



Department of
Primary Industries and
Regional Development

Western Australian Regional Development Trust

Annual Report 2022-23

Statement of compliance

Hon Donald (Don) Thomas Punch 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 for the financial year 2022-23.

A handwritten signature in black ink, appearing to read 'DC', followed by a long horizontal stroke and a period.

David Caddy

RPIA (Life Fellow) GAICD

Chairman

8 September 2023

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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.

Chair's foreword



I am pleased to present this report on the activities of the Western Australian Regional Development Trust (Trust) for the year ending 30 June 2023.

I would like to thank the minister for my appointment to the role of Chair of the Trust. I look forward to working closely with my fellow Trust members as we provide advice and make recommendations to the minister, in accordance with the Trust's functions under the *Royalties for Regions Act 2009*.

I would also like to acknowledge the outgoing Chair, Mr Brendan Hammond for his significant contributions to the Trust, and the broader Regional Development Portfolio (Portfolio), since taking on the role in 2017. I am confident that Brendan's focus on improving the Portfolio's approach to strategic planning and collaboration will have lasting effect.

Ms Anita Ratcliffe stepped down as Deputy Chair of the Trust during the year and I would like to thank her for her commitment to the role since her appointment in January 2022. Also stepping down during the year was Ms Kate George. I would like to thank Kate for her involvement in the Trust as a member since January 2022.

I look forward to keeping the minister up to date on the activities of the Trust over the coming year.

David Caddy

RPIA (Life Fellow) GAICD

Chairman

Role of the Western Australian Regional Development Trust

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

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

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

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

Royalties for Regions Act 2009

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

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

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

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

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

- a) expenditure authorised under subsection (1);
- b) expenditure incurred in the administration of the Fund;
- c) expenditure incurred in the administration of the Trust, including any remuneration or allowances payable to its members; and
- d) any other expenditure incurred in the administration of this Act.

The Fund

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

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

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

Trust membership

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

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

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

- Mr David Caddy was appointed to the Trust as Chair on 1 May 2023.
- Mr Brendan Hammond, former Chair, stepped down from the Trust on 30 April 2023.
- Ms Kate George, former Trust member, stepped down from the Trust on 3 May 2023.
- Ms Anita Ratcliffe, former Deputy Chair, resigned from the Trust on 1 June 2023.

As at 30 June 2023, the membership of the Trust was as follows:

Professor David Caddy **Chairman**

Appointed as Chair on 1 May 2023 under sections 13(1)(b), 14, 15(1) of the Act.

David has nearly 50 years' experience in urban and regional planning and from December 1989 until January 2015, was Managing Director of TPG + Place Match, Western Australia's largest planning consultancy. David was then the firm's Executive Chairman retiring from the firm in March 2018 when he was appointed Chairman of the Western Australian Planning Commission. David has spent the past 40 years at a senior management level specialising in statutory planning, strategic and structure planning, development control, project management and documentation, planning advocacy and formulation and delivery of policy.

David has a broad range of experience incorporating master planned communities, multiple dwelling projects, industrial projects, commercial projects, education and infrastructure projects to urban design analysis and strategic planning and development of planning controls. David held the position of Professor, Urban and Regional Planning at UWA from January 2010 until December 2018 and was appointed to the position of Adjunct Professor in September 2020.

Hon Tom Stephens OAM JP
Trust Member

Appointed as a Trust Member on 1 August 2019 under section 13(1)(a) 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.

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 WA 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 Western 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 Acting Chair of the Wheatbelt Development Commission.

Trust and 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% of the forecast royalty income for the following financial year. The snapshot below reflects the Fund at the time of the 2023-24 Bilateral Budget.

Royalties for Regions Account

Operation of the Act provides for up to 25% 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 2023-24 Bilateral Budget expenditure figures are as follows:

Table 1: 2022-23 Royalties for Regions Funding by sub-fund:

Regional Community Services Fund	\$924.5 million
Regional Infrastructure and Headworks Fund	\$258.2 million
New Regional and Statewide Initiatives	\$103.6 million
Regional Reform Fund	\$43.9 million
	\$1,330.2 million
Less: Overprogramming provision ^(a)	-\$160.0 million
Total approved expenditure limit^(b)	\$1,170.2 million

Source: 2023-24 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.

The Royalties for Regions 2023-24 Bilateral Budget allocation is shown below in the Cook Labor Government priority areas.



A total of \$16.6 billion is forecast to be distributed to regional programs over the life of the Fund to 2026-27, including \$4.043 billion over the forward estimates.

Figure 1: 2022-23 figures from Royalties for Regions 2023-24 Bilateral Budget

Source: 2023-24 Bilateral Budget Statement.

Figure 2 shows a summary of the budgeted cashflow of the Fund from 2008-09 to the 2026-27 financial year as at the 2023-24 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 \$148 million into the Regional Reform Fund.

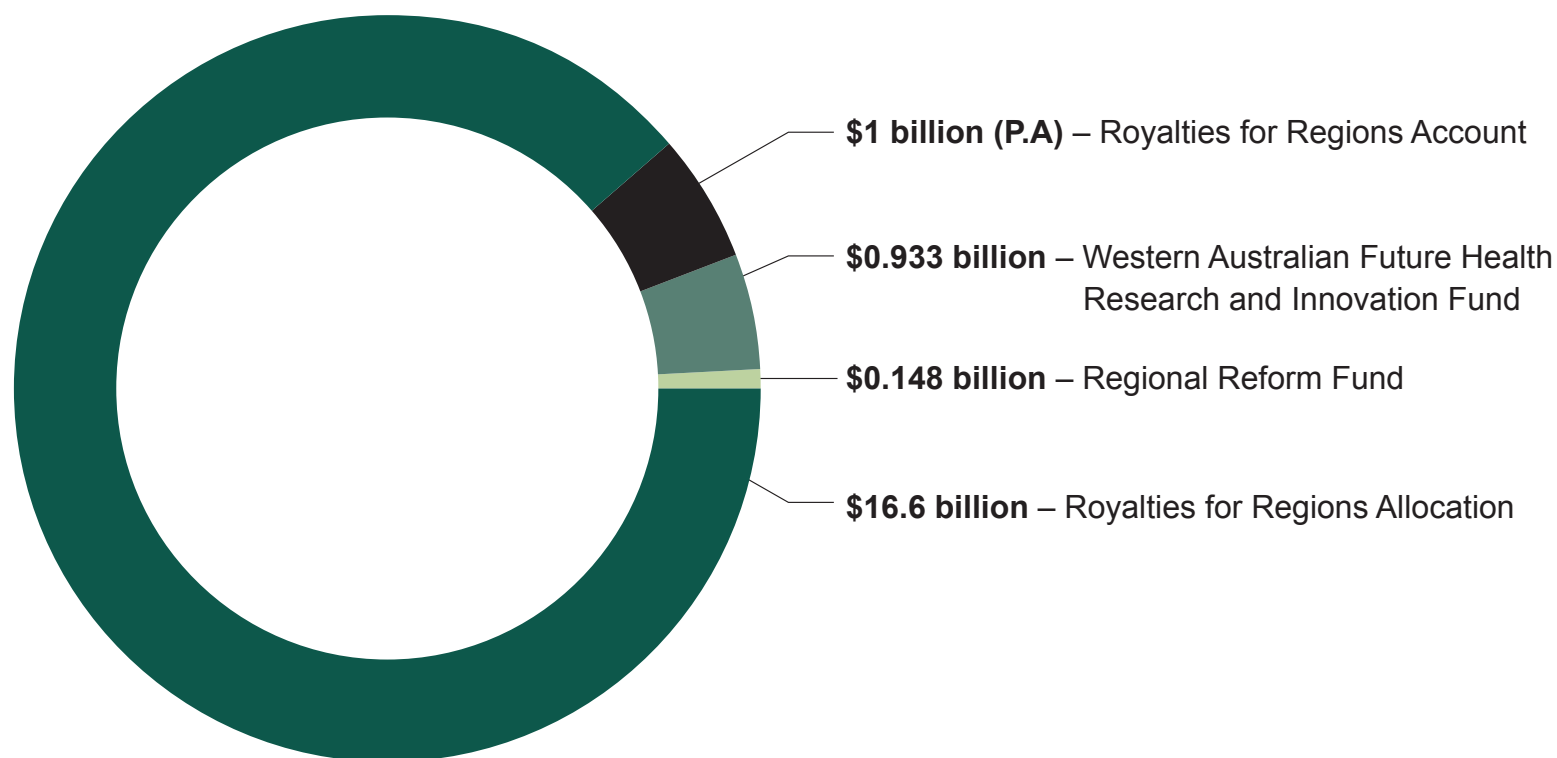


Figure 2: Royalties for Regions projected cashflow summary 2008-09 to 2026-27

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 2026-27 is forecast to be \$0.256 billion.

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

Figure 3 below, reflects the forecast of the Royalties for Regions allocations and expenditure in 2022-23 and the forward estimates at the time of the 2023-24 Bilateral Budget.

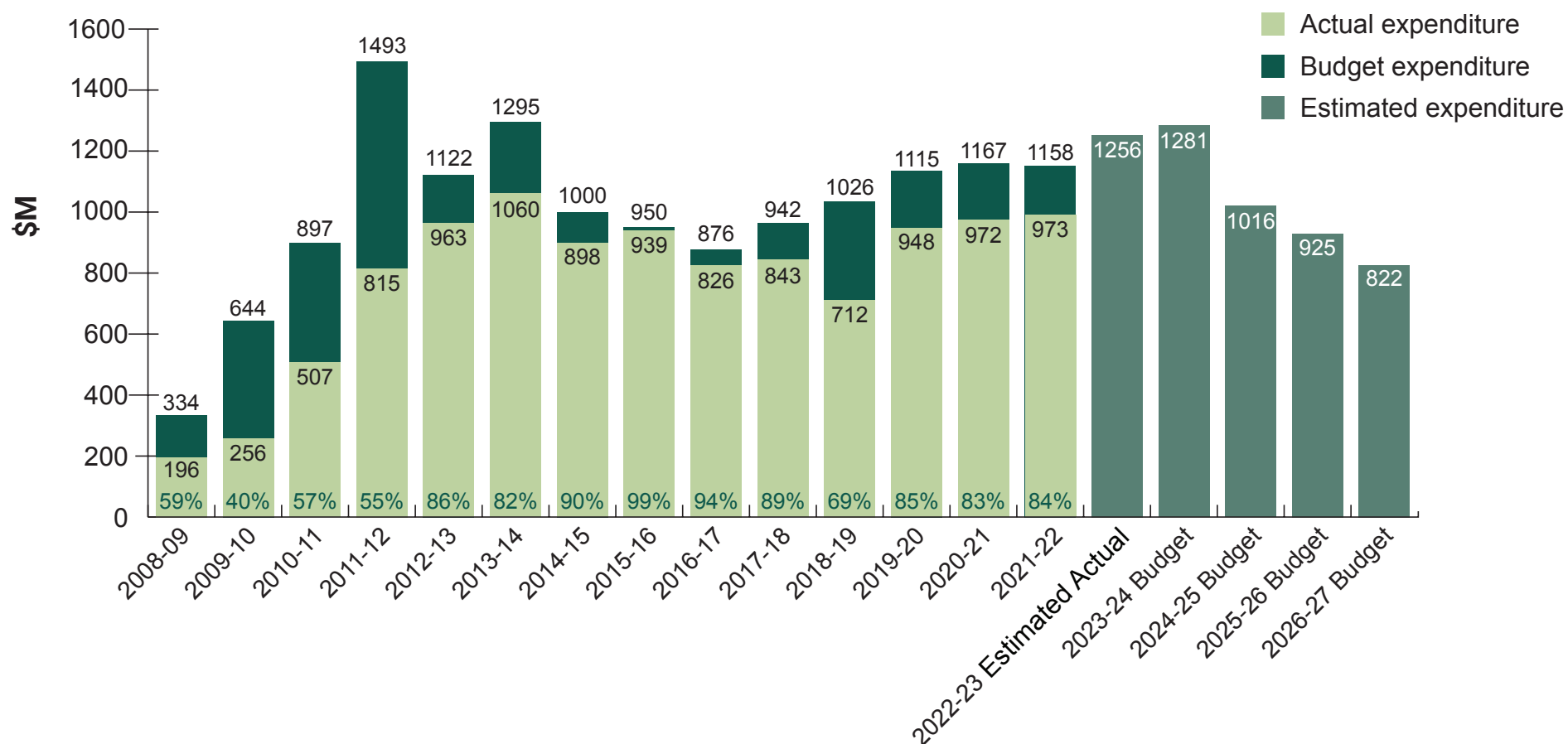


Figure 3: Royalties for Regions Budget compared to expenditure history and forward estimates*

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

Prior period figures may vary from year to year due to audit adjustments.

* Does not include interest

Allocation of funds over forward estimates

The allocation of money from the Fund to the investment priorities of the WA 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 2023-24 Bilateral Budget.

Table 2: 2023-24 Allocation of funds over forward estimates

	2023-24 (\$m)	2024-25 (\$m)	2025-26 (\$m)	2026-27 (\$m)	4 Year Projection (\$m) ^(a)
Investing in Jobs	232	206	116	57	610
Putting Patients First	249	184	185	186	803
Investing in Our Children's Education	179	171	162	147	659
Investing in Our Communities	378	274	259	230	1141
Investing in Our Roads and Ports	186	71	86	55	398
Investing in Our Environment	114	65	49	28	255
Administration and Administered Items	129	147	125	120	521
Total ^(a)	1,468	1,116	981	822	4387
Less: Overprogramming amount	-186.9	-100.1	-56.6		-344
Expenditure Limit ^(a)	1,281	1,016	924	822	4043
Special Purpose Accounts	17.5	7.1	3	16	44
Total – Royalties for Regions Fund ^(a)	1,298	1,023	927	838	4087

Source: 2023-24 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).

Figure 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 2023-24 Bilateral Budget.

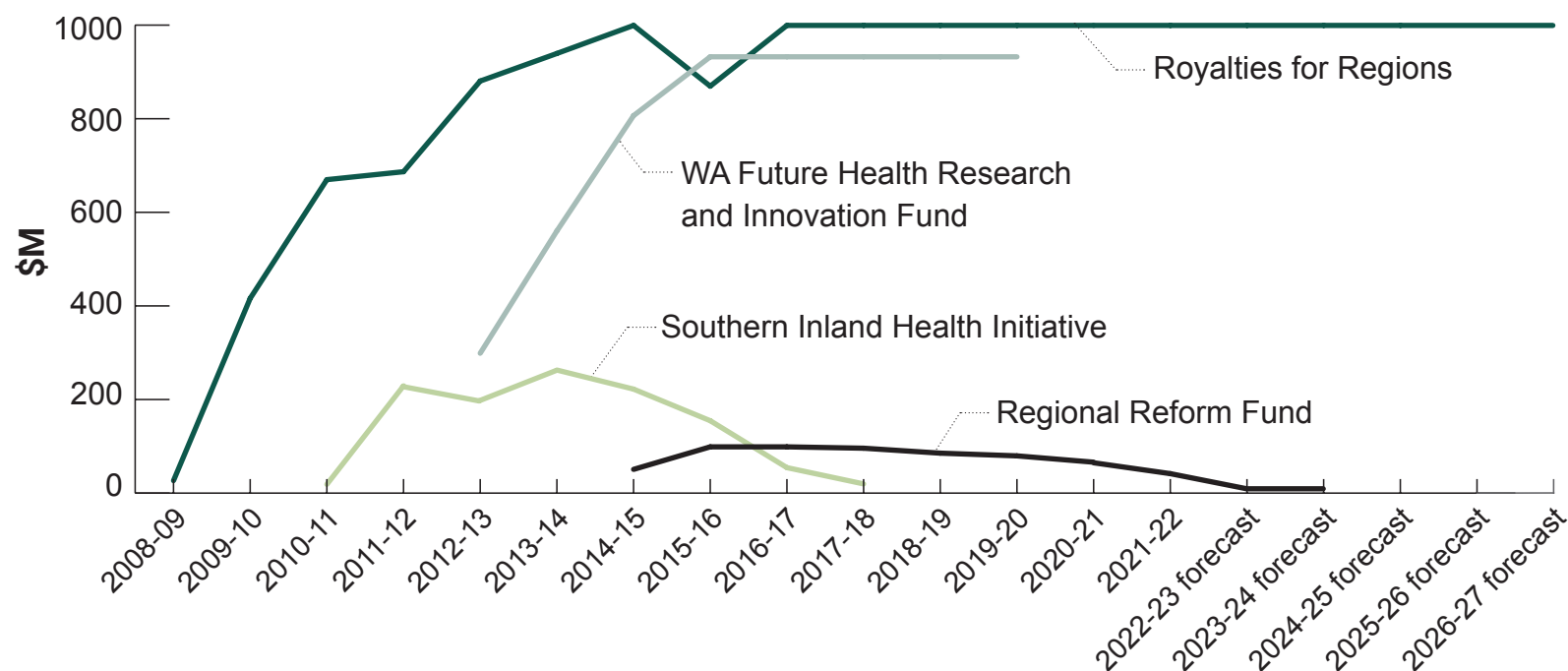


Figure 4: Royalties for Regions special purpose account balances and future funds: 2008-09 to 2026-27

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

Governance

Freedom of information

The Trust received no freedom of information applications in 2022-23 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 of Primary Industries and Regional Development 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 2022-23 Annual Report.

The operating budget for the Trust for 2022-23 was \$273,146 and actual expenditure was \$267,736.

Travel

The total travel expenditure for 2022-23 was \$679.

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:

Membership	For members appointed prior to 16 April 2023	For members appointed from 17 April 2023 – 30 June 2023
Chair	\$97,175 per annum	\$63,000 per annum
Deputy Chair	\$42,260 per annum	\$37,800 per annum
Members	\$12,500 per annum	\$10,206 per annum

Position	Name	Type of remuneration	Period of payment	Gross remuneration ¹
Chair	David Caddy	Board member fee	11/05/23 – 22/06/23	\$9,419.82
Former Chair	Brendan Hammond	Board member fee	24/06/22 – 11/05/23	\$83,825.10
Former Deputy Chair	Anita Ratcliffe	Board member fee	24/06/22 – 8/06/23	\$39,856.68
Board Member	Tom Stephens	Board member fee	24/06/22 – 22/06/23	\$12,220.37
Board Member	Kate George	Board member fee	24/06/22 – 11/05/23	\$11,213.98
Board Member	Paula Hickey	Board member fee	24/06/22 – 22/06/23	\$12,459.98
Board Member	Oral McGuire	Board member fee	24/06/22 – 22/06/23	\$13,418.44 ²

The total remuneration paid to Trust members for the year 2022-23 was \$182,414.37 (exclusive of superannuation).

Provision of services and facilities to the Trust

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

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

¹ Note this includes any payment for travel allowances

² This includes backpay for 2021-22

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 2 months and on other occasions as required. The Trust held five ordinary meetings in 2022-23:

- Meeting 69, 20 July 2022, Perth
- Meeting 70, 12 October 2022, Perth
- Meeting 71, 14 December 2022, Perth
- Meeting 72, 23 February 2023, Perth
- Meeting 73, 5 April 2023, Perth

Attendance

The record of attendance of Trust members for the Trust meetings in 2022-23 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 meetings³.
- **Anita Ratcliffe** – Attendance at four Trust meetings⁴.
- **Tom Stephens** – Attendance at five Trust meetings.
- **Kate George** – Attendance at two Trust meetings⁵.
- **Paula Hickey** – Attendance at five Trust meetings.
- **Oral McGuire** – Attendance at four Trust meetings.
- **David Caddy** – Attendance at nil Trust meetings⁶.

Trust governance framework

The Trust is committed to upholding high standards of integrity. The Trust governance framework provides the structure and expectations for the operations of the Trust. This includes member's obligations and guidance about ethical conduct and highlights public duties and legal responsibilities. The framework and documents align with contemporary best practice governance arrangements for boards and committees.

³ Period of membership for Brendan Hammond was 1 July 2022 – 30 April 2023

⁴ Period of membership for Anita Ratcliffe was 1 July 2022 – 1 June 2023

⁵ Period of membership for Kate George was 1 July 2022 – 3 May 2023

⁶ Period of membership for David Caddy was 1 May 2023 – 30 June 2023

Western Australian
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