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Western Australian
Regional Development Trust

2019-20

Annual Report



STATEMENT OF COMPLIANCE

Hon Alannah MacTiernan MLC
Minister for Regional Development

Dear Minister

In accordance with section 28 of the *Royalties for Regions Act 2009*, I submit for your information and submission to Parliament the annual report for the Western Australian Regional Development Trust for the financial year 2019-20.



Brendan Hammond
CHAIR

18 September 2020



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● **COVER:** (inset) Broome Jetty in the Kimberley region.

● **COVER:** (main image) Children at a pool on the Fortescue River in the Pilbara region.

● **BELOW:** Western Australian Christmas Trees in the Goldfields-Esperance region.
Credit Lynn Webb.



CHAIR'S FOREWORD

I am pleased to be able to report on the activities of the Western Australian Regional Development Trust (Trust) in what has been a year unlike any other.

The effects of the COVID-19 Pandemic will be felt by all Western Australians for many years to come and none more acutely than those living and working in the regional areas of the State. For those reliant on international tourism or airfreight to export their produce, the effects have been significant.

The potential for the pandemic to spread and undermine the social and economic activity of the regions was quickly recognised by our State Government. On behalf of the Trust, I congratulate the Government for its swift and decisive response to ensure our regions were protected from the spread of COVID-19 through the implementation of regional travel restrictions.

No Government takes such action lightly, however, it was a move that has been widely supported by those living and working in the regions.

I believe it is extremely important to also recognise and thank the Western Australian Regional Development Alliance (WARDA) for the role that group played in providing the Government with the direct and cohesive link necessary for it to understand and respond appropriately to emerging matters across regional Western Australia.

The Government's immediate crisis response and subsequent measured easing of restrictions, together with its practical focus on stimulating regional economies, demonstrates the high regard in which the regions are held and their importance to the economic well being of the State.

There is a long road ahead to economic recovery for a number of our regions. Regional development done well, is now more important than ever for all Western Australians.

Following two years of collaboration with the Trust, the Regional Development Portfolio (Portfolio) comprising the Regional Development Commissions (Commissions), the Regional Development Council (Council), WARDA and the Department of Primary Industries and Regional Development (Department), has now developed a shared pathway to planning and executing regional development activities in Western Australia.

In 2019-20 the Portfolio, led by the work of the Trust, endorsed a set of Regional Development Strategic Themes (Strategic Themes). These Themes provide a way of aligning projects and activities across the nine Commissions and the Department.

The impact of shared Strategic Themes and a more collaborative approach to working across the Portfolio has been demonstrated through aligned planning and

budgeting processes. These are important activities that will ensure high quality, high impact project proposals are coordinated and supported across the Portfolio prior to submission into the budget process. The increasingly cohesive operation of the Portfolio has been well supported by the continued effective operation of Council and WARDA.

The Trust has continued to lead and progress work that will articulate 'what success looks like' including appropriate measurement criteria through a project in conjunction with the Center for International Development at Harvard University (Center for International Development). This project, supported by a cross-agency working group, has been exploring the concept of economic complexity to determine potential opportunities for economic growth and diversification in regional Western Australia.

In summary, the Trust has continued to work across the Portfolio to:

- Build a more aligned approach to regional development that encompasses a common purpose and vision for the future;
- Articulate Strategic Themes, enabling a common direction for the Commissions and the Department to focus in terms of impactful projects;

- Convert the Strategic Themes into activities and projects that have a common set of planning and budgeting processes, improving efficiency and effectiveness; and
- Continue work to determine future opportunities for the regions and how their impact can be measured.

The Trust has ensured the Hon Alannah MacTiernan MLC, Minister for Regional Development (Minister) has been kept abreast of its activities and I would like to thank the Minister for her dedication and clear commitment to the regions.

I also extend my sincere thanks to my colleagues within the Portfolio. The progress we have made this year is a testament to the shared desire of those involved to see improved outcomes in regional development. It is pleasing to see the collaboration across the Portfolio and between other Government agencies that play a key role in regional development.

Over the last year the Trust said farewell to two members and welcomed some new faces. I would like to thank Mr Nick Belyea and Mr Paul Farrell for their contributions to the Trust over their years' of service and I extend a warm welcome to Hon Tom Stephens, Mr Ross Love and Ms Gail Reynolds-Adamson.



● Chair of the Western Australian Regional Development Trust, Brendan Hammond.

Thank you also to the hard working Departmental officers who provide the Trust with the support required to undertake its role throughout the year.

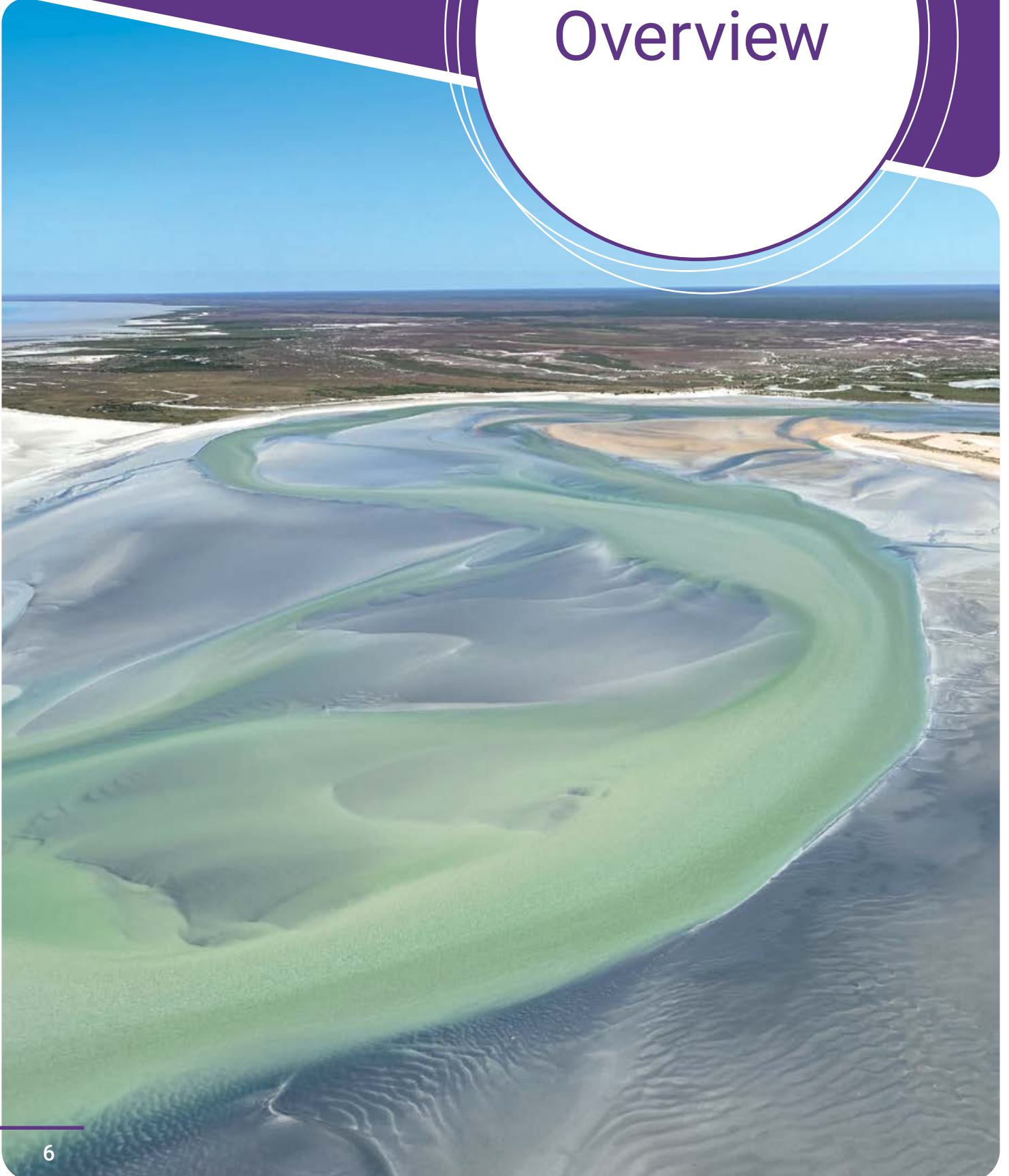
Finally, it is my firm view that now more than ever, there is a need to keep the conversation going about how to best grow and support our regions. The Trust will continue to ensure the opportunity to engage in these conversations is available and I as Chair, will continue to connect and collaborate with a range of stakeholders to develop and share ideas.

Brendan Hammond
CHAIR



Regional development done well, is **now more important than ever** for all Western Australians.

Overview



ROLE OF THE WESTERN AUSTRALIAN REGIONAL DEVELOPMENT TRUST



The Trust is an **independent statutory advisory body to the Minister**, established under the *Royalties for Regions Act 2009* (Act).

The functions of the Trust are to provide advice and make recommendations to the Minister:

- for the purposes of sections 5(2) and 9(1) of the Act; and
- on any other matter relating to the operation of the Fund that is referred to it by the Minister.

In addition to its monitoring and advisory role, the Trust also works to engage and enhance relationships with key regional stakeholders and influencers to promote greater collaboration and innovation in the delivery of regional development in Western Australia.

Royalties for Regions Act 2009

The object of the Act is to promote and facilitate economic, business and social development in regional Western Australia through the operation of the Royalties for Regions Fund (Fund).

Section 5(2) of the Act relates to the allocation of Royalties for Regions funds between subsidiary accounts. The Treasurer, on the recommendation of the Minister, is to determine from time to time the way in which money standing to the credit of the Fund is to be allocated between the subsidiary accounts.

Section 9(1) of the Act relates to the application of the Fund, whereby the Minister, with the concurrence of the Treasurer, may authorise expenditure for the following purposes:

- a) to provide infrastructure and services in regional Western Australia;
- b) to develop and broaden the economic base of regional Western Australia;
- c) to maximise job creation and improve career opportunities in regional Western Australia.

Section 9(2) of the Act relates to expenditure to be charged to the Fund:

- a) expenditure authorised under subsection (1);

- b) expenditure incurred in the administration of the Fund;
- c) expenditure incurred in the administration of the Trust, including any remuneration or allowances payable to its members; and
- d) any other expenditure incurred in the administration of this Act.

The Fund

Pursuant to section 6(2) of the Act, in each financial year the Treasurer is to cause an amount equal to 25 per cent of the mining and onshore petroleum royalties forecast in the annual State Budget to be credited to the Fund. This is credited to the Fund periodically during the financial year and section 8 of the Act requires the Treasurer to ensure that the credit of the Fund at any time does not exceed \$1 billion.

Section 5(1) of the Act relates to the following subsidiary accounts:

- a) the Country Local Government Fund;
- b) the Regional Community Services Fund;
- c) the Regional Infrastructure and Headworks Fund;
- d) any other account determined by the Treasurer, on the recommendation of the Minister, to be a subsidiary account.

TRUST MEMBERSHIP

Under section 13 of the Act, the Trust is to consist of the following members appointed by the Minister:

- the Chairperson of a Commission; and
- at least three but not more than five other people.

During the year the following changes were made to the Trust membership:

- Mr Nick Belyea and Mr Paul Farrell retired on 31 July 2019.
- Ms Gail Reynolds-Adamson was appointed as the Commission Chair representative from 1 August 2019.
- Mr Ross Love and Hon Tom Stephens were appointed to the Trust on 1 August 2019.

As at 30 June 2020, the membership of the Trust was as follows:



Brendan Hammond Chair

Appointed as Chair since 1 November 2017 under sections 13(1)(b) and 14 of the Act.

Brendan is a skilled executive and senior leader with almost 25 years' experience in senior roles across the energy, water, ports and resources sectors, including as Managing Director of Rio Tinto Argyle Diamonds. He has extensive experience as a board Chair of listed businesses and government trading enterprises, including Horizon Power and the Dampier Port Authority.

Brendan has worked with regional communities, in WA and around the world, to drive economic and social change. He is the owner of Seymour Associates Pty Ltd, Head of Australia for InterContinental Energy and is a partner in Centric Digital LLC (New York). Brendan is also Chair of the Pilbara Development Commission.

Contributing widely in the not-for-profit sector, Brendan actively imparts his experience and knowledge to next generation leaders, most recently as an Adjunct Professor of Sustainability with the Curtin University of Technology Sustainability Policy Institute. In 2011, Brendan was awarded the Western Australian Citizen of the Year award for his contribution to regional development.



Karlie Mucjanko MAICD

Deputy Chair

Appointed as Deputy Chair since 4 July 2016 under sections 13(1)(b) and 14 of the Act. Trust Member since November 2015.

Karlie is a strategic communications and stakeholder engagement specialist with experience in managing brands and reputations, complex stakeholder relationships and communications. She has 20 years' experience spanning industry advocacy, publishing and research and development.

Karlie joined Australia's largest agribusiness, the CBH Group in 2005 where she subsequently spent almost a decade as General Manager Grower and External Relations working directly with grain growing producers, their rural communities and CBH's many other stakeholders.

Karlie has established a communications consultancy, is currently on the Board of Directors for Fremantle Ports as well as plant breeding technology company Intergrain Pty Ltd. She also serves as a Board member of the Guildford Grammar School Foundation and is a member of the Australian Institute of Company Directors.



● NAIDOC Parade in the Goldfields-Esperance region.



Gail Reynolds-Adamson
Trust Member

Appointed as a Trust Member since 1 August 2019 under sections 13(1)(a) and 15(2) of the Act.

Gail is the Managing Director of Indigenous Consulting Group, an Aboriginal-owned, specialist training and strategic development company. Gail is an Esperance Nyungar person living in Esperance, and a descendant of the Mirning People ('Whale people'), whose country stretches along the southern coast to the South Australian border.

Gail is the Chair of the Goldfields-Esperance Development Commission (GEDC) Board, and of the Esperance Tjaltjraak Native Title Aboriginal Corporation RNTBC (ETNTAC), a position she has held since the Corporation's establishment in 2015. In addition to her membership of the Trust, Gail is Chair of the South East Aboriginal Health Service and on the Board of Directors for Horizon Power.



Hon Tom Stephens
Trust Member

Appointed as a Trust Member since 1 August 2019 under sections 13(1)(b) and 15(1) of the Act.

Tom currently serves as a non-executive Director of a number of WA Boards, drawing on his many years of involvement across regional Western Australia generally and with the Aboriginal community in particular. These include the Dyslexia-SPELD Foundation of WA, Lost and Found Opera, MG Aboriginal Corporation, and the Western Desert Lands Aboriginal Corporation.

Tom served in the WA State Parliament (1982-2014), first as Minister for Works and Regional Development in Dr Carmen Lawrence's Government and then in Dr Geoff Gallop's Government, where he held the portfolios of Housing and Works, Local Government, Heritage and Regional Development.

Since retiring from the State Parliament, Tom has served on a number of Boards and Committees, including as Chair of the Gascoyne Development Commission and on the Board of Good to Great Schools Australia. In addition to his membership of the Trust, Tom is a Member of WA's Geographic Names Committee.



Ross Love
Trust Member

Appointed as a Trust Member since 1 August 2019 under sections 13(1)(b) and 15(1) of the Act.

Ross has extensive experience in driving change at the strategic, organisational and operational levels and was appointed Chair of Fremantle Ports in February 2020.

As the Managing Partner for New York (2015-2017), Ross led the Boston Consulting Group's (BCG's) largest office worldwide through a substantial commercial, cultural and market positioning transformation. Throughout his twenty five year career at BCG Ross has been deeply engaged in the group's pro-bono activities particularly in indigenous engagement in Australia, and in lifting the group's social impact profile in New York.

Prior to joining BCG, Ross was the Chief of Staff to the Premier of Western Australia. This followed four years in the United States studying at Harvard University and consulting in California, and three years as an economic policy adviser to the Government of Western Australia.

Trust & Fund Performance

ROYALTIES FOR REGIONS

FUND SNAPSHOT

In accordance with section 6(2) of the Act, in each financial year the Treasurer is to cause to be credited to the Fund an amount equal to 25 per cent of the forecast royalty income for the financial year. The following snapshot reflects the Fund at the time of the 2019-20 Mid-Year Review Budget

Royalties for Regions Account

Operation of the Act provides for 25 per cent of the forecast royalties to be credited to the Royalties for Regions Account. This is constrained by the Act's stipulation that the Account cannot exceed \$1 billion, as well as a Cabinet-imposed expenditure limit. The 2019-20 Mid-Year Review Budget expenditure figures are as follows:

Table 1: 2019-20 Royalties for Regions Funding by Fund

Regional Community Services Fund	\$757.4 million
Regional Infrastructure and Headworks Fund	\$383.1 million
New Regional and Statewide Initiatives	\$22.4 million
Regional Reform Fund	\$29.5 million
	\$1,192.4 million
Less: Overprogramming provision ^(a)	-\$120.0 million
Total approved expenditure limit	\$1,072.4 million

Source: 2019-20 Approved Royalties for Regions Budget.

^(a) The overprogramming provision recognises there will be individual project underspending by adding a percentage to the Royalties for Regions Budget. It allows the sum of individual project budgets to total more than the overall approved expenditure limit, as historically the full amount is not spent.

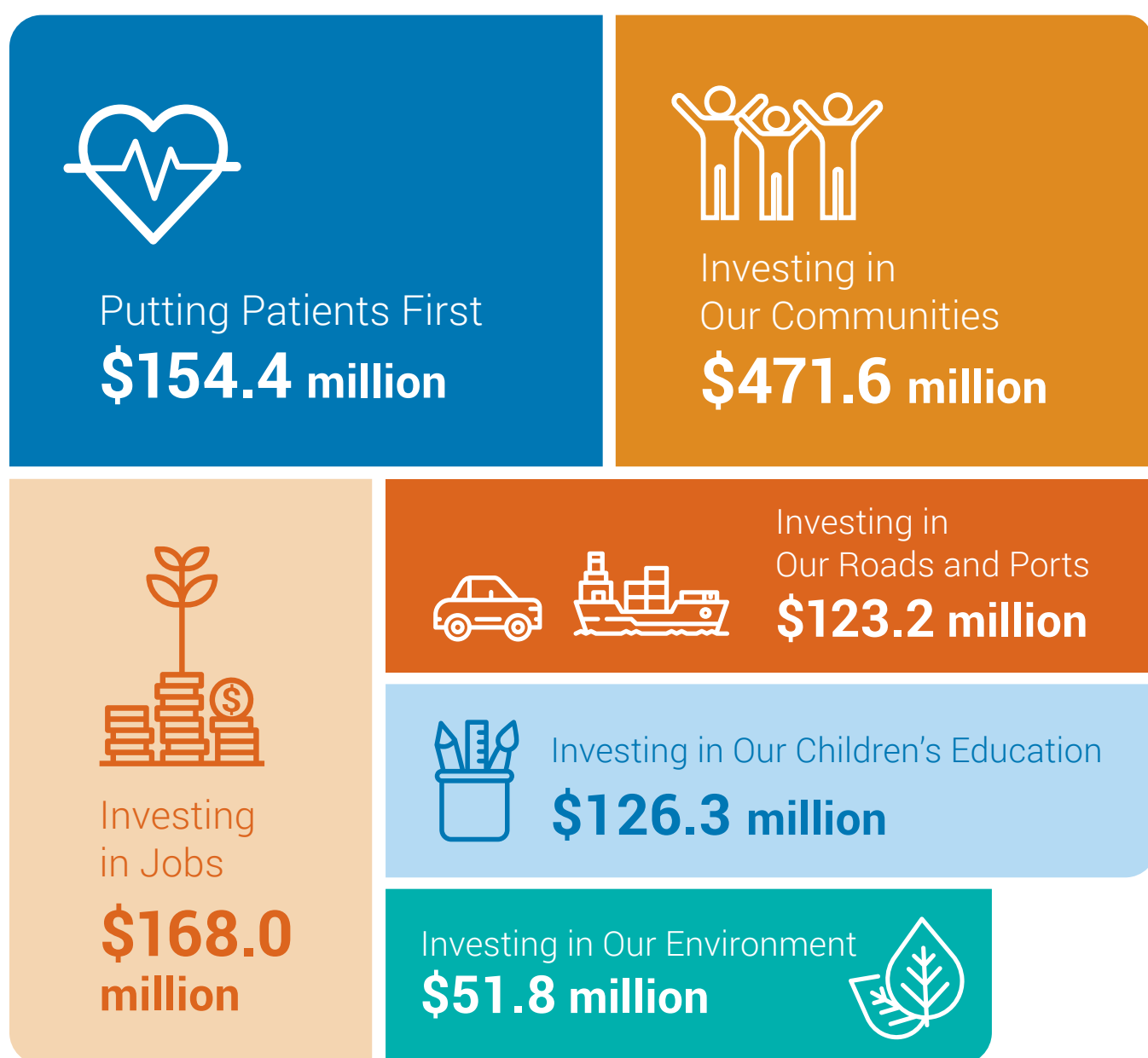


● **ABOVE:** Digital Farm Grants Project Tower in the Mid West region.

● **PREVIOUS PAGE:** Kalbarri Skywalk in the Mid West region. Credit to Department of Biodiversity, Conservation and Attractions.

The Royalties for Regions 2019-20 Mid-Year Review Budget allocation is shown below in the McGowan Labor Government priority areas.

Diagram 1: Royalties for Regions 2019-20 Mid-Year Review Budget



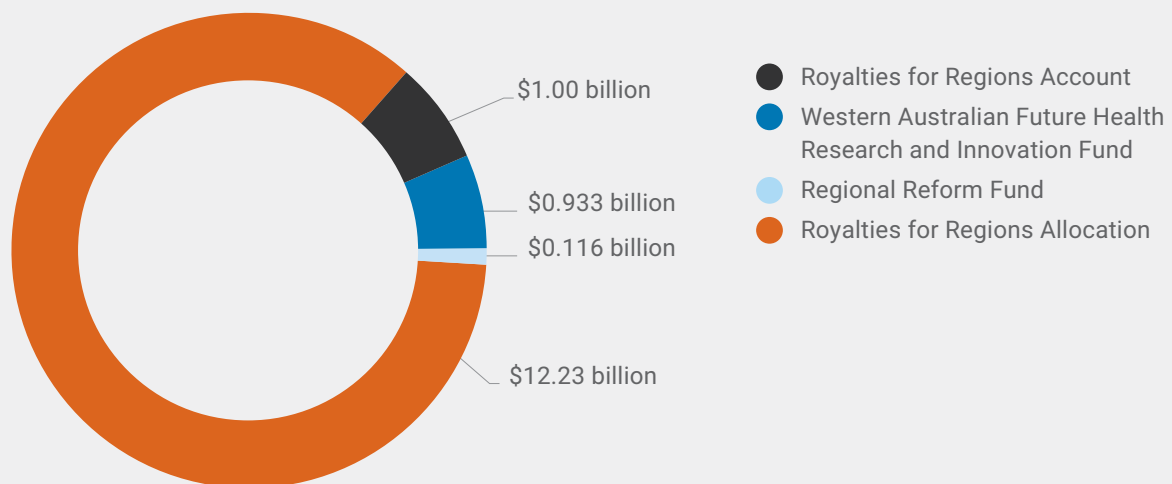
Source: 2019-20 Government Mid-Year Review Budget Projections Statement.



A total of **\$12.33 billion** is forecast to be distributed to regional programs over the life of the Fund to 2022-23, including **\$4.2 billion** over the forward estimates.

Diagram 2 shows a summary of the budgeted cashflow of the Fund from 2008-09 to the 2022-23 financial year as at the 2019-20 Mid-Year Review Budget. This includes \$933 million previously transferred to the Future Fund, which was subsequently repurposed into the WA Future Health Research and Innovation Fund (WAFHRI) and a further \$116 million into the Regional Reform Fund.

Diagram 2: Royalties for Regions projected cashflow summary 2008-09 to 2022-23

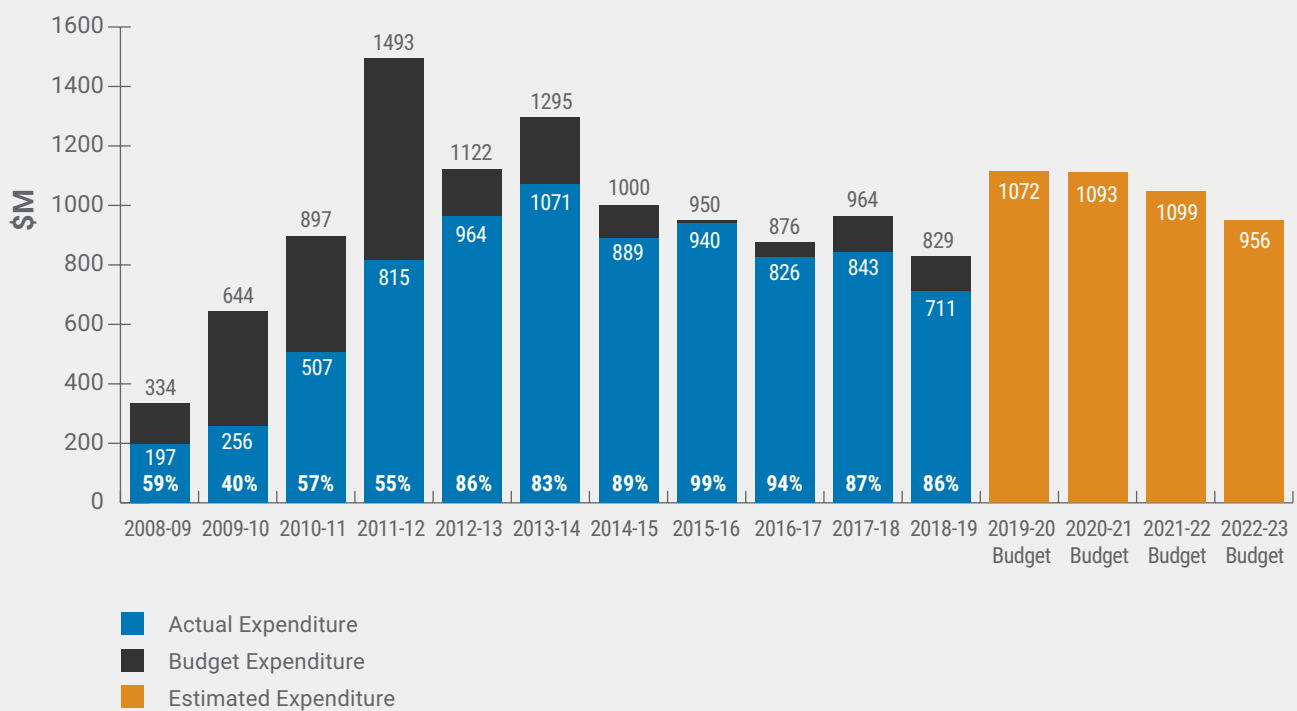


Section 7(1)(a) of the Act states that interest shall be credited to the Royalties for Regions Account. Interest credited to the Account for the period 2008-09 to 2022-23 is forecast to be \$0.49 billion.
Source: Department of Primary Industries and Regional Development (WA).

Budgeted funds versus expenditure are shown in Diagram 3. The chart demonstrates the growth of the Royalties for Regions program from the inception years to 2019-20 and projected into the forward estimates period with the application of the respective approved expenditure limits.

Diagram 3 below, reflects the forecast of the Royalties for Regions allocations and expenditure in 2019-20 and the forward estimates at the time of the 2019-20 Mid-Year Review Budget. It should be noted that the Royalties for Regions allocations forecast will need to be revised in line with the 2020-21 State Budget, which includes revised royalties forecasts from the Department of Treasury and expenditure forecasts.

Diagram 3: Royalties for Regions Budget compared to expenditure history



Source: Department of Primary Industries and Regional Development (WA).

* Does not include interest.

Allocation of Funds over Forward Estimates

The allocation of money from the Fund to the investment priorities of the Government over the projected forward estimates period is shown in Table 2 below. It should be noted that the following table reflects the forward estimates at the time of the 2019-20 Mid-Year Review Budget and may change as a consequence of the 2020-21 State Budget.

Table 2: 2019-20 Mid-Year Review Budget and forward estimates

	2019-20 (\$M)	2020-21 (\$M)	2021-22 (\$M)	2022-23 (\$M)	4 Year Projection (\$M)
Investing in Jobs	168	149	113	41	471
Putting Patients First	154	214	165	138	671
Investing in Our Children's Education	126	106	153	150	535
Investing in Our Communities	472	481	462	460	1,875
Investing in Our Roads and Ports	123	75	56	42	295
Investing in Our Environment	52	37	26	19	134
Administration and Administered Items	97	131	123	106	457
Total ^(a)	1,192	1,193	1,099	956	4,440
Less: Overprogramming percentage	-120	-100			-220
Expenditure Limit ^(a)	1,072	1,093	1,099	956	4,220
Special Purpose Accounts		16			16
Total - Royalties for Regions Fund ^(a)	1,072	1,109	1,099	956	4,236

Source: 2019-20 Mid-Year Review Budget.

(a) Figures may not sum due to rounding.

● The Pinnacles at sunset in Nambung National Park in the Wheatbelt region.

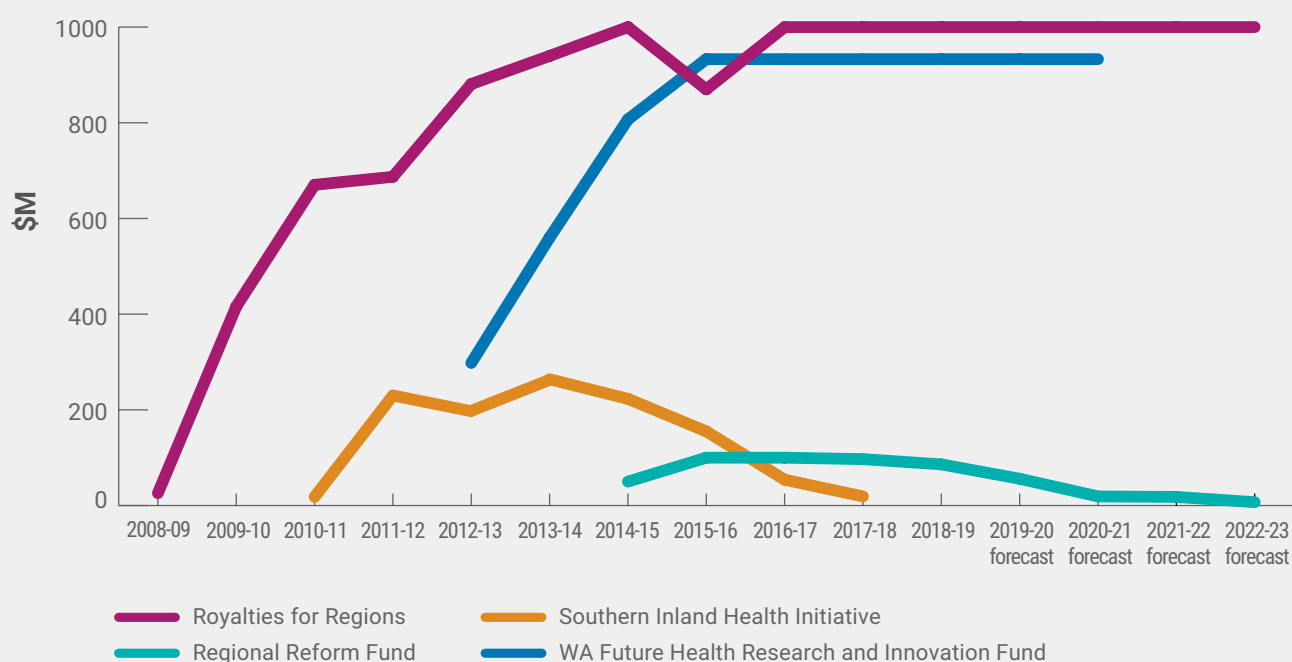


Special Purpose Accounts

There are three Royalties for Regions Special Purpose Accounts (SPAs) – the Royalties for Regions Fund; the Southern Inland Health Initiative; and the Regional Reform Fund. In addition, Royalties for Regions funds were also held in a SPA for the Western Australian Future Fund, established under the *Western Australian Future Fund Act 2012*. This Act has since been superseded by the *Western Australia Future Fund Amendment Act 2020*, which repurposed the WA Future Fund SPA into the WA Future Health Research and Innovation Fund (WAFHRI).

Diagram 4 below shows when the Royalties for Regions SPA and Future Fund (now repurposed to the WAFHRI) were created and their balances at the time of the 2019-20 Mid-Year Review Budget.

Diagram 4: Royalties for Regions Special Purpose Accounts balances and future funds 2008-09 to 2022-23



Source: Department of Primary Industries and Regional Development (WA).

TRUST **ENGAGEMENT**



The Trust engages with stakeholders throughout the year to raise awareness, increase knowledge and attract participation in **regional development for Western Australia.**

In 2019-20, the Trust focused its engagement efforts on the Portfolio, key State economic development agencies across Government and the regions more broadly. This builds further on previous engagement outcomes, with recent initiatives aimed at strengthening alignment in regional development. Priorities for the Trust have been to progress the ability to plan, undertake and measure regional development projects that will promote lasting benefits for the State.

The Portfolio

In 2019-20, the Strategic Themes were finalised and endorsed by the Portfolio. The Trust has worked closely with the Commissions through the Council and WARDA to ensure that future strategic planning is executed in alignment with these Themes. The Trust Chair met with Commission Boards across the State in order to brief them on this work and obtain their commitment to use these Themes uniformly in the future.

Regional Development Strategic Themes

Table 3: Regional Development Strategic Themes

Theme 1:	Grow* existing, and find and develop new, non-renewable-resource and related industries
Theme 2:	Grow* existing, and find and develop new, alternative industries
Theme 3:	Normalise regional living standards
Theme 4:	Normalise Aboriginal economic development a) Full involvement of employable and entrepreneurial people into existing workplaces b) Modify workplaces to give full involvement to not-currently-employable people
Theme 5:	Organisational excellence

- * *Grow in this context means:*
- *Extend temporally*
 - *Expand spatially*
 - *Go downstream and/or*
 - *Leverage economically*

● Crabbing at Mandurah in the Peel region.

Credit Visit Mandurah and Russell Ord Photography.



To improve regional development outcomes, connections and collaboration across the Portfolio are critical. The Trust has worked for a number of years now with the Commissions and the Department to improve the way in which the various parts of the Portfolio plan, prioritise and coordinate with regard to shared goals. It is recognised that this approach is essential to ensuring that efforts across the Portfolio are harnessed to deliver maximum impact for the regions.

An important outcome from this focus has been the establishment of WARDA in 2019 and its contribution to the COVID-19 response and recovery efforts. WARDA played a critical role during this period gathering regional intelligence and providing coordinated input to Government, enabling appropriate and timely regional responses.

The Trust has also engaged on an ongoing basis with the nine Commissions, the Department and other Government agencies regarding the work undertaken with the Center for International Development. This project has taken an evidence based approach to identifying opportunities for economic growth and diversification in regional WA. As co-funders of this initiative, the Commissions have been kept informed of its progress and key findings.

State Economic Development Agencies

The Trust has continued to build its relationships with key economic development agencies within the State. This engagement is considered by the Trust to be essential to ensuring ongoing alignment between the Portfolio and the Government's focus on job creation and economic diversification.

The Regions

In 2019-20 the Trust's engagement program in the regions was severely impacted by COVID-19 and the associated regional travel restrictions.

Prior to this, Trust members were able to visit the Gascoyne region, meeting with the Gascoyne Development Commission, touring key regional projects and meeting with local business owners and community leaders. This engagement supported the Trust's understanding and appreciation of the agricultural potential of the region.

The Trust hopes to resume its regional engagement efforts in the near future.

The Chair of the Trust has continued to engage in significant ongoing consultation with senior representatives at all levels of Government, industry and the community, to promote and facilitate a collaborative approach to regional development in Western Australia.

● WA Regional Development Trust Members Ross Love, Chair Brendan Hammond, Deputy Chair Karlie Mucjanko and Hon Tom Stephens. Gail Reynolds-Adamson not pictured.



STRATEGIC PRIORITIES 2019-20

Over the past twelve months, the Trust has continued its focus on assisting all components of the Portfolio to work cohesively and collaboratively to develop a strong regional development system.

This work has predominantly focused on governance and oversight, with the Trust working to ensure appropriate systems for collaboration and coordination are in place and helping to deliver outcomes across the Portfolio.

Closely connected to this work has been the ongoing refinement of an approach to both inform and measure the impact of future regional development projects for Western Australia.

The Trust has focused its efforts on the following areas:

Defining what success looks like

While the work on economic diversification being undertaken with the Center for International Development is being finalised, two critically important long-term conclusions should be noted.

Firstly, the data demonstrates unequivocally that the prosperity and standards-of-living of future generations of West Australians, and indeed all Australians, is directly dependent on our ability to transition from a reliance on non-renewable exports to a more sustainable export base. The value of these non-renewable products comprises over 90 per cent of the State's exports. Despite the extraordinary endowment gift that they represent to us, we recognise

the urgent imperative for economic diversification that exists. This will need to occur at a transformational level across Western Australia and failure is not an option for any of us. Importantly, each of the regions and the metropolitan area all have mutually reinforcing roles to play in delivering these outcomes.

Secondly, the data highlights that despite the policy intent of previous Governments over the past decade to diversify the economy and establish new export sectors, economic diversification has gone backwards – Western Australia has a less-diversified economy today than it had 10 years ago. The conclusion to be drawn from this, and one which the study emphasises, is that successful economic diversification requires a sustained and evidenced based approach. The shortcomings of disconnected initiatives delivered in the absence of an ongoing and relevant, holistic economic measurement criteria are clear. If the State is to realise the economic diversification necessary to ensure that future generations of Western Australians enjoy at least the same standard of living as we do today, then we need to:

- do different things; and
- do things very differently.

Finally in this regard, it is important to note the recent implementation of Infrastructure Western Australia as an example of the right form of institution and governance that has an overt, long-term, whole-of-State mandate to assist us in moving forwards.



Transformational economic diversification requires a **sustained** and **evidence based** approach.



● Sunset over a wind farm in the Great Southern region.

Implementing the Regional Development System

Last year the Trust reported that a new systematic approach to regional development had been constructed and was being implemented. The Trust has continued to assist with this across the Portfolio and significant progress has been made.

Five Strategic Themes were endorsed and accepted across the Portfolio and have been adopted in the Commissions' latest strategic planning processes. The commonality that has resulted is an important step forward to

achieving effective coordination across the Portfolio as it has introduced an inter-regional perspective to the Commissions as they iterate through their future planning processes. Additionally, this approach results in a singular budgeting approach for the nine separate Commissions for the first time.

As has been noted elsewhere in this Report, ensuring that all elements of the Portfolio operate in a complementary and coordinated manner has also progressed well and the early performance of WARDA shows particular promise.

Trust Engagement

The Trust recognises the need to ensure a broader understanding and engagement in regional development priorities across the Portfolio, the Public Sector and private industry. Broader engagement will not only lead to improved awareness and greater interest in regional development outcomes, but also an improved quality of ideas and opportunities for the regions.

To effectively deliver on this important engagement, the Trust has spent considerable time developing a Stakeholder Engagement Framework and Action Plan to be implemented throughout 2020-21.

● Minister for Regional Development, Alannah MacTiernan with local stakeholders during the Gascoyne Food Festival in Carnarvon.



Regional Development System

- While considerable progress has been made with implementation, the Trust again emphasises the fundamental imperative of ensuring that systemic alignment of operations across the Portfolio continues. Once the Portfolio has achieved and maintained this enhanced way of working for some time and is functioning in a seamless manner, it should be subject to a regular review to ensure that the desired outcomes reflect intent, and that any necessary changes resulting from this are made in a deliberate manner.
- The primary long-term metric of success for regional (and State) development is increased economic diversity, and despite best-intentions over many years, evidence shows ground has been lost. For this reason, it is critical that the formal measurement process that has just been completed is repeated at appropriate intervals. As the national Census is completed every five years and a decent interval is necessary to allow changes in diversity to be seen, the Trust recommends that regular measurement of economic complexity be conducted every five years, using the Center for International Development approach for consistency.

Royalties for Regions Fund

- The Trust has previously noted the paucity of robust proposals for Fund expenditure arising from the Portfolio. As a result, the Trust has been supportive of the allocation of Royalties for Regions funds to alternative regional activities and projects. We would again emphasise our view that the only sustainable way for the Portfolio to redress this is to adopt the systematic approach that the Trust continues to recommend. This is considered critical to both achieving the necessary synergies across dispersed Portfolio components, and to building the organisational capability required to successfully conceive, plan and deliver multi-jurisdictional large-scale projects and initiatives.

Other Observations

- The COVID-19 response and recovery activities are quite clearly going to prevail for some time. The Trust does however believe that there are a number of fundamental principles that are common between those activities and the long-term systematic process for driving successful regional development that we continue to champion.

These fundamentals are:

1. The synergies and strong relationships that are required between urbanised and regional areas of the State to ensure resilience and an appropriate self-sufficiency for the whole of Western Australia.
2. The successful long-term diversification of the Western Australian economy – properly measured and managed.
3. In driving diversification, the critical importance of ensuring that WA finds ways to become more competitive by reducing its costs of living and doing business. In this regard the Trust particularly highlights the constraints and loss-of-opportunity presented by the high costs of energy and limited availability of high-speed internet access across the regions.
4. Ensuring that Aboriginal people across Western Australia become ever-less disadvantaged. The Trust notes with concern the growing proportion of Aboriginal people across the regions who are severely disadvantaged and have been locked out of employment. As can be seen in the Strategic Themes, the Trust believes that employment providers can, and must, play a significant role addressing this by creating suitable workplace opportunities with the assistance of State and Federal Government agencies as required.

Governance



FREEDOM OF INFORMATION

The Trust received no Freedom of Information applications in 2019-20 under the *Freedom of Information Act 1992*.

TRUST INTERNAL GOVERNANCE

Trust Finances

Operating budget

Pursuant to section 9(2)(c) and section 27 of the Act, the Department provides the Trust with an operating budget to cover the expenditure incurred in the administration of the Trust. These funds are managed by the Department and are reported in the Financial Statements section of the Department's 2019-20 Annual Report.

The operating budget for the Trust for 2019-20 was \$165,169 and actual expenditure was \$37,425.

Travel

The total travel expenditure for 2019-20 was \$7,917.

Trust Member remuneration

As per section 20 of the Act and the Public Sector Commissioner's determination, Trust members are entitled to remuneration and travel allowances. The remuneration for Trust members is as follows:

Chair: \$97,175 per annum

Deputy Chair: \$42,260 per annum

Members: \$12,500 per annum

Position	Name	Type of remuneration	Period of payment	Gross remuneration
Chair	Brendan Hammond	Board member fee	1/07/19 - 25/06/20	\$96,864.56
Deputy Chair	Karlie Mucjanko	Board member fee	1/07/19 - 25/06/20	\$42,124.94
Board Member	Paul Farrell	Board member fee	1/07/19 - 26/07/19	\$1,150.15
Board Member	Nick Belyea	Board member fee	1/07/19 - 26/07/19	\$1,150.15
Board Member	Gail Reynolds-Adamson	Board member fee	8/08/19 - 25/06/20	\$11,309.83
Board Member	Ross Love	Board member fee	8/08/19 - 25/06/20	\$11,309.83
Board Member	Tom Stephens	Board member fee	8/08/19 - 25/06/20	\$11,309.83

The total remuneration paid to Trust Members for the year 2019-20 was \$175,219.29 (exclusive of superannuation).

Provision of services and facilities to the Trust

Pursuant to section 27 of the Act, the Department provided the Trust with services and facilities necessary for the Trust to perform its function, including executive support services via a Secretariat. Policy and advice services are also provided to the Trust as required.

In accordance with sections 9(2) (c) and section 27 of the Act, the Department provides the Trust with the funds for the expenditure incurred in the administration of the Trust, including remuneration and allowances to Trust Members. Pursuant to section 10 of the Act, information about the operation of the Fund is included in the Department's Annual Report.

Trust meetings

Under section 21(2) of the Act, meetings are to be held at times and places determined by the Trust. The Trust formally meets approximately every two months and on other occasions as required. Despite the restrictions imposed by COVID-19 the Trust held five ordinary meetings in 2019-20 on the following occasions, with one of these meetings held via video conference:

- 14 August 2019, Perth
- 31 October 2019, Perth
- 12 December 2019, Perth
- 15 April 2020 (video conference)
- 27 June 2020, Perth

Special meetings

The Trust visited the Gascoyne Region in lieu of an ordinary meeting in February 2020 and met with the Gascoyne Development Commission Board and key stakeholders, including local business owners and community leaders.

Along with other members of the Portfolio, members of the Trust attended a Portfolio Leadership Meeting with Minister MacTiernan in April 2020 via video conference.

Attendance

The record of attendance of Trust Members for Trust Meetings held in 2019-20 is shown below. Trust Members are to attend formal Trust meetings and have any leave of absence approved by the Chair.

● Coastline in the South West region.



Brendan Hammond

Attendance at five Trust meetings.

Karlie Mucjanko

Attendance at four Trust meetings.

Gail Reynolds-Adamson

Attendance at one Trust meeting.

Ross Love

Attendance at five Trust meetings.

Tom Stephens

Attendance at five Trust meetings.

Trust governance framework

The Trust's internal governance policies were first endorsed on 16 July 2010. The Framework was developed using public sector best practice and comprises a Charter, Code of Conduct and Conflict of Interest Policy. The Framework is currently under review.

Charter

The Charter was developed using recommendations on best practice for boards and committees from the Public Sector Commission's (PSC) *Good Governance for Western Australian Public Sector Boards and Committees Guide*.

The Charter outlines the roles and relationships, key activities, Trust operation and administration.

Code of Conduct

The Code of Conduct was developed using the best practice for boards and committees from the PSC's *Good Governance for Western Australian Public Sector Boards and Committees guide*. The Code of Conduct sets out the minimum standards of conduct and integrity to be complied with by all Trust members in accordance with *Commissioner's Instruction No. 7 - Code of Ethics*.

Conflict of Interests Policy

The Conflict of Interests Policy was developed to assist Trust Members to identify, declare and manage conflicts of interests. The policy supplements the requirements under section 24 of the Act to disclose "direct or indirect pecuniary interests". Trust Members have agreed that a more expansive declaration is appropriate and that the Act is the minimum required.

The Conflict of Interests Policy contains the following forms:

- Registration of Private Interests;
- Advice of Private Associations;
- Disclosing Conflict of Interests;
- Notification of Alteration to Statement of Interests; and
- Resolution and Management of Interests.

A review of interests was conducted in 2019-20. Trust Members have completed all of the appropriate forms and further disclosures are made as they occur.



GLOSSARY

Act	<i>Royalties for Regions Act 2009</i>
CEO	Chief Executive Officer
Commissions	Regional Development Commissions
Council	Regional Development Council Comprises the Chairs of the nine Regional Development Commissions and the Director General of the Department of Primary Industries and Regional Development
Department	Department of Primary Industries and Regional Development
Fund	Royalties for Regions Fund
Center for International Development	Center for International Development at Harvard University
Minister	Minister for Regional Development
Portfolio	Regional Development Portfolio Comprises the Department of Primary Industries and Regional Development, the nine Regional Development Commissions, the Regional Development Council, the Western Australian Regional Development Trust and the Western Australian Regional Development Alliance
PSC	Public Sector Commission
Strategic Themes	Regional Development Strategic Themes
SPA	Special Purpose Account
Trust	Western Australian Regional Development Trust
WA	Western Australia
WAFHRI	WA Future Health Research and Innovation Fund
WARDA	Western Australian Regional Development Alliance Comprises the CEOs of the nine Regional Development Commissions and the Deputy Director General of the Department of Primary Industries and Regional Development

● **OPPOSITE PAGE:** Cape Leveque on the Dampier Peninsula in the Kimberley region.





**Western Australian
Regional Development Trust**

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