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TERMS OF REFERENCE FOR THE REVIEW OF THE ROYALTIES FOR REGIONS COUNTRY LOCAL GOVERNMENT FUND

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TERMS OF REFERENCE FOR THE REVIEW OF THE ROYALTIES FOR REGIONS COUNTRY LOCAL GOVERNMENT FUND

Purpose of the Review

The Country Local Government Fund (CLGF) is in its fourth year of operation. The CLGF was originally a four-year budget program. S5(1)(a) of the *Royalties for Regions Act 2009* (Act) went beyond this timeframe, as it gave the CLGF permanence by entrenching the CLGF as a subsidiary account of the Royalties for Regions Fund.

The purpose of the review is to determine whether there is a continuing need for the CLGF, and if so, in what form, with what budget parameters, and with what purpose.

BACKGROUND

The CLGF is one of three subsidiary accounts of the Royalties for Regions Fund (Fund) established under the Act.

On 15 December 2008, the Minister for Regional Development and Lands (Minister) launched CLGF with \$400 million over four years to assist country local governments to build and maintain their community infrastructure.

The Fund's stated aims are to:

- address infrastructure backlogs and support capacity building
- improve the financial sustainability of country local governments in WA through improved asset management
- provide financial assistance to country local governments which choose to amalgamate voluntarily
- assist groups of country local governments to fund larger scale infrastructure projects.

Who is to conduct the Review

The Western Australian Regional Development Trust (Trust) is established under the Act. The Trust is an independent statutory body that provides advice and recommendations to the Minister on the allocation and management of funds from the Fund. The Trust is the appropriate body to conduct the Review.

Timing

The review is to be conducted in the 2011-12 financial year and presented to the Minister by the end of January 2012.

ISSUES FOR CONSIDERATION IN THE REVIEW

Overall, whether there is a continuing need for the CLGF, and if so, in what form, with what budget parameters, and with what purpose.

1. The extent to which the stated aims of the CLGF are being met, in particular, have the objectives of the CLGF been materially achieved:
 - how the CLGF is addressing local governments' infrastructure backlogs and enhancing local governments' capacity building
 - how the financial sustainability of country local governments is being improved through improved asset management
 - the effectiveness of funds directed to voluntary amalgamation
 - how CLGF is assisting groups of country local governments to fund larger scale infrastructure projects
 - the effect or impact of funds allocated under the CLGF
2. Whether country local government or the Department of Regional Development and Lands has experienced difficulties in applications and approvals, executing, acquitting, reporting, or managing projects under the CLGF.
3. The efficacy of the current formula in allocating funds to individual and groups of local governments, including whether this approach should be retained reformed or replaced
4. The appropriate proportional allocation of funding between individual, group and regional components over time
5. The scope of initiatives that should be funded and in particular, whether the existing focus on infrastructure and capacity building should be retained, narrowed, broadened or otherwise changed
6. Matters that would improve the efficiency and effectiveness of the Fund's implementation including the existing processes for forward capital works development, and business plan development.
7. Any other relevant matters.

REQUIREMENTS

In conducting the review the Trust will consult with relevant stakeholders, including but not limited to:

- Country local governments
- Western Australian Local Government Association and its zones
- Local Government Managers Australia (Western Australia)
- Department of Regional Development and Lands
- Department of Local Government
- Regional Development Commissions
- Regional Development Council
- Office of the Auditor General
- Minister for Regional Development
- Minister for Local Government
- Parliamentary Secretary to the Minister for Regional Development
- Regional Development Australia
- Appropriate industry bodies.