs could be given finance for services from government on a purchaser/provider model (similar to a UK regional assembly model).

Local government's role has traditionally been limited. This needs to be changed and its role expanded. The *Local Government Act* allows this to happen but the reform agenda is stagnant. It is a question of resources rather than roles.

On planning the RDCs need to be given the role of strategic planning, including land use. A whole-of-Government state plan could be driven by the Department of the Premier and Cabinet – to set up an interdisciplinary team to write a plan that could be endorsed by Cabinet.

The Council has no decision-making authority. It is a stakeholder committee and does not have a steering committee function. The basis for its creation and composition indicates no competency to undertake a wider role.

Stakeholder 2 (former politician)

RDCs did not start with an initial thought but came about as a result of a history of developments. The RDC Act indicated that all the regions should have a fair go. RDCs were a break from the centralist theme that applied to government and was strongly resisted at the time.

RDCs went through a period of growth from 1993 to 2000 but declined after this.

RDCs have never undertaken all their roles - section 23 of the RDC Act deals with government services in the region being equivalent to those in the metropolitan area. This has never eventuated due to problems capturing grant monies and the consequent lack of resources.

The suggestion is to retain the model but provide more resources. It's a fact that capacity is needed in the regions. This can be achieved by having innovation and people – quality people. The initial experience was that Level 9 was the start of a SES (Senior Executive Service career grade in the public sector) but in fact could not attract people at that level, so at the start most of the CEOs were seconded from other departments.

It is not necessary to change the legislation to get quality people, better board members and more resources. What is needed is bigger-picture thinking and more local engagement. Local government is becoming more regional.

There is a need for a body in the regions that has the capacity to deliver on projects/works.

Key issues are:

- A need for political support and leadership.
- A need for capable people on staff, the board and as CEOs.
- A need for an increase in resources.
- The need to make the Council effective.

Finally, on boundaries these are issues on the periphery that should be given to the Council to decide.

Stakeholder 3 (former politician)

There are four questions to ask about the roles of the RDCs:

- Who controls the vision?
- Who controls the dollars?
- Who controls policy?
- Who controls the public sector operations?

As a matter of principle delegations should be brought down to the lowest/local levels for all of these. The 'at rest' position for government is one of centralisation. Unless the above questions are addressed the problem will not be resolved.

Money needs to be pledged to the regions and communities need to take control of funds.

To sell this message, the Government needs to be presented with this narrative - *Give regional populations a fair go to organise their government and meet the needs as they see them...*

4.4 Conclusions

Though there was a range and diversity of opinion from the people interviewed, there was one common and recurring theme: that regional development mattered and needed to be updated and revitalised.

The requested changes were not related to boundaries or roles, though these issues were raised, but were more about providing RDCs, or whatever entity is created, with authority, capacity and purpose to deliver on a reinvigorated regional development agenda.

The discussions also revealed a difference between how RDCs see themselves and how they are viewed by many CEOs who have key responsibilities to deliver state government agendas that affect all regions.

While the independence and regional governance components of the RDCs were considered important, there was a strong suggestion from the responses that the levels of responsibility and capacity in delivering were not supported by the current resources and structure.

Part Two: What We Were Told

Chapter 5: Consultation part two – call for submissions

5.1 Issues paper

In June 2010 an issues paper was developed to assist with the consultation process and to help provide a framework for submissions.

The issues paper asked two main questions, supported by a number of prompt questions:

How should Government be organised to improve services and support for regional development?

In answering this question the following sub-questions were posed:

- What should the model for delivering regional development look like?
- To what extent is regional governance being currently achieved and how could it be improved?
- With alternative models are there services and functions that should be grouped?
- Are there any models of delivery that should not be support and why?

How are Regional Development Commissions performing?

In answering this question reference was made to the current legislative responsibilities⁶² and the following sub-questions were posed:

- How well are the RDCs achieving these functions? Are there any gaps?
- How well do RDCs work with local stakeholders to achieve their role?
- What optimal size and resources do RDCs need to operate effectively?
- To what extent are there areas of overlap with local, state and Commonwealth governments?
- If there is overlap, is this affecting flexibility and responsiveness?
- Are there other services or activities that can be delivered by RDCs, and
- Is the existing legislative framework adequate?

The original deadline was 9 July 2010 but this was extended for local government until the end of the month. Because of this extension we were very flexible with the deadline, receiving submissions well into August.

5.2 Invitations to make submissions

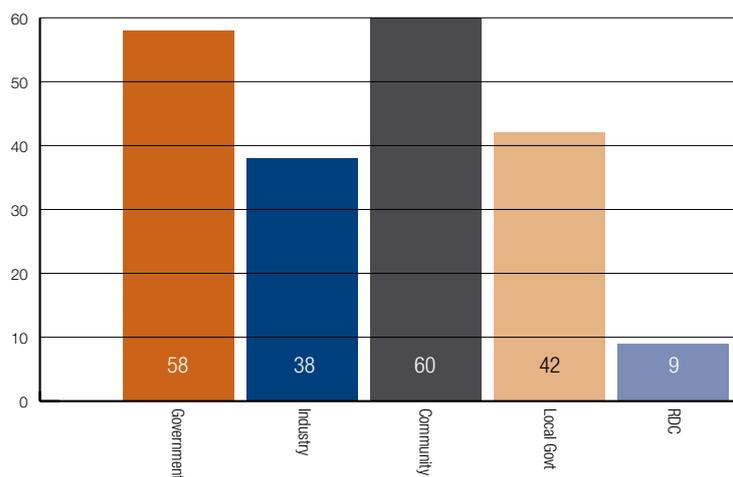
The Minister announced the review on 26 May 2010 and advertisements appeared:

- state-wide in The West Australian newspaper on Wednesday, 16 June 2010, Saturday, 19 June 2010 and Saturday, 26 June 2010;
- regionally in the Countryman, Thursday, 24 June 2010; Bunbury Herald, Tuesday, 22 June 2010, Bunbury South Western Times, Thursday, 17 June 2010; Geraldton Guardian, Wednesday, 16 June 2010; Great Southern Herald, Wednesday, 23 June 2010; Albany Advertiser, Thursday, 17 June 2010; Kalgoorlie Miner, Wednesday, 16 June 2010; Narrogin Observer, Wednesday, 23 June 2010; Pilbara News, Wednesday, 23 June 2010; Port Headland North West Telegraph, Wednesday, 23 June 2010; Kimberley Echo, Thursday, 24 June 2010; Broome Advertiser, Thursday, 24 June 2010; Northern Guardian Carnarvon, Wednesday, 23 June 2010.

In addition, 600 letters were sent to stakeholders inviting comments.

5.3 Who responded

207 submissions were received⁶³, categorised into the following groups:



Individual submissions were captured in the Community category and Government included Commonwealth agency responses as well as state agencies.

A full list of respondents is provided in the Submissions Report, in the attachments to this report.

The following charts are stratified according to the above categories to illustrate which group is represented in the totality of the figure represented by the bar in the chart.



Call for Submissions

Review of Functions and Responsibilities of Regional Development Commissions

The Minister for Regional Development has created a review committee chaired by Parliamentary Secretary the Hon. Wendy Duncan MLC, to conduct a review of the functions and responsibilities of the nine Regional Development Commissions (RDCs) in Western Australia.

The committee invites submissions to the review to assist its deliberations before it reports in September 2010.

The RDCs are established by the *Regional Development Commissions Act 1993*. They are statutory authorities whose role is to facilitate and coordinate the development of the region in which they are based. They have a direct relationship with their communities through their proximity and their leadership by local people and are directly accountable to the Minister responsible for administering the Act.

Submissions are sought regarding the following questions:

1. How should government be organised to improve services and support for regional development?
2. How are the Regional Development Commissions performing?

For more information please see the Issues Paper on the Department of Regional Development and Lands' website, www.rdl.wa.gov.au, or contact Martin Clifford, Executive Officer for the review on (08) 9217 1699 or email martin.clifford@rdl.wa.gov.au

The deadline for submissions is Friday 9 July 2010.

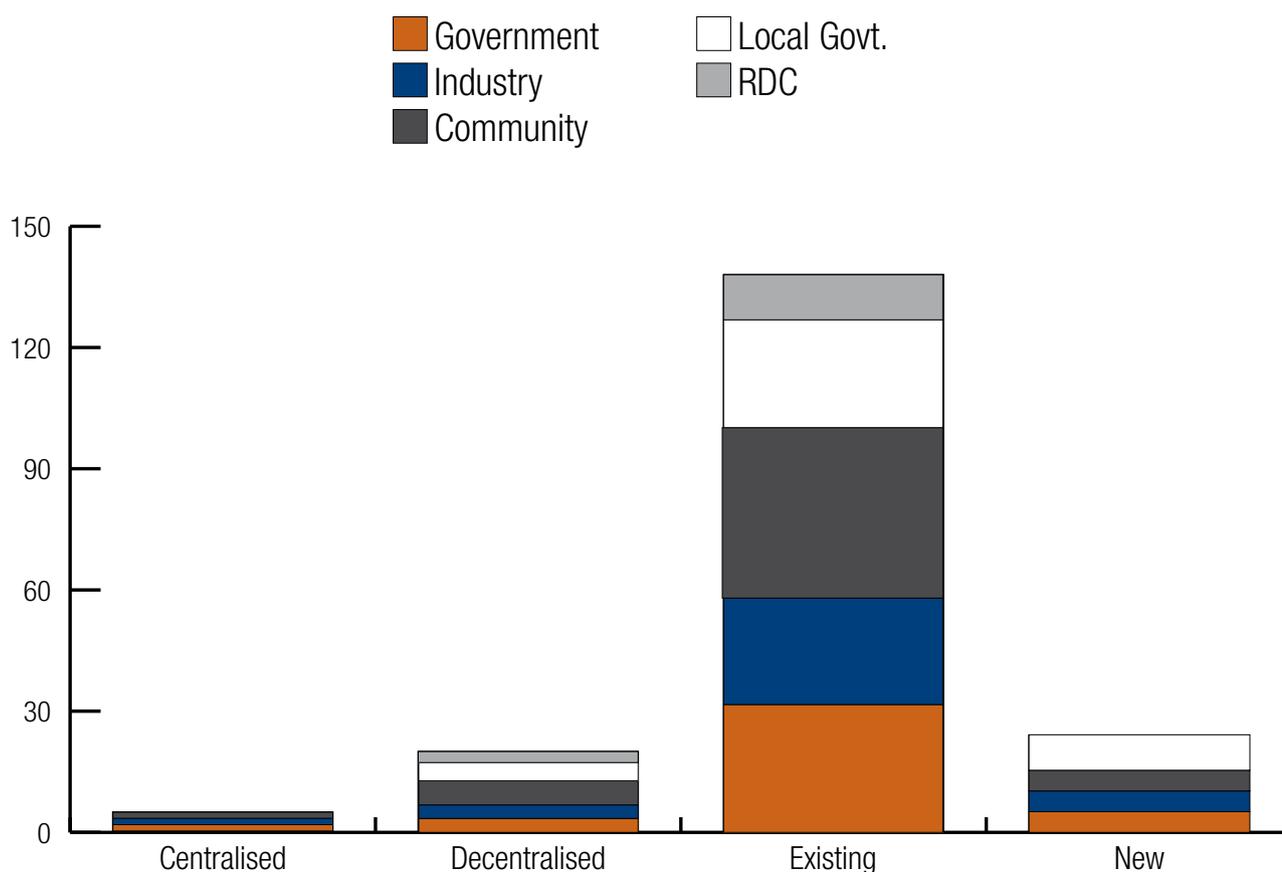
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Part Two: What We Were Told

Chapter 6: Consultation Part Three – What the Submissions Process Told Us

6.1 How should government be organised to improve services and support for regional development?

Types of models? One of the first questions we asked was simply, what should the model for delivering regional development look like? The response was overwhelmingly supportive of the existing RDC model or a similar decentralised approach.



Note: 184/207 submissions included responses to this question

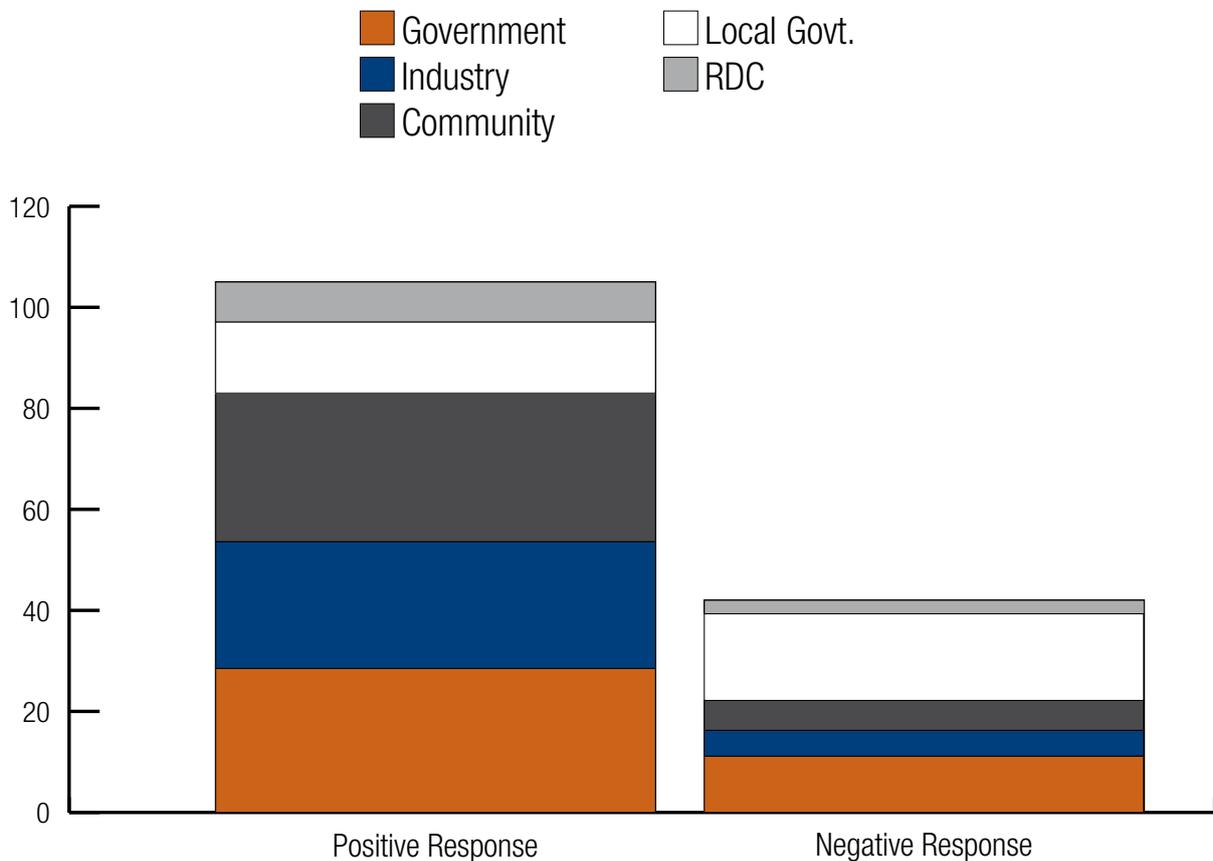
“The essential requirement for improving services and support for regional development is to maintain a strong presence in the regions.”

“Decision-making needs to be devolved down to regional state government offices.”

“Ensure strong non-political local stakeholder representation in regional decision-making capacity in the areas of policy, funding priorities and regional information to government. The current model of regional boards provides this mechanism in a functional and accessible way.”

“Any model delivering regional development should ensure regional representation and regional decision-making. This is essential for Government to provide relevant services across a diverse State. It allows for unbiased advice on issues that impact regional economies and communities without being “filtered” by the Perth bureaucracy. Unfortunately it is easy to become Perth centric in our views at the expense of regional communities interests.”

Is regional governance being achieved? Three quarters of submissions received addressed this question. Of those two-thirds said they believe it was.



Note: 146/207 submissions included responses to this question

“The governance mechanisms are robust, with a good representative Board that is able to convey the needs of a large cross section of the region.”

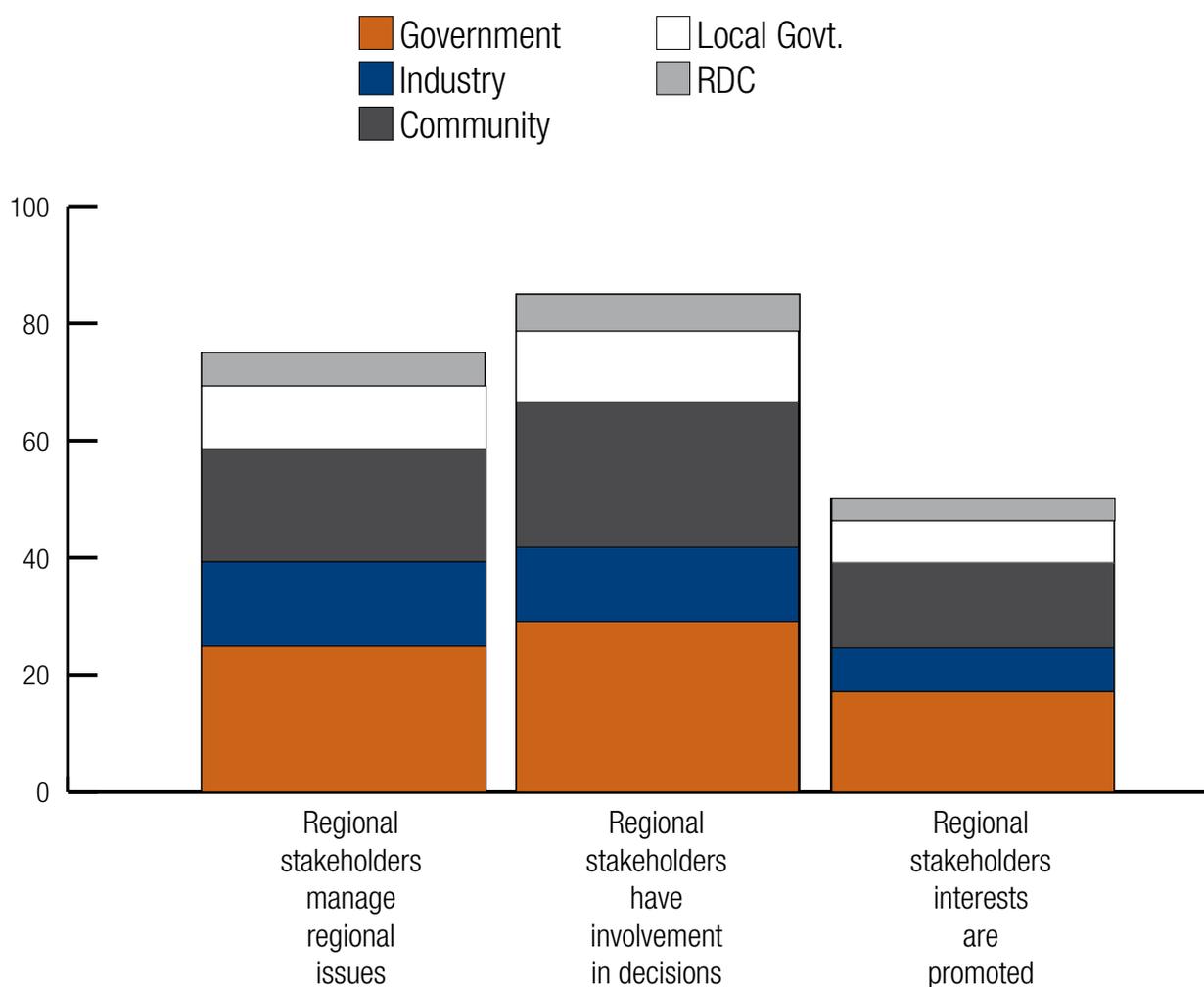
“As a unique model in Australia, the regional development agencies play a vital role in development of our regions. The current organisational structure, with local offices in towns, is an efficient mechanism for servicing the needs of these communities. Through this structure the regional development commissions have local insight into the development needs of the region and have an excellent track record in servicing these needs.”

“... regional governance is poor as competition is occurring between the functions of local government authorities and the RDCs... local governments have some concerns that RDCs are acting as a Regional Local Government Councils, or depending on ... a redevelopment authority such as EPRA.”

We further examined the positive responses to the questions and identified examples used to support the premise that regional governance was being achieved. A total of 101 responses were examined, and three reasons cited in order of preference were:

- Regional stakeholders have involvement in decisions.
- Regional stakeholders manage regional issues.
- Regional stakeholders interests are promoted.

Part Two: What We Were Told

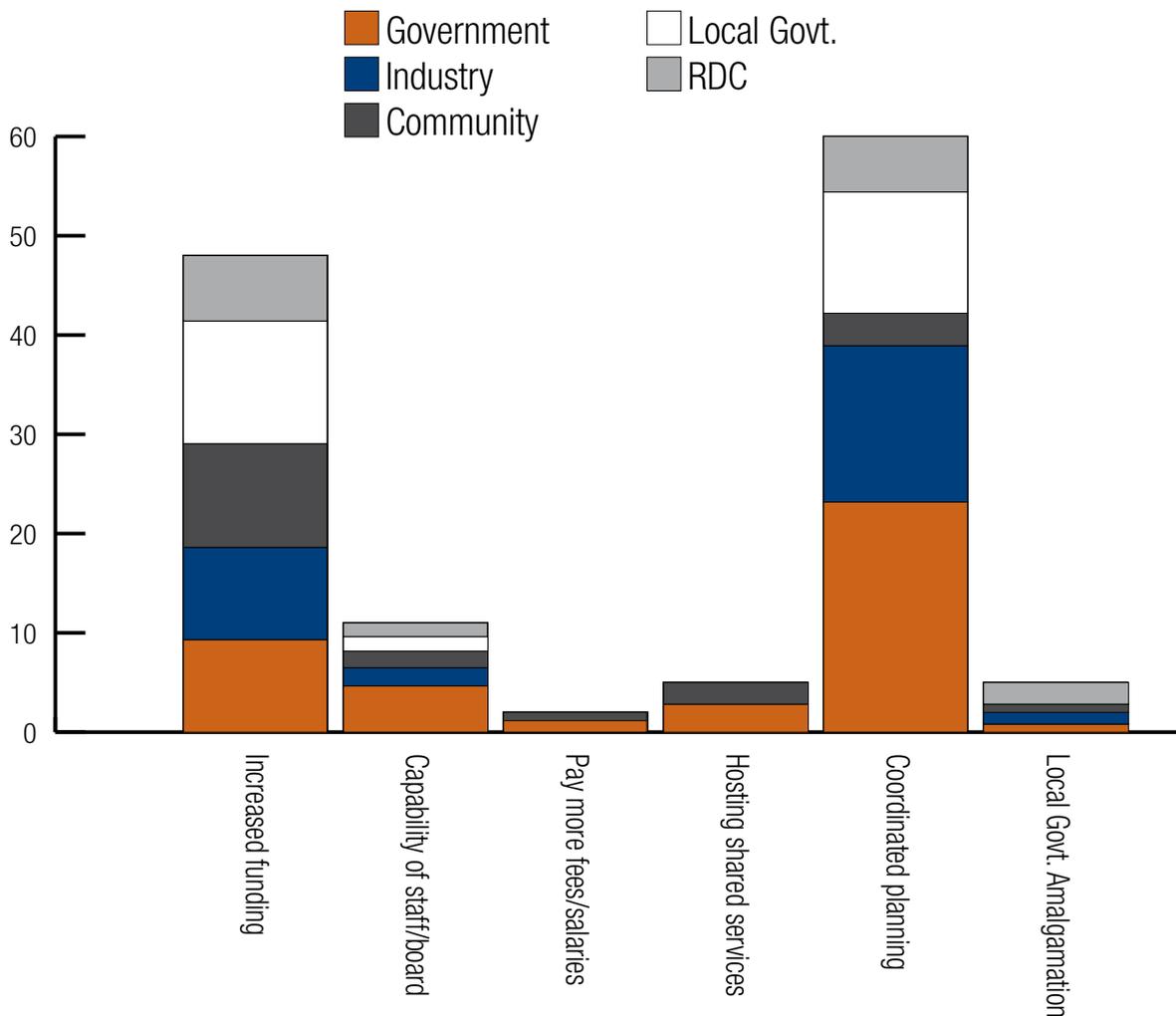


Note: 101/207 submissions included responses to this question. One submission can include multiple responses

"Commission's are very well placed and have strong networks with local business and community leaders. Commission's also have significant links with indigenous communities and are in a position where they have brokered negotiations to achieve outcomes with the local community. Major projects have been facilitated with strong Commission involvement. These have included coastal shipping services, upgraded air services, and communications improvements."

"Regional Development Commissions have been instrumental in working with councils and community groups to develop a broader perspective. It is only in quite recent times that councils have been prepared to work together to identify the overriding issues that affect all in their regions and cooperatively identify and support regional infrastructure. The outcome of this development has been a raised level of government services and infrastructure and it has underpinned the growth of private sector service delivery to country communities. It is important to understand the regional focus could, without the RDCs, again become a chaotic clamour for individual attention."

How can regional governance be improved? Two thirds of submissions addressed this question and two very strong responses were identified. These related to a need for increased funding, and a need for better coordination of planning - which was understood to refer to strategic rather than land use planning.



Note: 134/207 submissions included responses to this question. One submission can include multiple responses

“The importance of appointing board members who have a sound understanding of a range of regional issues is paramount to the success of any particular regional commission.”

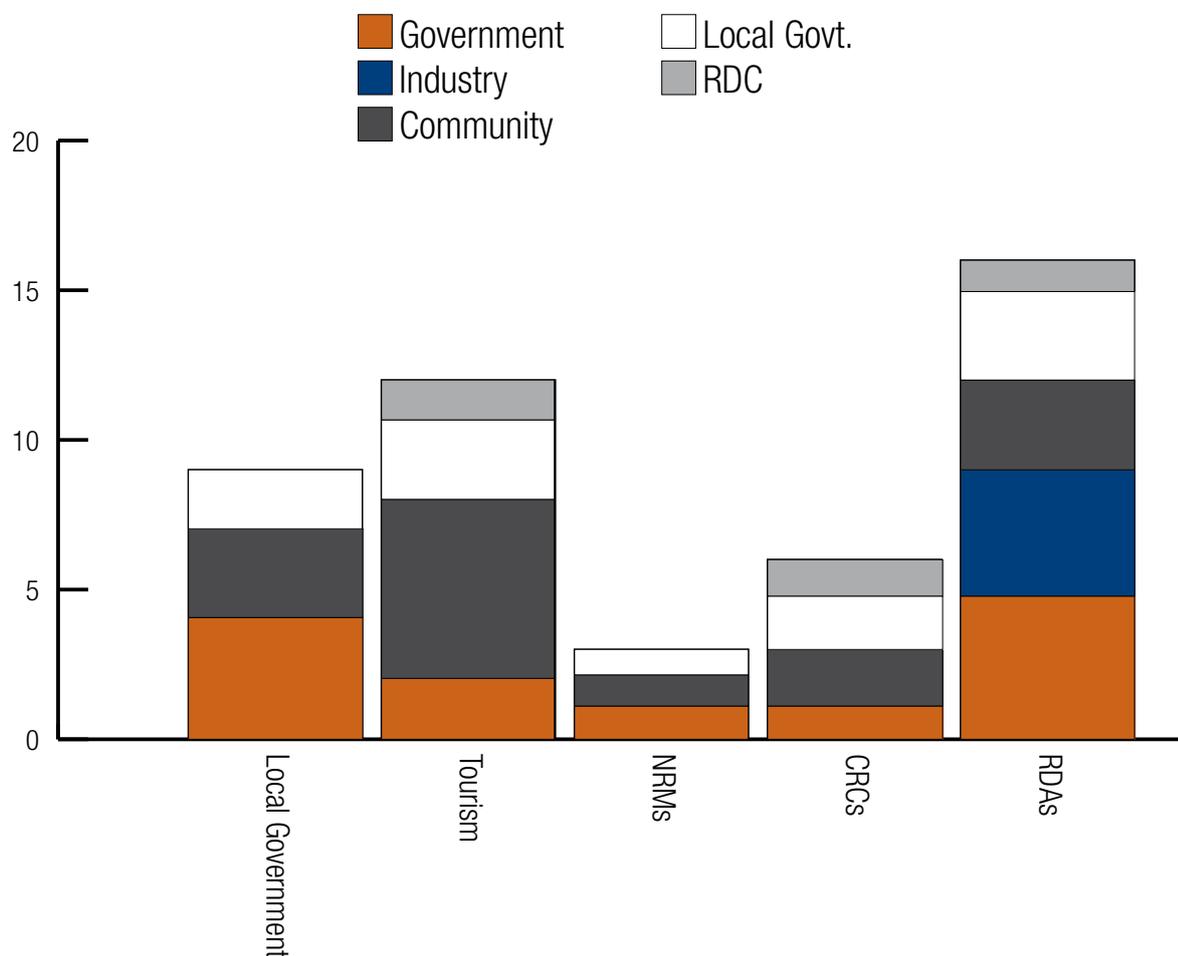
“Development Commissions require a greater level of autonomy and authority that will strengthen the work they do with local stakeholders. This will reduce to some extent the current overlap that exists and them [the RDCs] being a passive passenger with state and Commonwealth governments.”

“New RDC-type bodies will need clear terms of reference, objective member selection criteria, good governance and peer review systems, performance criteria and regular renewal of members. Objects and functions will need to be precise and (if avoidable) not duplicate local government or other functions.”

“... offers the following suggestions about what else it considers could be done in support of regional development: the preparation of integrated, whole-of-government, industry and community, infrastructure and service delivery action plans for each region that accounts for regional differences to inform government priorities and investment; increased support for regional contributions to government decision-making; greater devolution of statutory approvals to the regional level ; increased support for the emergence of regional leadership and regional leaders.”

Part Two: What We Were Told

Grouping services and functions? Respondents were asked what services and functions should be grouped together when thinking about alternative models for regional development. Respondents found this question more difficult to answer, with less than a quarter providing a response.



Note: 41/207 submissions included responses to this question. One submission can include multiple responses

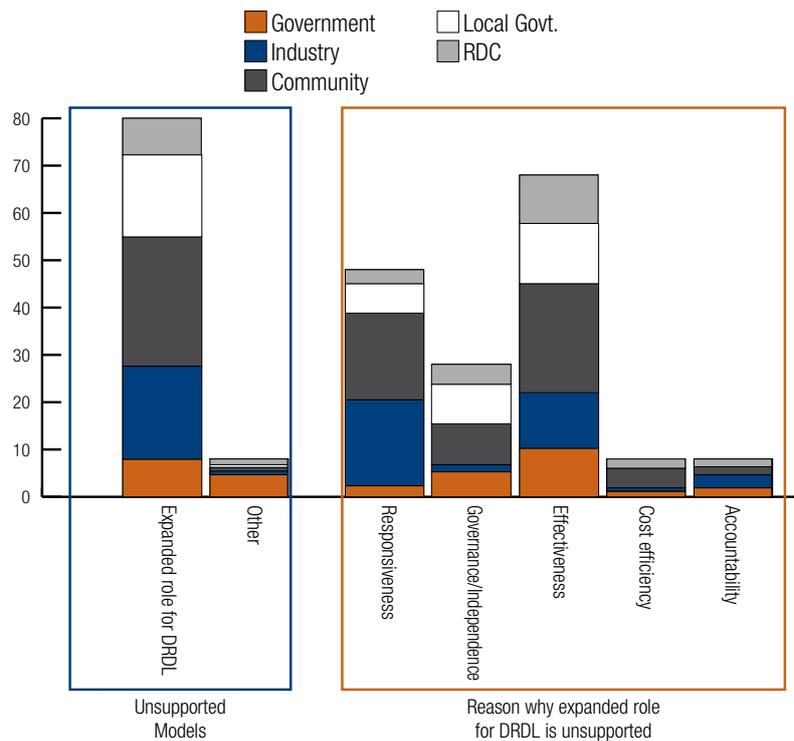
“Improved partnerships between Commonwealth and state governments could exist, with RDCs being the catalyst to ensure RDAs are delivering on the same themes at all levels of government. This could be achieved through shared or incorporated arrangements between the two organisations. This could also help to avoid duplication on some levels, and [ensure] effective channelling of resources in other instances.”

“...suggests the RDC review committee consider the possibility of establishing RDL offices in the regions with decision-making and service-delivery powers and authority, and perhaps with the capacity to be an administrative host to other Government departments, where that is practical sensible and cost-efficient. There is no need for ... a simultaneous nine-region implementation of such a policy. It could be rolled out in the region/s of greatest priority and the concept adjusted with experience.”

Unsupported models? Respondents were asked if there were any delivery models for regional development they did not support, and why.

Less than half of respondents answered this question, but those that did strongly argued against an expanded role for RDL.

The reasons given strongly supported the themes of effectiveness, responsiveness and governance/independence.



Note: 88/207 submissions included responses to this question. One submission can include multiple responses

“Government needs to be organised to ensure sufficient services are delivered at the community level, not through a centralised delivery model. A stronger local presence is required with greater knowledge and experience of regional needs. Decision makers in the public sector must have first hand experience working in regional areas.”

“The Shire supports the governance model whereby the Board of the Commission is comprised of local representatives who have local knowledge of the ... region including representatives from the Shire Councils. This model is preferred to any model which advocates the centralisation of governance and decision-making to the Perth Metropolitan Area or within the larger Department of Regional Development or other state departments. This model is more responsive to local needs and local priorities and ensures that funding and development is maximised in the whole Region rather than allocated on the basis of centrally developed outcomes and potentially narrow political considerations rather than on the basis of local regional merit”.

“Trying to make a regional body comprehensively representative leads to large numbers and leads to performance difficulties; it would mean that membership should include shire presidents, chairs of business chambers, indigenous and non-indigenous community leaders, business leaders, and so on. That leads to an unwieldy body. It is better that such political representation remains the province of local government and State Parliament.”

“The model of delivery not supported is the current situation where Commonwealth and state agencies are providing similar or duplicated services to the region without communication between agencies and [with] no agreed regional outcomes.”

Part Two: What We Were Told

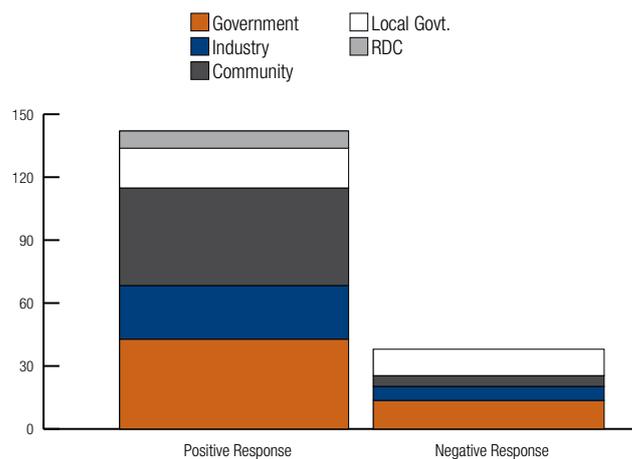
6.2 How are Regional Development Commissions performing?

In asking this question, we were conscious that some respondents may not fully understand the role of RDCs or the full extent of their functions. In order to address this, the following description of the legislated functions of RDCs was included as part of the submissions form.

Reminder - what RDCs do

- Maximise job creation and improve career opportunities.
- Develop and broaden the economic base.
- Identify infrastructure services to promote economic and social development.
- Seek to ensure that the general standard of government services and access to those services is comparable to that which applies in the metropolitan area.
- Generally take steps to encourage, promote, facilitate and monitor the economic development.

Are RDCs achieving their legislative function? The response to this question was unequivocal, with positive responses outstripping negative responses by a margin of three to one.



Note: 179/207 submissions included responses to this question

"In terms of performance I consider our Commission to be very effective, with strong community networks and relationships."

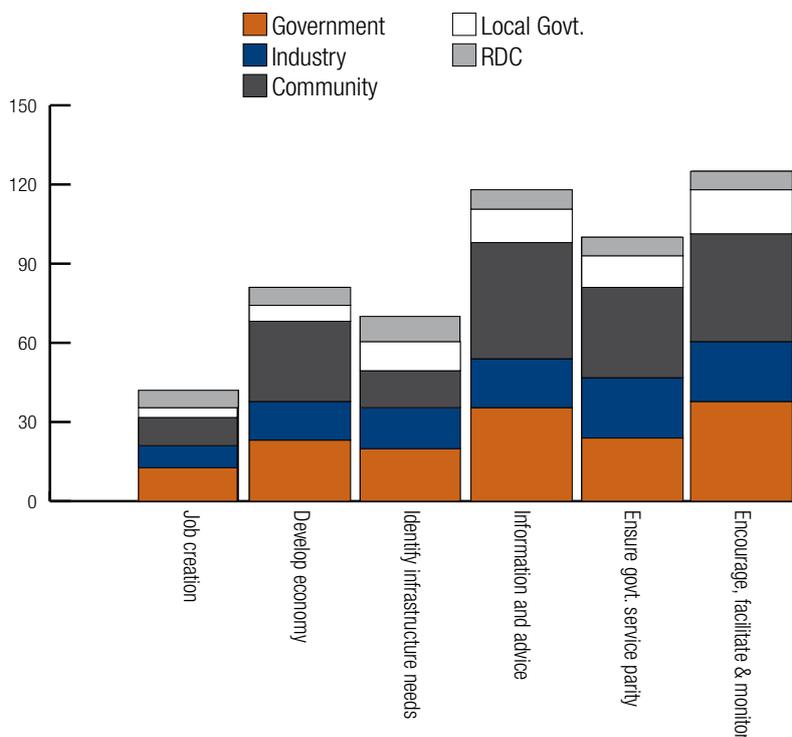
"The ...RDC has proven to be a most effective mechanism to deliver federal and state initiatives locally ..."

"Overall, the Regional Development Commissions are performing well. The Commissions' links between the local business communities and state and federal government appear to be strong. In addition to the Commissions' strong ties with established regional communities, the Commissions have been able to build strong relationships with indigenous communities that have often been underrepresented in state and regional development initiatives."

"There is a vast divergence in performance of RDCs across WA. Some are very connected in with their communities and others appear somewhat more removed."

"At a practical level, local legitimacy and a statutory framework provides each of the nine regions with a single and articulate voice at the Cabinet table. Aside from parliamentary representation, this is the only pathway open to regional Western Australians to advocate and defend their regional interests within government."

Ways RCDs achieve legislative function? In analysing the responses to this question we used the different categories of functions listed under the RDC Act (refer to text box at the start of the section). Around three quarters of total submissions received responded to this question, with the focus found chiefly on the ‘encourage’ and ‘advice’ functions – however, the prevailing view was that RDCs did a good job of achieving the functions listed under the RDC Act.



Note: 148/207 submissions included responses to this question. One submission can include multiple responses

“RDCs play an important role in coordinating government agencies. The current model provides the opportunity to have regional leaders contribute to the direction of efforts of individual commissions through [the] board. They play an important role in bringing together regional agency decision makers to support proponents of new project, identifying road blocks and negotiating ways forward.”

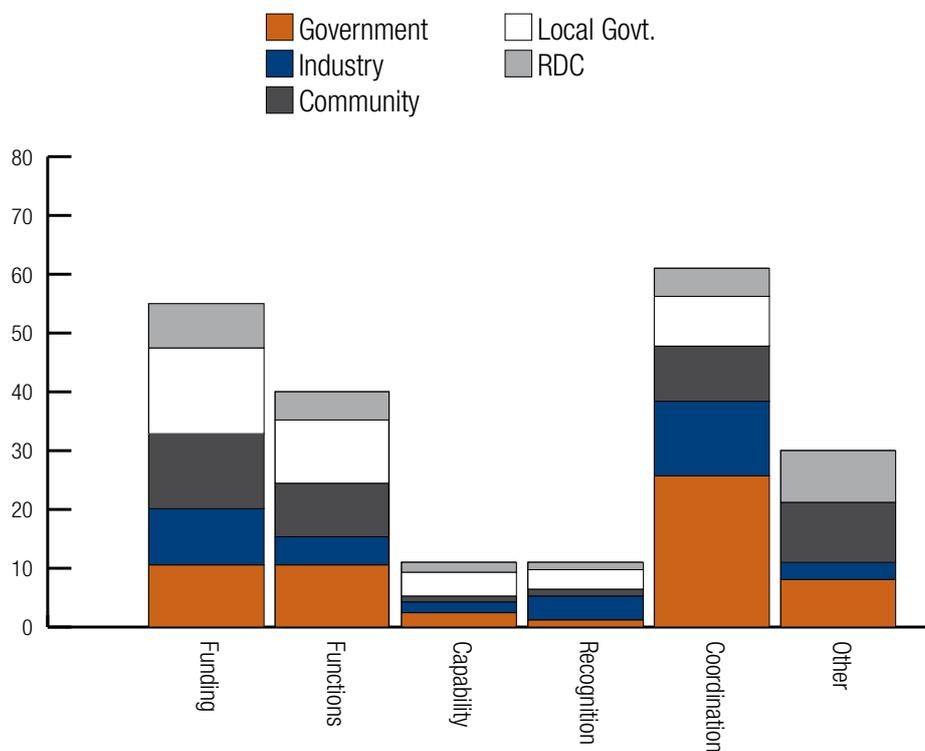
“Regional Development Commissions provide a direct voice to government on behalf of individual regions that is not filtered by larger departmental priorities or agendas. As statutory authorities Regional Development Commissions are free to argue and promote the best case of their regional areas to attract resources and promote recognition of local needs and investment opportunity.”

“RDCs are a partial antidote to many of the systemic issues of governments’ on-going failure to effectively engage with remote regions and embody to a greater or lesser extent many of the key principles outlined above. However they are limited. RDCs do represent a regional government governance arrangement, and some devolution of decision-making, but they are very limited in scope being; almost entirely focussed on economic and regional development; there is little citizen involvement or local accountability; they are generally focussed on the cities and subregions of greatest economic activity, with a subsequent lack of attention of the very remote areas of regions; they cannot address some of the fundamental reform of government arrangements (national/state) necessary to address the underpinning systemic issues that afflict remote Australia; and they are WA government-focussed.”

“I think the ...RDC on the whole is performing it’s role well. The [RDC] promote our region well to investors, they listen to local issues, they act on potential opportunities that will benefit the [region], they pursue innovative projects, they take up the challenge on issues that don’t sit directly in any one agency or portfolio.”

Part Two: What We Were Told

Where are the gaps in RDCS achieving their legislative function? While the list of potential gaps was not provided as part of this question, three issues stood out from the responses received – the co-ordination, funding and functions of the RDCs. The answers from respondents falling under the government category in particular cited the issue of coordination, which was also raised when we met with directors general of state agencies.



Note: 121/207 submissions included responses to this question. One submission can include multiple responses

"I would suggest that the final integration of regional local government councils with RDCs into an enhanced structure, with legislative coverage giving authority and control for local decision-making through a high level regional group with both local government and ministerial appointments, will bring the very best available from both sectors to the table and will provide the very best regional and political outcome."

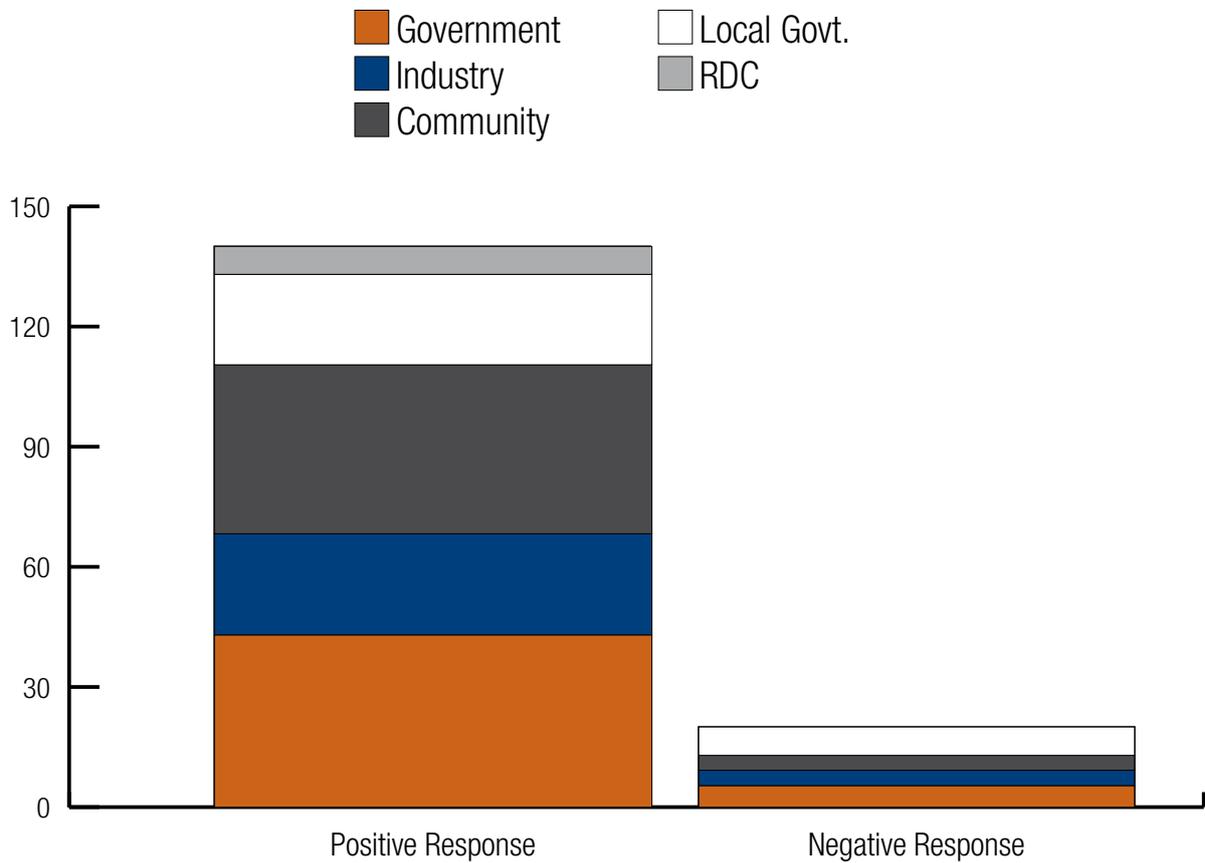
"As RDCs have already gained regional credibility and community trust, I would recommend that their function be expanded so that they take on a key role in the management and administration of significant regional infrastructure projects."

"I encourage the Regional Development Commissions to be more focused on community organisations and supporting their work in the regions.."

"RDC's should be focussed on attracting large-scale commerce and industry drivers to regions which can provide long-term prosperity and solutions to the regional centres and hopefully limit the exodus of people from the regional centres to the large cities."

"At present, the number of government agencies involved in the planning and delivery of projects in regional Western Australia are numerous and overlapping in responsibility... As such, our recommendation is that government...consider an outcome that would facilitate the following: regional development strategy; planning scenarios and framework; infrastructure plans [and], plan integration; [and] rationalisation. In our view, the RDCs in their current configuration are not appropriately set up to deliver on all of the above."

How well do RDCs work with stakeholders? A key part of the role of RDCs is engaging and influencing stakeholders. More than three quarters of respondents addressed this question, with the overall response very positive.



Note: 161/207 submissions included responses to this question

“Commissions have strong networks with local business and community leaders and significant links with indigenous communities and are in a position where they have brokered outcomes with the local community.”

“RDC has a very strong relationship with the indigenous community, the business community, local government and community services and a long track record of successful projects.”

“The ...RDC has played significant roles in partnering with other organisations to improve vital infrastructure across the region.”

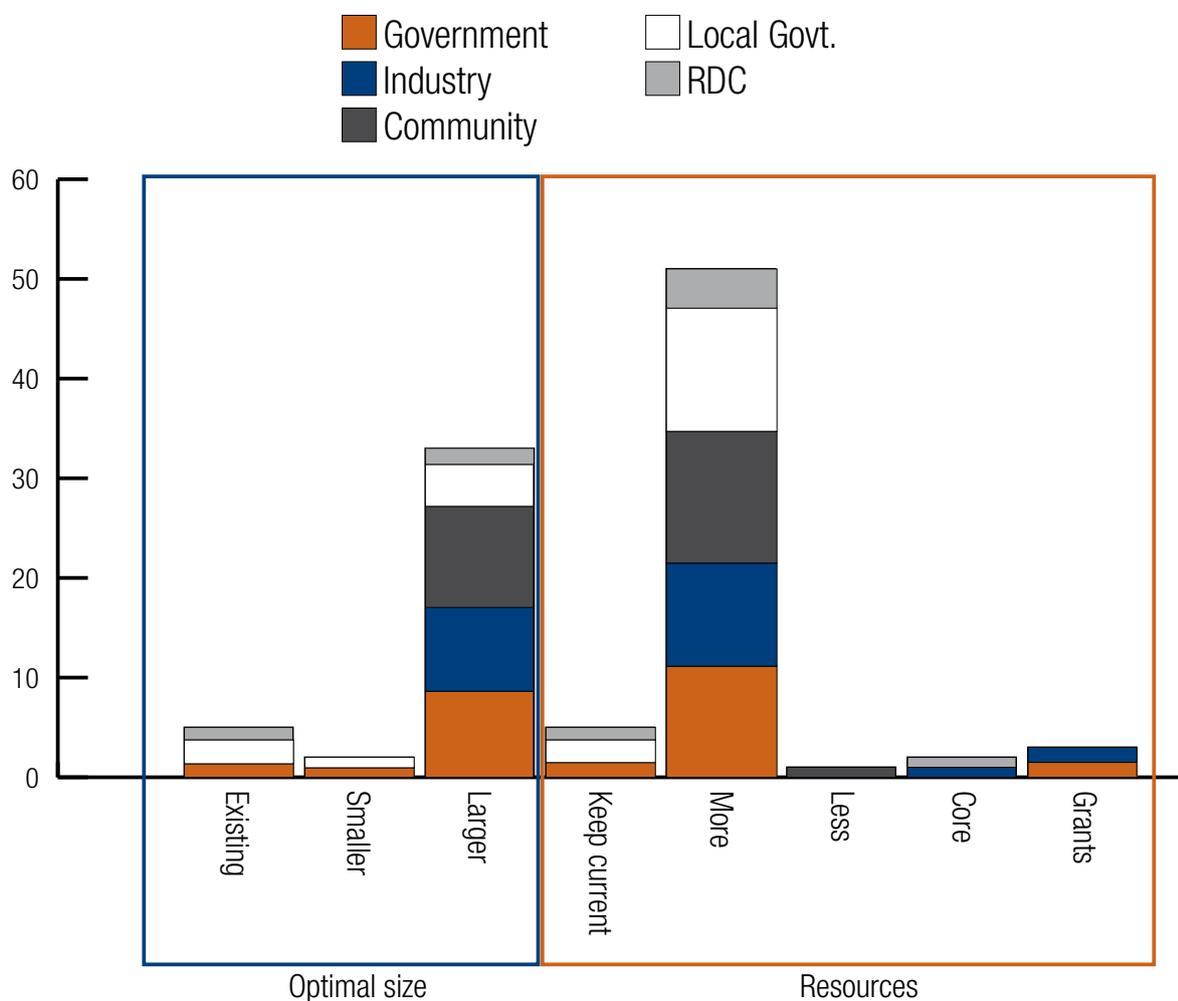
“Some RDCs are highly competitive with other RDCs and their work with local government authorities is normally cooperative, but at other times, local government authorities may feel threatened and its views or opinions not considered to be relevant by the RDC.”

“(Large private company) has built a positive working relationship with the Development Commission... establishing strong networks with the officers.”

“The ...Development Commission does not have the influence to compel government agencies to respond to regional requirements.”

Part Two: What We Were Told

What optimal size and resources do RDCs need to operate effectively? Less than a quarter of respondents addressed this question – however, those who did strongly supported the proposition that RDCs be larger and better resourced.



Note: 42/207 & 61/207 submissions included responses to this question

“The size of each RDC is likely to be a function of the size, population and complexity of the region it serves. Resources should be sufficient to make a real difference, not merely a token gesture towards stated aims and objectives. This means a capacity to respond in a meaningful way and follow initiatives through to their conclusion rather than merely acting as a conduit or referral agent.”

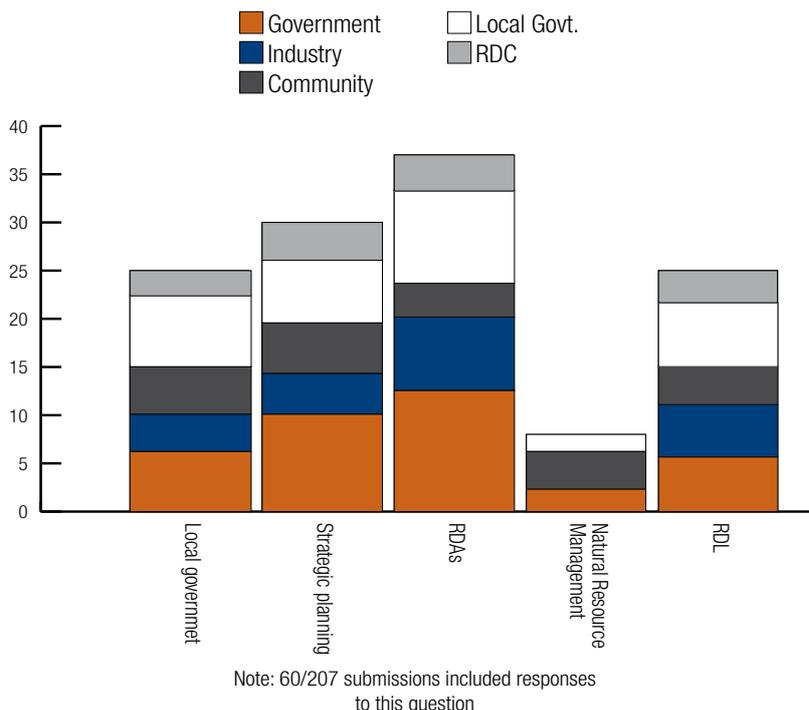
“The ability of RDCs to deliver in their regions would be enhanced by a greater injection of funds and people resources as well as decentralised decision-making. This coupled with greater coordination of activities across agencies and increased collaboration between local, state and federal government will enable the best outcomes for regional areas of Western Australia.”

“... it is difficult to develop or promote an optimal size based on population as the Department believes an optimal size should reflect catchments around regional centres, natural resource management (NRM) catchments, and perhaps where appropriate, some broader community interest areas.”

“Budget constraints restrict the capacity of many RDCs.”

Overlap with other government agencies The issue of overlap with other agencies is important to assessing the performance of RDCs. Less than half of respondents answered this question but those who did overwhelmingly indicated they believed an overlap did exist.

In analysing the responses we reviewed the areas in which the respondents identified an overlap. Though the numbers of responses was not large the areas indicated were related to the Commonwealth Regional Development Australia organisations, strategic planning functions, local government and RDL.



“Overlaps between the local, state and Commonwealth [government] certainly exist.”

“There are numerous organisations (including state and federal government departments and agencies) and community groups working toward growth and development of regional areas within Western Australia. This demonstrates that there is a significant need for this type of work to be carried out; however what this also highlights is that there is potentially a lot of overlap in the activities that these organisations and groups are undertaking. To avoid multiple groups conducting the same activities there needs to be a better coordination of services so that rather than doing the same thing numerous times and in numerous different ways it is done once and done really well.”

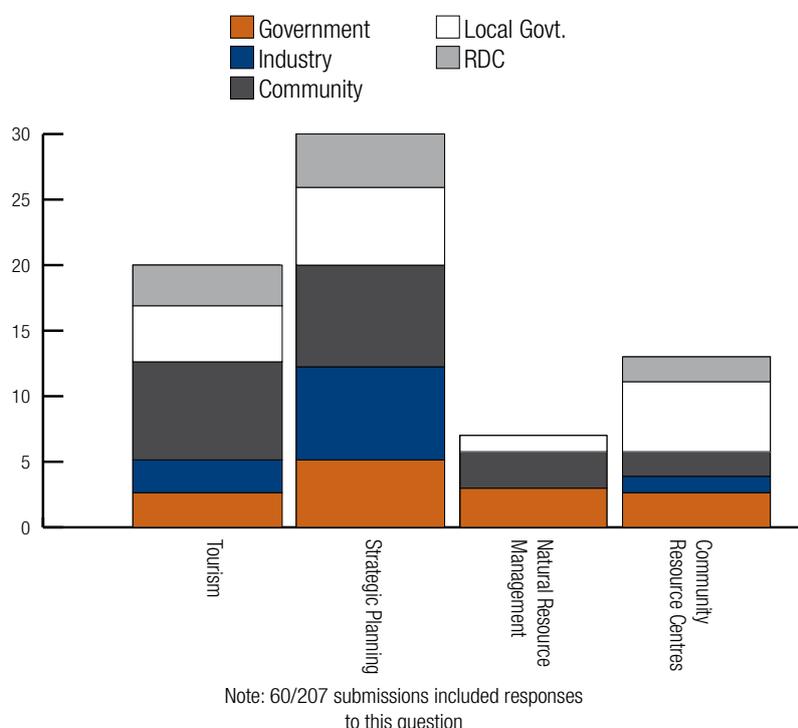
“There is considerable overlap between RDCs and some government agencies and in some instances not-for-profit organisations, not necessarily through any fault of the RDCs. For example, the Australian Government’s Regional Development Australia committees, although with shared membership by RDCs, has a similar mandate. This has the potential to confuse stakeholders and communities.”

“Local governments have the same roles and objectives, underpinned by their general function of providing for the good governance of persons in their districts and through their statutory requirement to develop plans for the future.”

“(State agency) believes that the current constraints to RDC performance are primarily the result of a lack of strategic coordination across the RDC network and the absence of a consistent understanding of the role and responsibilities of each RDC. This environment leads to duplication and unsustainable models of RDC.”

Part Two: What We Were Told

Other services or activities that RDCs could deliver? Less than a third of respondents addressed this question, with half of those who did respond supporting a strategic planning role for the RDCs. Tourism and Community Resource Centre roles were also suggested.



“Commissions could have greater responsibility in the delivery of regional services, particularly in [the] areas of tourism, indigenous economic and social development, and coordination of whole- of- government programs for the regions and regional strategic planning.”

“The restructure of Tourism WA has left a void at a local level and, given that one of the objectives of the RDCs is to promote the region, additional resources to encompass the role vacated by Tourism WA’s Development Officers should be considered.”

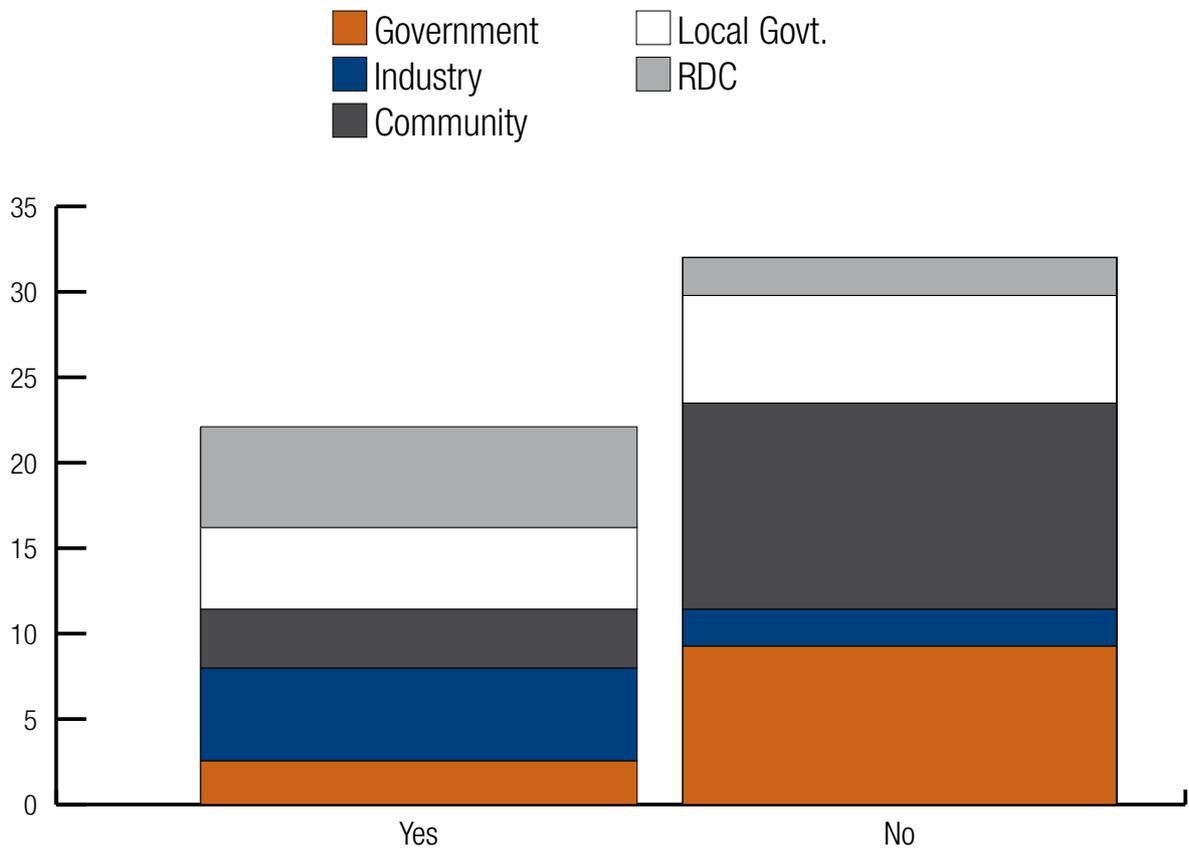
“The (state agency) strongly supports the RDCs having strategic input into the planning process in terms of advice to regional planning committees and input into the development of regional planning strategies.”

“Government could avoid duplication of regional development activity by placing responsibility for all grants and community resources with [RDCs] and have RDL as a department be responsible for state wide policy. Regional Development Commissions should be seen as the vehicle for accessing Royalties for Regions funds through a transparent application process with established funding rounds for proposals to be considered.”

“Improved partnerships between Commonwealth and state governments could exist, with RDCs being the catalyst to ensure RDAs are delivering on the same themes at all levels of government. This could be achieved through shared or incorporated arrangements between the two organisations. This could also help to avoid duplication on some levels, and effective channelling of resources in other instances.”

“The influence RDCs have concerning infrastructure and government service provision should be enhanced. Given that issues such as electricity capacity, water and land availability, communications and transport links are key economic drivers for the regions, RDCs may need to be empowered to ensure these issues are addressed in a timely manner within a regional context.”

Is the existing legislative framework adequate? This question was addressed by a quarter of submissions received, with the majority of responses indicating they believed it was not.



Note: 55/207 submissions included responses to this question

“RDCs require a greater level of autonomy and authority that will strengthen the work they do with local stakeholders.”

“Regional Development Commissions must be given the legislative power to cut through blockages with state government agencies and enterprises such as Water Corporation to facilitate regional development.”

“There is clearly an appetite for significant change through greater decentralisation of decision-making, and thus, regional autonomy and responsibility for the decisions made in the regions, for the regions. It is my view, and with considerable regional support, that if this does not occur, we have missed the opportunity to enhance local governance within regions in a meaningful way.”

“In summary the RDCs are performing an advocacy role which could be strengthened through changes to their Act so that other state government agencies would take the advice of RDCs more seriously.”

Part Two: What We Were Told

6.3 Notable submissions

All 207 submissions received provided valuable input but some were particularly noteworthy - either by virtue of their comments and suggestions or because of the parties they represented. The following is a list of such submissions. Full details of submissions are contained in an attachment to this report.

State Government	
Department of Regional Development and Lands	Attorney General (Office of Native Title)
Commissioner for Children and Young People	Department of Education
Department of Local Government	Department of Planning
Department of Sport and Recreation	Department of Training and Workforce Development
Department of Transport	Department of Treasury and Finance
Equal Opportunity Commission	Horizon Power
LandCorp	Office of Energy
Tourism WA	Western Australian Regional Development Trust
Commonwealth Government	
Regional Development Australia (RDA) -Wheatbelt	Department of Infrastructure, Transport, Regional Development and Local Government
Indigenous Business Australia	Regional Development Australia (RDA) -Great Southern
Regional Development Australia (RDA) -Kimberley	Regional Development Australia (RDA) -South West
Industry	
Chamber of Commerce and Industry of Western Australia	Mid West CCI
Rio Tinto	
Community	
Charles Vinci -mcvCreative Business Solutions	Graham Thomson -Logistics Management Services
Jamie Robertson	Max Hipkins
Professor Matthew Tonts, Head of School, School of Earth and Environment	Trevor Ayers - Director Economic Development Australia and Economic Development Officer, City of Bunbury
Regional Bodies	
South West Group	Desert Knowledge
Indigenous Implementation Board	NintiOne
Northern Agricultural Catchments Council (NACC)	NRM Regional Leaders' Group
Local Government	
Western Australian Community Foundation	Western Australian Local Government Association
City of Bunbury - Mayor	Pilbara Regional Council
Shire of Perenjori	Town of Port Hedland
Regional Development Commissions	

6.4 Conclusions

The review attracted significant interest and drew a high level of responses, underscoring the importance and relevance of regional development to the communities of Western Australia.

We asked about the current RDC model, and the responses we received demonstrated strong support for this. The responses to the review painted an overwhelmingly positive picture on RDCs, particularly with relation to stakeholder engagement, although a need for more resources was highlighted.

The overall system for regional development was described as being disconnected, systematic of overlap and lacking coordination, particularly in relation to future regional strategic planning.

Many argued RDCs or an equivalent body should fill this void.

Part Two: What We Were Told

Chapter 7: A consultant's perspective

7.1 The consultant's brief

In July 2010, PricewaterhouseCoopers (PWC) was appointed to examine the effectiveness and cost efficiency of the RDCs in achieving the objectives and functions specified in section 23 of the RDC Act. PWC reported on its findings in October 2010.

Some preliminary observations from the PWC examination were:

- The nine RDCs are small organisations, but are responsible for channelling significant government funds into the regions.
- R4R has presented major organisational challenges for the RDCs as the significantly increased investment by government in regional areas has taken shape.
- The RDCs also represent a significant avenue for government to direct and organise spending on regional projects and initiatives, such as through the Regional Grants Scheme and supporting local governments through the Country Local Government Fund.

The review was to use the PWC examination to consider the effectiveness and cost efficiency of the RDCs, and the effectiveness of the existing model in delivering regional development. The examination was also to assist in identifying options to improve government service delivery for regional development. These included effective governance and administrative arrangements to enable regional decision-making and the avoiding of duplication of roles and responsibilities with other agencies or organisations.

7.2 Methodology

PWCs approach was based on using their proven VfM (Value for Money) methodology, which focuses on identifying and prioritising opportunities. The approach combined PWC's audit and performance improvement methodologies to develop a robust VfM review methodology and framework.

Upon identifying the key influencing factors and value/cost drivers of the nine RDC's PWC conducted an exercise designed to determine the likely impact these would have on the financial position of the RDC's. This was achieved by looking at potential changes to these inputs, such as implementation of large-scale efficiency projects.

PWC utilised a suite of tools and analysis techniques that guided the ongoing activities including activity and cost analysis, governance and reporting frameworks, performance alignment and benefit tracking.

The examination was conducted over three main phases as follows:

- Mobilise – This phase included a detailed review of existing data and other information likely to impact on the review, in order to assess each RDC's costs (assets, direct materials, indirect materials etc). It also focussed on the strategic plan of RDL and the RDC's, and on each organisation's value drivers.
- Assess & Analyse – This phase involved a focused review of strategic and operational services, activities and initiatives, as well as an overall review and assessment of costs and revenue. To achieve this, data and information were collected and priority areas for 'deep dive' analysis for each of the nine RDC's were identified. This phase focussed on achieving the outline of the review as describe in the terms of reference by visiting the nine RDCs in July/August 2010.
- Report & Recommend – This phase of the review focused on the development of a detailed report, outlining key findings and opportunities for improvement as well as potential changes.

The full PWC report forms part of the attachments to this report.

7.3 Key findings and opportunities for improvement

PWC determined that the RDCs were generally effective in their legislated roles (section 23 of the RDC Act) and demonstrated efficient operating environments, although they were at full capacity. They displayed a strong commitment to regional outcomes.

The RDCs:

- spent time both on identifying regional priorities and with some lead regional stakeholders in the development of future regional economic plans;
- engaged regional communities through physical visits, as well as involving the regional communities in the identification of key regional priorities; and
- identified the importance of regional knowledge and a regional presence as a cornerstone of achieving strategic regional outcomes.

The regional offices are an essential part of creating and maintaining regional presence, and building rapport, amongst the regional populations.

The summary of findings included the following:

- The RDCs have the ability to demonstrate their achieved outcomes in terms of job creation, new businesses started, infrastructure development etc; however, these are not captured in the current Key Performance Indicators (KPIs) as outlined in their annual reports.

- PWC assessed these achievements through visits, by review of documentation and systems in place and through communication and discussions with the executive management team and staff of the RDCs, and found that the RDCs were generally effective in addressing their six mandate items. PWC noted a push by individual RDCs to maintain their strategic focus as much as possible, and that this has become more difficult due to increasing pressures from the additional R4R funding and administration requirements.
- At the time of PWCs visits in July and August 2010 the operating environment of the RDCs was efficient, although most were at full capacity and were forecasting increased headcounts. The weaknesses of the RDCs lay in their capacity to marshal, coordinate and prioritise the allocation of resources in order to efficiently support their regional objectives.
- With increasing R4R funding and the RDCs reaching capacity, a step change is needed to ensure the RDCs continue to meet their objectives. Possible changes include increased resourcing and more effective use of the resources available and/or an increase in productivity by centralising processes such as R4R administration, reporting and back office functions.

Key findings identified through the analysis of data and visits to the RDCs and opportunities for improvement are highlighted in the table overleaf.

Part Two: What We Were Told

Key Findings and Opportunities for Improvement

	Key Findings	Opportunities for Improvement
Performance	<ul style="list-style-type: none"> • Performance information limited to customer satisfaction surveys and cost per project only • Accountability, performance reporting and supporting consequences and underdeveloped • The timeframe between initial applications and payment of funds increases the possibility of projects failing 	<ul style="list-style-type: none"> • Review the current framework of performance reporting to align the performance reporting information with the regional strategic outcomes and ultimately s23 of the RDC Act • There is a clear need to streamline the grants application process, timelines and monitoring and reporting • Genuine accountability measures, to be defined, including consequences for under performance
Cost Drivers	<ul style="list-style-type: none"> • Ad hoc responsibilities are taken on by the RDCs for which they do not necessarily receive additional funding or resources • The regional cost drivers differ from region to region. 	
Strategic	<ul style="list-style-type: none"> • RDCs cannot align their strategies with a broader whole of region strategy due to the fact that no broader regional strategies exist • RDCs do not have a strategic plan that is necessarily aligned with s23 of the RDC Act • Not all of the RDCs have a yearly business plan • Some of the strategic regional focus at the executive level has been reduced due to the additional time spent on project administration • RDCs facilitate bigger regional strategic projects and are involved in the start up phase only, with no further involvement 	<ul style="list-style-type: none"> • The RDCs should be a driver of strategic outcomes and be involved in key strategic regional projects from inception to completion to enable them to monitor the outcomes achieved and ultimately complete a benefits realisation analysis and report on these outcomes • One of the key factors that need to be taken into account to ensure that the RDCs strategy and business plans are aligned is to link the RDCs strategy and plans to whole of region strategic plans

	Key Findings	Opportunities for Improvement
Operational	<ul style="list-style-type: none"> •The implementation of the RDCs business processes into the Office of the Shared Service negatively impacted the RDCs flexibility and responsiveness •Desegregated systems in the RDCs are used for monitoring and reporting of Strategic and Royalties for Regions projects •A key person risk exists within the RDCs in terms of the regional knowledge and presence at the executive level •Executive are being drawn into project administration as the volume of projects grow with the Royalties for Regions activity 	<ul style="list-style-type: none"> •Conduct a review of organisational structure relating to the roles of the RDCs and responsibilities accumulated over time. •Redesign strategic planning, control and reporting processes to ensure there is a direct link between RDC budgeting and reporting requirements to actual operational and strategic budgeting •Investigate and benchmark the desegregated systems in the RDCs to determine the functionality and possible implementation of an appropriate centralised system
Funding	<ul style="list-style-type: none"> •The introduction of the Royalties for Regions funding negatively impacted on the RDCs effectiveness due to increased allocation of time and resources spent on marketing and administering the funding •There is no distinction in the process between small and larger grant applications •Uncertainty exists of what to do with contestable grant funding for projects that have been abandoned. Contestable grant funding not fully allocated 	
Projects	<ul style="list-style-type: none"> •There are sound governance controls operating over the selection and evaluation of projects and grants with several layers of decision making in the RDCs •Completed projects funding acquittals tends to focus on the financial outcomes rather than the actual benefits realised 	<ul style="list-style-type: none"> •The RDCs should focus on determining the strategic outcomes of completed projects by performing a benefits realisation analysis as part of the project's acquittal
Other Observations	<ul style="list-style-type: none"> •Lack of client awareness and usually just because of the RDCs presence they become the first point of contact for various regional government services •The operational models for the regions differ in terms of number of regional offices 	

Part Two: What We Were Told

7.4 Conclusions

PWC concluded:

- The RDCs were generally effective in their legislated roles and demonstrated efficient operating environments, although they were at full capacity.
 - The opportunities for improvement highlighted above suggest a wide-ranging organisational transformation. PWC believe there is the potential for enhanced regional outcomes but this would require a demanding program of change. The challenge is significant. Sustained integrated government support will be required and some investment will be necessary.
 - Each one of the nine regions in Western Australia is endowed with different production capacities, comparative advantages, geographic characteristics, institutions and assets.
 - A region's capacity to innovate is not its only source of growth. Equally important is its ability to create a well-educated population, to attract and retain talented people, to be well connected to global markets, to have a business-friendly environment and infrastructure system and an efficient labour market.
- OECD analysis on how regions grow⁶⁴ leads to several suggestions for effective regional policies:
 - Provide infrastructure as part of an integrated regional approach.
 - Invest in human capital.
 - Emphasise innovation and research and development.
 - Focus on integrated regional policies.
 - One of the key factors to be taken into account to ensure the strategy and business plans of RDCs are aligned is the need to link them to regional strategic plans. This would include ensuring that different levels of government with regional influence work together to identify key regional issues and ultimately create a longer-term regional strategic plan.⁶⁵ The regional strategic plans are also important to industry, which finds them useful in their capital investment planning and decision-making processes.
 - It is important that the RDCs capture the regional strategic objectives, and understand how they will work towards achieving regional outcomes.

Part Three: How to Structure Regional Development

Chapter 8: Structuring regional development

8.1 Why have regional development?

Regional Western Australia encompasses one-third of Australia's land mass but its 600,000 people represents about 2.7 percent⁶⁶ of the Australian population. It is about 26 percent of the Western Australian population.

The definition of regional development adopted by the review⁶⁷ is necessarily broad, covering the economy, society and environment, as well as the personal and economic wellbeing of those who live outside large well-developed urban settings.

Regional development is not altruistic – investment is needed in the regions for strategic purposes and for the realization of economic gains and returns.

The 'returns' to Western Australia and the nation are significant. The regions punch greatly above their weight in terms of economic contributions. For the state:

- 98% of mining accounts for \$70 billion of our economy;
- 90% of agriculture accounts for \$6.5 billion of our economy; and
- 85% of exports accounts for \$94 billion of our economy.⁶⁸

The OECD⁶⁹ identifies three reasons why regional development is 'high on the agenda' of its member governments:

- regions face significant challenges "that undermine territorial cohesion within countries";
- there is often large unused economic potential that would be better exploited and contribute to the wellbeing of rural citizens and to overall national development; and
- neither sectoral policy nor the work of market forces is able to fully account for the heterogeneity of challenges and potentials of regions to cope with positive and negative externalities.

Federally, as we move to a new era that recognises the importance of regional development for the sustainability and prosperity of our nation, it is acknowledged that "empowerment of local communities is the key to unlocking the economic potential in regional Australia".⁷⁰

Development increasingly recognises that a triple bottom-line approach must be taken, where economic, social and environmental issues and opportunities are integrated. This has too often been merely about economic development and growth, without enough being done to address the sustainability of regional populations and centres.

With 64 percentage of Aboriginal people, about 50,000, living in the regions the wellbeing of Aboriginal people and their culture is crucial to the future of our State; their unique knowledge is the defining element in building a sustainable future for Western Australia.⁷¹

It is a mistake to look at regional Western Australia as one homogeneous entity. There is a great deal of diversity between the regions in terms of economic, social and environmental opportunities and challenges. No two regions are the same.⁷²

The common bond between regions lies in their unique communities and the community spirit and cohesion that exist. This has allowed regional Western Australia to deal with the highs and lows of the new global economy, and the uncertainty of what the future holds. Our regional communities have shown their strengths, resilience and fortitude and will continue to represent a strong foundation for the future of the state, and indeed, the nation.

It is not an overstatement to say that our regions are the backbone to our nation.

It is therefore in the interests of all Australians, whether based in Perth or Warburton that regional development is well managed and planned for in an enduring way, striking the right balance between economic, social and environmental sustainability. Put another way, it is about enhancing sustainable growth and revealing the extent of market failure in order to justify government intervention.

Part Three: How to Structure Regional Development

8.2 Guiding principles

On many occasions the Review Committee was reminded about the importance of its task and the once-in-a-generation opportunity that was being presented. It was therefore vital that we developed a strong foundation for our work.

There is a unique opportunity to modernise and revitalise the way that government organises itself for regional development. This requires leadership and commitment, and must be underpinned by effective partnerships between key regional stakeholders.

The review determined that it was important that a set of guiding principles were adopted to assist its deliberations, conclusions and recommendations. The following table details some notable principles and themes for regional development:

<ul style="list-style-type: none"> • a more holistic, community- and place-based approach is required. • strategic investments can make a difference a range of policy instruments and measures is needed. • government financial assistance measures must be carefully designed. • partnership is key flexibility and local leadership and authority are critical. • governance matters, and new modes of governance are required. • community-based initiatives require special care. 	<ul style="list-style-type: none"> • integrated arrangements. • a commitment to collaboration • common boundaries. • acknowledging the differences. • the intention for tripartite arrangements. • sharing of information • work towards a shared purpose. • cross membership. • joint funding. • collocation. 	<ul style="list-style-type: none"> • effective partnerships - the scope of the opportunities and challenges will require government, industry and community organisations to work together and share responsibility for the region's development. • comprehensive and integrated approach - the complexity of rapid development requires a comprehensive approach to address inter-related issues and avoid unexpected impacts. • building resilience in regional communities - sustainable development of the region requires more than simply capitalising on rapid resource driven growth. to withstand shocks, the region needs to develop economic diversity and liveable communities. • adaptability and responsiveness - rapid and uncertain development presents a constantly changing range of opportunities and challenges. 	<ul style="list-style-type: none"> • a thorough understanding of local perspectives on governance. • definition of strategy – what the remit and the ambition of governance will be within the region. • capacity – the ambition of a regional governance model to be matched by the skills and competences of the people working within it and the systems that they use. • processes for engagement. • effective monitoring and evaluation processes. • suitable structures. 	<ul style="list-style-type: none"> • building capacity in regional communities. • retaining benefits in regional communities. • improving services to regional communities. • attaining sustainability. • expanding opportunity. • growing prosperity.
<p><i>A Review of Rural and Regional Development Policies and Programs - Mark Goldenberg - CPRN Research Report March 2008 P.26-28 http://cprn.org/documents/49496_EN.pdf</i></p>	<p><i>Regional Development Australia Core Principles (To guide the establishment and ongoing operation of the Regional Development Australia (RDA) network, the underpinning principles were agreed by the Regional Development Council (RDC) in Broome on 30 July 2008)</i></p>	<p><i>Surat Basin Future Directions Statement, Queensland http://rti.cabinet.qld.gov.au/documents/2010/feb/surat%20basin%20future%20directions/Attachments/Surat%20Basin%20Future%20Directions%20Statement.pdf</i></p>	<p><i>Experiences In The Development and Implementation Of Regional Governance Models – Report to the IIB/DIA Steve Fisher December 2009</i></p>	<p><i>Royalties for Regions six policy objectives http://www.royaltiesforregions.wa.gov.au/Content/AboutUs.aspx</i></p>

The review adopted the following guiding principles to assist it with its task:

- wherever possible the principle of localism should be adopted;
- there should be an integrated approach to regional development workings and planning;
- partnerships should be sought wherever possible to maximise potential, resolve issues and develop joint responses to problems and failures;
- capacity and sustainability must be developed for enduring regional development; and,
- resources and investments must be coupled with performance management and accountability systems.

8.3 The new regional development paradigm – horizontal and vertical integration

Regional development is a major international challenge and covers a myriad of issues extending from economic infrastructure development, food security and employment policy, to addressing poverty and disadvantage. The OECD published *Reinventing Rural Policy* in October 2006⁷³ detailing new issues influencing rural policy making – particularly relating to decentralisation and trends in regional policy. It said:

“Regional policy has thus begun a paradigm shift from a top-down, subsidy-based strategy to reduce regional disparities into a much broader family of policies designed to improve regional competitiveness.”⁷⁴

The changes are part of what the OECD described as a new rural paradigm. The OECD argues there are important changes in how policies are conceived and implemented for regional development.

Traditional hierarchical administrative structures, the OECD states, are likely to be inadequate to administer policies effectively and adjustments are thus needed both at the central and local government levels, and between the different levels of government. For instance:

- Central governments often struggle to overcome their own sectoral approach to rural [regional] development in favour of an integrated policy approach. Co-ordination is needed to encourage the various institutional and managerial systems that formulate and implement rural policy to work together. Consistency is also required to ensure that individual policies are not contradictory, and that they converge in a coherent strategy. This process requires political commitment to overcome sectoral tendencies and an overall clarification of the roles and responsibilities of different ministries or agencies in the field of rural development. Various coordination options include special high-level units, integrated ministries, “policy proofing” and inter-ministerial coordination via working groups and formal contracts.
- Co-ordination is also needed at the local level to integrate sectoral approaches, to involve private partners and to achieve the appropriate geographic scale. Administrative boundaries at regional or local level do not always correspond to development needs.
- Co-ordination is also needed between the central government and sub-national authorities. Developing a true partnership with sub-national governments implies participation in decision-making and also in implementing rural development policies that the regional or local government helps to design. These arrangements require a high level of commitment, effective knowledge sharing and competence on the part of local representatives. One of the key problems is how to ensure that the proper incentives are provided to make rural communities act in a way that is dynamic and rewards initiative and experimentation, but that also promotes consistency in public policy across sectors and regions.⁷⁵

Part Three: How to Structure Regional Development

These changes were broadly described as horizontal and vertical integration. The OECD in its publication *The New Rural Paradigm: Policies and Governance*⁷⁶ further explains what is meant by such integration. It involves a focus on re-orientating existing policy towards a new rural paradigm that changes the policy focus and provides adjustments to the governance structure in the form of:

“... a shift from a sectoral to a territorial policy approach, including attempts to integrate the various sectoral policies at regional and local levels and to improve coordination of sectoral policies at the central government level; decentralisation of policy administration and, within limits, policy design to those levels; and increased use of partnerships between public, private and voluntary sectors in the development and implementation of local and regional policies.”⁷⁷

The OECD further explains the concept in another paper⁷⁸ that argues for

“a framework for multilevel governance, showing that advancing governance across all levels of government and relevant stakeholders is crucial to avoid policy gaps between local action plans and national policy frameworks (vertical integration) and to encourage cross-scale learning between relevant departments or institutions in local and regional governments (horizontal dimension). Vertical and horizontal integration allows two-way benefits: locally-led or bottom-up where local initiatives influence national action and nationally-led or top-down where enabling frameworks empower local players. The most promising frameworks combine the two into hybrid models of policy dialogue where the lessons learnt are used to modify and fine-tune enabling frameworks and disseminated horizontally, achieving more efficient local implementation of climate strategies.

Such integration generates benefits at all stages of the policy process. This includes agenda setting and strategic planning, to encourage political leadership and stakeholders’ support; policy formulation and approval to promote long-term vision and near term action; local implementation to overcome obstacles, build necessary capacity, and establish reliable financing for action; feedback and evaluation; and dissemination to promote information sharing and cross-scale learning.”⁷⁹

The Economic Audit Committee also leans to this direction with its recognition that the public sector requires ‘modernisation’ and presents an agenda for reform based on an increased focus on cross-sector collaboration; better workings with the community sector, and performance improvement.⁸⁰

Finally, the Review Committee concurs with this direction based on the strong submissions that advocated for regional strategic planning, better grouping of services and functions, and the avoidance of overlaps with government agencies. The PricewaterhouseCoopers view also clearly identified the difficulties facing RDCs in their present isolated form.

8.4 Royalties for Regions

The review's terms of reference do not include an examination of Royalties for Regions but the impact of this seminal initiative in investment for regional development does affect our scope, as it impacts greatly on the role of RDCs and regional development.

The R4R policy was central to the formation of the present State Government. The policy reflects strong public sentiment in the regions that governments of today and tomorrow need to increase investment in those areas.

In describing the R4R Act the Minister stated the program:

*"is designed to help regional communities grow and prosper through promotion of local decision-making and to attract the resources and investment needed to support development in country Western Australia."*⁸¹

Under R4R each financial year an amount equal to 25 per cent of the forecast mining and onshore petroleum royalty income for WA is to be credited to a fund for regional development. The fund is for investment in projects, infrastructure and community services and distributes benefits to regional communities through three separate funds – the Country Local Government Fund, the Regional Communities Services Fund and the Regional Infrastructure and Headworks Fund.

Royalties for Regions is an historic agreement that underlines the State Government's long-term focus on regional development throughout Western Australia. It provides a vehicle for the State's mining and onshore petroleum royalties to be returned to regional areas each year as additional investment in projects, infrastructure and community services.

The three funds support strong and vibrant regional communities by; improving infrastructure and headworks, establishing across-government strategic and community service projects, providing a range of contestable grant opportunities, and building capacity in local communities.

An important tenet of the R4R program is local decision-making through the RDCs and local governments.

The RDCs and the Council have had an influential role in prioritisation and allocation of R4R grants, however, the PWC examination noted that the effect on RDCs' operations may not have been all positive:

*"With the ever increasing Royalties for Regions funding and the RDCs reaching their capacity, a necessary step change needs to be made to ensure the RDCs continued to meet their objectives."*⁸²

This position was confirmed to the review, with the associated issues of RDCs reaching capacity described as presenting heightened levels of risk.

There were also issues raised on managing interests, as RDCs provide assistance and support for grant applications as well as making determinations and recommendations on grant approvals.

Further, local governments, and sometimes RDCs themselves are the beneficiaries of grants with the associated risks of conflicts that this must involve.

Given the extent of investments there is a pressing need for government to have an enduring and efficient structure that reflects the levels of resource allocations being made, and the potential risks involved.

Part Three: How to Structure Regional Development

8.5 Regional governance

The Review Committee's process of inviting submissions from members of the community, industry and other stakeholders has confirmed that there is no dispute over the importance of regional governance to the regional communities of Western Australia.

If regional governance in Western Australia were to be measured against jurisdictions elsewhere in Australia, then the RDC model, with its local staff, CEO and board, would stand out against all other systems, which are broadly centralist in nature. This was reinforced by the recommendation of a committee of the Victorian Parliament in November 2009 for the state to adopt an RDC model.⁸³

When the review looked at practices internationally there was a solid theme of localism – such as through strong UK local governments and national assemblies, a European Union that is configured and provided with aid funding largely on a regional basis, and in countries like the USA that have adopted federalist systems.⁸⁴

Within the Western Australian context, the representative nature of the RDC structure is even more important given that pressures on the existing local government system of size, geographical isolation and capacity.⁸⁵

The local government amalgamations of Victoria and Queensland are producing councils that increasingly have a regional focus and improved influence due to size and capacity. There are some indications too that the Commonwealth is increasingly working through the RDAs, directly with local governments on initiatives, and thereby bypassing states.

The move towards constitutional recognition of local government may indicate a renaissance of the sector within Australian government and this could have a profound impact on future regional development.

That Western Australia has a unique model for regional development is evident from the state's distinctive nature, which includes:

- issues of remoteness;
- the vast physical size and scattered population of some regional centres;
- the diversity between and within regions;
- the predominance of size of the capital city in relation to regional cities and towns, and its distance from these; and,
- the economic potentials and significance of the regions.⁸⁶

There are however limitations to the present RDC model. Local government councillors are elected representatives and so have a democratic mandate. In regional governance terms local government is a stronger and more legitimate entity. RDC board members are not elected but appointed and so do not have the same kind of mandate, although present arrangements are that a third of board members are from local government.

There is also a potential shortfall in having boards that are representative in nature, rather than having appointments made based on members' individual skills or the desire to have a cross section of skills.

On a practical front no level or entity of Government can operate in isolation and local regional governance and autonomy must not be the sacrifice paid for efficiently and effectively delivering on a regional development agenda. Essentially, it is the ability to represent the regions, based on local knowledge, understanding and networks that serves the interests of Government, industry and the not-for-profit sector, allowing them to do business or deliver services locally. Skills are also important, together with representation.

Evidence from the OECD and submissions supports a greater level of integration between local regional entities (horizontal) and up through the different levels of state and Commonwealth government (vertically). The challenge for this review is to investigate these needs while preserving the importance of regional governance.

During a Victorian Parliament review last year the following themes arose when discussions about regional governance occurred, against the general backdrop of a discussion about structure:

- government coordination;
- partnerships;
- powerful regional bodies;
- strategic planning;
- government support for the regions; and,
- decentralisation.⁸⁷

These are issues that continually arose through the review and are covered throughout this report.

8.6 Realising human capital

Regional development has always been about realising potential: the economic and social potential of the land, minerals and peoples.

When Western Australia, appointed its first Minister for the North West on 1919, it demonstrated that the State had the foresight to appreciate the potential of its natural resources.

Today, it is acknowledged that one of the most important resources for a nation is its human capital. Human capital refers to ‘the stock of competences, knowledge and personality attributes embodied in the ability to perform labour so as to produce economic value’.⁸⁸

“Changing economic and social conditions have given knowledge and skills – human capital – an increasingly central role in the economic success of nations and individuals. Information and communications technology, globalisation of economic activity and the trend towards greater personal responsibility and autonomy have all changed the demand for learning. The key role of competence and knowledge in stimulating economic growth has been widely recognised by economists and others.”⁸⁹

Untapped and under-utilised human capacity is exhibited by limited leadership availability, limited business development, high levels of unemployment, low participation rates and low skills. The challenge for regional Western Australia in growing its human capital is not exclusively related to Aboriginal people, but this a highly significant part of the work that needs to be done.

There is also the important issue of gaining the best returns from the \$1.7 billion being used for the 80,000 Aboriginal people in Western Australia, and what exactly Governments and communities want to achieve from this. While important, the recent focus on personal welfare and the money spent within the justice and corrective systems are not materialising in economic gains.⁹⁰ There is an encouraging interest in education, skills, training and jobs, but much more has to be done.

Part Three: How to Structure Regional Development

Aboriginal partnerships and governance to realise human capital gains and fruitful engagement were not explicit terms of reference for this review, but tapping under-utilised capacity is an important element of regional development in most parts of WA. Human capital issues emerged in submissions as being particularly noteworthy in the way that some RDCs operate, based primarily on the strength of Aboriginal populations and histories. There is also some evidence that the local model can be more effective in delivering on outcomes without being hindered by bureaucratic red tape and political inertia.

In its consultation the review received formal written submissions from several groups representing Aboriginal interests, including the Indigenous Implementation Board (IIB) and Desert Knowledge. These prompted meetings with Lieutenant General (Rtd) John Sanderson who is chairman of the IIB and the Hon. Fred Chaney who is chair of the Desert Knowledge Australia Board.

What has emerged is a view that a strong link exists between this review and the possibilities for advancing an Aboriginal partnerships/governance agenda. This is the potential to be all the more important since the abolition of the Aboriginal Economic Development Commission.

The main position put by the IIB and Desert Knowledge is that government is not working well for Aboriginal people, in the areas of engagement, coordination, services, planning and realisation of potentials. They believe the cornerstone to advancement is culturally sensitive government and participation for Aboriginal people.

Aboriginal governance is defined by the IIB as:

“Culturally legitimate mechanisms and processes by which decisions can be made with the Aboriginal communities.”⁹¹

IIB, Desert Knowledge and others have spent considerable time and effort to develop models that recognise the importance and value of Aboriginal culture to regional and state development. These models are designed to support the development of culturally legitimate Aboriginal representational processes to allow a real dialogue and partnership, in order to address the most fundamental problems inhibiting the realisation of indigenous human capital and advancement.⁹²

The review acknowledges that regional development can be measured against different factors – as seen in our definition at the start of this report. These factors reflect societal issues such as opportunities for people and communities and these should be measured in economic and government intervention terms (market failure). Aboriginal governance to realise human capital potential can therefore be a legitimate part of the overall framework of regional governance and engagement.

In looking at regional development within this context it is important to understand what Aboriginal people consider to be prosperity, value and wellbeing as it has particular cultural significance. From the IIB:

“A broadening and deepening of our understanding of what constitutes an asset is fundamental to the success of any long term picture of prosperity. A move from thinking of value in terms of components of land or sea, towards understanding the immeasurable potential value located in the systemic integrity of the landscape as a whole is required. Aboriginal people and their culture are a critical part of building this understanding and enabling sustainable use of these assets.”⁹³

The literature and directions of OECD are useful here, horizontal integration is important and ultimately those in the region are best placed to build new, sustainable and fruitful relationships underpinned by a localistic approach.

8.7 Leadership and skills

A very strong theme that arose during the review was that of capability and leadership within the RDCs and the corollary issue of their ability to meet a broad and demanding agenda that translates into a challenging workload. The message was that the RDCs needed suitably qualified and experienced staff and board members.

The review found no coordinated performance development and training for RDC staff, CEOs or board members. The same issues that challenge development in the regions, such as excessive costs and difficult access to training are equally true for RDCs. The nature of RDCs and their status as being separate entities has worked against any coordinated approach to leadership and capability building.

Boards

As far back as 1998 the Office of the Auditor General was making recommendations⁹⁴ for the appropriate appointment and training of public sector board members. These recommendations included that:

- Board appointments should specify the required criteria and the appointment process. Decisions should be adequately documented.
- Boards should develop a comprehensive induction package for new members that presented an agreed position on the role of the agency and the roles and responsibilities of board members, as well as reference material.
- Boards should formally assess and satisfy the on-going training needs of members.⁹⁵

The current statutory process for the appointment of RDC board members is contained in section 16 of the RDC Act⁹⁶ and clause 11 and 12 of the *Regional Development Commissions Regulations 1994*.⁹⁷ It requires a third of members to come from local government, a third from the local community and community organisations and a third to be appointed directly by the Minister. The basis of this arrangement is it reflects a representational model and not one based on the skills of individual board members.

A strong view presented to the Review Committee was about the workings of RDC boards. It was suggested that the basis for appointments and the composition of boards did not meet the needs of efficiency and governance demanded of regional development and good governance in today's environment.

The composition of statutory boards was reviewed in the Australian Government in 2003 by John Uhrig⁹⁸ who, when defining 'better practice' stated:

"In getting the best from boards, appropriately experienced directors are critical to good governance..."

*Representational appointments to boards have the potential to place the success of the entity at risk."*⁹⁹

The Uhrig report also advised on board size that:

*"Based on current thinking on best practice in the private sector a board of between six and nine members (including a managing director if there is one) represents a reasonable size. Boards with members within this range seem to be more easily able to create an environment for the active participation in meetings by all directors".*¹⁰⁰

Part Three: How to Structure Regional Development

Staff

PWC, as part of its examination, undertook a staff competency survey¹⁰¹ that provided details of the formal qualification and experience of RDC staff and their chief executives. The results of the survey indicate that the majority of employees of RDCs have extensive experience and university qualifications but there were also some issues raised:

“The mix of community, heritage, academic and business generates an effective picture, however as there were only four respondents, the project managers qualifications and credentials have not been provided for inspection. It could be an issue if there was inadequate lower-management structure to support the adequate top structure.”¹⁰²

“The [named RDC] looks to be a large structure with managers for different regions as well as specific managers for project areas. This larger structure would usually demand a higher degree of qualifications, however the average time spent within the commission (six years) indicates that the experience of the senior management may be appropriate. This would however warrant particular attention to ensure that there is the appropriate mix of project specialisation, business knowledge and accounting/finance skills to accompany the local knowledge and experience that is evident.”¹⁰³

Regional leadership has been on the policy map since the early 1990s when global consultants McKinsey published the report *Lead Local Compete Global*¹⁰⁴ with a conviction that local and regional leadership was the key to successful regional development. This report stressed the value in the following terms:

“Given the task of rejuvenating a region and the choice of \$50 million, or \$2 million and 20 committed local leaders, we would choose the smaller amount of money and the committed local leaders.”¹⁰⁵

Resources, and by this the Review Committee means human resources, have long been an important issues for RDCs. This has been compounded recently by R4R. Given the small size of RDCs, the importance placed on their skills, and the need to get the right balance to cover a multitude of roles and demands, is increased. This is especially true where there is staff and board member turnover occurring sometimes, more regularly than wanted due to local government members not being re-elected, and where attraction and recruitment is difficult due to location.

It is clear that the Review Committee needs to address these issues in whatever conclusions and recommendations that are formed.

8.8 Regional blueprints

Another strong theme in the review was the need for regional blueprints to assist in future regional development and to set a firm foundation for actions. This related to a number of issues:

- policy leadership in regions;
- too many plans, some with questionable status;
- horizontal integration; and,
- the need for a unified and singular picture from government on how a region should develop.

“By developing a detailed Regional Plan that not only includes land use planning, but also identifies all the future needs for a better and broader range of services, and also the economic, social and community, sporting and cultural infrastructure required, and then prioritising them, and identifying when they need to be attended to and how they will be funded, has proven to be an outstanding success.”¹⁰⁶

The idea of a RDC-type body developing a regional blueprint fits naturally with its role as a coordinating body with deep local knowledge and understanding, extensive networks and significant empirical data and information. Some RDCs, such as Gascoyne and Goldfields-Esperance for example, have developed strategic plans that go beyond their own business operations and directions, however, in order to be successful, a state framework on requirements, status and expectations needs to be developed.

PWC in its examination noted the importance of putting the RDCs’ operations into a broader context and regional strategic planning was a key component of this:

“One of the key factors that need to be taken into account to ensure that the RDCs strategy and business plans are aligned is to link the RDCs strategy and plans to whole of region strategic plans.”¹⁰⁷

Internationally, plans that reach beyond merely guiding an organisation’s activities but that seek to influence other stakeholders in a region to take action themselves, are being developed by Regional Development Agencies in the UK through their Regional Economic Strategy.¹⁰⁸

Of all the Australian jurisdictions Queensland is most advanced in the development of regional strategic blueprints. This can be seen in the development of the *South East Queensland Regional Plan 2009-2031* (SEQRP)¹⁰⁹ and the *Surat Basin Directions Statement* (SBDS)¹¹⁰. The former document was prepared in accordance with sections 2.5 A and 2.5 C of the *Integrated Planning Act 1997* (Qld) (IPA) and this legislation sets out the steps the relevant minister must follow. It is worth noting the requirements of section 2.5A:

“The particular effect of the regional plan is established under section 2.5A of the IPA as follows:

- *For the purpose of the IPA, the regional plan is taken to be a state interest.*
- *Under the IPA, the regional plan prevails where there is any inconsistency with any other plan, policy or code, including any other planning instrument made under state legislation that has effect within the SEQ region.*
- *Any plans, policies and codes being prepared or amended by state agencies that relate to the SEQ region must reflect and align with the regional plan.”¹¹¹*

The purpose and scope of the SBDS includes that the statement:

“...is a high level document to bring key stakeholders together to develop a coordinated region-wide approach to the complex and cumulative impacts of ... change.”¹¹²

A key argument of having a regional blueprint is to set the ‘elements of the future direction,’ such as how this has been done for the SBDS, which includes:

- Planning for growth;
- Planning and developing infrastructure;
- Building and maintaining liveable communities;
- Capturing economic opportunities and building resilience;
- Developing a skilled workforce; and,
- Sustaining regional environments.¹¹³

Part Three: How to Structure Regional Development

The SEQRP addresses:

- A regional vision and strategic directions.
- Regional land use.
- Sustainability and climate change.
- Natural environment.
- Regional landscape.
- Natural resources.
- Strong community.
- Engaging Aboriginal and Torres Strait Islander peoples.
- Employment location.
- Infrastructure.
- Water management.
- Integrate transport.
- Implementation and monitoring.¹¹⁴

Regional strategic planning, a blueprint for the future, needs to encompass statutory land planning to be able to seriously and comprehensively address future wellbeing and prosperity, although it is important that any approach does not undermine or get confused with existing arrangements for regional statutory land planning. The existing strong, statutory land-planning framework has the potential to provide an important component to regional strategic planning.

Finally, regional blueprints would serve to assist RDL and other state agencies in their planning and on setting strategic directions.

8.9 Sustainability

The review's definition of regional development includes sustainability.

Regional Western Australia knows all about sustainability, surviving the peaks and troughs of economic activity from the days of the gold rush, and now being at the forefront of the sustainability debate and climate change.

Economic trends and declines have built rural Western Australia into a resilient and enduring community. Today it is the economic engine room for the Australian economy, although not all regions are sharing the benefits equally.

Sustainability is about meeting the needs of the present without compromising the ability of future generations to meet their own needs.¹¹⁵

Australia's natural resources have a finite life. Iron resources are projected to last 65 years, nickel 41 years, LNG 63 years and oil 41 years.¹¹⁶

For future regional development and planning the Review Committee considers it important that when identifying economic growth and addressing market failure, appreciation is given to sustainability.

This requires a reconsideration of the interaction with bodies such as Natural Resource Management offices and RDAs. Such a development would move to the type of horizontal integration already discussed in this report.

The platform for coherence and integration is developing a regional blueprint and it should have a section designated to a region's sustainability. Such information could be set by the state, including data, measurement and coverage, and would be useful for state agencies.

8.10 Local government

The review's research into regional development internationally shows that the local government sectors play an important, and sometimes critical, role in regional development. The trends towards strengthening regional local governments in Australia, particularly in Victoria and Queensland, are good indicators of such a development.

The reasons for this are a natural result of local governments' location in the regions and their democratic mandate to operate on behalf of their constituents for 'good government'.¹¹⁷

Local governments' interest in our review was significant. As well as WALGA¹¹⁸ organising for a sector-wide response that was detailed and well-considered, 38 local governments provided their own individual formal written submissions.

Within the Western Australian context the maturity of local governments, particularly given their current size and capabilities, provides an important opportunity for taking on a significant role in regional development.

Local governments currently have a role in RDCs, especially in their operations and through board-level representation.

Local government maturity and integration into a governance framework that meets a regional development agenda, offers an important opportunity for the future of the state. It also could have significant benefits considering the way the Australian Government resources regional development initiatives through RDAs.

Wherever possible we need to explore how local governments can be encouraged to engage with regional development strategic issues and planning. The sector is in a very strong position to take a leadership role on growth and respond to negative externalities caused by market failure.

There was a strong response in the submissions that government entities on the ground are not meeting regional demands and agendas and that they need to work together effectively to move towards what the OECD refers to as horizontal integration.

Logistically, regional involvement by local governments with RDCs has been easier in the Kimberley and Pilbara with their small numbers but is more complex when seen in Wheatbelt with its 40 plus councils. Nonetheless, the extent of effective interaction and tied histories for RDCs and local governments is evident from the submissions and provided a strong foundation for new governance frameworks to be tested.

One area where progress can be made is through the development of a pre-eminent regional blueprint, with the full involvement and commitment of local governments. Such a plan will give a context, detail and vision to the future of a region and its constituent parts, as well as taking advantage of local entities working collaboratively in shaping regions.

Part Four: Conclusions and Recommendations

Chapter 9: Conclusions and recommendations

9.1 Introduction

Part 1 of this report provided an introduction to the review and background information, as well as explaining how regional development operates in Australia and internationally. Part 2 detailed what the review was told, including a statistical breakdown of submissions we received and the outcome of the PWC examination. Part 3 reflected on the review's deliberations on a number of key themes that go to the heart of regional development.

This part is based on what we were told and found. It contains the review's conclusions and recommendations. In reaching these we have deliberated over a great deal of evidence and opinions. This has included:

- an understanding of the history of the RDCs and their unique status;
- the changing context, especially with R4R;
- the domestic and international practices and trends for regional development; and
- the results of our interviews and the submissions.

Importantly the PWC examination findings allowed us to reflect on the efficiency and cost-effectiveness of the RDCs and areas for practice improvement. We also had the Economic Audit Committee's recommendations as a reference point.

The Review Committee found that any model for restructuring for stronger, more coherent regional development involved a level of complexity. It was important to explore in detail roles and responsibilities, governance and administration issues and to be clear on who is responsible for what and how relationships should work. We needed to think through what roles we supported, and equally what was not supported, in order to develop a detailed picture for a stronger regional development framework.

Whatever conclusions we made on structure and roles and responsibilities it was important to be sure on the benefits of any change and importantly, what was needed by way of other reforms that would support structural change.

We have covered these themes and issues in detail. They support a package of reforms that will make for better and stronger regional development in the short and longer terms.

9.2 The effectiveness and cost efficiency of the RDCs in achieving their objects and functions specified in Section 23 of the *Regional Development Commissions Act 1993* and the effectiveness of the existing model in achieving the Liberal-National Government's commitments to regional development, having regard to any overlap, duplication of effort and approaches in other jurisdictions.

PWC determined that the RDCs were generally effective in their legislated roles (section 23 of the RDC Act) and had efficient operating environments, although they were already operating at full capacity:

- At the time of PWCs visits in July and August 2010 the operating environment of the RDCs was efficient, although most were at full capacity and were forecasting increased headcounts. The weaknesses of the RDCs lay in their capacity to marshal, co-ordinate and prioritise the allocation of resources in order to efficiently support their regional objectives.
- With increasing R4R funding and the RDCs reaching capacity, a step change is needed to ensure the RDCs continue to meet their objectives. Possible changes include increased resourcing and more effective use of the resources available and/or an increase in productivity by centralising processes such as R4R administration, reporting and back-office functions.

Discussions revealed a difference between how RDCs see themselves and how they are viewed by many CEOs who have key responsibilities for delivering on State Government agendas that affect all regions.

While the independence and regional governance components of the RDCs were considered important there is a strong suggestion through the responses to the Review Committee that the ability to influence, and capacity in delivering, is not supported by the current resources, roles and structure.

Equally, there is a need for better integration at vertical and horizontal levels for the agencies and other players involved in regional development.

9.3 Any improvements in government service delivery for regional development considering governance arrangements, administrative operations, regional decision-making, regional accountability, avoidance of duplication and the roles and responsibilities of other agencies and organisations.

9.3.1 Proposal to restructure the Regional Development Commissions and the Council

Amendments to the RDC Act and a reordering and renewal of the roles, responsibilities and priorities of the organisations concerned with regional development are necessary to produce better support and outcomes for regional service delivery and policy.

Part Four: Conclusions and Recommendations

Structure

Bringing the current nine RDCs together as one statutory authority based on the existing Council model would provide the foundation to ensure strategic planning and support for the regions. The existing Council should be re-established as the Western Australian Regional Development Commission (WARDC) serving as a single overarching body¹¹⁹, with each of the nine current RDCs maintaining their present regional locations and being provided with expanded roles and responsibilities and additional support from RDL.

It also should provide for strategic alignment and integration of activities within the regional development realm, such as co-locating lands functions from RDL in regional locations, as well as providing a greater capacity for integration of services, functions and operations in the future.

The changes would have the benefit of allowing for greater efficiency of operations and would create one entity rather than nine RDCs and the Council, reporting directly to the Minister.

The WARDC would provide much needed support and direction to the former RDCs allowing for better integration and sharper focus on their regional tasks and outcomes.

Each existing RDC would be re-established in legislation as a regional office of the WARDC (to be known as RDC – and then the name of the region e.g. RDC – Pilbara.¹²⁰) Each would be a sub-entity of the WARDC and would remain located regionally, led by a regionally based executive officer¹²¹ (RBEO), and local staff, supporting a regionally based board almost always made up of regionally based members.

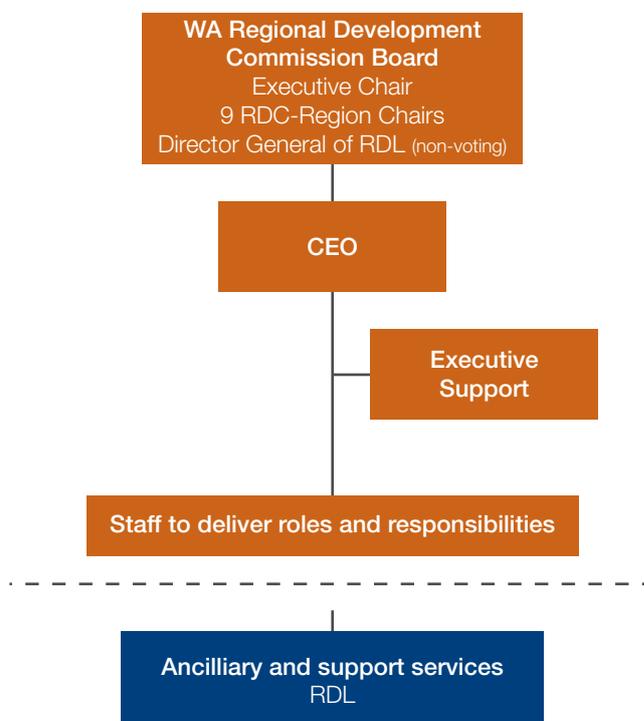
To foster a strong and committed local board to represent and guide the activities of the RDC for a particular region, boards would be reduced in size and membership, made up of direct Ministerial appointments, based on merit on predetermined criteria set against experience, skills and competencies.

The new WARDC would have a board and an executive support structure. The board would be headed by an executive chair and membership would include the chairs of the RDC- Regions boards and the Director General of RDL, who would be a non-voting ex-officio member. The WARDC would have its own CEO, appointed by the Public Sector Commissioner. The WARDC would be the employer of all regional and central staff in the authority, with regional staff being recommended on the advice of the RDC-Regions. The RBEO for a RDC-Region would be appointed through a meritorious selection process and the relevant RDC-Region board chair should chair the appointment panel.

The WARDC should have an executive staff and its work would primarily be focused on achieving its aims as the peak body for regional development and setting strategic directions, policy and prioritisation. In addition, the WARDC would work on strategies common to all RDC-Regions offices.

Figure 1 provides the WARDC structure.

Figure 1



Outside of its core responsibilities the WARDC would enter into service level agreements or a similar arrangement with a public sector agency like RDL for the delivery of ancillary and support services.

RDCs would no longer be individual statutory authorities, but would form part of the WARDC statutory authority, retaining local boards.

As at present, chairs and board members of RDC-Regions would be appointed by the Minister.

The board should guide the RDC-Region in relation to the board's functions including direction for the activities of the local organisation.

Corporate services, grant administration, lands and other prescribed functions would be the responsibility of RDL, but local boards should retain the capacity to guide the work of the RDC-Region staff, and RDL staff, through the RBEO, in assisting their work and for setting directions.

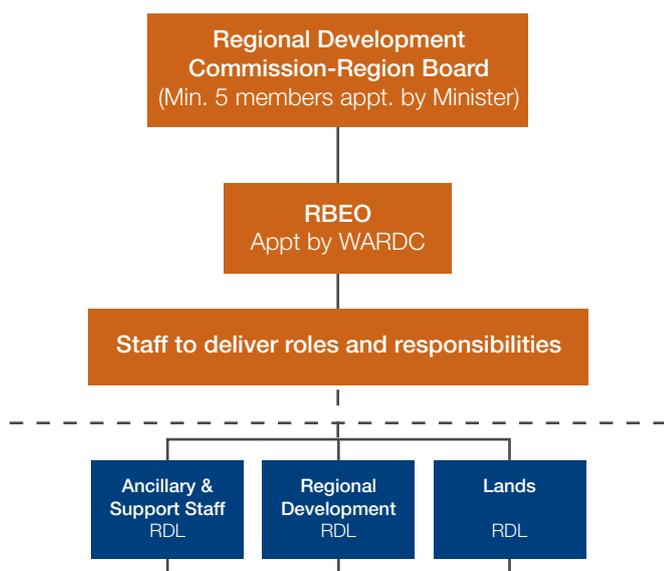
Figure 2 shows the RDC-Regions structure in orange and the RDL support structure in blue.

In most respects, RDC-Regions would, generally, continue to promote the region, coordinate other agencies, provide advice and award/recommend Royalties for Regions grants. (Administration of the grants should be undertaken by RDL).

To ensure local independence roles and responsibilities would be clearly defined by legislation and reflect higher level functions, with WARDC and RDC-Regions being required to apply these flexibly to the conditions and needs of a region and to advance regional development across the state. The WARDC would be able to provide greater direction or clarity on roles to RDC-Regions.

It is important to be clear about responsibilities of the RDC-Regions to the Minister. The model would be that any additional project or significant request would be managed through the WARDC. Where the Minister wants to give a direction to an RDC-Region or the WARDC he or she should be entitled to and this would be made public through reporting in the WARDC's annual report.

Figure 2
Roles and responsibilities



Part Four: Conclusions and Recommendations

Management

The RBEO of each RDC-Regions would be the main supervisor of staff in the region, but staff would be subject to general managerial and administrative oversight by the WARDC. It is expected that the majority of day-to-day activities would be delegated to RDC-Regions.

In addition, the WARDC would work closely with RDL and develop service level agreements under which RDL would support RDC-Regions work through additional regionally based staff and by providing “back office” support such as for human resources, payroll and finance services, as agreed. Day-to-day management of RDC-Regions staff and co-located RDL staff would be carried out through a devolved process by the RBEO reporting to the local board underpinned by appropriate delegations of relevant employment and financial functions from the WARDC.

The RDC-Regions boards would be functionally strengthened, and have a more strategic thinking, planning and decision-making role, as a result of new responsibilities such as developing a regional blueprint. Legislation or delegated legislation should spell out powers, limitations or restrictions or the relevant instruments delegating functions.

As the employing authority, the WARDC would have broad and general oversight of the RDC-Regions; however, the structure is such that it should not, on the whole, have direct involvement in everyday line management.

The preferred option is, broadly speaking, not dissimilar to the reforms being undertaken for the metropolitan redevelopment authorities, that have been given recent Cabinet endorsement. These would put the metropolitan redevelopment authorities under one statutory authority with the authorities becoming parts of the one new organisation.

Advantages

- RDCs are retained as constituent part of a strengthened statutory authority, retaining local management, operational and decision-making responsibility via the board related to core roles, as well as oversight of financial management.
- Financial accountability is improved by having centralised funding and resourcing through the WARDC.
- The number of statutory authorities reporting to the Minister is reduced from nine (plus the Council) to one. This will mean a reduction in annual reports, estimates presentations, bilaterals etc reduced to one.
- The focus is increased on regional coordination and strategic and comprehensive regional outcomes.
- The policy setting and performance of the Council is enhanced.
- There are new efficiencies in government regional offices and improved performance in delivering more strategic services to support the regions.
- Strong regional governance maintained and stronger accountability is ensured for the Royalties for Regions program.
- There is better vertical integration and capacity for flexibility in resources allocation.
- There is better capacity to use a regional framework for state-wide decision-making.
- Existing expertise and corporate knowledge is preserved.
- There is better uniformity of regional development roles and unnecessary competition is reduced.
- Potential local conflicts for the boards due to representative nature and prescribed functions of local boards are reduced.

Disadvantages

- There is a perceived loss of local autonomy and independence from government direction.
- There is a loss of statutory status.
- There is a perceived loss of control.
- There are potential disruptions and uncertainty in the period while legislation is constructed and debated.

9.3.2 Governance, financial and administrative matters

The framework around the structure of the current model, including the legislation and administration would need amendment to strengthen the governance and operation of the new proposed WARDC.

WARDC

Governance

There are strong arguments about reducing the number of board members and ensuring that members have appropriate skills. The representative nature of the WARDC is nonetheless paramount and so the chairs of all RDC Regions would be included in the WARDC membership, with an executive chair appointed by the Minister, not one of the local board chairs, as is the case with the current Council. The Director General of RDL would be a non-voting ex-officio member.

The workload of the new chair of the WARDC would need to be assessed to determine if it should be full time in order to deal with the increased workload.

Administrative

The WARDC would have a CEO and power to employ its own staff and CEO, though it would be open to negotiate with RDL for staff resources to be provided by RDL. Functions and powers that are discussed later should assist in determining the kind of organisational structure and resources that will be necessary.

The structure puts greater responsibility and functions on the WARDC and so it would additionally have its own staff. Executive leadership would be provided through a CEO and by way of administrative arrangements RBEOs of RDC-Regions would report to the CEO.

Part Four: Conclusions and Recommendations

It is open for statutory authorities to delegate corporate and support services such as payroll to a host department, particularly where their functions are aligned to the roles of the department. In exceptional cases, where the functions are not aligned to any department, then they can operate separate to a department structure. The increasing trend is to harmonise the roles of statutory authorities with the roles of departments.¹²² In the case of a WARDC role, this would be easily seen as closely aligned to RDL.

While the WARDC would be the employing authority of its own staff, including RDC-Regions it would be able to make administrative arrangements for some functions to be undertaken in other ways, such as through delegation of this function to RDL or other administrative arrangements. This would allow the WARDC to operate in a more strategic way.

RDC-Regions

RDC-Regions should be regionally based and continue to employ local staff exercising the employment powers of the WARDC.

Governance

Appointment to the local boards would be by the Minister, according to broad eligibility criteria.

There is a strong case for the local boards to be reduced in size to be more effective and flexible in their operations. New local boards would comprise a minimum five members, being ministerial appointments. It would be up to the Minister's discretion to get the right balance on boards. The RDC-Regions RBEO would not be eligible for appointment as a member of the board but it would be expected that the chair would invite the RBEO to be an observer and to provide advice at board meetings.

There should be no restriction on members being on other boards, and it may be beneficial if they were also on the RDA board. Integration may be better achieved by having RDA representation on RDC-Region boards, but this should be at the discretion of the Minister.

There should be no statutory restriction on the number of invitees to sub-committees; these should be subject to guidance by the WARDC, which should include managing conflicts of interest. It is anticipated that RDC-Region boards are likely to have active subcommittees given their new roles.

There should be requirements for members to have appropriate experience, skills and competencies and a balance of these should be sought across a board. A balance of different interest groups should also be attempted.

Administrative

RDL officers, where possible, would be co-located in RDC-Regions' offices and the department should have a general role of supporting RDC-Region in their non-core functions through service level agreements.

This would free up RDC-Regions staff to promote their regions, develop a blueprint, coordinate agencies and facilitate and assist potential R4R grant recipients in their submissions without perceived conflicts of interest.

RDC-Regions boards would still make determinations on the recommendation/acceptance of R4R grant submissions.

Offices would continue to be located regionally to support the RDC-Regions operations and their board.

Rather than have a CEO appointed for each RDC, currently at the recommendation of the Minister for Public Sector Management, and endorsed by Cabinet, a RBEO would be appointed to manage the RDC-Region. The RBEO would work through a local board, exercising powers devolved by the WARDC.

The WARDC would be able to move senior officials and other staff, across RDC-Regions, sharing expertise and creating greater flexibility in resource allocation. Existing provisions on moving staff across public service agencies would also apply.

These steps provide significant benefits in terms of responsiveness and risk management. It also creates a career path in regional development.

Employment powers

The structure represents a change in the employing authority from the RDCs to the WARDC. Currently, each RDC employs its own staff (except the CEO).

Recruitment and appointment of local staff would remain the responsibility of the RBEO of the RDC-Region under delegation, subject to endorsement by the WARDC. Staff of the WARDC will be appointed under and subject to Part 3 of the *Public Sector Management Act 1994*, as is currently the arrangement for RDC staff.

A service level agreement and on-going monitoring and practice improvement would govern the non-core functions of the WARDC and RDC-Regions.

Location

Any structure has to be sensitive to the importance of regional governance and the strong response from submissions was that there should not be a 'RDL takeover'.

Periodically the government has expressed a general interest in establishing government agencies outside of the metropolis. There is a case that the WARDC should have its offices located outside of the metropolitan area to illustrate its regional commitment, retain regional links of the existing Council and ensure its operational independence from RDL. There may also be cost-savings on leasing and other expenses.

On the other hand a decision to base the WARDC in any region could attract criticism that the chosen region has been favoured at the expense of the others.

From a practical point of view, distance and access to Perth may not favour some regions and there are benefits to having the WARDC located in close proximity to the Minister and the offices of major government agencies, including RDL. Travel across regions can also involve a trip to Perth and an onward journey and this would cause disruption and inefficiencies.

There is no clear answer to these issues and some of the submissions received illustrate that any such decision may be controversial. The decision must be one determined according to Government policy having regard to the practical issues as outlined above.

Given the importance of the WARDC agenda to move regional development forward in a wider state and strategic context, and following the present location of the Council, a metropolitan location is, therefore, the preferred option.

Regional meetings should be continued by the new statutory authority should the offices of the WARDC be in the metropolitan area.

Budgets

Currently, each RDC is funded by income primarily derived from Parliamentary appropriations and supplemented by other income derived from its functions.

The model brings together the nine statutory authorities together as the WARDC and as such it is proposed that it would be:

- funded through the appropriation process to deliver the legislated services; and,
- subject to the financial administration, reporting and audit requirements of the *Financial Management Act 2006* and the *Auditor General's Act 2006*.

The WARDC would be responsible for funding each RDC-Region office, the local boards, and their functions.

Royalties for Regions grant allocation should be treated separately and framed based on roles and responsibilities. Grant administration would become a RDL cost.

Part Four: Conclusions and Recommendations

9.3.3 Functions and powers of RDC-Regions

Sources of functions and powers for RDC-Regions

Legislation would need to give the WARDC appropriate powers, including as an employing authority, establishing the RDC-Regions, and determining their roles.

It should also determine the role and responsibilities of the Minister, including increasing discretion on powers to vary boundaries and to create or abolish RDC-Regions.

Reviewing functions – general approach

It is important to consider the roles and responsibilities of RDC-Regions particularly against RDLs operations, its future regional presence and the WARDC.

Overlap or duplication is inefficient but also has the potential to cause confusion for the community it is serving and compromise the reporting relationships to the Minister responsible.

The Minister would have RDL's Director General reporting to him or her, as well as a CEO and executive chair of a WARDC, together with the heads of the other current organisations concerned with regional development¹²³.

Such a situation is not unusual; it is possible to have different entities, sometimes with the same senior staff representation, offering advice to a Minister based on different perspectives. In these cases role clarity and 'standing' (the authority or basis to the advice) becomes crucial.

Another important consideration is that the proposed option meets the directions and themes set out by the Economic Audit Committee in its report *Putting the Public First - Partnering with the Community and Business to Deliver Outcomes*,¹²⁴ particularly relating to:

- cross-sector collaboration (recommendations 6 and 10);
- better workings with the community sector (recommendations 12 and 14); and,
- performance improvement (recommendations 3, 6 and 15).

Reviewing functions – general context

The current focus for RDCs is twofold, economic development (developing a regional economic base, identifying infrastructure services and promoting business development) and the monitoring of the standard of government services in the region.

In practice however their focus has been primarily on economic development rather than social development.

The landscape for economic development has changed radically since the RDCs were created in the early 1990s. When the legislation was drafted there were issues of unemployment, now the issues are more associated with skills shortages. The picture is not uniform and a one-size-fits-all approach would not work.

Regional development has a far sharper focus in Western Australia than was once the case. Regional development has an economic, as well as a social end. RDC-Regions should be concerned with enhancing sustainable growth in their region, and identifying impediments to that occurring. Sustainable growth needs to be emphasised and defined in future roles.

RDC-Regions should largely be in the business of addressing the realities of market failure in their regions, through identifying supporting evidence and driving and coordinating responses. The existence of a market failure is often used as a justification for government intervention. This would differ from region to region and should reflect different conditions, for example population loss (Wheatbelt) or skills shortages and population expansion (Pilbara).

RDC-Regions should be a key source, through the new strategic planning roles, for identifying these conditions to avoid performance turning or continuing downwards. The description of regional conditions would contribute to the development of a state picture, and assist in appropriate actions being taken state-wide and regionally.

Any notion that 'regional areas' can somehow organise themselves as regions to substantially reverse the effects of market failure is mistaken. RDC-Regions should be the key vertical and horizontal integration player to support appropriate government intervention and the direction of public policy as it affects their region.

Government influence, be it federal, state or local has not had sufficient impact to alleviate all or many of the effects of market failure in Australia's regions. Royalties for Regions is addressing this for Western Australia and should be targeted to reflect regional conditions that have been identified locally and agreed upon state-wide. This in turn would assist in the prioritisation and quantification of resource support - hence, the key role of the WARDC.

There is a strong case to have the roles and responsibilities of RDC-Regions founded on a 'strengthening' of the evidence base available for state agencies through an approach that identifies market-failure.

This needs to include 'growth policies' to identify and work towards economic development. It should also include identifying and finding solutions for negative externalities arising from market failure. This approach would be consistent with Recommendation 8 of the Economic Audit Committee.

Reviewing functions – principles

Generally, the RDC-Regions should have expanded and refocused roles and responsibilities and the way that these are carried out is important.

Part Four: Conclusions and Recommendations

Roles not supported

The proposed structure for the roles and responsibilities for RDC-Regions is that they should not, in the future, be directly responsible for the following:

- service delivery functions; there should, however, be scope for RDC-Regions to assist and facilitate in service delivery by others, such as through Royalties for Regions grants, support, research, strategic projects, information discovery or provision, and locating staff from other agencies in RDC-Regions offices,
- project management roles on behalf of other entities; or,
- Royalties for Regions grant administration.

This is illustrated by the following examples:

Areas that RCD - Regions should not be directly responsible for	Examples
Service delivery functions	Providing migration or skills attraction services through directly undertaking migration visa application services. This does not prevent a RDC-Region from organising such services, such as by tendering for a contract with a provider or organising with the local Regional Development Australia organisation.
Project management on behalf of other entities	Undertaking a project on behalf of a department which has this as its main role.
Grant administration	The administration of Royalties for Regions grants.

Roles supported

Again, based on the new context for regional development, the roles and responsibilities for RDC-Regions in the future should relate to:

- using their central and unique position to *drive* and *coordinate* State Government initiatives;
- using local knowledge, information systems and networks to *identify* potential opportunities for growth and market failures;
- using their strong local position and knowledge to *appraise* and *promote* regional conditions with a view to setting aspirations for the region;
- partnering with the community, local governments, state and Commonwealth agencies and the community sector to *assess* regional needs based on regional conditions and aspirations;
- through regional strategic planning and information gathering or liaison for RDL and *aid* and *enable*, in a spirit of co-operation, the delivery of statutory functions in a non-ongoing and non-operational way, either for RDL, the Department of Planning, or any other agency.
- to *address* policy matters delegated to them by the Minister through the WARDC.
- to provide high-level and strategic *advice*; horizontally, with the community, local governments, state and Commonwealth agencies and the community sector in the region and; vertically, through the WARDC, and the central operations of state and Commonwealth agencies and other stakeholders; and,
- occasionally working with state and Commonwealth agencies to *assist* and *facilitate* them in meeting important policy implementation on a needs basis and where this falls within the role, competencies and strategic directions of the RDC-Region.

Areas that RDC-Regions should have a direct and mandated responsibility to	Examples
Drive and coordinate	<ul style="list-style-type: none"> • Establish and foster relationships with all levels of government, industry and community. Eg. RDA, CCI, CME, on major government initiatives affecting the region. • Mandated authority to bring people together to address issues relating to regional development.
Identify	<ul style="list-style-type: none"> • Identification of regionally important projects. • Coordination of funding thereof.
Appraise and Promote	<ul style="list-style-type: none"> • Provide ongoing reports and information on regional conditions. • Develop the 'Strategic Plan for the Region' that outlines agreed conditions and aspirations for the region.
Assess	<ul style="list-style-type: none"> • Developing clear ongoing evidence of market failure in the region and how negative externalities should be addressed.
Aid and Enable	<ul style="list-style-type: none"> • Housing of Department of Planning planners in offices and working with them in their roles and to support a Strategic Land Use Planning Framework for the Region.
Address	<ul style="list-style-type: none"> • Undertaking reactive tasks and projects that falls within competencies and local knowledge.
Advise	<ul style="list-style-type: none"> • Lead regional adviser. • Passive and active advice roles – such as developing and providing local information and statistical data and facilitation and assistance on Royalties for Regions grants.
Assist and Facilitate	<ul style="list-style-type: none"> • Facilitate and engage to assist others make projects work – such as assisting agencies and undertaking coordination roles. • Allowing agencies to have staff located in offices will result in reduced risks normally associated with a lack of supervision.

Part Four: Conclusions and Recommendations

Reviewing functions – detailed roles and responsibilities

Section 23 (objects and functions of a commission) of the RDC Act was written in the first part of the 1990s and reflects the economic conditions of the day. Section 23's thirteen objects and functions also reflected a desire for an expansive and comprehensive approach.

In summary the section 23 roles and responsibilities of the RDCs were to:

1. Maximise job creation and improve career opportunities.
2. Develop and broaden the economic base.
3. Identify infrastructure services to promote economic and social development.
4. Provide information and advice to promote business development.
5. Seek to ensure that the general standard of government services and access to those services is comparable to that which applies in the metropolitan area.
6. Generally take steps to encourage, promote, facilitate and monitor economic development.

By any measure this was a very ambitious agenda for RDCs. The reality is that the RDCs have never been resourced to achieve all these aims.

Where RDCs have succeeded in advancing section 23 causes, it has generally been as enablers and facilitators for third parties (government and non-government) to carry out these functions. In many other areas covered by section 23, the vacuum was either never filled or these roles were left to Perth based government agencies to fulfil.

This failure to realise the full ambition of section 23 does not reflect negatively on the performance of the RDCs, as most RDCs have provided a valuable service within the limits of their resource allocation and policy support.

What this failure does is emphasise a reality that is unlikely to change; the fulfilment of economic and social regional development objectives should remain the province of government portfolio agencies, as influenced by lead development departments such as RDL and State Development.

To this traditional government effort in economic development is added the considerable effort of non-government bodies. For instance, industry in regions such as the Pilbara and Kimberley are involved in infrastructure projects involving timescales that can be measured in generations and billions of dollars of investment.

The issue for the Review Committee is where the RDC-Regions can add most value.

Continuity with the RDC past is essential, not least because the accumulated experience of RDCs, their data and information gathering ability and their local knowledge and understanding, are all very valuable for future regional development.

The Roles and Responsibilities 4 and 6 listed above should continue. Identifying market failure and developing strategic plans would encompass those roles and responsibilities listed under 1, 2, 3 and 5 above, but the actual achievement of those outcomes has to fall under the operations of agencies that have the resources and skills and that are designed, for instance, to train for jobs and careers, or to build social and economic infrastructure.

RDC-Regions are needed for vital roles enabling growth and identifying issues that can facilitate economic and social development, using accepted techniques to identify and analyse market failure. RDCs have been at their most successful when they have shown that they can bring players to the table and advance an economic or social agenda.

The new RDC-Regions roles and responsibilities should be designed to ensure continuity with previous roles but bringing these up-to-date within today's context, and aimed at achieving better local and regional outcomes. The roles and responsibilities should include:

1. being the lead coordinator in the regions, for the purpose of coordinating the multiplicity of government and non-government efforts;
2. proposing economic and social growth initiatives, including through Royalties for Regions grant funding;
3. monitoring regional social and economic development, including market failure, in order to identify specific agency or whole-of-government actions;
4. planning to enable the development of a regional blueprint within the framework developed by the WARDC, ensuring the integration of government planning, and as a resource for industry and not-for-profit organisations. The blueprint should serve the following purposes:
 - 4.1 it should be the pre-eminent regional development plan for the region, beyond any other plan, and include all government agencies in order to break down silo mentality;
 - 4.2 it should reflect the input from, and have the endorsement of, all levels of government and the community in the region;
 - 4.3 it should have mandated authority to ensure that the regional office of the WARDC brings people together to develop a blueprint; and
 - 4.4 it should be a reference point for any relevant plan for a government department or agency.
5. leading on regional development integration of government, business, industry and community partners, through data collection, information provision, promotion, coordination and facilitation;
6. providing regional, strategic, high-level advice and recommendations to the WARDC, and through the WARDC to the Minister;
7. addressing regional policy matters referred by the Minister through the WARDC.

Reviewing functions – future directions

The integration of entities regionally, especially developing new governance arrangements for local governments, and effective partnering between state government agencies working with private and community organisations, is critical to the wellbeing of regions.

The structure supports such a direction and this is best approached under the general auspices of developing a regional blueprint.

This should serve several purposes:

- it should be the pre-eminent regional development plan for the region, beyond any other plan, and include all government agencies in order to break down silo mentality;
- it should reflect the input from, and have the endorsement of, all levels of government and the community in the region;
- it should have mandated authority to ensure that the regional office of the WARDC brings people together to develop a blueprint; and
- it should be a reference point for any relevant plan for a government department or agency.

Each RDC-Region's regional blueprint should be based on a framework approved by Cabinet, developed by the WARDC with RDL and the Trust and individual plans should be signed-off by the WARDC and the Minister.

Part Four: Conclusions and Recommendations

9.3.4 Functions and powers of the new WARDC

To recap, the WARDC would be the only statutory authority and should be the legislated employing authority for RDC-Regions staff.

Its role should be written into the legislation, along with separately the RDC-Regions roles and responsibilities.

Reviewing functions – detailed roles and responsibilities

The main value of the WARDC should be to act as an effective peak and coordination body for state regional development, maximising its effectiveness through its regional operations and workings with RDL, the Trust, and other stakeholders, and the Minister.

It should include:

1. coordinating and consulting with key government and non-government agencies, organisations and stakeholders on regional development policy;
2. developing a state-wide perspective on regional conditions, including market failures and opportunities for growth;
3. providing state-wide views, plans, advice and recommendations to the Minister;
4. creating a framework for the development of a regional blueprint to manage growth in a sustainable way, ensuring the integration of government planning, and as a resource for industry and not-for-profit organisations;
5. delivering on policy requirements and facilitating joint regional office initiatives relating to regional development that individual offices cannot meet;
6. recommending to the Minister prioritisation of Royalties for Regions grants allocation for disbursement by the regional offices of the WARDC, working with the Western Australian Regional Development Trust;
7. providing a general managerial and administrative oversight role for the regional offices of the WARDC, including —
 - 7.1 endorsement of the appointment and deployment of staff;
 - 7.2 strategic financial resource management;
 - 7.3 endorsement of strategic, business and operational plans;
 - 7.4 endorsement and monitoring of regional objectives; and
 - 7.5 peer assessment and evaluation.

9.3.5 Benefits of the new structure

- The approach presents a strong basis for a forward-thinking, strategic and integrated structure in which regions can prosper in Western Australia.
- It retains a genuine local presence in staffing, leadership and governance.
- It creates greater flexibility through better arrangements for cooperation between regional offices and with RDL and clarifies accountabilities by reducing multiple reporting lines.
- It places authority and control with local boards for coordination and promotion of economic development of their region, as is the case currently for RDCs. Importantly it expands roles and provides for better integration, providing a state platform for work done in the RDC-Regions.
- Local boards would continue to be made up of ministerial appointees.
- RDL should take on a support role through their Service Level Agreement to ensure that RDC-Regions can thrive, focusing on new directions without getting distracted by ancillary and support services. This mitigates the risks and would improve efficiencies.
- The model is unlikely to lead to direct cost savings, but should ensure that regional development works better and this would have a significant net positive and on-going economic effect, regionally and state-wide.
- Functionally, there is not a radical change in the basic parameters of roles and responsibilities; economic development and governments' role in addressing market failures continue to be the focus. The approach is being brought up to date and the importance of sustainability is emphasised.
- Future planning, through the key components of developing regional blueprints and integration of local players, will ensure the balancing of the resources going into regional development with a robust structure.

- The new peak body, WARDC, should be able to work within a framework where the RDC-Regions are part of a cohesive and coherent structure, and would have a closer and more collaborative relationship with RDL.
- Finally, the changes, lay a foundation for further reforms and augmentation. Better integration, workings, common systems and collaboration can be directed to addressing the issues and problems faced within regional development. State, federal and local governments need to come together to work coherently and the structure lays the foundation for this to happen.

9.3.6 Other necessary changes

The Review Committee was certain that not all the challenges faced in regional development would be properly addressed by a reform agenda that was limited to restructuring RDCs, the Council and RDL. The evidence from the submissions, the PWC examination and international best practice, strongly points towards focus on objective-setting, planning and integration.

In order for regional development to work the following necessary changes have to be made to support the restructure. These do not require legislative change but do need to be advanced with political will to ensure that the administrative reforms are realised.

Skills assessment

The reforms do not purport to be aimed at cost savings but should give greater efficiency for the delivery of regional development. The new structure warrants a review of the skills and competencies that will be needed for the new WARDC and RDL, with a view to the fulfilment its roles and responsibilities.

The skills assessment should be designed to ensure that human resources can meet the demands of regional development in the next five to ten years.

Part Four: Conclusions and Recommendations

Performance management and accountability framework

The building blocks for a framework of performance management and accountability need to be developed to ensure future effective vertical integration, particularly for the RDC-Regions, the WARDC, the Trust and RDL. The UK Government has created, for its regional development agencies a structure of evaluation that includes detailing, according to the following stages:

- How state and regional conditions are going to be captured, reviewed and built into planning activities. This should include detailing the strengths and weaknesses with respect to the levels and trends in state and regional performance (productivity and drivers) that may reveal the scope and nature of market failures in achieving efficiency and equity and that provide the underpinning rationale for regional policy intervention.
- State targets and regional objectives. This would capture the translation from the strengths and weaknesses, opportunities and threats presented by contextual conditions into state and regional objectives. These would be represented by, respectively, the state targets and distinctive strategic objectives for each of the regions.
- State policies and programs, and local spend, activities, leverage and direct output. This can provide details about the categories of spend, activities by regions and through partners and policies/programs, in pursuit of regional and state objectives and the direct outputs (core and supplementary) that are generated. It is in this part of a framework that *monitoring* should play a most active role – checking that spending, activities and direct outputs are going according to plan and triggering contingency action where needed. It is also the stage where judgement can be made about effectiveness (performance against objectives) and cost effectiveness (the unit cost of delivery of the direct or gross output).
- State and regional outcomes and impacts. This is the conversion of the direct outputs from the regional entities and the partner interventions into the net outputs and outcomes. These will have the desired impact on the state and regional conditions, thereby justifying the interventions in the first place. It is in this part of the framework that the evaluation take place, that supplements the monitoring covered above. This is necessary because it requires assessment of the effects on third parties e.g. multiplier and displacement effects, and any unintended effects.¹²⁵

Review of all Government agency regional boundaries

The Review Committee deliberated the issue of common boundaries for agencies and noted that there were similar issues interstate. It makes practical sense that there should be common boundaries based on those specified in the RDC Act, in the interests of efficiency and effectiveness, particularly relating to data gathering. But it is also appreciated that some agencies may have sound operational reasons for this not being the case.

Common boundaries are therefore not to be mandated for all agencies. However, all agencies, including those listed in Schedule 1 of the *Public Sector Management Act 1994* should review their boundaries with a view to whether they should follow those within the RDC Act. This is consistent with recommendations 6 and 10 from the Economic Audit Committee.

Directors general group for regional development

It was noted by the Review Committee that a number of high level groups exist in the Western Australian Public Sector, comprising of directors general, concerned with issues such as land release, Royalties for Regions, appropriations and human services. In another Australian jurisdiction similar groups exist for regional development.

These groups ensure that there is a close level of engagement and coordination on major issues, as the most senior bureaucrats come together to review and plan on mutual agendas. While informal groups are likely to exist a more formal cross-portfolio forum would ensure that there is proper and constant representation and the administrative arm of Government is working in a coordinated way on regional development.

There is, however, an issue of the number of groups that already operate and the time pressures these place on senior staff and directors general.

Vertical integration would be greatly assisted if an existing directors general group were used that included the biggest agencies, like health and education, such as the Royalties for Regions Directors General Reference Group, to facilitate cross-agency collaboration on strategic regional development issues.

Framework for regional forums

Horizontal integration, getting all the local players working together with common goals, was a key part of evidence considered by the Review Committee to ensure successful regional development. Practically, this would work on a number of different fronts, including government agency coordination, particularly for education and health, as well as workings with local bodies such as Natural Resource Management offices, Community Resource Centres, and for tourism and small business development.

RDC-Regions should have a vital role in being a single point of contact for the regions and therefore would need to be working closely with all local partners. They need to be able to do this in a flexible way.

The Review Committee did not consider it appropriate to approach any recommendation related to these forums on a one-size-fits-all basis, as local conditions and arrangements will differ. RDC-Regions would need to be able to demonstrate that they are organised to drive and coordinate regional development agendas with local partners.

This should commence with the development of a framework including monitoring regional partnerships and forums to ensure their efficiency in achieving horizontal integration, and ongoing support and guidelines being put into place to support effective collaborations.

Part Four: Conclusions and Recommendations

Working with Department of Indigenous Affairs on models for realising human capital within the context of indigenous partnership and governance

The Review Committee acknowledged the importance of Aboriginal partnership and governance to realising human capital for the state, its legitimate position within regional development and the key roles that can be played through local solutions for advancement.

It was also acknowledged that there had been strenuous efforts made to address Aboriginal disadvantage in the past, and that while some progress had been made there still remains more to be done and that there was a need for new thinking on how government can effectively address such market failure.

There is a need for a clear public policy response to these issues and this can be translated into the activities of the RDC-Regions. If a new role is to be undertaken it is imperative that the tools and human resources are provided commensurate with any new agenda.

There is also a need for the ideas of the Indigenous Implementation Board and organisations such as Desert Knowledge Australia to be considered in preparing public policy, and for delivery reflecting appropriate engagement and localism.

The input of both the WARDC and the RDC-Regions is vital for such policy leadership and reflects the role of fostering economic and social infrastructure development in the regions. It is important that the responses, at least initially, should be high level and a 'game changer' in the way Government engages with indigenous communities.

RDL needs to work with the Department of Indigenous Affairs to seek solutions to these issues and to develop a public policy position for both the Minister and the Minister for Indigenous Affairs. The approach should build generally on better horizontal integration.

This advice should be presented to both ministers and Cabinet for endorsement of a response and approach.

Review by all Government agencies towards regional collocation

An important part of integration is that agencies in the regions need to work together and one of the most efficient ways for this to happen is collocation. There are also risks associated with a lack of proper supervision and support when one or two-person teams operate in a region.

The informal contact and workings achieved through physical collocation are impressive.

All agencies, including those listed in Schedule 1 of the *Public Sector Management Act 1994*, should review their current regional locations with a view to collocation with a RDC-Region office. In the case where an agency has no regional presence, or is not in all the regions, an assessment should be undertaken on whether services should be provided through a regional operation.

Framework for strategic plans/blueprints

The development of RDC-Region strategic plans/blueprints should be a major component of future roles and a key vehicle for achieving integration, as well as being essential for future federal and state funding for projects.

The Review Committee has not developed any comprehensive description on how these documents should be created, consulted upon or authorised, and significant work needs to be done on this, including partnering with the Department of Planning.

A framework for the development of the RDC-Region strategic plan/blueprint needs to be developed.

9.3.7 Integration of regional development, planning and local government in the Pilbara

A new structure for RDCs and the Council, aimed at better outcomes, better integration and a renewal and refocussing of roles and responsibilities should provide significant benefits for regional development. While it would improve performance, given the number and variety of other parties involved, realistically it is unlikely to resolve all the problems of integration and planning in the regions.

Through the submissions, and reinforced in our discussions with stakeholders, the message was clear to the Review Committee, that there needs to be coordinated planning and grouping of services and functions.¹²⁶ This was particularly true for the Pilbara region.

On several occasions it was stressed to the Review Committee that often the same people and entities are involved locally in regional development, statutory planning and local government, but that the organisations representing these parts of government continue to mostly operate and work separately.

Regional Planning Committees (RPCs) have been created under section 8 of the *Planning and Development Act 2005*. These can play a major role in shaping the future directions of a region. Their role is to advise the West Australian Planning Commission 'on planning for regions, or part of the region'.¹²⁷

Local government has a number of mechanisms designed to assist in operating at a regional level, including Regional Organisations of Council and Regional Collaborative Groups (RCGs). RCGs role includes that they "will adopt a regional approach to strategies and community planning and the social, economic and environmental development of their communities".¹²⁸

At the Commonwealth level Regional Development Australia (RDAs) organisations, which are non-statutory bodies, work as a committee to develop regional plans which describe the region, its attributes, industry and employment base and key advantages. The plan set out the economic, environmental and social vision for the region, articulates the drivers of change, identify strengths, weaknesses and opportunities, and list priorities for action.¹²⁹

It is important that there is coordination and consistency in approach and outputs between regional plans and planning activities, particularly for the Pilbara region in view of the level of economic activity. The Economic Audit Committee has rightly concluded that a 'silo mentality' and a lack of coordination is unproductive and will produce outcomes that are less than optimal. Numerous submissions commented on the negative effects of a separatist approach under different legislation/jurisdictions, relating to regional development, statutory planning and local government, and argued that the 'silo mentality' is counter-productive and should not be allowed to continue.

The Review Committee supports the notion of a working party being created to explore one body being created in the Pilbara to undertake the different roles, and collectively to provide a stronger governance structure for regions.

Though the composition and the roles and responsibilities of the RDCs and RPCs are mostly defined by legislation, and the RCGs through agreement between local governments with the Department of Local Government, there is a great deal of discretion and variance in how these bodies work in practice. The same is true for RDAs.

Appointments to RDCs boards and RPCs are by the relevant Minister. RCG appointments are self-selected from the regions local governments. RDA appointments in Western Australia are made by the responsible Federal Parliamentary Secretary, with the Minister making two nominations.

Part Four: Conclusions and Recommendations

In summary the current governance arrangements in the Pilbara are:

- the Pilbara Regional Council has four local government representatives.
- the Pilbara Regional Planning Committee has one Ministerial representative, one Department of Planning representative, one community representative, two representatives from local government, one specialist Ministerial representative and one representative from RDL.
- the Pilbara Regional Development Commission has three local government representative and six Ministerial representatives, three of whom are from the community.
- the Pilbara Regional Development Australia organisation has between 10 and 12 representatives of which the Chair and Deputy Chair come from the community and two from local government and one from the Minister for Regional Development and Lands.

In addition to these committees there is a Natural Resource Management committee and various Aboriginal governance arrangements.

A combination of the various board positions into one overarching governance entity in the Pilbara would achieve significant gains in local integration.

Such a structure does not require a change in legislation but the formal agreement of the three Ministers and Director-Generals responsible for regional development, statutory planning and for local government, and the Shire Councils themselves. At the Commonwealth level it would require appropriate Minister/Parliamentary Secretary approval.

The Ministers have already made the appointments to the relevant entities and, on the same basis, could make appointments collectively to the broader Group which fulfils the statutory and other functions of these entities under the broader banner of the Committee.

It may not always be possible in terms of uniform workings, to have totally collective representation under the Committee. For example, the operation of the Pilbara RCG is based on a governance structure comprising the Shire Presidents of the lead local governments – in the Pilbara, this includes all four Shire Presidents, but in another region there may be several dozen local governments, and a delegate approach would be needed. The operations of the RCG do not traditionally involve representatives outside of local government. A radical rethink on how the RCG operates, and its composition, could move its roles and functions forward.

There is an important virtue in having the RCG as part of a wider committee and for all present governance and management structures to be acceptable with a view to better inclusion, integration and good workings for those responsible for regional development, statutory planning and local government.

The reforms recommended in the Pilbara have a level of complexity and would involve significant culture change.

The extent of such changes requires a rethink on how government agencies work in the regions and particularly their relationship with local governments. For instance there is no reason why RDCs and other agencies that are co-located with them, such as Department of Planning planners, could not be based in local government offices, or in RDC –Region offices providing a single point, particularly if RDAs were similarly located.

Advantages

- Retains legislative and existing roles and responsibilities and does not require a change of legislation.
- Provides a single governance structure for statutory planning, regional development and local government across a region.
- Breaks down silo mentality.
- Would be more efficient.
- Would lead to better outcomes on planning and regional development for regions.
- Strengthens regional governance.
- Would allow better horizontal integration and potential for vertical integration.
- Would lead to a sharper focus on planning.
- Would assist in exploring regional governance change for local governments.

Disadvantages

- Could cause difficulties in practice.
- Could lead to perceived loss of control.
- Could cause potential disruption.

Part Four: Conclusions and Recommendations

9.3.8 Recommendations for a new structure for regional development

The Review of the Functions and Responsibilities of Regional Development Commissions recommends that:

A new statutory authority be established named the Western Australian Regional Development Commission (WARDC)

1. A single statutory authority be established called the Western Australian Regional Development Commission (WARDC), with the current Regional Development Commissions (RDCs) becoming regional offices of the WARDC (to be known as RDC – and then the name of region, eg. RDC – Pilbara). The WARDC will be the employing authority of its staff, and some existing RDC staff will be transferred to the Department of Regional Development and Lands (RDL) with the transfer of ancillary and support services – see recommendation 4. Each regional office will retain its own board, guiding the functions and priorities of the regional office.

Membership of the WARDC

2. The membership of the Board of the WARDC be comprised of an executive chair, appointed by the Minister for Regional Development (the Minister), chairs of the regional offices board and one non-voting ex-officio member: the Director General of RDL.

Executive leadership of the WARDC

3. The WARDC chief executive officer be employed under section 45 of the *Public Sector Management Act 1994*.

Service-level agreement between the WARDC and the Department of Regional Development and Lands

4. Given the strategic role of the WARDC, and the geographical service areas, consideration be given to entering into a service-level agreement with RDL for ancillary and support services, such as corporate services, grant administration and assistance with policy, research, strategic issues and co-ordination. For regional offices of the WARDC, this will enable them to focus on priority work areas.

WARDC regional office board membership

5. Each regional office board membership be comprised of a minimum of five members appointed by the Minister based on experience, skills and competencies related to the region.

Location of the WARDC

6. To ensure collaboration across departments and agencies, the WARDC be initially located in the metropolitan area.

WARDC roles and responsibilities

7. The Minister develop the WARDC's roles and responsibilities to include:
 - 7.1 coordinating and consulting with key government and non-government agencies, organisations and stakeholders on regional development policy;
 - 7.2 developing a state-wide perspective on regional conditions, including market failures and opportunities for growth;
 - 7.3 providing state-wide views, plans, advice and recommendations to the Minister;
 - 7.4 creating a framework for the development of a regional blueprint to manage growth in a sustainable way, ensuring the integration of government planning, and as a resource for industry and not-for-profit organisations;
 - 7.5 delivering on policy requirements and facilitating joint regional office initiatives relating to regional development that individual offices cannot meet;
 - 7.6 recommending to the Minister prioritisation of Royalties for Regions grants allocation for disbursement by the regional offices of the WARDC, working with the Western Australian Regional Development Trust;
 - 7.7 providing a general managerial and administrative oversight role for the regional offices of the WARDC, including —
 - 7.7.1 endorsement of the appointment and deployment of staff;
 - 7.7.2 strategic financial resource management;
 - 7.7.3 endorsement of strategic, business and operational plans;
 - 7.7.4 endorsement and monitoring of regional objectives; and
 - 7.7.5 peer assessment and evaluation.

Regional offices of the WARDC — roles and responsibilities

8. The Minister develops regional offices of the WARDC with roles and responsibilities to include:
 - 8.1 being the lead coordinator in the regions, for the purpose of coordinating the multiplicity of government and non-government efforts;
 - 8.2 proposing economic and social growth initiatives, including through Royalties for Regions grant funding;
 - 8.3 monitoring regional social and economic development, including market failure, in order to identify specific agency or whole-of-government actions;
 - 8.4 planning to enable the development of a regional blueprint within the framework developed by the WARDC, ensuring the integration of government planning, and as a resource for industry and not-for-profit organisations. The blueprint should serve the following purposes:
 - 8.4.1 it should be the pre-eminent regional development plan for the region, beyond any other plan, and include all government agencies in order to break down silo mentality;
 - 8.4.2 it should reflect the input from, and have the endorsement of, all levels of government and the community in the region;
 - 8.4.3 it should have mandated authority to ensure that the regional office of the WARDC brings people together to develop a blueprint; and
 - 8.4.4 it should be a reference point for any relevant plan for a government department or agency.

Part Four: Conclusions and Recommendations

- 8.5 leading on regional development integration of government, business, industry and community partners, through data collection, information provision, promotion, coordination and facilitation;
- 8.6 providing regional, strategic, high-level advice and recommendations to the WARDC, and through the WARDC to the Minister;
- 8.7 addressing regional policy matters referred by the Minister through the WARDC.

Other recommendations relating to the structural reforms

- 9. In supporting the structural reforms above, that the Minister considers the following:
 - 9.1 that as part of the transition to the new arrangements, a skills assessment of roles and responsibilities of the current arrangements be undertaken to ensure the new WARDC and RDL are equipped to deliver the intended outcomes of the new model;
 - 9.2 that the Minister develop a performance management and accountability framework for agencies under the portfolio;
 - 9.3 that the Minister arrange a review of government agency regional boundaries, with a view to consolidating and possibly standardising the boundaries;
 - 9.4 that an existing group be used to facilitate cross-agency collaboration on regional development at a chief executive officer level e.g. the Royalties for Regions Directors General Reference Group;

- 9.5 that the Minister develop a framework for monitoring regional partnerships and forums to ensure their efficiency in achieving horizontal integration and providing ongoing support and guidelines, particularly relating to Regional Development Australia organisations, Natural Resource Management offices, Community Resource Centres, tourism and the Small Business Development Corporation;
- 9.6 that RDL and the Department of Indigenous Affairs identify solutions to enhance Aboriginal partnership and governance, to realise human capital for the state, and develop a policy position for the Minister and the Minister for Indigenous Affairs, and Cabinet; and
- 9.7 that a review of Government agency regional locations be undertaken by all agencies, to assess the option of collocation for smaller agencies or those with limited regional presence.

Working party to strengthen the integration and alignment of statutory land use planning, and regional development and local government service delivery in the Pilbara Region

- 10. Establish a Ministerially endorsed and mandated working party to strengthen the integration and alignment of statutory land use planning, regional development, and local government service delivery within existing legislative planning frameworks for the Pilbara region. (This accords with Economic Audit Committee recommendations 6 and 10.)



9.4 Legislative amendments that will be required

The reforms as recommended by the Review Committee requires change to the RDC Act, the workings of government and administration, and current thinking.

It is important that transitional arrangements are put in place to support legislative amendments.

Endnotes

- ¹ The full Terms of Reference are contained in the attachment to this report.
- ² Regional Development Commissions are referred to throughout this report by the acronym RDC.
- ³ The *Regional Development Commissions Act 1993* is referred to throughout this report as the RDC Act.
- ⁴ See attachment to this report.
- ⁵ *Report of the Review of the Regional Development Commissions Act 1993* June 2004 – see attachment to this report.
- ⁶ “1. That a new section, Content and intent, be inserted into the preliminary part of the Act that explains the content of the Act and includes in the intent the provision that, in carrying out their functions, a Commission and the Regional Development Council are to endeavour to meet the needs of current and future generations through an integration of environmental protection, social advancement and economic prosperity. (Sections 1 – 3).

(a) That the Objects and functions of a commission be revised to address the Government’s sustainability commitment in the manner outlined above.

(b) That section 23(1) (c) be revised to permit a Commission to manage funding and projects. (Section 23).

2. That Part 2 – 9 (b) be revised to include access to community views on regional development within a sustainability framework (Schedule 2 – Part 2(9))”.
- ⁷ The review wishes to thank and acknowledge Mr Don Punch, CEO at South West Development Commission for his contribution to this section.
- ⁸ This included clarifications regarding local government board members, and the specification that a member of a commission board will not hold office continually for a time that exceeds six years; and giving clear powers for RDCs to provide financial support in the form of a grant, and to validate any past grants that have been given by RDCs in accordance with the new power.
- ⁹ Section 45 RDC Act.
- ¹⁰ See Attachments for full details of relevant sections of the *Regional Development Commissions Act 1993*.
- ¹¹ Hon. Hendy Cowan. Thursday, 4 November 1993. Hansard p. 6343.
- ¹² Part 2 RDC Act.
- ¹³ Section 34 RDC Act.
- ¹⁴ Part 3.
- ¹⁵ *Putting the Public First - Partnering with the Community and Business to Deliver Outcomes* [Http://www.dtf.wa.gov.au/cms/uploadedFiles/_Treasury/Economic_Audit/eac_summary_report.pdf?n=2109](http://www.dtf.wa.gov.au/cms/uploadedFiles/_Treasury/Economic_Audit/eac_summary_report.pdf?n=2109)
- ¹⁶ *Putting the Public First* p4.
- ¹⁷ <http://www.mediastatements.wa.gov.au/Lists/Statements/DispForm.aspx?ID=131972>.
- ¹⁸ Institute for Government (UK) <http://www.instituteforgovernment.org.uk/blog/130/when-is-an-agency-not-an-agency/comment-page-1/> and *Read Before Burning: Arm’s length government for a new administration*.
- ¹⁹ Examples include TAFEs; Perth Zoo; Art Gallery; Main Roads; Subiaco Redevelopment Authority; Rottnest Island Authority.
- ²⁰ Such as the Corruption and Crime Commission or the State Records Commission.

- ²¹ See Government Gazette No 74 (& May 2010 para. 1753.
- ²² *Public Sector Boards: Governing Statutory Authorities In Western Australia Report No 9* – November 1998 Auditor General WA.
- ²³ See website - <http://www.infrastructure.gov.au/>
- ²⁴ Speech to the NSW Regional Development Australia committee chairs in Sydney 14 October 2010 <http://www.minister.regional.gov.au/sc/speeches/2010/CS02.aspx>
- ²⁵ See website - <http://www.rdcouncil.gov.au/>
- ²⁶ See website - <http://www.aph.gov.au/house/committee/itrldg/index.htm>
- ²⁷ See website - <http://www.rda.gov.au/>
- ²⁸ See website - <http://www.tonywindsor.com.au/releases/AgreementToFormGovt.pdf>
- ²⁹ See website - <http://www.business.nsw.gov.au/>
- ³⁰ See website - <http://www.cradlecoast.com/>
- ³¹ See website - <http://www.southaustralia.biz/>
- ³² <http://www.southaustralia.biz/About-DTED/Boards-and-Councils.aspx#RCCC>
- ³³ See website - <http://www.southaustralia.biz/Regional-SA/Partnerships.aspx>
- ³⁴ See website - http://www.business.vic.gov.au/busvicwr/_assets/main/lib60139/pv-movingforward.pdf
- ³⁵ See website - <http://www.dliird.vic.gov.au/business-units/regional-development-victoria>
- ³⁶ Held on 13 August 2010.
- ³⁷ See website - <http://www.rdv.vic.gov.au/ready-for-tomorrow/blueprint>
- ³⁸ See website - <http://www.deedi.qld.gov.au/>
- ³⁹ See website - <http://www.regions.qld.gov.au/dsdweb/v4/apps/web/content.cfm?id=13343>
- ⁴⁰ ALGA NEWS October 01, 2010 <http://www.alga.asn.au/index.php?id=ab84bf33cbb6578aec70d61c88886cdf>
- <http://rti.cabinet.qld.gov.au/documents/2010/feb/surat%20basin%20future%20directions/Attachments/Surat%20Basin%20Future%20Directions%20Statement.pdf>
- ⁴¹ The Elements of the Future Directions Statement are listed on page 82.
- ⁴² Held on 9 and 10 August 2010.
- ⁴³ <http://www.dip.qld.gov.au/seqregionalplan>
- ⁴⁴ See section 8.8 for a discussion on regional blueprints.
- ⁴⁵ <http://www.bis.gov.uk/policies/regional-economic-development/englands-regional-development-agencies> The new Conservative-LibDem coalition government has announced its intentions to abolish the existing RDAs-UK as part of cost-saving plans outlined in the June 2010 emergency UK Budget. The new administration will encourage the formation of Local Enterprise Partnerships to carry out some of the functions currently carried out by RDAs.
- ⁴⁶ See website - <http://www.legislation.gov.uk/ukpga/1998/45/contents>
- ⁴⁷ Similar activities are carried out in Wales by the Welsh Assembly Government Department of Economy and Transport, in Northern Ireland by the Department of Enterprise, Trade and Investment and in Scotland by Scottish Enterprise and Highlands and Islands Enterprise.
- ⁴⁸ See website - <http://www.thenorthernway.co.uk/>
- ⁴⁹ See website - <http://www.hmg.gov.uk/media/52788/smarter-government-final.pdf>
- ⁵⁰ See website - <http://www.lga.gov.uk/lga/publications/publication-display.do?id=12294112> http://www.hm-treasury.gov.uk/d/total_place_report.pdf

Endnotes

- ⁵¹ See website - <http://www.lga.gov.uk/lga/publications/publication-display.do?id=12294112>
- ⁵² Information for this and the next section was sourced from the main European Union website http://europa.eu/pol/reg/index_en.htm
- ⁵³ This includes nearly all the regions of the new member states, most of Southern Italy, East Germany, Greece and Portugal, much of Spain, and some parts of the United Kingdom.
- ⁵⁴ Examples of types of projects funded under this objective include improving basic infrastructure, helping businesses, building or modernising waste and water treatment facilities, and improving access to high-speed Internet connections. Regional policy projects in Convergence regions are supported by three European funds: the European Regional Development Fund, the European Social Fund and the Cohesion Fund.
- ⁵⁵ Examples of types of projects funded under this objective include developing clean transport, supporting research centres, universities, small businesses and start-ups, providing training, and creating jobs. Funding is managed through either the European Regional Development Fund or the European Social Fund.
- ⁵⁶ See website - http://ec.europa.eu/agriculture/rur/leaderplus/index_en.htm
- ⁵⁷ LEADER stands for “Liaison Entre Actions de Développement de l’Économie Rurale” [links between the rural economy and development actions].
- ⁵⁸ Organisation for Economic Co-operation and Development (OECD). 2005. *The New Rural Paradigm: Policies and Governance, 2006 and European Commission, Synthesis of mid-term evaluations of LEADER+Programmes. Final Report.*
- ⁵⁹ Meetings were held with the RDCs, Directors General and other stakeholders to be able to canvas ideas, suggestions and points of view in an informal and confidential setting. It was stressed that any comments made were to be treated as ‘non-attributable,’ but that core themes/messages being raised would be recorded and considered in our deliberations.
- ⁶⁰ The list of directors general is contained in the paper - *Submissions and Consultations: A Summary Report* (Final Edition) that is an attachment to this report.
- ⁶¹ This refers to the South West Development Commission that was established in the 1980s. See section 2.1 for more details on the history of the RDCs.
- ⁶² Section 23 of the RDC Act:
- Maximise job creation and improve career opportunities.
 - Develop and broaden the economic base.
 - Identify infrastructure services to promote economic and social development.
 - Provide information and advice to promote business development.
 - Seek to ensure that the general standard of government services and access to those services is comparable to that which applies in the metropolitan area.
 - Generally take steps to encourage, promote, facilitate and monitor the economic development.
- ⁶³ The Attachments provides full details on the methodology used and all respondents, including where they are quoted, their details. This report provides quotes but does not attribute these.
- ⁶⁴ *How Regions Grow* OECD Policy Brief March 2009 <http://www.oecd.org/dataoecd/18/45/42446805.pdf>
- ⁶⁵ Consistent with the Economic Audit Committee Recommendation Number 2

- ⁶⁶ All data quoted in the section was sourced through the Australian Bureau of Statistics website and comes from the 2006 census.
- ⁶⁷ See Page 6 of this report.
- ⁶⁸ 2008-9 – data from Department of Regional Development and Lands.
- ⁶⁹ *The New Rural Paradigm 2006* – OECD Page 23 http://www.unisi.it/cipas/ref/OECD_2006_Rural_Paradigm.pdf
- ⁷⁰ Simon Crean, Minister for Regional Australia, Regional Development and Local Government, Speech - *Driving Economic Growth - A Regional Dimension* 29 September 2010 <http://www.minister.regional.gov.au/sc/speeches/2010/CS01.aspx>
- ⁷¹ Submission to the review by the Indigenous Implementation Board, 7 July 2010.
- ⁷² *Indicators of Regional Development in Western Australia - Full Version and Indicators of Regional Development in Western Australia - Supplementary Report 2007* <http://www.rdl.wa.gov.au/Content/RD/Indicators.aspx>
- ⁷³ Rural_Paradigm.pdf How Regions Grow OECD Policy Brief March 2009 <http://www.oecd.org/dataoecd/18/9/37556607.pdf>
- ⁷⁴ *How Regions Grow* p4.
- ⁷⁵ *Putting the Public First* p6.
- ⁷⁶ <http://www.oecd.org/dataoecd/18/9/37556607.pdf> and also see *OECD Rural Policy Reviews: The New Rural Paradigm: Policies and Governance* © OECD 2006.
- http://www.unisi.it/cipas/ref/OECD_2006_Rural_Paradigm.pdf
- ⁷⁷ See website - http://www.oecd.org/document/7/0,3343,en_2649_33735_37015431_1_1_1_1,00.html
- ⁷⁸ Corfee-Morlot, Jan, Lamia Kamal-Chaoui, Michael G. Donovan, Ian Cochran, Alexis Robert and Pierre-Jonathan Teasdale (2009), *"Cities, Climate Change and Multilevel Governance"*, *OECD Environmental Working Papers N° 14, 2009*, OECD publishing, © OECD.
- ⁷⁹ *OECD Environmental Working Papers N° 14* p2.
- ⁸⁰ The relevant the directions set out by the Economic Audit Committee relate to cross-sector collaboration (recommendations 6 and 10); better workings with the community sector (recommendations 12 and 14); and on performance improvement (recommendations 3, 6 and 15).
- ⁸¹ *Hansard* Assembly - Wednesday, 17 June 2009 p5163b-5164a Hon. Brendon Grylls, Minister for Regional Development Royalties for Regions Bill 2009.
- ⁸² PricewaterhouseCoopers examination report p5 –see attachment to this report.
- ⁸³ *Inquiry into Regional Centres of the Future* Rural and Regional Committee, Parliament of Victoria. November 2009 http://www.parliament.vic.gov.au/images/stories/committees/rrc/tourism/RCF/_20091124.1130_ircfreport.pdf
- The recommendation relating to adoption of the RDC model was not accepted by the Victorian Government.

Endnotes

- ⁸⁴ The submission to the review from the Chamber of Commerce and Industry (WA) argued that WA needs a governance structure that adheres to federalist principles. These principles suggest that local representation should have the capacity to:
- The cooperative federalism principles which requires jurisdictions to work together on important issues and adopt consistent and coordinated policy approaches;
 - The competitive federalism principle suggests that there are benefits from diversity, experimentation and a degree of rivalry between different political entities' policies and practices;
 - The subsidiarity principle requires political authority to be exercised by those agencies closest to the citizens affected by decisions;
 - The financial adequacy principle requires governments have secure access to funds necessary too implement their programs and to reflect the wishes of their constituents; and
 - The appropriate redistribution principle recommends that citizens in the different regions should have access to broadly equal standards of government services.
- ⁸⁵ Numerically local governments are the dominant force in economic development across Australia. *Local and Regional Economic Development Agencies in Australia* Report Prepared for the Local Government Association of South Australia By Andrew Beer and Alaric Maude School of Geography, Population and Environmental Management Flinders University May 2002 http://www.lga.sa.gov.au/webdata/resources/Files/Local_and_Regional_Economic_Development_Agencies_in_Australia_pdf1.pdf p. 32
- ⁸⁶ This list was contained in the submission to the review from the Department of Local Government.
- ⁸⁷ *Inquiry into Regional Centres of the Future* pp167-168.
- ⁸⁸ http://en.wikipedia.org/wiki/Human_capital
- ⁸⁹ *The Well-being of Nations - the Role of Human and Social Capital* OECD 2001 <http://www.oecd.org/dataoecd/36/40/33703702.pdf> p.17
- ⁹⁰ West Australian newspaper 30 October 2010 p.30 *WA Intervention needed* Paul Murray.
- ⁹¹ *Indigenous Implementation Board. Second Report to the. Hon. Dr Kim Hames MLA. Deputy Premier;. Minister for Health; Indigenous Affairs.* March 2010.www.dia.wa.gov.au/PageFiles/481/IIB_2nd_Report_March_2010.pdf p.6.
- ⁹² Indigenous Implementation Board submission (not published).
- ⁹³ Indigenous Implementation Board submission p.4 (not published).
- ⁹⁴ *Public Sector Boards: Boards governing statutory authorities in Western Australia* Report No 9 – November 1998 Office of the Auditor General http://www.audit.wa.gov.au/reports/pdfreports/report98_9.pdf
- ⁹⁵ *Public Sector Boards: Boards governing statutory authorities in Western Australia* p18.
- ⁹⁶ *Regional Development Commissions Regulations 1994.*
- Clause 16. Method of appointment of appointed members. Regulations made for the purposes of paragraph (b) of section 15(1) [of the RDC Act] are to be consistent with the following, unless particular circumstances require otherwise —
- (a) one third of the members referred to in that paragraph are to be persons who are resident in the region and nominated in accordance with the regulations;
- (b) one third of those members are to be members of the council of a local government in the region and are to be nominated by local governments in the region in accordance with the regulations; and
- (c) one third of those members are to be appointed at the Minister's discretion.

- ⁹⁷ See website - [http://www.slp.wa.gov.au/pco/prod/FileStore.nsf/Documents/MRDocument:4187W/\\$FILE/RegionalDvpmCommsRegs1994_01-a0-05.doc?OpenElement](http://www.slp.wa.gov.au/pco/prod/FileStore.nsf/Documents/MRDocument:4187W/$FILE/RegionalDvpmCommsRegs1994_01-a0-05.doc?OpenElement)
- ⁹⁸ *Review of the Corporate Governance of Statutory Authorities and Office Holders* Mr John Uhrig AC http://www.finance.gov.au/financial-framework/governance/review_corporate_governance.html
- ⁹⁹ *Review of the Corporate Governance of Statutory Authorities and Office Holders* p100.
- ¹⁰⁰ *Review of the Corporate Governance of Statutory Authorities and Office Holders* p96.
- ¹⁰¹ PricewaterhouseCoopers did not audit qualifications in validating the results of the survey through sighting qualifications.
- ¹⁰² PriceWaterhouseCoopers examination report p134 –see attachment to this report.
- ¹⁰³ PriceWaterhouseCoopers examination report p133 –see attachment to this report.
- ¹⁰⁴ Source - *Inquiry into Regional Centres of the Future* Rural and Regional Committee, Parliament of Victoria. November 2009 p179 McKinsey and Company, *Lead Local Compete Global: Unlocking the Growth Potential of Australia's Regions: Final Report of the study by McKinsey & Company for the Department of Housing and Regional Development, Commonwealth of Australia, Sydney, July 1994.*
- ¹⁰⁵ *Inquiry into Regional Centres of the Future* p8.
- ¹⁰⁶ City of Bunbury submission to the review – not published. The comments were about the South East Queensland Regional Plan which is discussed later in this chapter.
- ¹⁰⁷ PricewaterhouseCoopers examination report p6 –see attachment to this report.
- ¹⁰⁸ See website - <http://www.englandsrdas.com/what-we-do/strategic-leadership>
- ¹⁰⁹ *South East Queensland Regional Plan 2009-2031* Queensland Government July 2009 <http://www.dip.qld.gov.au/resources/plan/SEQ/regional-plan-2009/seq-regional-plan-2009.pdf>
- ¹¹⁰ *Surat Basin Future Directions Statement - Building a Prosperous and Sustainable Future for the Surat Basin Region.* March 2010 Queensland Government <http://www.regions.qld.gov.au/dsdweb/v4/apps/web/content.cfm?id=15175>
- ¹¹¹ *South East Queensland Regional Plan 2009-2031* p5.
- ¹¹² *Surat Basin Future Directions Statement - Building a Prosperous and Sustainable Future for the Surat Basin Region* p6.
- ¹¹³ *Surat Basin Future Directions Statement - Building a Prosperous and Sustainable Future for the Surat Basin Region* p7.
- ¹¹⁴ *South East Queensland Regional Plan 2009-2031* pp 2 -3.
- ¹¹⁵ *Towards Sustainability in Regional Western Australia.* Terry Lewis. Department of Environment and Conservation. April 2010 Unpublished. p2 (This is based on the definition of sustainable development in the Brundtland Report, from the United Nations World Commission on Environment and Development that was published as *Our Common Future* (1987), Oxford: Oxford University Press.)
- ¹¹⁶ Quoted in *Towards Sustainability in Regional Western Australia* from a speech given by Dr Ken Henry 'The Shape of Things to Come' at the Queensland University of Technology Business Leaders' Forum. October 2009 and Marius Kloppers, CEO BHP Billiton, The Lowy Lecture. November 2009. p. 2.
- ¹¹⁷ The *Local Government Act 1995* (WA) requires under section 3.1. General function for local government that (1) The general function of a local government is to provide for the good government of persons in its district.

Endnotes

- ¹¹⁸ The West Australian Local Government Association.
- ¹¹⁹ This report refers to the existing Regional Development Commissions by their acronym RDCs and the new statutory body, the West Australian Regional Development Commission, as WARDC.
- ¹²⁰ This report refers to regional location of the WARDC as 'RDC-Regions'.
- ¹²¹ The final title of this position will be determined by the new WARDC.
- ¹²² An example of such an arrangement is the State Supply Commission. Its staff are employed by the Department of the Treasury and Finance because the statutory authority role complements the role of the department, that include state-wide procurement management.
- ¹²³ Such as Landcorp, the Pastoral Board, and the Western Australian Regional Development Trust.
- ¹²⁴ See website - http://www.dtf.wa.gov.au/cms/uploadedFiles/_Treasury/Economic_Audit/eac_summary_report.pdf?n=2109
- ¹²⁵ This is based on the Structure of the RDA evaluation framework contained in a Department of Trade and Industry (UK) occasional paper no. 2.
- Evaluating the impact of England's Regional development agencies: Developing a methodology and Evaluation framework.*
- PA Consulting SQW LTD February 2006 http://www.sqw.co.uk/file_download/25 pp 7-8
- ¹²⁶ See pages 43 and 44 of this report.
- ¹²⁷ Section 8(5)(a).
- ¹²⁸ Regional Collaborative Group (RCG) - information sheet on the Department of Local Government website <http://dlg.wa.gov.au/OpenFile.ashx?Mode=446E37686749376A356D684D2B6E6D6D4D6E555273773D3D&ContentID=70322F56346446684D31453D>
- ¹²⁹ <http://www.rda.gov.au/states/wa/index.aspx>



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