

**PILBARA
REGIONAL
COUNCIL**

Leading the Way . . .

All Correspondence to:

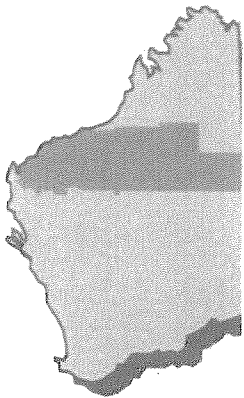
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AL3/10 09/002

14th July 2008

Ms Catherine King, MP
Chair

Standing Committee on Infrastructure, Transport, Regional Development
and Local Government

PO Box 6021

Parliament House

Canberra ACT 2600

Dear Ms King,

RE: INQUIRY INTO A NEW REGIONAL DEVELOPMENT FUNDING PROGRAM

Thank you inviting the Pilbara Regional Council to submit a submission to the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government regarding its Inquiry into a new Regional Development Funding Program.

Preamble

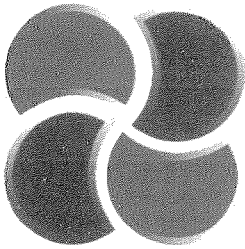
The Pilbara Regional Council is a statutory local government in accordance with the Western Australian Local Government Act 1995. The Shires of Ashburton, East Pilbara and Roebourne, and the Town of Port Hedland established the Pilbara Regional Council in May 2000 to address issues of regional interest and concern. Each member Council elects two Councillors, who meet together to form the Pilbara Regional Council.

The eight Councillors of the Pilbara Regional Council elect a chairperson. I am the current Chairperson of the Pilbara Regional Council and I am also the Shire President of the Shire of East Pilbara.

The Pilbara Regional Council Executive consists of the four Member Council Chief Executive Officers (CEO) and the Executive Officer, Mr. Adrian Ellson, of the Pilbara Regional Council. The position of CEO of the Pilbara Regional Council is rotated on annual basis between the four CEOs. The current CEO of the Pilbara Regional Council is Mr. Allan Moles, who is also the CEO of the Shire of Roebourne.

Introduction

The Pilbara Regional Council has reviewed the Australian National Audit Office's Performance Audit Report on the Regional Partnerships Program and notes the ANAO's summary statement with regard to the administration of the Program:



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"In this context, there are two dimensions relating to the administration of the Programme that have been highlighted by the audit:

- *the flexibility in the application assessment and Ministerial approval processes creates challenges in ensuring transparent, accountable and cost effective administration and in demonstrating the equitable treatment of applicants; and*
- *the manner in which the Programme had been administered over the three year period to 30 June 2006 examined by ANAO had fallen short of an acceptable standard of public administration, particularly in respect to the assessment of grant applications and the management of Funding Agreements."*

The Pilbara Regional Council's submission specifically addresses these two dimensions within the framework of the first two objectives within the Committee's terms of reference, namely:

- *"Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects; and*
- *Examine ways to minimize administrative costs and duplication for taxpayers."*

Provide advice on Future Funding of Regional Programs

The Pilbara region is experiencing an unprecedented expansion of its resources sector as a result of a strong global demand for oil and gas, iron ore and other minerals. This has resulted in a significant rise in the demand for facilities and services which is having a major impact on the social and economic infrastructure in the Pilbara region. The capacity of both State and Local Governments, non government agencies and small business to deliver a consistent and high level of amenity and services is also affected.

One of the real challenges for the region is the attraction and retention of permanent workforces across all sectors. In particular, the capacity of all tiers of government and of small business to attract and retain staff is being severely tested and many small businesses and non government agencies are struggling to remain viable. Key issues include accommodation, quality childcare, education opportunities and healthcare.

It has been argued by many that the current boom in iron ore and petroleum mining was unpredicted and caught governments and industry off guard. Statements along these lines are hard to justify, considering that Mr. Andrew Forrest has gone from being penniless to being the richest man in Australia, and in doing so negotiated a WA State Agreement, contracts overseas, and built a mine, railway, and port. CitiPacific is also in the process of developing new mines, railway and port; and BHP and RioTinto have opened new mines, upgraded railway lines and enhanced their port facilities. Similar developments have occurred in the petroleum sector and other parts of the mineral sector, and the Commonwealth and State Governments continue to approve further mineral and petroleum explorations in the Pilbara. The Pilbara local governments independently and in unison has been expressing concerns that community infrastructure was not keeping pace with the growth in mining from around 2002 and onwards.



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The lack of a holistic regional Vision, Plan and Investment Strategies for the Pilbara from 2000 onwards is a major lesson learnt and a cornerstone for defining genuine and accountable community infrastructure projects that represent value for money investment from a Commonwealth and State Government perspective. The Pilbara Regional Council, Pilbara Development Commission and the Pilbara Regional Development Australia Committee are working cooperatively and jointly to remedy these deficiencies as quickly as possible.

The Pilbara Regional Council believes that each region should be developing a regional Vision, Plan and Investment Strategies; the later encompassing contributions from all tiers of Government and local commerce and industry, in the Pilbara's case the major resource and construction companies. Governments' funding should be allocated to regions based on agreed Investment Strategies, which the three tiers of government in the Pilbara intend to develop by late 2008. Several local governments have already developed their individual Vision, Plan and Investment Strategies, and are acting on these now.

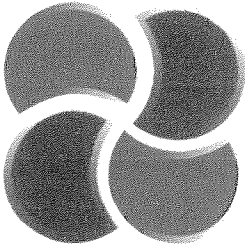
The above said it is also important that the Commonwealth and State Governments develop their own Vision and Plan for Australia and Western Australia respectively, and in doing so consider issues such as population demographics as they relate to natural resources, such as water availability. Consideration should also be given to environmental concerns such as climate change and carbon trading. Security of natural resources should also not be over looked. The Pilbara Regional Council believes that if the Governments were to undertake this analysis looking forward 50 to 100 years that the Pilbara, with four ports, proximity to Asia, local and off-shore natural resources, should be a prominent area for investment in community infrastructure and services, and a natural alignment to the Pilbara Vision, Plan and Investment Strategies.

The funding of projects that are strategically linked to the endorsed Visions, Plans and Investment Strategies will provide the value for money, transparency, accountability and the equitable treatment of applicants that the Commonwealth Government is seeking. This approach will also ensure that advantaged and disadvantaged regions receive balanced treatment with regard to grant funding.

Minimization of Administrative Costs and Duplication

The best way to minimize administration costs and duplications is to empower decision making regarding the funding of projects to occur as close as possible to the project's area of interest as possible.

Currently, the Commonwealth has numerous Departments with multiple funding programs spread throughout Australia, operating under various different arrangements and with varied success. However, all generally have one aspect in common, they collect information locally and pass this information back to a central office for review and decision. This process, even with the use of modern technology, has high administrative costs and levels of duplication.



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The Pilbara Regional Council's preferred option is to convert the Pilbara Regional Development Australia Committee into a Commonwealth shop-front outlet under the jurisdiction of the Department for Infrastructure, Transport, Regional Development and Local Government. Furthermore, that this shop-front outlet be the Commonwealth's regional funding conduit for all Commonwealth grant funding, and where appropriate the Commonwealth's centre of excellence for project delivery and management. However, that the operations and grants approvals of the shop-front outlet be delegated to a local committee chaired by a local Commonwealth Member of Parliament or Senator, and comprising of representatives from local government, non-government organizations, chambers of commerce and industry, and the indigenous people.

Additionally, the Pilbara Regional Council's preference is for some of the existing and proposed grant initiatives be allocated equally to the regional shop-front outlets, and be distributed in accordance with the guidance of the Outlet's Committee. Furthermore, that this Committee is empowered to mix and match grant initiatives to optimize the success of regional projects based on best value for money.

In this way, the manager of the regional shop-front outlet, as a Commonwealth employee is bound by the Commonwealth's Financial Management and Accountability Act to ensure that value for money is being achieved. Equally, there is transparency in the decision making process, particularly if the Committee meetings are open to the public and recorded in the same manner as local government Council meetings are.

Conclusion

The Commonwealth Government should be considering with respect to its regional development funding program and other grant programs that:

- The funding of projects that are strategically linked to the endorsed Visions, Plans and Investment Strategies will provide the value for money, transparency, accountability and the equitable treatment of applicants that the Commonwealth Government is seeking. and
- The Government converts the Pilbara Regional Development Australia Committee into a Commonwealth shop-front outlet under the jurisdiction of the Department for Infrastructure, Transport, Regional Development and Local Government. Furthermore, that this shop-front outlet be the Commonwealth's regional funding conduit for all Commonwealth grant funding, and where appropriate the Commonwealth's centre of excellence for project delivery and management. However, that the operations and grants approvals of the shop-front outlet be delegated to a local committee chaired by a local Commonwealth Member of Parliament or Senator, and comprising of representatives from local government, non-government organizations, chambers of commerce and industry, and the indigenous people.



The Pilbara Regional Council's point of contact regarding this submission is the Executive Officer, Mr. Adrian Ellson and he can be contacted on 08 9187 0687, 0428 940 632, prc@roebourne.wa.gov.au or usellsons@dodo.com.au; however, his mobile phone and personal e-mail address are preferred because of his mobility.

Yours sincerely

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Lynne Craigie
 Lynne Craigie
 Chairperson



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