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**Western Australian
Regional Development Trust**

2021-22

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 2021-2022.



Brendan Hammond
CHAIR

15 September 2022



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- **COVER:** (inset) Participants from a Regional Economic Development Grants project, supported through the Wheatbelt Development Commission.
- **COVER:** (main image) Serpentine Falls in the Peel region.
- **BELOW:** Geike Gorge near Fitzroy Crossing in the Kimberley region.



CHAIR'S FOREWORD

The Western Australian Regional Development Trust acknowledges the Traditional Owners of Country throughout Western Australia and recognises their continuing connection to lands, waters and communities. We respect their culture and the contribution they make to the life of our regions and we pay our respects to Elders past, present and emerging.

I am pleased to present this report on the activities of the Western Australian Regional Development Trust (Trust) for the year ending 30 June 2022.

2021-22 saw geopolitical tensions increase across the globe and within our region, with climate change, the war in the Ukraine, trade sanctions and the ever-present COVID-19 pandemic providing a grim backdrop.

As new strains of the COVID-19 virus brought second and third waves of community infection to Australia, the measured approach taken by the State Government proved highly effective in protecting the social and economic wellbeing of our regions and Western Australia more broadly. The Premier is to be congratulated for his leadership and resolve in the face of significant pressure from those that would have put self-interest and political interests ahead of those of the State and the wellbeing of its citizens.

The Western Australian economy has continued to operate strongly and is recognised as one of the best performing in the world. The State Budget announced in May 2022, confirmed the approach taken by the McGowan Government was the right one with Western Australia's economy and finances leading the nation.

The announcement of an estimated \$5.7 billion operating surplus is the envy of other State Treasurers and reflects strong economic activity, higher commodity prices and responsible fiscal management. We now need to ensure expenditure of these funds is well targeted and directed toward initiatives that will drive economic complexity and diversification.

There can be no doubt that we are fortunate to have a strong non-renewable resources sector and we should ensure it remains so. However, non-renewable resources are by definition finite and our over-reliance on this sector poses a significant risk to the future economic wellbeing of the State.

Supporting economic diversification and raising the State's productive capabilities is vital to strengthening our economic resilience and global competitiveness. It is imperative that we maximise and leverage the opportunities provided by the non-renewable resources sector, to diversify the economy and develop more complex industries that will deliver strong regions and a sustainable future for all Western Australians.

Since 2018, the Trust has worked closely with the Regional Development Council (Council), the Department of Primary Industries and Regional Development (Department), the State's nine Regional Development Commissions (Commissions) and the Western Australian Regional Development Alliance (WARDA) to promote alignment to the Regional Development Strategic Themes (Strategic Themes), build capability and focus the collective effort of the Regional Development Portfolio (Portfolio).

It has been pleasing to see the Portfolio, led by the Council, work collaboratively towards a common and consistent approach to planning that aligns to the Strategic Themes. However, this has taken longer than expected, due to the extensive consultation required to ensure input and sensitivities were appropriately addressed across the Portfolio.

The Trust will now focus on a more traditional role of system governance and oversight, which includes monitoring and evaluating the strategic operations and performance of the Royalties for Regions Fund (Fund) and the Portfolio. It is expected that this will inform and support a continuous improvement approach to regional development by the Portfolio.



Supporting economic diversification and raising the State's productive capabilities is vital to strengthening our economic resilience and global competitiveness.

As is customary, the Trust has ensured the Hon Alannah MacTiernan MLC, Minister for Regional Development (Minister) has been kept informed of its activities throughout the year. I would like to thank the Minister for her ongoing commitment to the regions and the tireless energy she devotes to regional development across this great State.

I would also like to thank the Minister for reappointing me as Chair of the Trust during the year. It is both a privilege and an honour to work with my fellow Trust members as we contribute to the development of our regions and support regional development outcomes that will benefit all Western Australians for generations to come.

I am pleased to advise that during the year, the Minister reappointed Hon Tom Stephens as a member and also appointed four new members to the Trust:

- Ms Anita Ratcliffe (Deputy Chair)
- Ms Kate George (Member)
- Mr Oral McGuire (Member)
- Ms Paula Hickey (Member)



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

The breadth of knowledge, experience and understanding of government, community, business and industry provided by each member, strengthens the capacity and capability of the Trust as it considers the broad and often complex range of issues that contribute to the social and economic development of regional Western Australia.

In particular, I would like to acknowledge the appointment of two highly respected Aboriginal community leaders to the Trust. Ms George and Mr McGuire bring substantial business, community and government experience to the Trust, and will enable the Trust to consider Aboriginal economic development matters in a manner that had not previously been possible.

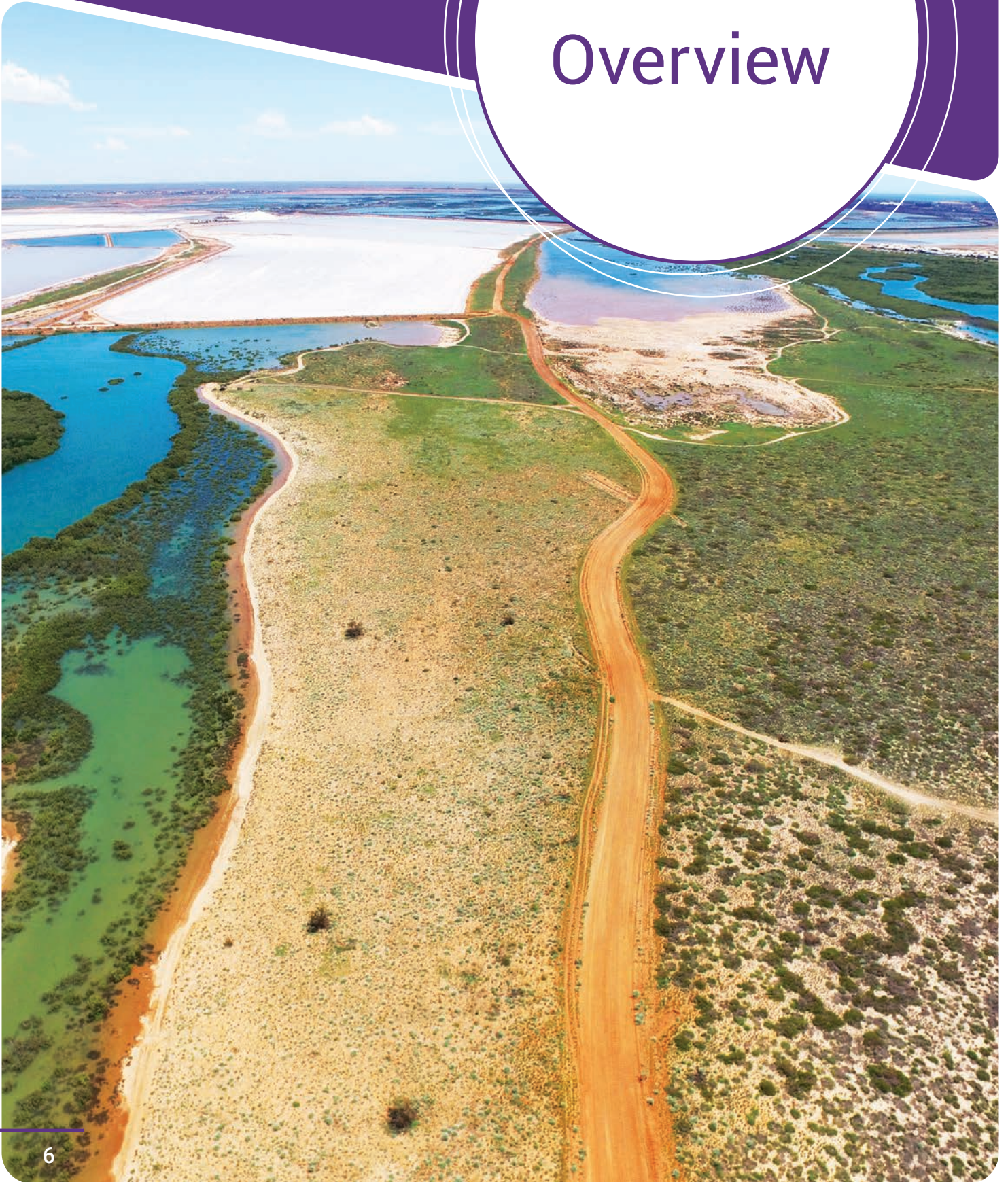
Ms Karlie Mucjanko stepped down from the Trust during the year and I would like to acknowledge her contribution as a member since November 2015 and as Deputy Chair from July 2016 to December 2021.

My sincere thanks also go to the members of the Trust's Secretariat for their dedication and support throughout the year. Their efforts are indispensable.

Lastly, I would thank the members of the Council, the Commissions and their CEOs, and the senior executive of the Department for their input and support.

Brendan Hammond
CHAIR

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 provides system governance and oversight of the Fund and the Portfolio. 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, Ms Karlie Mucjanko stepped down from the Trust and four new members were appointed.

As at 30 June 2022, the membership of the Trust was as follows:



Brendan Hammond
Chair

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

Brendan is a skilled executive and senior leader with over 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.

Contributing widely in the not-for-profit sector, Brendan actively imparts his experience and knowledge to next generation leaders. Brendan has worked with regional communities, in Western Australia 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 was appointed as Chair of the Western Green Energy Hub Pty Ltd in April 2021.



Anita Ratcliffe
Deputy Chair

Appointed as Deputy Chair on 1 January 2022 under sections 13(1)(b) and 14 of the Act.

Anita has extensive experience in agribusiness, having led Westpac's Agribusiness division in Western Australia from 2018 to 2022.

Prior to her role as Westpac Regional General Manager, Anita was State Director of Export Finance Australia in Western Australia, the Australian Government's export credit agency. Anita also has a broad range of banking experience in international trade and foreign exchange.

Anita is Commissioner of the Agricultural Produce Commission, a Member of the Guildford Grammar School Foundation Board and operates her own consultancy business.



Hon Tom Stephens
(OAM JP)
Trust Member

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

Formerly a member of State Parliament (1982-2013), Tom served as a Minister in both Dr Carmen Lawrence and 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, drawing on his many years of experience and involvement across regional Western Australia generally and with Aboriginal communities in particular. Tom is also Chair of the Kimberley Development Commission, a Director of the Pilbara Ports Authority and continues to maintain an active involvement across regional Western Australia.



Kate George
Trust Member

Appointed as a Trust member on 1 January 2022 under section 13(1)(b) of the Act.

Kate has extensive experience working with and for Aboriginal organisations and communities across Australia, including writing the first employment and training strategies for major contractors to the resources sector and working as a Ministerial advisor at a Federal and State level in Victoria.

Born at the 4949 mile peg of the Rabbit Proof Fence in the Murchison region of Western Australia, Kate is a Putejurra woman and part of the Martu of the Western Desert. She is the first Aboriginal graduate from the Australian National University Law School and the first Aboriginal woman to be admitted to practice law in Western Australia. Kate was awarded an honorary Doctor of Laws from Edith Cowan University for her long contribution to Aboriginal and Torres Strait Islander affairs.



Paula Hickey
Trust Member

Appointed as a Trust member on 1 January 2022 under section 13(1)(b) of the Act.

Paula has extensive experience in providing advice and working directly with executive government at both a State and Federal level for over 20 years. Her roles have included Principal Private Secretary and Principal Policy Advisor to several State Government Ministers.

During this time Paula gained key strengths in the areas of Local Government and Regional Development, Indigenous Affairs, Resources/State Development, Sport and Recreation and Agriculture and Food.

After working with Woodside Energy for 10-years, Paula undertook the role of Manager Government Relations at DUG Technology, a West Australian technology company involved in high-performance computing (HPC), before recently retiring.



Oral McGuire
Trust Member

Appointed as a Trust member on 1 January 2022 under section 13(1)(b) the Act.

Oral is a prominent Noongar community leader, entrepreneur, landholder and long-term champion of Aboriginal economic empowerment and capacity building, with specific experience in Noongar traditional land and fire management practices and cultural governance.

Born in Beverley and having grown up in Northam, Oral continues to live and work in the Wheatbelt, and brings strong cultural knowledge, community networks and business experience to the Trust. Oral is a Director of the Noongar Chamber of Commerce and Industry, Board member of the Noongar Landholder Enterprise Inc. and Chair of Yaraguia Enterprises Incorporated. He is also Deputy Chair of the Wheatbelt Development Commission.

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 up to 25 per cent of the forecast royalty income for the following financial year. The snapshot below reflects the Fund at the time of the 2022-23 Bilateral Budget.

Royalties for Regions Account

Operation of the Act provides for up to 25 per cent of the forecast royalties to be credited to the Royalties for Regions Special Purpose Account. This is constrained by the Act's stipulation that the Account cannot exceed \$1 billion, as well as a Cabinet-imposed annual expenditure limit. The 2022-23 Bilateral Budget expenditure figures are as follows:

Table 1: 2021-22 Royalties for Regions Funding by sub-fund:

Regional Community Services Fund	\$781.8 million
Regional Infrastructure and Headworks Fund	\$284.2 million
New Regional and Statewide Initiatives	\$60.6 million
Regional Reform Fund	\$20.9 million
	\$1,147.5 million
Less: Overprogramming provision ^(a)	-\$143.7 million
Total approved expenditure limit ^(b)	\$1,003.7 million

Source: 2022-23 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.

(b) Figures may not sum due to rounding.



● **ABOVE:** Creality Gascoyne Travelling Arts Festival, funded through the Regional Economic Development Grants program, in the Gascoyne region. *Credit Lewis Burnett.*

● **PREVIOUS PAGE:** Minister for Regional Development, Alannah MacTiernan and stakeholders at the construction site of a Collie Futures Industry Development Fund project in the South West region.

The Royalties for Regions 2022-23 Bilateral Budget allocation is shown below in the McGowan Labor Government priority areas.

Diagram 1: 2021-22 figures from Royalties for Regions 2022-23 Bilateral Budget

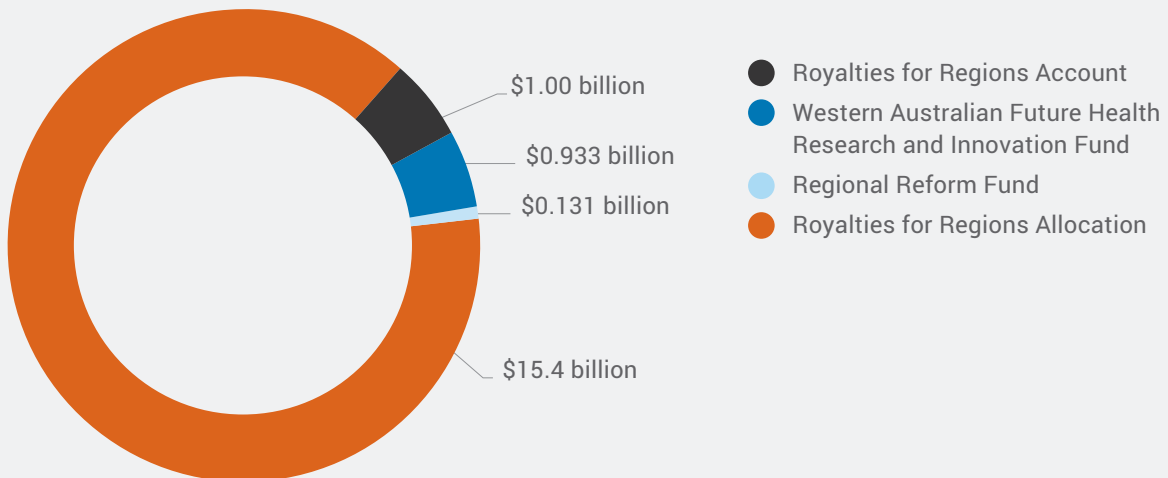


A total of **\$15.4 billion** is forecast to be distributed to regional programs over the life of the Fund to 2025-26, including **\$4.295 billion** over the forward estimates.

Source: 2022-23 Bilateral Budget Statement.

Diagram 2 shows a summary of the budgeted cashflow of the Fund from 2008-09 to the 2025-26 financial year as at the 2022-23 Bilateral 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 \$131 million into the Regional Reform Fund.

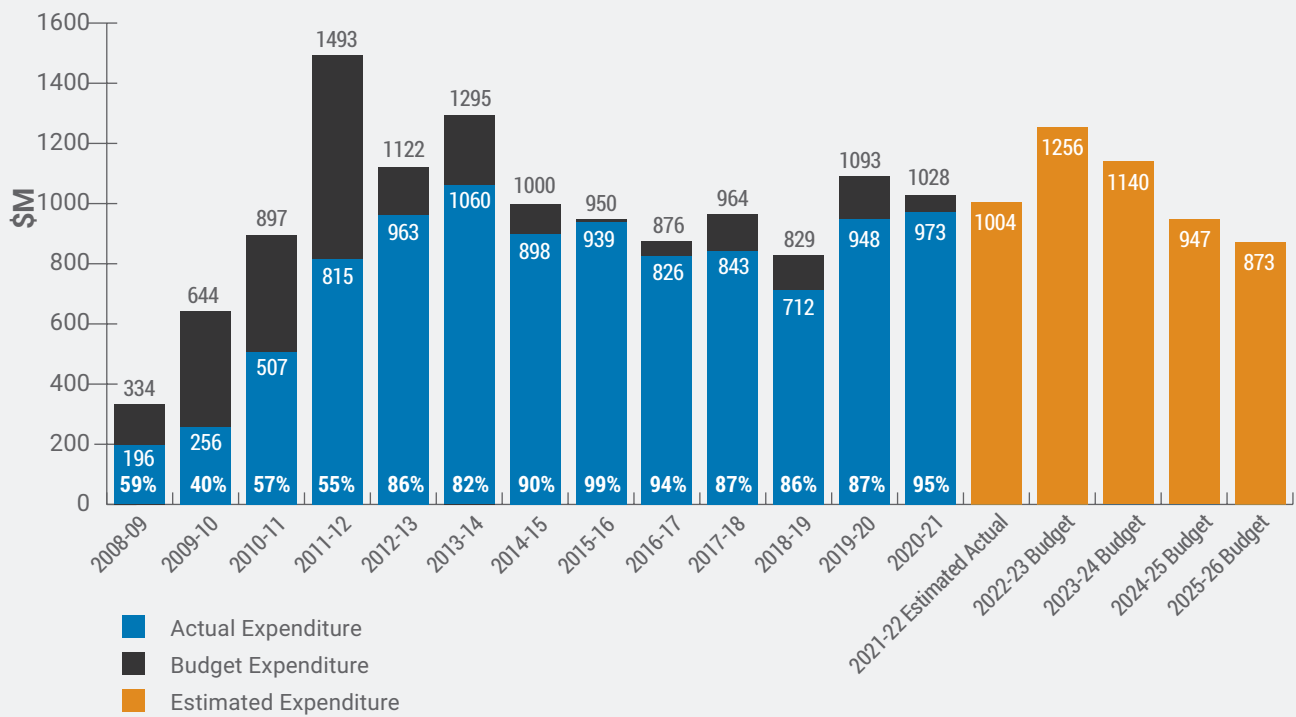
Diagram 2: Royalties for Regions projected cashflow summary 2008-09 to 2025-26



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 2025-26 is forecast to be \$0.247 billion.
Source: Department of Primary Industries and Regional Development (WA).

Diagram 3 below, reflects the forecast of the Royalties for Regions allocations and expenditure in 2021-22 and the forward estimates at the time of the 2022-23 Bilateral Budget.

Diagram 3: Royalties for Regions Budget compared to expenditure history and forward estimates



Source: Department of Primary Industries and Regional Development (WA).
 Prior period figures may vary from year to year due to audit adjustments.



● Geraldton Marina in the Mid West region.

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 2022-23 Bilateral Budget.

Table 2: 2022-23 Allocation of Funds over Forward Estimates

	2022-23 (\$M)	2023-24 (\$M)	2024-25 (\$M)	2025-26 (\$M)	4 Year Projection (\$M)
Investing in Jobs	223	160	128	72	582
Putting Patients First	223	187	150	165	725
Investing in Our Children's Education	171	175	156	150	652
Investing in Our Communities	367	277	241	229	1,114
Investing in Our Roads and Ports	134	139	82	82	438
Investing in Our Environment	83	76	50	38	248
Administration and Administered Items	133	125	141	137	536
Total (a)	1,335	1,140	947	873	4,295
Less: Overprogramming percentage	-78.8				-78.8
Expenditure Limit (a)	1,256	1,140	947	873	4,216
Special Purpose Accounts	4	15	7.5	4.5	31
Total - Royalties for Regions Fund (a)	1,260	1,155	955	878	4,247

Source: 2022-23 Bilateral Budget.

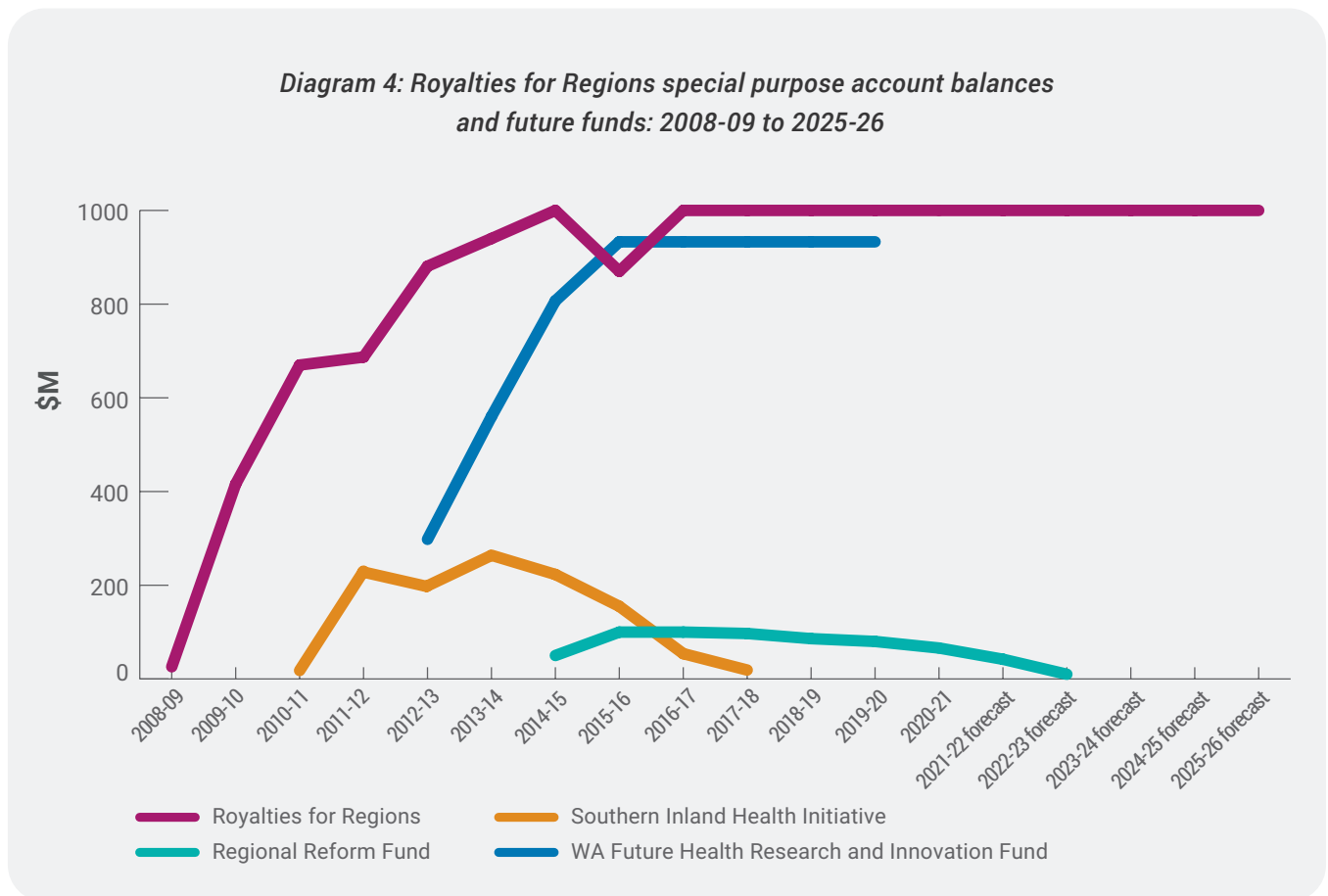
(a) Figures may not sum due to rounding.



Special Purpose Accounts

There are currently two Royalties for Regions Special Purpose Accounts (SPAs) – the Royalties for Regions Fund and the Regional Reform Fund. In addition, Royalties for Regions funds were also held in two separate SPAs: the Southern Inland Health Initiative (now completed); and 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 the balances of the various Special Purpose Accounts that have been credited with funds from Royalties for Regions at the time of the 2022-23 Bilateral Budget.



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

The Southern Inland Health Initiative is now complete and the WA Future Health Research and Innovation Fund no longer reports separately on the Royalties for Regions funding it received.

● **OPPOSITE PAGE:** Woodlands Distillery Directors Kelvin Ridgway and Peter Waters established the distillery with Regional Economic Development Grants program support through the Great Southern Development Commission.

TRUST **ENGAGEMENT**

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

With the easing of restrictions due to the COVID-19 pandemic, the Trust has engaged with key State economic development agencies, business and the community more broadly in 2021-22.

The focus of this engagement has been to increase awareness and understanding of the challenges and opportunities for economic diversification in Western Australia and to further develop a shared view of regional development.

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:	Increase the economic participation of Aboriginal people
Theme 5:	Organisational excellence

* *Grow in this context means:*

- *Extend temporally*
- *Expand spatially*
- *Go downstream and/or*
- *Leverage economically*



● Minister Alannah MacTiernan, with Trust members Hon Tom Stephens, Trust Chair Brendan Hammond and former Deputy Chair Karlie Mucjanko, at the Dowerin Machinery Field Days in the Wheatbelt region.



The Strategic Themes have guided the Trust's engagement activities with key stakeholders and members of the Portfolio during 2021-22.

Theme 1: Grow* existing, and find and develop new, non-renewable resource and related industries

The State is fortunate to have a strong non-renewable resources sector and should ensure it remains so for as long as is practicable. However, it is important to understand that non-renewable resources are finite and Western Australia's increasing over-reliance on this sector poses a significant risk to the future economic wellbeing of the State.

In 2021-22 the actions of some Industry participants raised questions about their social license to operate, particularly in response to environmental issues and climate change, discrimination and harassment of women in the workplace, and accusations of cultural vandalism following the destruction of ancient rock shelters in the Juukan Gorge.

This had a significant impact on perceptions of the Industry as a whole and much work is required to restore the confidence and trust of many in the community.

Nevertheless, the outlook for the mining industry in the short term remains strong, while the medium-term outlook will depend on how global economies respond to the challenges presented by the COVID-19 pandemic, regional conflicts and critically, climate change.

As the main economic driver for the State, it is imperative that the opportunities provided by this sector are maximised and leveraged to diversify the economy and develop more complex industries that will deliver a strong and resilient future for all Western Australians.

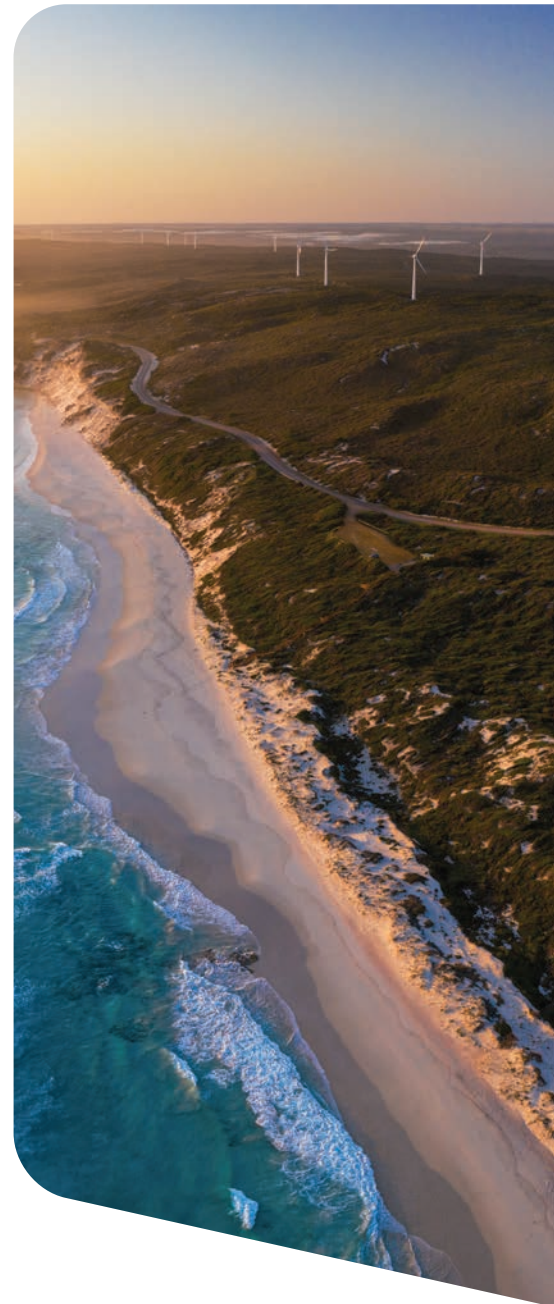
Theme 2: Grow* existing, and find and develop new, alternative industries

In August 2021, the Trust visited the Northern Valley Packers citrus export facility in Bindoon and attended the Dowerin Machinery Field Days. Meeting with growers, producers and suppliers, the Trust noted the challenges faced by the agricultural sector, particularly labour market issues, as they grow and develop new and existing export markets for high quality Western Australian produce.

The critical need to diversify the economy and reduce the State's dependence on the extraction of non-renewable resources, will require the development of new engines of growth that can support a more sustainable, resilient and inclusive economy.

Western Australia is committed to becoming carbon neutral by 2050 and is well placed to leverage its natural competitive advantages in wind and solar resources to accelerate the transition to low-emission technologies and cleaner production.

Industry strengths and comparative advantages in areas such as agriculture, tourism, higher education and renewable energy present clear opportunities for diversification. However, the growth of these and other alternative industries, will require strategic initiatives that address the common barriers to diversification in the regions.



● Wind farm at Nine Mile Beach, along the Great Ocean Drive in the Goldfields-Esperance region. Credit Tourism Western Australia.

Theme 3: Normalise regional living standards

Access to essential services, social networks and cultural experiences influence people's decisions about whether to live, work and stay in a region or regional community.

While education, health and community services continue to be high on the agenda for people living in regional Western Australia, access to affordable housing has emerged as a significant issue for many. A shortage of tradespeople and materials, as well as tightening rental markets is placing pressure on affordability and limiting the ability to attract and retain workers in key sectors.

Digital connectivity is now seen by many as an essential service and is a critical factor in the development of the State's regions, both in terms of capability and capacity. The Trust was pleased to note the 2022-23 State Budget announcement of \$48.6 million in new funding for the WA Regional Digital Connectivity Program for co-investment in regional digital connectivity infrastructure.

However, further support is required to develop economic capability and capacity in regional and remote communities, to ensure digital inclusion for some does not become a digital divide for others.

The Trust recognises climate change as a significant global issue that requires immediate action by all levels of government, business and the community. Addressing environmental issues such as waste recycling, pollution control, water management and conservation will help create sustainable jobs and support resilient regional communities. This needs to be an area of focus for the Portfolio as the State transitions to a prosperous low carbon economy.

In November 2021, the Trust visited the WA Country Health Service (WACHS) Command Centre in Perth, which oversees the coordination and delivery of telehealth, patient transfer and patient monitoring services across the State.

The Trust acknowledges the dedication and outstanding work of the specialists, clinicians and support staff at WACHS for their tireless efforts in improving patient outcomes for people in regional Western Australia.

Theme 4: Increase the economic participation of Aboriginal people

Aboriginal people in Western Australia, particularly those in regional and remote areas, have not benefited to the same extent as others in the community from decades of strong economic growth. The impact of intergenerational disadvantage experienced by many Aboriginal communities means the gap between their economic, social, and physical wellbeing and that of non-Aboriginal communities is significant.

Aboriginal people play an important role in the development of regional economies. Increasing their economic participation will enable them to aspire to better socio-economic outcomes, building on their traditions, culture and economic resources, while contributing to the State's overall development efforts.

Effective investment in Aboriginal Economic Development will support self-determination and empowerment, laying the foundations for inclusive economic growth and improved socio-economic outcomes for Aboriginal people and the Western Australian community more broadly.



● Busselton Margaret River Airport in the South West region. Direct flights from Melbourne, Victoria to Busselton began in April 2022.

Theme 5: Organisational excellence

The appointment of four new members in 2021-22, has strengthened the capacity and capability of the Trust as it considers the broad and often complex range of issues that contribute to the social and economic development of regional Western Australia. These new members collectively participated in a comprehensive induction program ensuring they have a common understanding of their role and responsibilities, as well as the governance framework and strategic priorities of the Trust and the Portfolio.

The Trust has continued to work closely with the Council, the Department, the Commissions and WARDA to build capability, promote alignment to the Strategic Themes and focus the collective effort of the Portfolio to deliver better outcomes for regional Western Australia.

It is imperative that the Portfolio continues to work collaboratively and maintains its alignment to the Strategic Themes if it is to engage appropriately with key stakeholders and deliver the outcomes required for effective regional development.

Through work led by the Council, the Strategic Themes are now embedded in the strategic and business planning activities of the Portfolio as a whole. The alignment of the Portfolio to a common strategic framework will support effective engagement with key stakeholders and provide clear direction and focus for the Portfolio's efforts.

The Trust notes that it will require strong leadership from the Council to ensure alignment to the Strategic Themes is maintained and implementation of priority strategic initiatives is undertaken effectively.

Importantly, the Trust has maintained its oversight of the Fund and would like to thank the staff of the Investment Management Directorate of the Department for their support. Their advice and regular briefings throughout the year regarding the operation of the Fund and evaluation of major initiatives funded through the Royalties for Regions Program has been greatly appreciated.

The Trust will continue to connect and collaborate with the broadest range of stakeholders to develop and prosecute the compelling argument for strong regions with strong economies that benefit all Western Australians.



● Cars compete in the annual Albany Classic car race in the centre of Kinjarling / Albany, in the Great Southern region.

STRATEGIC PRIORITIES

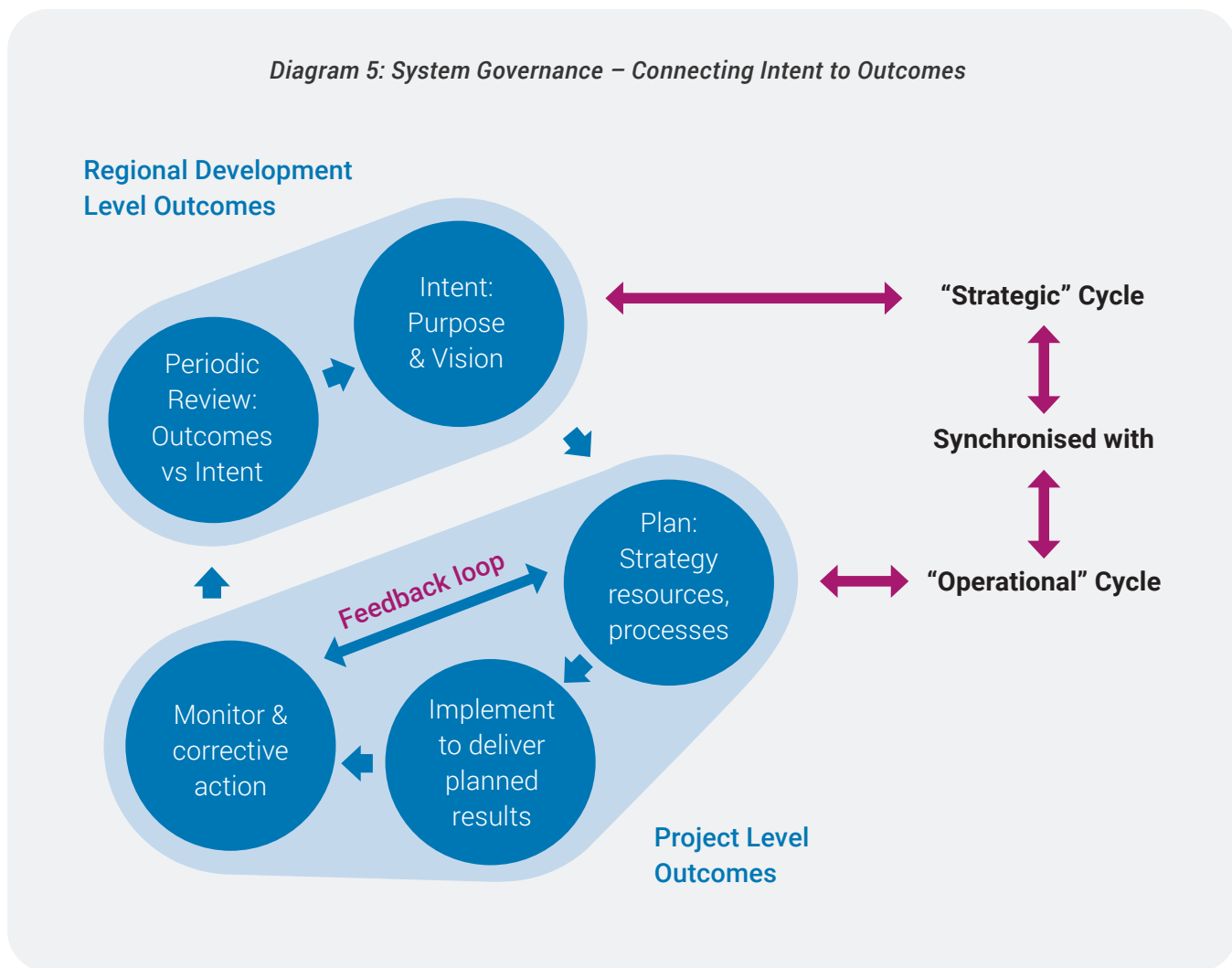
The Trust has directed considerable effort towards assisting the Portfolio to establish and implement a holistic Regional Development Strategic Framework (Strategic Framework). This will improve the way in which it plans, prioritises, collaborates, coordinates and aligns its activities to measurably improve regional development in Western Australia.

The Strategic Framework comprises the following steps:

1. Define Regional Development
2. Articulate a Future State
3. Formulate Strategy
4. Design Organisational Structure and Systems
5. Implementation and Continuous Improvement

The Trust will now focus on a more traditional role of system governance and oversight, which includes monitoring and evaluating the strategic operations and performance of the Fund and the Portfolio. It is expected that this will inform and support a continuous improvement approach to regional development, connecting intent to outcomes.

Diagram 5: System Governance – Connecting Intent to Outcomes



Accordingly, the Trust has directed its attention to the following priorities:

System Governance and Oversight

The Trust will maintain its oversight of the governance arrangements that are in place to support the administration of the Fund. This includes the monitoring and evaluation of programs and initiatives funded through the Royalties for Regions program to ensure they are delivering the outcomes required for effective regional development.

In 2018, the Trust provided advice to the Minister regarding the practical steps required to support enhanced performance within the Portfolio. This included the need for implementation of a Strategic Framework, as well as the importance of having a single set of Strategic Themes to guide business planning and provide a consistent approach to regional development across the Portfolio.

Since that time, a significant amount of work has been undertaken by the Portfolio to operate more cohesively and better align its activities. The Trust will now review the extent to which the Portfolio has implemented the Strategic Framework and aligned to the Strategic Themes, and again provide advice to the Minister about any steps required to enhance the performance of the Portfolio.

Aboriginal Economic Development

Aboriginal people have the world's oldest living continuous culture. Their ongoing connection to lands, waters and communities across the State highlights the important role they have in regional development.

Increasing the economic participation of Aboriginal people through engagement in employment, business ownership and education, and access to economic resources, has been shown to have direct economic benefits to individuals and families including financial security, increased social mobility and access to higher standards of living.

Aboriginal Economic Development is a complex area, where many issues and barriers common to the broader regional development agenda have been magnified or distorted by systemic intergenerational disadvantage. However, the appointment of two prominent Aboriginal community leaders to the Trust during the year, provides the Trust with the opportunity and capability to consider these matters in a manner that has not previously been possible.

The Trust will consider how it can contribute to and influence effective Aboriginal Economic Development in Western Australia. It will seek to better understand the key issues and ensure investment of Royalties for Regions funding in Aboriginal Economic Development is well targeted and meaningfully applied.

Strong regions with strong economies

Growth is often considered to be a primary objective for regional development. However, it is far more complex than simply increasing the number of people living or working in regional areas or increasing the quantity of exports produced. It is about developing strong regions with strong economies that benefit all Western Australians.

The Trust has previously provided advice regarding the work it has undertaken to better understand and address the barriers, constraints and opportunities for economic growth and diversification in Western Australia. The key findings of this research were reported on last year and can be viewed at the Center for International Development website: <https://growthlab.cid.harvard.edu/applied-research/western-australia>.

The Trust will continue to share the findings of this research, and work across Government to support and influence activities that will deliver a more complex, diverse and inclusive economy.

Creating strong regions with strong economies will require the development of new engines of growth that produce the diverse, complex, and high value range of exportable goods and services necessary to transition our reliance on non-renewable resources to a more sustainable future.

Governance



FREEDOM OF INFORMATION

The Trust received no Freedom of Information applications in 2021-22 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 2021-22 Annual Report.

The operating budget for the Trust was \$252,000 and actual expenditure was \$192,257.

Travel

The total travel expenditure for 2021-22 was \$908.35.

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 ¹
Chair	Brendan Hammond	Board member fee	25/06/21 – 23/06/22	\$97,543.09
Deputy Chair	Anita Ratcliffe	Board member fee	06/01/22 – 23/06/22	\$20,090.36
Board Member	Tom Stephens	Board member fee	25/06/21 – 23/06/22	\$12,459.98
Board Member	Kate George	Board member fee	06/01/22 – 23/06/22	\$5,942.45
Board Member	Paula Hickey	Board member fee	06/01/22 – 23/06/22	\$5,942.45
Board Member	Oral McGuire	Board member fee	06/01/22 – 23/06/22	\$5,942.45
Former Deputy Chair	Karlie Mucjanko	Board member fee	25/06/21 – 06/01/22	\$22,034.59 ²

The total remuneration paid to Trust Members for the year 2021-22 was \$164,421.67 (exclusive of superannuation).

¹ Note this includes any payment for travel allowances.

² Former Deputy Chair tenure was from 1 July 2021 – 31 December 2021.

Provision of services and facilities to the Trust

Pursuant to section 27 of the Act, the Department provides the Trust with such services and facilities as are necessary to enable the Trust to perform its functions, including a dedicated Secretariat that provides executive and strategic policy support. The Department also provides policy and advice services 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. The Trust held five ordinary meetings in 2021-22:

- **Meeting 64**
25 August 2021, Dowerin
- **Meeting 65**
3 November 2021, Perth
- **Meeting 66**
13 December 2021, Perth
- **Meeting 67**
23 March 2022, Perth
- **Meeting 68**
11 May 2022, Perth

Attendance

The record of attendance of Trust Members for the Trust Meetings in 2021-22 is shown below. Trust Members are to attend formal Trust meetings and have any leave of absence approved by the Chair.

Brendan Hammond

Attendance at five Trust meetings.

Anita Ratcliffe

Attendance at two Trust meetings¹.

Tom Stephens

Attendance at four Trust meetings.

Kate George

Attendance at two Trust meetings¹.

Paula Hickey

Attendance at two Trust meetings¹.

Oral McGuire

Attendance at two Trust meetings¹.

Karlie Mucjanko

Attendance at three Trust meetings².

¹ Period of membership 1 January 2022 – 30 June 2022.

² Period of membership 1 July 2021 – 31 December 2021.

● **BELOW:** Murray Valley Trails, mountain bikes at Dwellingup in the Peel region.
Credit Josh Cowling.



TRUST GOVERNANCE FRAMEWORK

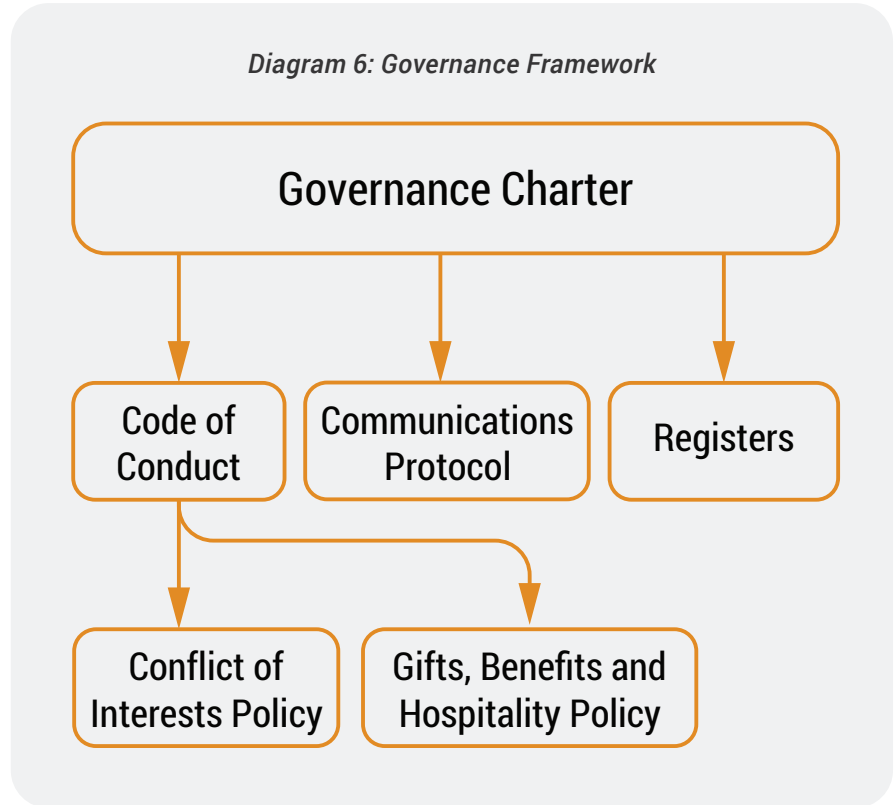
Trust governance framework

The Trust is committed to upholding high standards of integrity and the governance framework provides the structure and expectations for the operations of the Trust.

This suite of governance documents outlines the role and responsibilities of the Trust, including Member's obligations, and provides guidance about ethical conduct including public duties and legal responsibilities.

The governance framework and related documents are reviewed annually to ensure they align with contemporary best practice governance arrangements for Boards and Committees.

Diagram 6: Governance Framework



● **BELOW:** Mining settlement in the Goldfields-Esperance region.



GLOSSARY

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

● **OPPOSITE PAGE:** The longest cattle trough in the southern hemisphere, south of Derby in the Kimberley region.





**Western Australian
Regional Development Trust**

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