

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

**RESPONSE TO ADDITIONAL QUESTIONS FOR HEARING IN RELATION TO THE INQUIRY
INTO THE ROYALTIES FOR REGIONS POLICY**

**DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT HELD ON
MONDAY, 9 MARCH 2009**



1.1 Funds from the Country Local Government Fund being distributed through a allocation model based on WA Local Grants Commission horizontal equalization assessments and population caps

a) Why was this funding allocation model chosen?

The funding model based on WA Local Government Grants Commission and population caps was chosen after consideration was given to an allocation model submitted by the Western Australian Local Government Association based on Grants Commission horizontal equalisation assessments. This initial allocation model was considered too narrow, and the inclusion of the road needs component, and the provision for a population component, was considered to make it a more comprehensive and equitable allocation model.

Please note that the original submission was slightly incorrect when it refers to the Country Local Government Fund being distributed through an allocation model based on WA Local Government Grants Commission horizontal equalisation assessments and population caps.

It is more correct to state that the Funds were distributed through an allocation model based on WA Local Government Grants Commission horizontal equalisation and road needs assessments and population caps.

b) Were local governments required to submit plans for the money before receiving their 2008/09 funding allocation?

Prior to receipt of funds, Councils must complete an 'Acceptance Form' outlining the projects their allocations will fund. When received by the Department of Local Government and Regional Development, the completed forms are reviewed to ensure projects adhere with the funding guidelines.

c) What accountability mechanisms, for example reporting requirements, are in place to monitor how the funding will be spent?

Prior to receipt of their second instalment, Councils will be required to complete an 'Interim Report' outlining project achievements and expenditure to date.

At completion of each year and prior to receiving the next year's payments, Councils are required to complete a 'Final Report'. This report is more detailed, requesting photographic evidence of project achievements and additional information such as number of jobs created.

This report is also required to be audited, with Councils having to provide explanations should allocations remain unspent and whether they were able to leverage other funding from the Country Local Government Fund allocations.

Councils are required to include the funding in their annual reports and inclusion in the annual Compliance Audit Return. The Department of Local Government and Regional Development has advised the Councils that sample audits will be undertaken to assess the application of the funds against the board aims of the Fund.

All Country Local Government Funding is being monitored through the Department of Local Government and Regional Development's Grants Management System.

Additionally a whole of Royalties for Regions program reporting framework is being established which will report on the performance of the fund as a component of the entire Royalties for Regions program.

1.2 In relation to the Regional Community Services Fund

a) Can you please provide further detail on how this fund will be administered

Essentially all funding in the Regional Community Services Fund has been allocated to election commitments on new and existing service programs. The fund will be administered in the same way as all other funding within the Royalties for Regions program. The funding is subject to normal DTF and cabinet approval processes with the delivery agency preparing an EERC submission, sending it to cabinet for noting and/or approval, establishing an MOU with Department of Local Government and Regional Development and negotiation draw-downs before commencement of the project. The Department of Local Government and Regional Development will monitor cash flows in consultation with the delivery agency according to the signed MOU.

1.3 a) What other additional roles and functions are the Regional Development Commission's undertaking or are envisaged to have to undertake in the future as part of Royalties for Regions?

Regional Development Commissions are a local presence in regional communities and play a role in coordinating government agencies to work closely together, indentifying regional issues and promoting development in the regions.

They stand as a crucial instrument through which the Royalties for Regions policy can be delivered. In light of their current roles the Regional Development Commissions are envisaged to undertake the following:

- Providing a shop front for Royalties for Regions
- Assisting in developing priorities for target areas, for example Bush Change Housing Grants Scheme
- Assisting in developing networks to provide leverage of funds, for example, the Northern Towns Development Funds
- Forming relationships with Community Resource Centres
- Providing a conduit to support decision making and develop initiatives within communities
- Utilising their local presence in rolling out other Royalties for Regions initiatives.

1.4 When is the governance framework referred to at page 17 of your submission expected to be finalised?

The governance framework is being developed and drafted in conjunction with the legislation for Royalties for Regions. The governance framework will be finalised to coincide with the establishment of the Royalties for Regions Bill to ensure governance arrangements closely match the requirements and delegation outlined in the Bill. The intention is for the Bill to go through the Autumn session of Parliament.

1.5 I refer to page 18 of your submission, dot point 6 'Primary assistance and coordination' which note that an interdepartmental task force has been established to prepare the Cabinet submission and more to draft an implementation plan. Who is on this task force?

The 'taskforce' refers to the interdepartmental team which was established to write the drafting instruction for the Royalties for Regions

Bill. The team was made up of representatives from DLGRD, DPC and DTF.

An intradepartmental team of DLGRD staff also meets regularly to oversee and coordinate the program establishment and implementation and liaises with DTF staff regularly.

1.6 What is the progress with the development of the operational plans referred to at page 19 of your submission?

The following provides an overview of the components involved in the development of the operational plans, also currently referred to as management plans:

- Each plan has a defined outline
- Ownership is being established so as to define distribution and draw-down funds
- The operational plans are being developed in conjunction with the governance framework
- Regular meetings are being held with the Department of Treasury and Finance on the appropriation of funds
- Administrative, governance, branding, reporting and auditing requirements are being determined
- Time frames for delivery are being established
- MOUs are being drafted and finalised for initial sign off.

1.7 What is the progress with the development of the evaluation frameworks referred to at page 19 of your submission?

The evaluation framework provides the mechanism that determines the systematic way in which information is collected. This will improve decision making and enhance organisational learning with the ultimate aim of bringing about programs that better meet needs and lead to improvements in the policy outcomes. To date the following activities have been undertaken to build this framework.

- A workshop to determine the scope of the Royalties for Regions policy objectives
- A workshop to determine the indicators to be measures
- Contacts established with relevant state government departments to help source information

- Ensuring that the reporting framework is being developed to make sure information collected at project level links to higher order objectives
- An assessment is being undertaken of automated systems and adaptability to collect required information
- Reporting requirements, for the first year, have been identified
- A pilot study to determine the social impact/community benefit of Royalties for Regions is to be undertaken before the end of 2008/09 financial year.

1.8 ‘Given the current economic circumstance, programs are continuously under review – a monitoring and reporting process is being established for all projects.’ Can you please provide the Committee with an idea of what this entails?

A number of mechanisms have been put in place to ensure Royalties for Regions remains relevant under current economic considerations and flexibility is maintained in its approach

- Draw-downs – The Department of Treasury and Finance will administer the special purpose account. DLGRD and the line agency will liaise in relation to the draw-down of funds. DLGRD will request the drawdown of funds to support the delivery agency deadlines.
- Funds not drawn down will either:
 - remain in the New Regional and State-wide Initiatives budget allocation to be scoped and assessed as required; or
 - be repositioned in the out-years as an existing initiative with EERC and/or Cabinet approval to reflect changing needs and circumstances associated with particular projects
- Monitoring and reporting – Line agencies are to report on progress of projects on a quarterly basis. Areas to be considered for reporting include cash flows, status and achievement of targets and the impact of project to date.
- Role of DLGRD – The Major Regional Projects Division within the Department of Local Government and Regional Development was established to administer and coordinate the implementation of Royalties for Regions. Part of this role is to provide advice, ensure project can be achieved, ensure the implementation and delivery is agreed, monitor progress and review budget accordingly
- MOU – An MOU is being established with all delivery agents so that each is clear on the expectations and processes in place to

keep check on cash flows and the delivery of associated program(s).

During the Department's presentation to the inquiry committee some questions were asked in relation to the cash flow for the Housing our Workers budget allocation. To assist in clarifying this for the Committee, the following outlines more specifically the cash flows associated with this initiative;

This allocation totals \$598 million over four years, which is broken into two budget lines:

\$59.9 million over four years	Recurrent expenditure	Public sector allowances and subsidies
\$538.1 million over four years	Capital expenditure	Housing infrastructure

The anticipated cash flows associated with these budget lines is:

	08/09	09/10	10/11	11/12	TOTAL
Public Sector Allowances and Subsidies	0	\$19.670m	\$19.970m	\$20.260m	\$59.9m
Housing Infrastructure	*\$24.2m \$4.2m South Hedland Town Centre Enhancement \$20m GROH Housing	*\$211m \$11m South Hedland Town Centre Enhancement \$200m GROH Housing	*\$152.7m \$8.1m South Hedland Town Centre Enhancement	\$150.2m	\$538.1

APPENDIX 4

Recommended Asset Classes

Class	Sub-class
Land	Land
	Land held for resale
Investment Property	Residential
	Commercial
Buildings	Buildings
	Heritage Buildings
	Minor Structures
Furniture and Equipment	Office Furniture and Equipment
	All Other
Plant and Equipment	Major Plant
	Light Vehicles
	All Other
Plant and Equipment - Under Lease	Major Plant
	Light Vehicles
	All Other
Intangibles	Subclass by nature
Infrastructure - Roads	Clearing, Earthworks & Formation
	Pavements
	Seal - Asphalt
	Seal - Aggregate/Bitumen
	Seal - Other
	Kerbing
	Road Furniture
Infrastructure - Bridges	Deck
	Substructure
	Guardrails
Infrastructure - Drainage	Underground pipes
	Basins
	Pollution control equipment
Infrastructure - Parks, Gardens and Reserves	Sporting Fields
	Playgrounds
	Fencing
	Reticulation and Pumps
	Playing Lights
	Other (goals and signage etc)
Infrastructure - Footpaths and Cycleways	Clearing and Earthworks
	Pavement
	Seal
Infrastructure - Airports	Buildings and Structures
	Air movement area - clearing and earthworks
	Air movement area - Sealed
	Air movement area - Unsealed
	Lighting and Communications
	Other (fuelling and fencing etc)
Infrastructure - Sewerage	Pipes/Lines
	Pumps
	Inspection access
	Storage and Treatment
Infrastructure - Other	Waste Management
	Marine assets, jetties, sea walls & boat ramps etc
	Uncovered Car parks
	Saleyards
Work in Progress (Asset Class)	Separate into appropriate asset class

Royalties for Regions – Major Regional Projects Division Organisational Structure (Interim)

The Major Regional Projects Division within the Department of Local Government and Regional Development is the line agency responsible for establishing and implementing the Royalties for Regions program.

