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Western Australian Regional Development Trust



**2013-2014
Annual Report**

Statement of Compliance

Hon Terry Redman MLA
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 (Trust) for the financial year 2013-14.

Section 28(1)(b) of the Act requires the report to contain any other information required by the Minister. On 14 July 2014 the Minister advised the Trust that there was no further information required by the Minister in addition to that required by section 28 (1)(a) of the Act.

S. Middleton

Sue Middleton
CHAIR

17 September 2014



Landscape, Pilbara
Cover: Young family, Pilbara



About this report

Section 28(1)(a) of the *Royalties for Regions Act 2009* (Act) requires the Western Australian Regional Development Trust (Trust) to submit a report to the Minister for Regional Development (Minister) that contains information about the activities of the Trust during the financial year. Section 28(2) of the Act requires the Minister to table that report in Parliament within ninety days of the financial year end.

The Trust is an independent statutory authority established in July 2010. The Trust is tasked by the Act to perform a broad oversight role on the Royalties for Regions program, and to provide high level independent and impartial advice and recommendations on the policy, allocation and management of expenditure from the Royalties for Regions Fund (Fund) constituted by the Act.

There are three principal players in the Act – the Minister that makes decisions after taking advice from various sources, the Department of Regional Development (DRD) that executes those decisions, and the Trust that advises the Minister and oversees the Fund.

The Act is specific as to the work the Trust must do. Its principal task is to provide advice to the Minister, and that is why this report concentrates on a summary of that advice. As an aid and adjunct to its obligations under the Act, the Trust consults across State Government as necessary, and both consults with and is consulted by agencies, entities and individuals. The Trust has summarised its formal

responses or submissions to other reviews or planning processes where relevant.

The measure of the Trust's work will be outcomes; including, the range, nature and content of advice it has provided the Minister, the response to that advice, and the consequence of that advice being accepted.

The Trust ensures that it informs itself widely with respect to Royalties for Regions and its various stakeholders. This is used as a basis for a close and productive engagement with DRD and other stakeholders.

The Trust does not involve itself in the selection of specific Royalties for Regions projects and programs for funding, or advise in that regard, because it considers that would conflict with its duties under the Act. Neither does the Trust attempt to regulate or audit the Fund, as this is outside its remit.

The object of the Act is "to promote and facilitate economic, business and social development in regional Western Australia through the operation of the Fund". To help it assess performance in that regard, the Trust visits the regions and consults with individuals, agencies, and entities concerned with regional development and Royalties for Regions projects. The Trust is grateful to the many individuals and organisations that have shared their wisdom and views with it.

An easily downloadable web version is available at www.wardt.wa.gov.au to support broader dissemination of the report.



Busseton Foreshore Revitalisation.
Photo: Public Sector Commission - State of the Sector 2013

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Chair's Report

The Royalties for Regions program has created a paradigm shift in the way the Western Australian Government supports and assists the growth of regional communities. The Trust is afforded a cross regional strategic view of the program, allowing the Trust to appreciate the depth and breadth of Royalties for Regions investment that is creating real and lasting change in regional Western Australia. Change that will benefit future generations of Western Australians.

The Trust believes this investment is establishing a legacy that will be profound and long lasting for the state. The strategic drivers for growth and development in this state are almost entirely based in the regions. Supporting these strategic economic drivers to enable lasting and meaningful growth is a critical investment for the future. The Trust believes the commitment of the State Government to this program demonstrates wise and strategic investment.

The Trust also considers that the investment can be made more effective and strategic. The increasing strategic emphasis on Royalties for Regions to support economic development and drive growth and development within each region is a critical shift.

A recent evaluation of the impact of the program has demonstrated that the program has stimulated private sector spending decisions, enhanced community confidence and created a higher level of community self-reliance. These are all critical components for supporting decision making to live, work and invest in regions. The evaluation also demonstrated that projects are meeting the majority of their objectives and that the benefit from projects is only just beginning to be felt and understood. Royalties for Regions has now become developed enough to be able to understand the broader impact of the investment. The Trust looks forward to contributing to the community discourse about what this program is achieving, what it means to communities and how we can continuously improve its reach and impact.



“ The strategic drivers for growth and development in this state are almost entirely based in the regions.”

The Trust has been very ably led by Mr Andrew Murray for the first four years of the program. Andrew is currently undertaking a critical role within the Royal Commission into Institutional Responses to Child Abuse and has not been able to continue his commitments with the Trust. Andrew has been an extraordinary leader and has contributed much of the strategic framework and thinking behind Royalties for Regions as we know it today.

The Trust has also been strongly supported by Mr Paul Rosair, the former Director General of DRD. Paul has formed and developed the program from its inception to the strong foundation we have today. Paul's commitment and service to the regions of Western Australia has been outstanding.

The Hon Brendon Grylls MLA resigned from his role as Minister during the last year. The former Minister's passion, drive and determination to see a better future for regional Western Australia has been inspirational. The opportunity we have to continue to grow and

develop a strong legacy for our regions is due to his extraordinary contribution in creating the program.

The State's fiscal position continues to be challenging. In the 2013-14 financial year the Western Australian Government made a key decision to utilise Royalties for Regions to support the state to meet its broader commitments to financing ongoing needs created by growth, and reducing the debt of the State. A billion dollar expenditure limit has been put in place to ensure Royalties for Regions is doing its bit to assist the State in managing its finances. The Trust considers in exceptional circumstances that this is appropriate. This new budget position for Royalties for Regions is predicted to continue until 2017-18.

However, the Trust also recognises that the regions have a lot of work to do, and that there is a challenging and exciting growth agenda to deliver on. The Regional Blueprints (Blueprints) are starting to create a clear picture of how we can invest in that growth over the next 20 to 50 years. Many of the regions are growing at or beyond the state average, so it is vital that we continue to invest in that growth as it supports the economic vitality and future of the whole state. The growing pipeline of projects and investment opportunities in the regions needs to be enabled, and the State needs to balance both the requirement to invest to drive growth

and manage its financial responsibilities. The Trust will continue to consider this critical issue of getting the balance right.

The Trust is dependent upon the commitment, quality, experience and independence of its members and support staff. The Trust continues to be well served in this regard. In addition, DRD has provided valuable and valued support to the Trust.

It has been a pleasure to be both the Chair and Deputy Chair of the Trust in 2013-14.

The Trust looks forward to the challenges and opportunities of 2014-15.

Sue Middleton
CHAIR

The Western Australian Regional Development Trust

Responsible Minister

Hon Terry Redman MLA Minister for Regional Development.

In November 2013, the Hon Terry Redman MLA was appointed Minister for Regional Development, taking on the responsibility of overseeing the Royalties for Regions program. From 2008 to October 2013, the Hon Brendon Grylls MLA was Minister for Regional Development.

Enabling Legislation

Royalties for Regions Act 2009.

Excepting for Parts 3 and 5, the Act was proclaimed on 27 March 2010 to provide for the operation of the Royalties for Regions Fund (Fund). Prior to the proclamation of the Act, the Royalties for Regions program operated pursuant to section 10(a) of the *Financial Management Act 2006*.

Parts 3 and 5 of the Act were proclaimed on the 13 July 2010, and concern the Trust. Following proclamation, the Trust held its first meeting on 16 July 2010.

Object of the *Royalties for Regions Act 2009*

Section 4: 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.

Functions

Pursuant to section 12 of the Act the functions of the Trust are –

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

Section 5(2) of the Act – 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 – the Minister, with the Treasurer's concurrence, may authorise the expenditure of money standing to the credit of the Fund for the following purposes –

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

Section 9(2) of the Act – There are to be charged to the Fund –

- (a) expenditure authorised under subsection (1); and
- (b) expenditure incurred in the administration of the Fund; and
- (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.

Role

The Trust is an independent statutory advisory body to the Minister on the Fund. The Trust performs an oversight role and provides independent and impartial advice and recommendations on the allocation of funds from the Fund.

The Fund

Royalties for Regions receives up to 25 per cent of the mining and onshore petroleum royalties estimated in the annual State budget to accrue to the State Government in the following financial year. This is credited to the Fund periodically during the financial year.

Section 5(1) of the Act states that the Royalties for Regions Fund is to consist of the following subsidiary accounts:

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



Muster, Kimberley

Trust membership

Our people

As per section 13 of the Act, Trust members are appointed by the Minister. With the exception of the member appointed under section 13(1)(a) for the prescribed one-year term, members are appointed for a term of three years.

On 31 March 2014, Mr Andrew Murray, the inaugural Chair, resigned from the Trust due to his commitments in his role as Commissioner for the Royal Commission into Institutional Responses to Child Sexual Abuse. On 20 June 2014, Mr Paul Rosair resigned from the Trust following his resignation as the Director General of DRD.

On 1 April 2014, Ms Sue Middleton, Chair; Mr Tim Shanahan, Deputy Chair; Mr Peter Rundle, member were appointed in their new roles for the remainder of their appointment terms to 7 June 2016. Mr Ralph Addis, Chair of the Kimberley Development Commission was appointed as the Chair of a Regional Development Commission (Commission) representative on the Trust for a one year term to 31 March 2015.

Previously, Ms Sue Middleton was the inaugural Deputy Chair, Mr Tim Shanahan was a member and Mr Peter Rundle was the Chair of a Commission representative on the Trust.



Driftwood, ScreenWest WA, South West

Current members

As at 30 June 2014 the membership of the Trust is as follows:



Sue Middleton

Chair – appointment until 7 June 2016 (appointed as per section 13(1)(b) of the *Royalties for Regions Act 2009*).

Sue Middleton was the Australian Rural Woman of the Year for 2010 and was awarded the Centenary Medal for services to regional and rural Australia in 2003. Sue and her husband's family manage a diverse range of farming operations including a citrus orchard, grain and pork enterprise in the Central Wheatbelt.

Sue's professional background is in the development of rural and regional communities across Australia.

Sue has worked for 25 years at a local and regional level with rural and regional communities and organisations to manage change processes, develop community capacity, create and implement strategy, build effective teams and assists to raise capital for community projects.

Sue has been involved in key leadership groups at a national and state level, including the Council of Australian Governments Reform Council, the National Regional Women's Advisory Council, the Australian Research Council, the National Rural Advisory Council and is currently a commissioner on the WA Agricultural Produce Commission. Sue is a graduate of the Australian Institute of Company Directors.



Tim Shanahan

Deputy Chair – appointment until 7 June 2016 (appointed as per section 13(1)(b) of the *Royalties for Regions Act 2009*).

Tim Shanahan is a long-standing advocate for regional Western Australia, having previously held roles with the WA Local Government Association and various regional development organisations, including the Chamber of Minerals and Energy WA, the Pilbara Development Commission and the Regional Development Council.

He is the founding Director of the Energy and Minerals Institute at The University of Western Australia.

Tim was the Executive Director of the then WA Municipal Association (WAMA) for a decade, ending his term in 2000. During his time leading the WAMA Tim was involved in many regional initiatives. He is a passionate advocate for road and infrastructure funding and a founding Trustee of the Country Medical Foundation.

In 2014, Tim was appointed Chair of WA Super, having served 10 years as an Independent Trustee Director.

Tim is currently a Councillor and Honorary Life Member of the RAC WA and is the immediate past President.

Until September 2014, Tim was Deputy Chair of the Esperance Port Authority.

Tim is a Law graduate from The University of Western Australia and has been awarded the Public Service Medal and the Centenary Medal for service to local government.

Current members (Cont.)



Peter Rundle

Trust member – appointment until 7 June 2016 (as per section 13(1)(b) of the Royalties for Regions Act 2009).

Peter Rundle owns and runs a mixed enterprise farm in Katanning (sheep, canola, barley and cross bred lambs). Peter is Chair of the Great Southern Development Commission and was initially appointed to the Trust by virtue of this position. Through his role as a Chair of the Great Southern Development Commission, Peter is also a member of the Regional Development Council, a key advisory body to the Minister on regional development issues. On 1 April 2014, Peter was appointed to the Trust as a member for a two year term.

Peter has a strong interest in waste-water recycling and chaired the community project which resulted in the reticulation of the Katanning Golf Course. He has also been a member of the Water Corporation's Customer Advisory Council.

Previously Peter worked in the share market, and managed Wesfarmers Share Department while working for Ernst & Young Share Registry and later Computershare. He is a graduate of the Australian Institute of Company Directors.



Ralph Addis

Trust member – appointment until 31 March 2015 (as per section 13(1)(a) of the Royalties for Regions Act 2009).

Ralph Addis has spent the past two decades working on regional development issues in the Kimberley, with a particular focus on creating an environment where the Kimberley's large but severely disadvantaged Aboriginal population can best contribute to and benefit from development of the Kimberley.

Ralph has helped to lead progressive strategies in housing, education, employment, and welfare reform, and has held a range of commercial, not-for-profit, and local government board positions. His professional background is in governance, strategy, finance, and not-for-profit-sector.

Ralph is the Chair of the Kimberley Development Commission, a member of the Regional Development Council (Council), and chairs the Council's Governance and Strategy Committee. He is a graduate of the Australia Institute of Company Directors.

Former members



Andrew Murray

Inaugural Chair – 8 June 2010 to 31 March 2014 (appointed as per section 13(1)(b) of the *Royalties for Regions Act 2009*).

Andrew Murray is a Rhodes Scholar and former businessman who was a Senator for Western Australia from 1996 to 2008.

Andrew's Senate career focussed on finance, banking, accounting, audit, economic, business, industrial relations and tax issues; on accountability, governance and electoral reform; and on institutionalised children. Andrew is an experienced legislator and policy maker with a strong focus on accountability.

Andrew has a strong and varied business background as an executive and director in public and private corporations, as well as owning and managing his own businesses. He has also chaired and been a member of community, business and political boards, committees and associations, including parliamentary committees with statutory obligations.

Andrew is a Commissioner for the Royal Commission into Institutional Responses to Child Sexual Abuse.



Paul Rosair

Trust member – 8 June 2010 to 20 June 2014 (appointed as per section 13(1)(b) and 13(3) of the *Royalties for Regions Act 2009*).

Paul Rosair was the Director General of the Department of Regional Development and Lands and was (from 1 July 2013) the Director General of the Department of Regional Development until his resignation on 1 July 2014. Paul previously held an Executive Director position within the Department of Local Government and Regional Development, where he established and rolled out the State Government's Royalties for Regions program. Prior to that, Paul held the position of Director of Regional and Business Operations within the Department of Water and previously the Department of Environment.

Paul has worked in numerous senior government roles across the regional development, environment, water, land management, indigenous capacity building, infrastructure, planning and natural resources management portfolios. He also has extensive experience working across the state and a broad perspective on issues of particular importance to regional Western Australia.

Financial Report 2013-14

In 2013-14, the budget of the Fund was allocated as follows:

The Country Local Government Fund	\$34 million
The Regional Community Services Fund	\$371 million
The Regional Infrastructure and Headworks Fund	\$977 million
Any other account determined by the Treasurer/Minister	\$5 million
Administration of the Fund and Trust by DRD	\$51 million
	\$1,438 million
Less overprogramming*	-\$144 million
Total Approved Expenditure Limit	\$1,294 million

* Overprogramming recognises there will be individual project underspending by adding an overprogramming percentage to the Royalties for Regions budget. It allows individual project budgets to total more than the total approved expenditure limit, as historically the full amount will not be spent.

This is an important budget year as it signals the first year in which over \$1 billion has been successfully expended in a financial year. However, during the 2014-15 Budget process, one of the measures that was introduced to assist the State's finances was the imposition of a \$1 billion annual expenditure limit, in effect reducing the budget for Royalties for Regions for any one year to \$1 billion. The Trust has commented on this limit in its budget advice to the Minister that is noted in a later section of this report.

In effect, this then results in \$3.2 billion being returned to the Consolidated Account (to 2017-18). This is shown in Diagram 1.

Diagram 1 is a summary of the Royalties for Regions cashflow from the inception of the program to the 2017-18 financial year. This shows the total royalties and interest earned, and the various funds that the royalties will flow to. Key points:

- In the seven program years, \$7.7 billion will be invested in Royalties for Regions projects in the regions.
- \$1.1 billion will be credited to the Western Australian Future Fund, which cannot be unlocked until 2032.
- \$1 billion will be available in the Royalties for Regions Fund at any point in time.
- \$3.2 billion will have been returned to the Consolidated Account.

**Diagram 1: Royalties for Regions lifetime Cashflow Summary:
2008-09 to 2017-18**

TOTAL ROYALTIES
**\$12.7
BILLION**

RfR DISBURSEMENTS
**\$7.7
BILLION**

WESTERN AUSTRALIAN
FUTURE FUND
**\$1.1
BILLION**

CASH AT BANK
**\$1.0
BILLION**

CONSOLIDATED
ACCOUNT
**\$3.2
BILLION**

INTEREST EARNED
/REFUNDS
**\$0.3
BILLION**

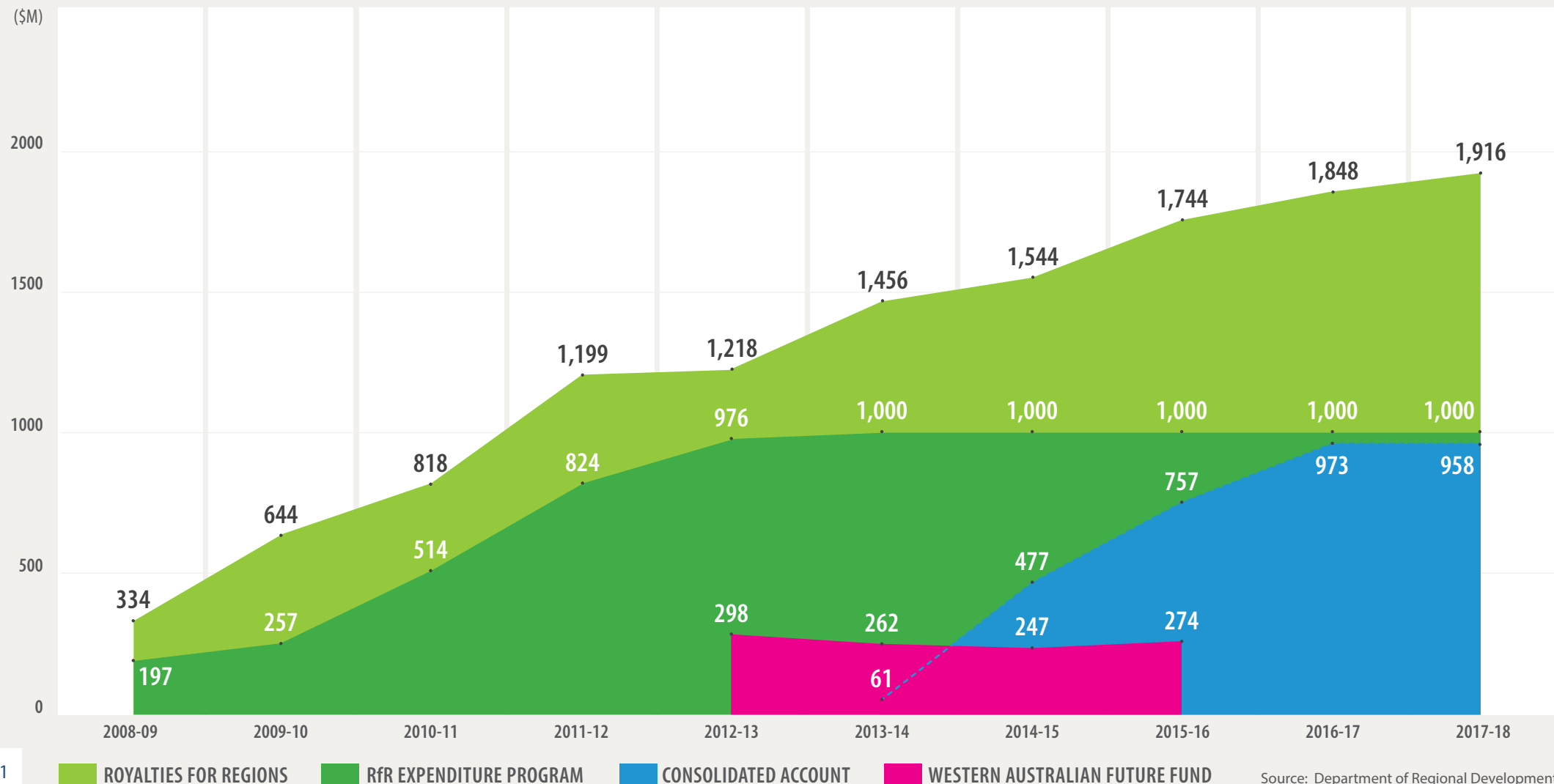
TOTAL FUND
**\$13.0
BILLION**

Source: Department of Regional Development

Diagram 2 shows a detailed breakdown of various Royalties for Regions cashflows and expenditure levels.

The diagram illustrates that expenditure has lagged royalties payments, hence the eventual outcome that the \$1 billion cap in the Royalties for Regions Fund has been reached.

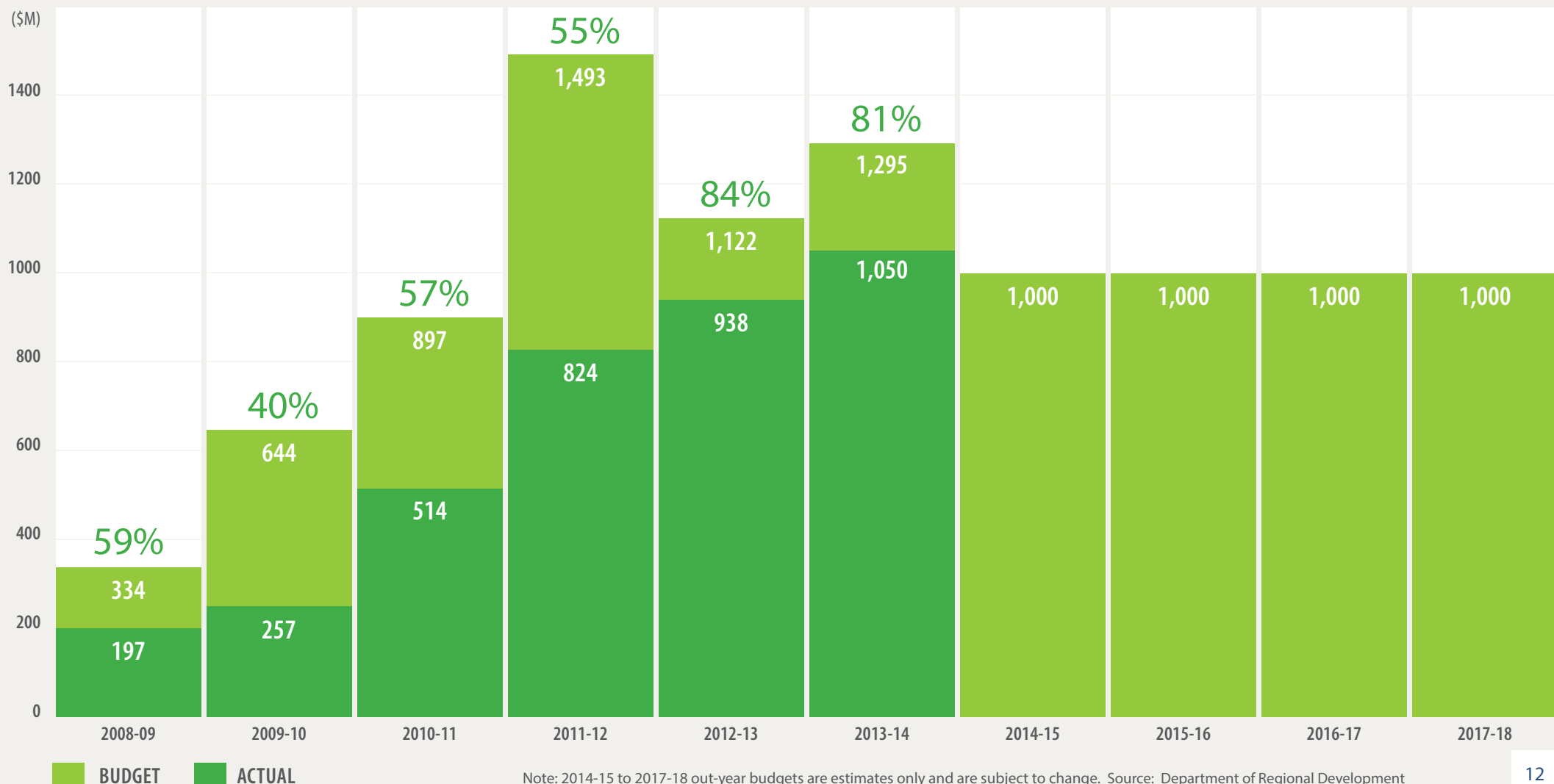
Diagram 2: Royalties for Regions Lifetime Cashflow: 2008-09 to 2017-18



Budgeted funds and expended funds are shown in Diagram 3. This demonstrates the growth of the Royalties for Regions program from the inception years to its current position of expending just over \$1 billion in the 2013-14 financial year. It also shows the forward budget years with the \$1 billion expenditure limit.

Diagram 3 also shows the challenge in expending the program funds according to budget in the early years of the program. As 2013-14 indicates, this challenge is now being managed to expend over 80 per cent of budget forecasts. This is important as carry-overs will need to be incorporated into future year expenditure limits, thus limiting expenditure on new initiatives.

Diagram 3: Royalties for Regions Budget History and Forward Estimates



The allocation of \$1 billion across funds going forward is demonstrated in Diagram 4.

Diagram 4: Royalties for Regions 2014-15 Budget and Forward Estimates

FUND	2014-15 (\$M)	2015-16 (\$M)	2016-17 (\$M)	2017-18 (\$M)	4 Year Projection
Country Local Government Fund	58	11	11	0	80
Regional Community Services Fund	316	300	324	152	1,092
Regional Infrastructure and Headworks Fund	696	769	654	777	2,896
New Regional and Statewide Initiatives	72	94	164	226	557
Total	1,143	1,174	1,153	1,155	4,625
Less overprogramming percentage*	-143	-174	-153	-155	-625
Revised Expenditure Limit	1,000	1,000	1,000	1,000	4,000

* Overprogramming recognises there will be individual project underspending by adding an overprogramming percentage to the Royalties for Regions budget. It allows individual project budgets to total more than the total approved expenditure limit, as historically the full amount will not be spent.

Source: Department of Regional Development

Advice and Recommendations 2013-14

Section 12 (a) of the Act requires the Trust to provide advice and make recommendations to the Minister for the purposes of sections 5(2) and 9(1) of the Act.

Section 5(2) of the Act outlines that 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 allocated between the subsidiary accounts.

Section 9(1) of the Act details that the Minister, with the Treasurers concurrence, may authorise the expenditure of money standing to the credit of the Fund for the following purposes:

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

Section 9(2) of the Act states that the following can be charged to the Fund:

- (a) Expenditure authorised under subsection (1); and
- (b) Expenditure incurred in the administration of the Fund; and
- (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 the Act.

Section 12 (b) requires the Trust to provide advice and make recommendations to the Minister on any matter that is referred to it by the Minister.

In the financial year 2013–14, the Trust either provided advice and made recommendations to the Minister on the following matters, or received feedback from the Minister.

Date	Advice Provided
8 April 2013	Royalties for Regions and Regional Education
8 July 2013	Royalties for Regions 2013-14 Budget proposal advice
18 December 2013	Changes in State Government Policy
20 December 2013	Aboriginal Affairs policy
1 April 2014	Regional Blueprints
17 April 2014	Royalties for Regions 2014-15 budget proposal advice



Royalties for Regions 2013-14 Budget Proposals

The Trust wrote to the Minister on 6 March 2013 regarding the Royalties for Regions 2013-14 budget proposals. The State Budget was delayed to later in the year because of the State election. On 27 June 2013, the Trust met with the previous Minister for Regional Development, the Hon Brendon Grylls MLA, at a Special Trust meeting to discuss the Royalties for Regions 2013-14 budget proposals.

The Trust covered two main areas in its advice to the previous Minister. The first was whether the Royalties for Regions 2013-14 budget proposals would meet the requirements of the Act and would be consistent with Royalties for Regions policy; and second, to provide the previous Minister with recommendations to assist in Royalties for Regions budget management.

The Trust sought assurances that all election commitments to be funded by Royalties for Regions are authorised, within power and meet the requirements of the Act; and secondly that any such commitments will be subject to the processes for assessment and approval that presently apply to all other Royalties for Regions projects and programs. The Trust advised the previous Minister that he must provide assurance that new Royalties for Regions proposals comply with the Act, and if there is any doubt that advice should be sought from the State Solicitor. The previous Minister responded that this would occur.

The Trust also made commentary about the Royalties for Regions 2012-13 budget advice and whether it was being implemented. The Trust remained concerned that the process for selecting and determining the priorities for Royalties for Regions projects and programs is not yet centred on those that will contribute meaningfully or significantly to regional development, or those that will align with state regional and local strategic planning. The previous Minister responded that projects seeking funding are required to demonstrate how they fit under a number of planning frameworks and strategies, and required to address Trust themes. Proponents are also required to consult with relevant stakeholders including State Government agencies, Commissions and local governments to ensure that projects fall within planning frameworks.

The Trust also gave advice that Royalties for Regions 2013-14 budget papers should identify the Royalties for Regions programs that continue beyond budget out-years, and that expenditure, particularly for those that are fixed or recurrent, should remain proportionately and conservatively low. In addition, an estimate of their cost should be made. The previous Minister responded that all Royalties for Regions funded projects are for an approved number of years, and should not be considered as a permanent inclusion in the Royalties for Regions budget with the exception of the legislated requirement to administer the Fund. This is done by evaluating all projects and programs at the end of their approved life and a decision made to either approve additional years in the forward estimates, modify and change program funding or cease funding.

In the Royalties for Regions Budget briefing to the Trust, the previous Minister noted there would be a significant carry-over of committed but unspent or unacquitted Royalties for Regions funds between 2012-13 to 2013-14. The Trust noted that both the carry-overs and the income flowing into Royalties for Regions have threatened a breach of the cap under section 8 of the Act. This breach would prevent any further royalties being credited to the Fund. While this breach has been managed principally through the Special Purpose Accounts device, the Trust repeated its advice dating back to 2010 recommending the amendment of the Act and deletion of section 8 of the Act or 'the cap'.

The previous Minister advised the Trust that from 1 July 2013, the new DRD, Council and the Commissions would be entirely funded by Royalties for Regions. The Trust's view is that the removal of the State's Consolidated Account contribution to DRD, Council and the Commissions represents a direct cost shift to Royalties for Regions. In the Trust's view it means more will be spent on administration than would otherwise have occurred and there is a risk that the administration fee charge would grow as a proportion of the Fund. The Trust recommended a formal limit be imposed on DRD and other agencies' costs to address this risk. The previous Minister responded that there are considerable pressures on State finances, and given that, even with the funding of DRD, Council and

the Commissions, the administrative component of Royalties for Regions remains around 3.4 per cent.

The Trust also recommended that the previous Minister ensure that from 1 July 2013 the role, function, responsibilities and expenditure of DRD, Council, and the Commissions in their entirety be aligned with and be valid and within the power under the Act, and that the *Regional Development Commissions Act 1993* be aligned with the Act. The Trust further recommended that the previous Minister consider the benefits of seconding DRD staff to the Commissions. The previous Minister concurred with this advice.

The Trust advised the previous Minister that the importance of the Royalties for Regions 2013-14 budget agricultural initiatives requires lead agency and other issues to be resolved at the outset. The previous Minister responded that a number of interdepartmental processes have been put in place to ensure this; including DRD working cooperatively with relevant government agencies, DRD to chair a Directors General group to ensure coordination, and to appointing lead and supporting agency arrangements for each of the initiatives.

The previous Minister advised the Trust that the Royalties for Regions expenditure from the Country Local Government Fund (CLGF) is being heavily reduced and that the CLGF sub-fund will be wound down over a few years. He further advised that this decision represents an overturning of the State Government's support for and response to the Trust's review of the CLGF. The Trust considers that project development and execution by country local governments remains valid and valuable. The Trust advised that winding down the CLGF entirely will require the Act to be amended to remove it as a sub-fund. The Minister advised that only local governments who are eligible for 2012-13 funding will have access to funding. Furthermore, the previous Minister advised that funding for the development of Regional Centres Development Plan is included in the forward estimates in the CLGF, and funding support will also include support to the Department of Local Government and Communities to fund capacity building initiatives for country local governments.



Ord East Kimberley Expansion Project, Kimberley

Advice and Recommendations to the Minister

Advice on Aboriginal Affairs policy

The Trust had given advice to the previous Minister on regional development, Royalties for Regions and Aboriginal Affairs policy. The Trust specifically wants to see a clear and specific focus on Royalties for Regions Aboriginal priorities, and have a sharp focus on those policies and programs that can deliver significant and measureable outcomes. On 22 August 2013, the Trust wrote to the Western Australian Aboriginal Affairs Coordinating Committee (AACC) to obtain its views on the past, present and future direction of Royalties for Regions investment. The AACC responded that its focus was twofold: on leveraging and aligning with Royalties for Regions particularly with Native Title trusts; and identifying and developing opportunities to support economic development for and by Aboriginal people. Given the soundness of these approaches, the Trust recommended to the previous Minister that he ensure interagency collaboration is assured and facilitated.

In its 2011-12 annual report, the Trust emphasised that home and business ownership are important components of regional development. The Trust noted that normalisation of land tenure to facilitate Aboriginal home and business ownership should be a regional development initiative. The Trust considers that there is an opportunity to initiate land tenure arrangements that will improve both settlement and country land use, which could meaningfully enhance Aboriginal economic participation and productivity. The Trust considered that the Minister, through his portfolio, has an opportunity to play a lead role in promoting tenure and land use to support regional development and stronger Aboriginal participation and outcomes. The Trust also considered that as part of this, a better understanding of the structures, governance and funding arrangements with respect to Aboriginal entities be developed.

The previous Minister responded on 27 August 2013, stating his commitment to drive Aboriginal economic development and land tenure issues. The Minister outlined two structural instruments that the State Government has established to achieve coordination and improved outcomes, and assured the Trust these matters would be pursued.

The Trust is vitally interested in this topic and will continue to report on progress in future reports.

Advice on Royalties for Regions and Regional Education

The Trust gave advice to the previous Minister in April 2013, stating that educated and skilled populations are more competitive and more productive. The Trust is aware that a considerable Royalties for Regions investment in education has occurred in the regions, with over \$400 million to date being invested in a broad range of training and education initiatives in regional areas. However, the Trust took the view that the education initiatives have been project based and broadly spread rather than the result of a regional development focussed strategic and coherent plan. The Trust believes that a stronger coordinated strategic emphasis from a regional development perspective is warranted, and the Trust recommended the Minister work with DRD to progress that approach.

On 27 August 2013, the previous Minister responded on the breadth and scope of the Royalties for Regions investments to date and the Trust notes they are substantial and significant. The Trust also accepts the Minister's feedback that there is a lag between completion of infrastructure projects and realisation of community benefit, and that it may be premature for a detailed analysis of the level of investment to be completed.

The Trust will continue to consult in this strategic theme area as it believes it is vital to the growth and development potential of the regions.

Advice on Changes in State Government Policy

In June 2013, the Trust was informed of the new Department's structure, and the separation of the Department of Lands. As of 1 July 2013, the new Department of Regional Development was to be fully aligned with the Act and programs, and would no longer be funded from the Consolidated Account. As a result the Trust undertook advice from the Public Sector Commission and State Solicitor's Office to understand its governance and accountability mechanisms in relation to DRD, Council and the Commissions.

The Trust's view is that charging an administration cost to the Fund is valid expenditure under sections 9(2)(b) and 9(2)(d) of the Act. Advice has confirmed that the new State Government policy of funding DRD, the Council and the Commissions from the Act is legitimate, provided their operations are fully aligned with the Act. There are two consequences of this policy change. The Trust will examine the possible amendments to the *Regional Development Commissions Act 1993* required and Council and the Commissions budget proposals will in future be part of the Trust's consultation with the Minister.

The other opportunity the Trust considers this raises is to reassess efficiencies, resources or operations in order to enable Council and the Commissions to better meet the obligations of section 4 and 9 of the Act.

The Minister has responded that he encourages the Trust to work closely with Council to consider all issues and opportunities that this new policy creates.

The Trust will pursue this and related matters as a priority.

Royalties for Regions 2014-15 Budget Proposals

The Trust wrote to DRD on 4 March 2014 requesting information on a range of matters to fully brief the Trust on the upcoming Royalties for Regions budget. DRD responded on 11 March 2014 prior to the meeting with the Hon Terry Redman MLA, Minister for Regional Development at a Special Trust meeting convened on 13 March 2014 to consider the 2014-15 Royalties for Regions budget proposals.

The Trust covered two main areas in its advice to the Minister. The first was whether the Royalties for Regions 2013-14 budget proposals it was presented with meet the requirements of the Act and are consistent with Royalties for Regions policy; and second, provide the Minister with recommendations to assist in budget management.

The Minister advised the Trust of the future direction for the Royalties for Regions program term is the theme of investing in key economic development activities within the regions. The Trust strongly concurs with this theme, which reflects its previous advice about the need for a strong regional development framework with the aim to support growth and development within the regions and provides a stronger rationale for the policy and strategic thinking behind the program. This includes investment in economic development. The Trust further noted that the Minister's focus on key economic development activities is strongly supported under section 9(1)(b) that provides for the purpose of the Fund to include the development and broadening of the economic base of regional Western Australia.

The Minister also discussed the key and central role the Blueprints will have in guiding future funding decisions. The Trust also strongly concurs with the view that a priority for Royalties for Regions investment should be guided by the Blueprints, as they can provide a strong link and rationale between Royalties for Regions investment and regional growth and development outcomes. The Blueprints propose an aspirational growth and development strategy for the nine regions and as such closely align with the purposes under section 9(1) of the Act. The Trust and Minister had also previously corresponded on this issue to establish a review of the Blueprints to ensure Blueprints are able to inform and strengthen the overarching policy and implementation framework of the Royalties for Regions program.

The Minister outlined the \$1 billion cap is likely to be breached in the coming year, and that his considered view is that as a result some monies would be returned to Consolidated Account. The Minister outlined that this represented a reasonable contribution for Royalties for Regions to make to the State given current financial conditions. The Trust's response is that there may be financial conditions where the Minister and Treasurer may agree on a strategy for Royalties for Regions funds to be applied to meet the immediate budget objectives of the State Government,

particularly where there are exceptional events such as the global financial crisis. However, the Trust considers that while short term budget imperatives might drive changes to the application of the Royalties for Regions funds, that they are not advisable in the longer term if they undermine the context and objectives of the legislation and program. The Trust further advised that this should only be done if there is a clear path charted to return to 'normal programming'. The Trust concurred that the State Government is experiencing fiscal constraints that place it in a unique situation.

The Trust has previously advised that the operation of the \$1 billion cap on the Fund can operate to impose a barrier to the full royalties due to the Fund being effectively budgeted in out-years. The Trust has previously recommended amending the Act to remove this risk. The Trust believes the intent of the Act is that 25 per cent of the forecast royalty income for the financial year should be credited to the Fund.

The Trust has also formerly commented on the risk of expenditure proposed within the Royalties for Regions budget and out-years being a material cost shift from the Consolidated Account to Royalties for Regions. The Trust is entirely opposed to this strategy being employed as it contains a number of significant risks. The Trust reiterates its advice that substitution is a practice that should be avoided as it compromises the integrity of the Act and the Royalties for Regions program, and where it has occurred in previous years it should be 'washed out' in future years through ongoing budget decision making. The clear principle of 'additionality' should be applied rigorously. The Trust understands this has been addressed to some extent.

The Trust has advised the previous Minister of the risk of administration funds as a percentage of overall expenditure growing now that the administration of DRD, Commissions and the Council will be funded by Royalties for Regions. The Trust therefore notes that DRD, Council and Commissions administration percentage in the Royalties for Regions budget is 4.1 per cent in 2014-15 and 4 per cent estimated for out-years.

The Trust notes this is consistent with other government agencies. However, the Trust also notes that there is a risk that this could grow as a percentage of the proportion of the Fund and a formal limit should be imposed. The Trust has also formerly advised that the *Regional Development Commissions Act 1993* be fully aligned with the Act to ensure the role, function, responsibilities and expenditure of the Commissions is aligned with the Act.

The Trust also reiterated its ongoing concerns regarding the significant reduction in funding to the CLGF.

Advice on Regional Blueprints

In April 2014, the Trust wrote to the Minister and noted the potential for the Blueprints to play a very significant role to inform and strengthen the overarching policy framework of Royalties for Regions. Importantly, Blueprints would also inform decision-making for those in the private as well as public sector, business, industry, not-for-profits and the community.

The Trust outlined some of the key questions it might consider in reviewing Blueprints.

On 23 May 2014, the Minister requested the Trust to provide advice and recommendations on Regional Blueprints and for the review to include the following:

- The rigour and robustness of each draft Blueprint.
- A collective overview of the Blueprints.
- The potential mechanisms to embed Blueprints into whole-of-government planning and decision-making to maximise their impact and influence, with reference to the State Planning and Development Framework.

The Trust will report on progress in future reports.



Cray Fisherman, Mid West
Photo: Mid West Development Commission

Trust Responses to Public or invited Submissions

Review into the Vocational Education and Training Sector

The Trust is very interested in the Vocational Education and Training (VET) sector and its capacity to strengthen human capacity and support strong economic growth in the regions. Developing and retaining a highly skilled, well educated workforce is critical to regional business competitiveness and their capacity to capitalise on new market and business opportunities. The Department of Training and Workforce Development invited submissions on its Terms of Reference on the Independent Review of the VET sector in Western Australian. The Trust responded to both the Terms of Reference on 15 October 2013 and provided a submission to the review on 29 November 2013.

The Trust submission outlined the need to better link the VET sector with regional workforces to support regional businesses being able to source local skilled employees to meet business growth needs. The Trust outlined international research that emphasises the need to build long-term investments and strategies around unique local capabilities. The Trust therefore sees it is vital to have a responsive, competitive VET sector within the regions that can respond and be part of that growth process.

The Trust also viewed that there is an opportunity to develop a more strategic investment opportunity for the VET sector in conjunction with the education sector through Royalties for Region. Other networks the Trust recommended the education sector use, included the Regional Development Commissions and the regional Chambers of Commerce and Industry.

The Trust reiterated the importance of the VET sector to regions as it is an important transition from school to the workplace or further training,

and in many local communities is the only real point of engagement for further study. Secondary school attainment rates in the regions are well below State averages and are of concern for the regions. These regional realities create a real and material risk to the regions capacity to drive growth and development, and that is of great concern given that many key strategic growth drivers for the State are based in the regions.

Review of the Small Business Centre Program

On 28 October 2013, the Trust responded to the Small Business Centre Program review undertaken by the Small Business Development Corporation.

The Trust outlined its interest in the development of human capacity to not only contribute to the objectives of the Act, but to ensure that regional infrastructure development is enhanced and leveraged to the greatest extent. International development theory and practice demonstrates that both physical and human capacity development is required to optimise investment in regions. As such, the Trust saw investment in business development as a priority, with three main options open to the program: to sustain and grow existing businesses; increase business activity where there are market openings; and diversify the local economic base.

The Trust also outlined that quality employment is a key driver for economic development and the need to service regional growth with local labour markets to retain economic benefit within regions. Research by DRD demonstrates that people move to regions for quality employment, and the small business sector is a critical employer in regions, hence the need for high quality support services. The Trust further identified investment that supports profit growth for small to medium size

businesses is a key opportunity, as such investment drives employment growth and business sustainability. The Trust expressed the view that the focus of Small Business Centres on start-ups and micro businesses has been too narrow and that incorporating medium size business development would improve the investment outcome.

The Trust proposed a three to four way partnership model to enhance the effectiveness of the program, working with the Regional Development Commissions and the regional Chambers of Commerce and Industry network. In some instances working more closely with local government would also assist building the reach and effectiveness of the Royalties for Regions program. The Trust also outlined learnings from their research on entrepreneurship and innovation in regions and the elements that make a difference in this space.

Inquiry into Microeconomic Reform in Western Australia

On 16 May 2014, the Trust provided a response to the Economic Regulation Authority's (ERA) Draft Report on the Inquiry into Microeconomic Reform in Western Australia. The goal of the inquiry was to improve the efficiency and performance of the Western Australian economy. The ERA believes it is time to address inefficiencies in non-resource markets and to allow the state to transition from a specialised resources economy to a more diversified economy in the future.

The report recommended the repeal of the Royalties for Regions legislation or to restrict regional funding to an amount determined annually as part of the State Budget process and other recommendations. The Trust outlined that Royalties for Regions has sought to invest in key areas to normalise inputs to growth in regions such as labour market supply, housing, cost of living issues, amenity and liveability issues to attract workforces and key services such as health and education. A large part of this investment has occurred in regions that are growing faster than the state average, and hence need investment to continue to drive this growth.

The Trust also emphasised the need to build from local capabilities in regions, especially in geographically large countries. The current regional imperative is to support regional specialisation based on comparative advantage and accountability for investment. This is an important policy concept as many of the key strategic drivers for growth in the state are located in the regions, and ensuring economic growth and efficiency is fundamentally dependent upon smart and strategic investment in inputs that support those growth drivers.

The Trust further stated that the principle of hypothecation is critical to the state's development. The Trust further noted that the Act states "the Minister, with the Treasurer's concurrence" may authorise expenditure. This ensures there is always a check and balance in place on all expenditure to ensure it is best directed to State priorities of the day.

The Trust further responded on other recommendations. The Trust also notes that in the ERA's Final Report on the Inquiry into Microeconomic Reform the recommendations relating to Royalties for Regions have been significantly changed.

"A large part of the investment has occurred in regions that are growing faster than the state average, and hence need investment to continue to drive this growth."

Advice from Previous Years

The Trust also monitors advice that is extant from previous years. Those items include the following:

Year	Advice
2010 to 2014	Regional Development Fund
2010 to 2014	Building Human Capacity in WA regions
2010-11	Policy Development – Proposal to form a Think Tank
2011-12	Country Local Government Fund Review
2011-12	Water (in the context of regional development)
2012	Planning for new large Royalties for Regions projects
2012	Proposed Review of Regional Housing
2012-13	Western Australian Community Resource Centre Network Review

Regional Development Fund

At the first meeting of the Trust on 16 July 2010, the matter of a possible Royalties for Regions Future Fund was raised. The Fund has three subsidiary accounts and the Trust considered that a fourth fund could be formed to build up sufficient funds to pay for major regional projects which required funding across years. The Trust also noted that it would not be possible to form this subsidiary fund within Royalties for Regions if the \$1 billion cap was maintained and commenced preparing its advice to the previous Minister to abolish the cap.

The Regional Development Fund (RDF) first appeared in the 2012-13 Royalties for Regions budget with an amount of \$38 million. In April 2014,

DRD notified the Trust that the Royalties for Regions 2014-15 budget has been reworked to include zero unspent funds being held against the RDF. This is due to the Royalties for Regions Special Purpose Account already reaching the \$1 billion mark and the funds now being returned to the State's Consolidated Account. In effect, this means the RDF no longer exists in that it is no longer has notional funding held against it. In other words, the RDF was established but then operationally was no longer required.

The Trust has expressed its grave concerns that a key financing mechanism has become severely constrained at a time when various regional and state planning processes have identified strategic regional projects of merit that will drive the future growth and development of the State.

The Trust will continue to advise the Minister on this constraint issue.

Building Human Capacity in Western Australian regions

In 2010, the Trust had identified human capacity and leadership development as a key focus area for investment, and this advice had been accepted by the previous Minister. In 2014, after a range of attempts to fund a program were unsuccessful, a concept plan for a three-tiered regional leadership program has been developed by DRD.

A steering committee has been appointed from across a range of regional business and Aboriginal program areas, and includes the representatives from Trust and the Council as members. The Regional Leadership Program is being progressed as a business case for funding in 2014-15 program year.

The Trust commends this progress and will monitor the development and outcomes from the program with interest.

Proposal to form a Regional Policy Think Tank

Early in its first term the Trust proposed to the previous Minister the need for an independent entity to conduct research and provide a 'thought leadership' role in the regional development portfolio. The Trust proposed that the Minister and DRD fund an institute or similar type model within a university or group of universities.

The Trust believes there is still a key role for objective commentary to be fostered within academia, public sector and within the business community. The Trust's reflection is that investing in the regions is 'everyone's business', but the Trust's role is as steward and custodian, and not as an advocate other than through its thoughtful work. There is a role for a group that is independent of government to become a commentator on the Royalties for Regions program, on State Government policy, that is continuous and has the depth and rigour to be able to make respected and factually based commentary.

The Trust will continue to pursue this opportunity and notes the Department's work in developing active partnerships and collaboration within the regional development portfolio and with university and national research bodies.

Country Local Government Fund Review

In January 2012, the Trust released its Review into the CLGF. At this stage the CLGF had been operating since 2009, and was planned to be a four year program. The purpose of the review was to determine if there was a continuing need for the CLGF and if so, in what form. The Trust recommended the CLGF continue at least at the current level of budget allocation as there is still a need to address relevant smaller local infrastructure requirements. The Trust made a further 26 recommendations to improve the efficiency and effectiveness of the CLGF.

The Review and recommendations were accepted by the previous Minister and the State Government. A significant amount of work was subsequently completed by DRD to implement the recommended changes. However,



Great Southern. Photo: Tourism WA



*Sweeter Banana Cooperative,
Carnarvon, Gascoyne*

the previous Minister subsequently determined that the CLGF would not be continued in its current or revised form. The CLGF has been continued for capacity building with country local governments, completing strategic cross local government projects and funding the Regional Centres Development Plan, which will focus on strategic regional centres.

The Trust has continued to give advice that the CLGF was fitting a key purpose and niche in funding smaller local infrastructure requirements of the regions, and should be restored to its revised form as recommended by the Trust in 2012 and accepted by the State Government.

Water (in the context of Regional Development)

In 2011-12, the Trust had recommended that water policy and projects be given greater emphasis in Royalties for Regions on a focussed planned and strategic basis. Regional development cannot occur sustainably unless the basic development underpinnings are available such as water, power, transportation, communications, housing and social services. Of these, water is often the biggest challenge to regional development.

The Trust recommended that the Minister consider giving DRD a direction to develop an appropriate water strategy for Royalties for Regions. The goals would be twofold – to supplement water investment by water agencies or the private sector, or to identify priority geographic areas where better water data and water investment could accelerate major regional development.

A number of key water initiatives have since been developed. These include the Avon Water Reuse Project - Regional Natural Resource Management, Collie Kemerton Integrated Water Management Strategy, Fleetwood Searipple Village Waste Water Treatment Plant, Karratha Water Recycling Scheme and Pilbara Essential Services Pilbara Cities Water and Wastewater Initiative. The Trust will continue to report on this important area of investment for Royalties for Regions.

Planning for new large Royalties for Regions projects

In 2012, the Trust identified that there were unallocated funds available for new Royalties for Regions projects and programs after existing commitments were met. The Trust proposed a number of key large strategic projects within the regions that aligned with key investment themes the Trust had previously proposed to the Minister and had been adopted. A full list of proposed projects were outlined. The Trust commented that Royalties for Regions could act in concert with State, Commonwealth and private funding sources to develop these projects in the medium to longer term. The Trust was of the view that for future planning the Minister should determine priorities for large Royalties for Regions infrastructure expenditure.

The previous Minister responded outlining that a new State Planning and Development Framework that aligns and integrates services and infrastructure development for regional Western Australia had been developed. This Framework describes the relationships between initiatives such as the development of Blueprints to local government strategic community plans, under the overall direction of the Western Australian Planning Commission's State Planning Strategy.

Proposed Review of Regional Housing

On 7 August 2012, the previous Minister had requested the Trust consider reviewing the Royalties for Regions program and regional housing. In December 2012, the previous Minister provided Terms of Reference with a reporting date of September 2013. In March 2013, the Trust advised the Minister that the review would require expert advice, and that the timeline would be longer than the Minister anticipated. A revised scope of works was developed for the Trust meeting in August 2013.

After subsequent consultation with Department of Housing, the Trust determined that the Royalties for Regions housing projects funded under the \$355.5 million Affordable Housing for Workers program are not sufficiently advanced to be constructively reviewed. It was determined a review would be better undertaken in 12 to 18 months' time.

The Trust subsequently determined to conduct this review at a later date, based upon other reviews and needs of the Minister at that time.

Review of the Western Australian Community Resource Network

In 2012-13 the Trust undertook a comprehensive review of the Western Australian Community Resource Network (Community Resource Network). The major aspect of the review was to modify the Community Resource Network from a grant program to a service level agreement arrangement to commence from 1 July 2014.

DRD has advised the Trust that this change has been substantially made with the majority of the Community Resource Network successfully managing the transition. Request for Offers from town-based Community Resource Centres (CRCs) were advertised on 27 March 2014 and 92 CRCs responded successfully and were offered, and accepted, contracts that commenced on 1 July 2014.

Remote CRCs will continue to receive grant funds during the financial year 2014-15.

Other recommendations of the review are being implemented and the Trust will continue to report on the review implementation.

Freedom of Information Application

On 13 June 2014, the Trust received a Freedom of Information (FOI) application under the *Freedom of Information Act 1992*. The FOI application pursued copies of all documents to and from the Trust which relate to the *Royalties for Regions Act 2009*, particularly advice and recommendations provided by the Trust on the function and of the Fund for the period 1 August 2013 to 8 May 2014.

On the 27 June 2014, the scope of the FOI application was further reduced. On 17 July 2014, the scope of the FOI application was further reduced to copies of all documents to and from the Western Australian Regional Development Trust which relate to advice and recommendations provided by the Trust to any Government Minister on the function and operation of the Royalties for Regions Fund.

On 24 July 2014, DRD's FOI Coordinator requested an extension until Friday 8 August 2014. On the 7 August 2014, the Trust provided a Notice of Decision and gave access to those documents within the scope of the application. As noted above, DRD's FOI Coordinator assisted the Trust with processing the application.



Port Hedland Growth Plan,
Outdoor Cinema, Pilbara

Trust Internal Governance

Trust Finances

Operating budget

Pursuant to section 9(2)(c) and section 27 of the Act, DRD provides the Trust with an operating budget to cover the expenditure incurred in the administration of the Trust. These funds are managed by DRD and are reported on in the Financial Statements section of DRD's 2013-14 annual report.

The operating budget for the Trust for 2013-14 was \$350,000 and actual expenditure was \$342,494.

A summary of some of the Trust expenditure is provided below.

Trust members' remuneration

As per section 20 of the Act and the Public Sector Commissioner's determination, Trust Members are entitled to remuneration and travel allowances, excepting the former member of the Trust who was the Director General of DRD. The Trust members are entitled to the remuneration as follows:

Chair	\$117,170 per annum
Deputy Chair	\$42,260 per annum
Members	\$12,500 per annum

Western Australian Regional Development Trust

Position	Name	Type of remuneration	Period of membership	Gross remuneration
Chair	Sue Middleton	Annual	1 April 2014 to 30 June 2014	\$ 26,054
	Andrew Murray	Annual	1 July 2013 to 31 March 2014	\$ 90,608
Deputy Chair	Tim Shanahan	Annual	1 April 2014 to 30 June 2014	\$ 9,397
	Sue Middleton	Annual	1 July 2013 to 31 March 2014	\$ 32,680
Board member	Tim Shanahan	Annual	1 July 2013 to 31 March 2014	\$9,680
	Ralph Addis	Annual	1 April 2014 to 30 June 2014	\$ 22,780
	Peter Rundle	Annual	1 July 2013 to 30 June 2014	\$12,029
				\$183,228

The total remuneration paid to Trust Members for the 2013-14 was \$183,228 (exclusive of superannuation).



Travel expenditure

The Trust held regional meetings in Katanning and Bunbury, and consequently country members of the Trust incurred travel costs to attend to Trust business. Both the previous and incumbent Chairs of the Trust travelled to and within the regions of Western Australia.

The total travel expenditure for 2013-14 was \$6,235.

Western Australian Community Resource Network Review budget

The Trust completed its work on the Community Resource Network review for 2012-13 and it was noted in the previous Trust annual report that there would be some carry-over costs in 2013-14 for printing and distribution of the Review report. These costs amounted to \$16,248.

Provision of services and facilities to the Trust

Pursuant to section 27 of the Act, DRD provides the Trust with services and facilities necessary for the Trust to perform its function.

In the 2013-14 financial year DRD provided the Trust with the services of a full-time Executive Officer and policy and advice services as required.

As per sections 9(2)(c) and section 27 of the Act, DRD 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 DRD's Annual Report. However, further detail regarding Trust members' remuneration and some administrative costs for the Trust is provided in this section of the report.

Trust Meetings

The Trust formally meets approximately every two months and on other occasions as required. The Trust held six ordinary meetings and two special meetings in 2013-14 on the following occasions:

Ordinary Meetings

Date and location

Meeting 18, 14 August 2013, Perth

Meeting 19, 9 October 2013, Perth

Meeting 20, 11 December 2013, Perth

Meeting 21, 14 February 2014, Katanning

Meeting 22, 11 April 2014, Perth

Meeting 23, 13 June 2014, Bunbury

Special Meetings

First meeting with Minister Redman, 16 January 2014, Perth

Royalties for Regions 2014-15 Budget discussion with Minister, 13 March 2014, Perth

Attendance

Following is the record of attendance of Trust members for the Trust meetings in 2013-14. Trust members are required to attend formal Trust meetings and are required to have any leave of absence approved by the Chair. This was done and apologies provided.

Andrew Murray

Attendance at four Trust meetings through to his resignation.
Did not attend the one Special meeting.

Sue Middleton

Attendance at all six Trust meetings.
Attendance at one Special meeting.

Paul Rosair

Attended all six Trust meetings through to his resignation
(one via teleconference).
Attended one Special meeting.

Peter Rundle

Attendance at five Trust meetings.
Attendance at all two Special meetings.

Tim Shanahan

Attendance at all six Trust meetings.
Attendance at all two Special meetings (one via teleconference).

Ralph Addis

Attendance at all three Trust meetings since his appointment.
Was not a member when the Special meetings were held.

Trust Governance Framework

The Trust's internal Governance policies were 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. These documents were reviewed and amended in 2012-13. The Trust requested a review of these documents by the Public Sector Commission (PSC) in 2013-14 and revised its policies in accordance with PSC review.

Charter

The Charter was developed using recommendations on best practice for boards and committees from the PSC's 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.

Conflict of Interest Policy

The Conflict of Interest Policy was developed to assist Trust Members to identify, declare and manage conflicts of interest. The policy goes further than 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 Interest Policy contains the following forms:

- Registration of Private Interests
- Advice of Private Associations
- Disclosing Conflicts of Interest
- Notification of Alteration to Statement of Interests
- Resolution and Management of Interests

Trust members have completed all of the appropriate forms and further disclosures are made as they occur. The agenda for formal Trust meetings includes a section at the beginning for disclosures of interest relevant to agenda items. Trust members excuse themselves from agenda items where a potential conflict of interest arises. Advice to the Minister records whether any potential conflict of interest has required a Trust member not to participate in that advice.

Trust Administrative Functions

Pursuant to section 27 of the Act, DRD provides the Trust with the services and facilities necessary for the Trust to perform its function. This includes the provision of a full-time Executive Officer who provides support to the Trust. The Executive Officer is responsible for operational administrative and procedural arrangements for the Trust.

Western Australian Regional Development Trust

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Acronyms and abbreviations

Acronyms

AACC	Aboriginal Affairs Coordinating Committee
CLGF	Country Local Government Fund
COAG	Council of Australian Governments
CRCs	Community Resource Centres
DRD	Department of Regional Development
ERA	Economic Regulation Authority
FOI	Freedom of Information
PSC	Public Sector Commission
RDF	Regional Development Fund
RfR	Royalties for Regions
VET	Vocational Education and Training
WA	Western Australia

Abbreviations

Act	<i>Royalties for Regions Act 2009</i>
Blueprint	Regional Blueprint/s
Commission	Regional Development Commission/s
Community Resource Network	Western Australian Community Resource Network
Council	Regional Development Council
Department	Department of Regional Development
Fund	Royalties for Regions Fund
Minister	Minister for Regional Development
Trust	Western Australian Regional Development Trust



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