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Submission by the Western Australian Regional Development Trust Review of functions and responsibilities of Regional Development Commissions (RDCs)

Contents

| | | |
|---|---|---|
| 1 | Why WARDT has made a submission to the RDC review | 1 |
| 2 | Summary of the Trust's position | 1 |
| 3 | Fundamental questions | 2 |
| 4 | Dividing WA into regions | 2 |
| 5 | Regional advisory bodies | 3 |
| 6 | Regional decision-making and service delivery | 5 |
| 7 | The central question | 7 |
| 8 | Planning | 8 |

1 Why WARDT has made a submission to the RDC review

The Western Australian Regional Development Trust (the Trust) commenced operation in June 2010. The Trust is established under Part 3 of the *Royalties for Regions Act 2009* (the Act) and is a statutory advisory body to the Minister for Regional Development and Lands (RDL).

Under the Act the Trust is required to provide advice on the allocation and in the management of the Royalties for Regions Fund (RfR), which is detailed in Part 2 of the Act.

Section 12 of the Act requires the Trust to initiate its own advice and recommendations for the purposes of sections 5(2) (allocation of funds) and 9(1) (the Minister's authorisation of expenditure in regional Western Australia).

The allocation and authorisation of expenditure of some RfR funds has been through RDCs or been the subject of advice from them. In addition there is common cause between the Trust and RDCs. The objects and functions of RDCs in summary¹ mirror the objects of the Act in Section 4, namely to promote and facilitate economic business and social development in regional Western Australia (WA).

2 Summary of the Trust's position

The Trust has concluded that:

- Overarching regional RDC-type advice and recommendation bodies are essential.
- A coordinating peak body like the Regional Development Council is needed.
- RDL needs to devolve more decision-making and service delivery to the regions.

¹ Referenced in the June 2010 Review Committee's Issues Paper page 10 – Section 23 *Regional Development Commissions Act 1993*.

3 Fundamental questions

The RDC review poses two fundamental questions²:

- How should Government be organised to improve services and support for regional development?
- How are Regional Development Commissions performing?

The Trust has not attempted a comprehensive submission covering all the terms of reference. The Trust's submission concerns itself more with the first of the RDC Review's fundamental questions, primarily from a principles and RfR perspective.

In addressing the RDC review's fundamental question the Trust notes the Economic Audit's³ (EA) strong emphasis on the need for public sector decisions and service delivery to be outcomes-based, a view the Trust supports.

The RDC review will no doubt consider whether RDCs have had clear and valid Government objectives to fulfil, and whether the appropriate outcomes have resulted.

Social and economic investment in and policy for the regions of WA has to achieve measureable development, growth, wealth-creation and improved standards of living.

Achieving efficient effective productive worthwhile regional outcomes means identifying and addressing impediments to their achievement.

4 Dividing WA into regions

WA is a huge state, and large underpopulated areas of land pose particularly difficult development and administrative challenges. Having said that, from a political administrative and community perspective regional WA does seem to be broken up into manageable and coherent federal and state electorates, 110 country local governments, and 9 regions, all of whose boundaries can change over time as required.

Despite their enormous area, the nine WA regions seem to be accepted as sensible in number and demarcation. They need to continue to be coincident with shire boundaries, to exclude greater Perth which is a region in its own right, and where possible to coincide with federal Regional Development Committees boundaries.⁴

At the regional level two discrete regional needs seem apparent – the need for concentrated high-level forums for informed independent regional consultation and advice that is heeded reliable and effective; and for regionally based government decision-making and service delivery that is quicker efficient and more productive and results in the better service of regional business and society.

² Front page and page 3 in the June 2010 Review Committee's Issues Paper.

³ *Putting the Public First Partnering with the Community and Business to Deliver Outcomes*; Final Report of the Economic Audit Committee Perth October 2009.

⁴ In 2008/9 these federal committees replaced 54 federal Area Consultative Committees across Australia.

The question is whether the RDCs meet the first need; their performance cannot be considered in isolation of that of other regional organisations.

5 Regional advisory bodies

In its consultation, the Trust has been advised that there in a number of regions there are too many public sector business and community advisory and consultation bodies addressing similar issues.

Business and not-for-profit organizations are obviously entitled to set up whatever organizations they wish but regional public sector bodies do appear to need restructuring. This view accords with the WA government's decision to rationalise and reduce the number of committees and boards it has at present.

Having a variety of public sector bodies in a region has these advantages

- Different functions tasks responsibilities and interests require a variety of bodies
- Multiple boards and committees maximize the opportunity for wide participation/engagement/representation plus access to multiple abilities, experience and skill sets
- Multiple boards and committees allow for healthy competition via alternative leadership groups and viewpoints

Against that:

- Many of these bodies discuss the same matters, leading to unnecessary duplication and overlap, lower efficiency, lower productivity, reduced and slower outcomes
- The leader talent-pool in many regions is not that large and is therefore stretched.⁵ The same leaders and representatives are on a number of these committees, which means wasted time, lower efficiency and lower productivity
- Multiple bodies can be confusing and time-wasting for some of those requiring access to or needing or using these committees as to process and outcomes

There are parallel issues:

- Some of the problems arise from silo effects (which the EA has identified as a problem) – different authorities departments or ministers establishing bodies for their own purposes and not considering a whole-of-government approach
- Some existing bodies feel they need more direct influence and impact on the government and the bureaucracy than at present (such as the RDCs)

The Trust believes that RDC-type bodies are needed as the principal advice and consultation forums for the Government and the public sector in the regions. If the RDC structure were to be changed, a high-level independent board commission or committee serviced by RDL executive assistants would still be needed in each region as a forum for consultation and advice.

Similarly it makes sense for the Government to have access to a state-wide peak body like the Regional Development Council that develops cross-region policy proposals, facilitates liaison, and provides cross-region advice and recommendations.⁶

⁵ The Gascoyne Region for instance only has a small population of 14 000 to draw from.

The EA emphasises collaboration and consultation in arriving at solutions, but assuming the RDC review conclusions elicit broad regional support, it appears as if the various public sector bodies could be rationalised on a whole of government basis (obviously not those that are federal but those that are state-created or oriented).

Whole of government means identifying what other separate bodies are essential, and which are not. This may mean a number of existing public sector committees could be abolished or alternatively be folded into one body.

One model is to establish one region-wide board with relevant sub-committees, serviced by able regionally-based public sector officers.

The Trust suggests such a board or a reformed RDC could be structured as a permanent standing body not smaller than three and not larger than nine in membership, with each subordinate committee to include one standing member and such other expert or able invited members as may be appropriate.

An overarching board or committee with subordinate committees is more cost and time efficient. Those subordinate committees could be by function (e.g. planning, infrastructure) or by location (e.g. Hedland) or both.

There are obvious advantages to ensuring wherever possible/sensible that members of these state bodies are also members of the equivalent federal bodies.

One question the RDC review committee poses is whether RDCs should remain statutory independent commissions. The overarching coordinating body for RDCs – the Regional Development Council – is also a statutory body. The options facing the RDC review committee are to leave the RDCs as statutory commissions or not, to make only the Regional Development Council a statutory body, or to recommend that none be statutory bodies.

Being a statutory body can make reform more difficult. Unless the originating legislation allows for considerable flexibility reform will require legislative change, and that process is inevitably a slow one.

While the RDCs do not need to be statutory authorities (there are savings and administrative efficiencies in them not being so), on the other hand their independence and status as statutory bodies is highly valued.

Whether as a result of the review process RDCs remain statutory commissions or not their function is needed and they should continue to fall under the stewardship of the Minister for RDL and his department.

If the RDCs were to lose their statutory status their independence and function and their recruitment and selection-criteria need to be clear and guaranteed.

⁶ The Regional Development Council also has a significant role in administering and prioritising major projects and initiatives – see page 12 in the June 2010 Review Committee’s Issues Paper.

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.

One difficulty to be confronted is whether a regional body like an RDC should be representative of the region. It is not at present, and that should remain the case.

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.

6 Regional decision-making and service delivery

The RDC review states that the central principles underpinning RfR reflect Government policy, and are:

- Local decision-making in regional areas is fundamental, and
- State Government department administration and processes should provide for and support decision-making in regional areas.⁷

The Trust agrees with the first proposition, but that should not be seen as a statement that local decision-making is the norm; big regional decisions and many small ones are still made in Perth. Where such central decision-making and service delivery is unnecessary it breaches subsidiarity, the principle that decisions and service delivery should be devolved to the lowest practical level.

The second proposition could mean that support is needed from Perth or support is needed from the regions. While support from WA's capital will always be needed, the Trust believes more support from the regions is desirable, but more support from the regions requires more resources and delegated powers to regionally based departments or authorities.

That can only occur if the Government decides on a greater measure of public sector devolution.

Regional and local decision-making and service delivery does already occur in the regions to varying degrees, for example in local government, through community resource centres, and in regional hospitals, schools, and justice.

That an RDC-type body is needed to provide Government with regionally-based advice and recommendations is clear. It is also clear that its RDC public sector officers should be able as at present to facilitate engagement with the region. The RDCs and their staff have indeed provided and continue to provide a valuable and necessary service.

Despite the scope and range expressed in sections 23 and 24 (objects functions and powers) of the *Regional Development Commissions Act 1993*, RDCs have never been authorised or resourced as regional decision-making or service delivery bodies, particularly in the sense of

⁷ Page 6 in the June 2010 Review Committee's Issues Paper.

replacing decision-making or service delivery that is Perth-based; although RDCs have had some powers devolved to them such as on decisions and the execution of some RfR projects.

If more decision-making or service-delivery provided by a regionally-based public sector was not to happen a question is whether RDCs themselves should be given greater resources and authority in development matters. This would require an expansion of RDC powers staff and budgets.

The Trust believes a better model would be more regional decision-making and service-delivery being provided by a regionally-based public sector, supporting RDC-type bodies. This is a better model because the government home department is resourced and organised to support any offices it establishes in the regions.

In the interests of focusing decision-making and action on the regions the Government decided a new department was required that was genuinely regionally oriented in function and responsibility, so in 2009 the Department of Regional Development and Lands was created.

By the very nature of its obligations, the department cannot and should not be metro centric.

The challenge for the government is to decide to what extent this department should be truly regional. The Ministry and Department are Perth based⁸ and Perth is still where most decisions are made, even run of the mill ones.

Building capacity in regional communities (one of six RfR policy objectives) includes the ability to make decisions and to deliver services.

For regional decision-making and service delivery to become a reality Government would need to determine for instance, what decisions on licences permits and land matters should become regional not central, and what services should be delivered by the regions and not by Perth.

RDCs do not function as regional RDL offices. If the Government were to decide to initiate regional decision-making and service delivery then the RDL needs regional offices to be effective in fulfilling its regional remit with respect to local government, planning, lands and the RfR programme.

However if regional offices are merely administrative and process-oriented with insufficient delegated power it may just add another layer of bureaucracy and cost, still leaving too much decision-making in Perth.

Such an outcome would slow down rather than speed up, make less efficient rather than more efficient, and incur unnecessary costs.

With respect to RfR, central approval processes and budget mechanisms for RfR remain the province of state government, but their genesis and realisation will often be regional.

⁸ RDL does have small offices in Bunbury and Kununurra and a new office will open in Karratha this year.

Many RfR programmes are already regionally promoted and facilitated where better outcomes and greater efficiencies result.

Big projects such as the Ord expansion have central financial oversight but local management⁹, and central administration seems practical for individual benefits like the regional fuel card.

Otherwise it is intended that as far as possible regional projects should be regionally conceived owned and executed, either through local government, or through regional for-profit and not-for-profit organisations.

It is to their credit that the Government has accepted and advanced this devolution principle.

7 The central question

The central question is this: does the Government want to devolve or delegate more government decision-making or service delivery to the regions, believing that it will deliver faster, streamlined, more efficient, more relevant outcomes?

The issue of what is a fairer system for WAs regional residents must also be considered.

A consequent question is this: if so, will devolution have to be a matter of policy judgement or is it possible to measure this policy from a social impact and cost-benefit point of view?

If Government were to agree to devolve or delegate more government decision-making or service delivery to the regions, then RDL regional offices should be created¹⁰ with a Regional Director, and have authority devolved or delegated to the Regional Director by the RDL Director General (DG) who would be the Regional Director's line manager.

In the event of roll-out to all nine regions the DG would probably need an assistant/s DG/s because of the larger numbers reporting to him.

The question will be what lands planning and regional development matters are to be delegated for processing and decision-making at the regional level.

Over and above that central role there are opportunities for RDL offices to include various state licensing or approval functions in the one office, so that business and the community do not have to make multiple visits to multiple offices including to Perth, as at present.

The productivity and efficiency gains here could be significant.

⁹ The Community Reference Group in the East Kimberley provides regional input to the design and delivery of the Ord project expansion so that local experience is captured and maximum regional benefit is provided. The Community Reference Group hosts quarterly public forums on design and delivery of this project. Local leadership is proving essential to deliver on aspects of the Ord Final Agreement (Native Title Agreement) and the subsequent Aboriginal Development Package, which is integral to this project. So in effect the Project is not as centrally managed as perhaps others are.

¹⁰ This will mean considerable initial outlay, including for appropriate office and employee accommodation.

Further, the RDL regional office may be able to provide administrative hosting support on a cost-recovery basis for other Ministries' departmental officers that may not otherwise have the budget or demand to resource their own regional offices.

The Trust 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 there to be 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.

8 Planning

The fundamental question the RDC review committee is asking is 'How should Government be organised to improve services and support for regional development?' As a guideline to addressing this question, the RDC review committee says that 'it is important that regional development is approached in a way that best promotes coordination and integration, as well as achieving a triple bottom line of economic, social and environmental sustainability.'¹¹

It is hard to see how this can be effectively achieved without the development of required regional outcomes and regional future-based plans.

Local and regional outcomes achieved through local and regional decision-making and service delivery will rejuvenate communities widen opportunities and help address the gap between regional and metropolitan expectations.

Decision-making of a high order is made more difficult and less efficient without good planning systems.

There is no question that regional development has successfully occurred without an overall plan, but that does not invalidate the need for planning. Good planning saves time and money, integrates collaboration and coordination, and crystallises desired social and economic outcomes.

The Government has recognised the need for regional plans and has established a number of planning committees in the regions. These Regional Planning Committees advise the Western Australian Planning Commission (WAPC) on part of a region or on an entire region.

These committees need to be structured and resourced in a way that maximises timely performance, and the RDC review committee can assist in that goal.

In this context good planning should be continuous not static, client-based not supplier-based, regionally-based not centrally imposed, future-based not past-embedded.

Attempts have been and are being made to initiate and execute plans in the regions. The Trust's consultation has indicated that the main issues are:

¹¹ The June 2010 Review Committee's Issues Paper page 3.

- There are many plans but no regional plans yet
- Planning is by business, community, sector, silo, department and authority but is apparently not well coordinated¹²
- Planning is needs and past based and not future based
- ABS census and other data is not sound enough and sometimes weak¹³
- Other legislation (such as State Agreements with corporations) can impede matters
- Timely arbitration and decision-making is needed

While much planning has been done by local government and industry, a major failing has been that many plans were generally done either with no real expectation of funding or in the hope of provoking funding. This could lead to weaknesses in quality substance and focus.

The Trust was advised that in the Pilbara multiple plans are in existence under way or in conception for each corporation, by not-for-profit entities, by business and community organizations, by local government, and by commonwealth and state public sector bodies.¹⁴

Some plans would be comprehensive very useable and of a high standard; but only some (like port authorities, local government) would be public sector and/or publicly available.

A large mass of data is theoretically available which if shared would enhance regional planning considerably; in practice most for-profit and not-for-profit organizations may continue to keep their strategic and operational plans to themselves, and are entitled to do so.

Nevertheless, what coordination and shared data could be achieved should be tried for. Considerable coordination across community industry and all tiers of government is possible. This has been restrained in the past; in particular centralised planning and budgeting do not provide the opportunity or resources for regional and local aspirational thinking and expression.

Starting with two principles, that planning should be regionally-driven and planning should be future-based - what could this mean?

Taking the Pilbara region as an example, there is no doubt that there have been significant economic business and social advances in the Pilbara, which has changed and is changing for the better. Considerable effort has also been put into improving planning in the region.

There is a clear need for an overall Pilbara plan and within that an overall plan for each major sub-region (e.g. Hedland).

¹²The journal of local government *Western Councillor* June 2010 page 5 *Federal Election 10 point campaign plan* – No 8 calls for a *co-ordinated planning framework* and a *strengthened role for local government*.

¹³ Underestimation is not just a Pilbara problem. George Megalogenis *The Weekend Australian* page 13 July 10-11 2010 *Population explosion? It's already happening – Australia's population crossed 22 million in the September quarter last year, 3.5 years earlier than the [ABS's] statistics.*

¹⁴ There was an overarching plan pulled together by the Pilbara Industries Committee and plans by Government Trading Enterprises like Horizon and the water Corporation. The Pilbara Cities concept tries to bring these plans together. However the trust is advised that there remains the risk that the Pilbara Planning Framework (which is coordinated by WAPC) and the Pilbara Infrastructure Coordinating Committee could create some confusion if they are not properly developed.

When the Trust says that regional planning should be future-based it means (among other things) taking into account Government policy outcomes and objectives; for example there is a policy determination to create large settled sustainable populations in the Pilbara Cities plan, and to make the Pilbara a more diversified economy by adding services tourism agriculture and so on to the mining and export sectors.

Sound policy development means that planning guidelines and principles need to be agreed and determined by Government, and budgetary consequences require Government approval or support for any regional plan.

Planning is like human resources – it should be central to an organisation’s functioning. Realistically, many organisations require expert assistance in these matters, so requiring a client-supplier relationship.

The process might proceed as follows: regional planning guidelines agreed by all concerned parties, and ticked off by Cabinet, are used by the sub-region of which there could be a number in a region (such as Hedland).

The sub-region as the client would be funded to develop a planning brief (which it would do in consultation with interested parties including the regional RDC-type body), and the WAPC or another appropriate expert would be required to plan to the brief and to a set deadline. The draft plan would be approved by the sub-region and the Region would examine the sub-regions’ draft plans and agree a final draft plan that would be public. That plan would be approved, adjusted or rejected by Cabinet, as a transparent and public response.

The Trust is advised that at present public sector planning for the regions appears to be by silo and based on the past and on anticipated needs. Future-based planning says that if the Pilbara cities vision is for a city with a resident not transient population of 50 000 by a set date, then as far as is sensible and affordable all capital expenditure planning and capacity-building should be for a city of that size by that date.

Circumstances change, new technology emerges, new opportunities and challenges present themselves so planning needs to be continuous, a living moving document, not a rigid inflexible one.