



Australian Government

Department of Infrastructure and Regional Development

Australian Government
Response to the
Independent Review
of the
Regional Development Australia Program

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EXECUTIVE SUMMARY

The Independent Review of the effectiveness of the RDA Program (the Review) was commissioned by the Minister for Regional Development, Senator the Hon Fiona Nash, in September 2016, following a commitment in 2014 by the former Deputy Prime Minister, the Hon Warren Truss MP.

The Hon Warwick L Smith AM was appointed as the Independent Reviewer. Mr Smith was asked to examine the effectiveness of the RDA Program in delivering the Australian Government's regional agenda and make recommendations regarding its future scope, structure and delivery model, in light of developments in the Australian Government's regional agenda.

Specifically, the Review researched, considered and reported on three themes:

- The RDA Program framework;
- The governance and administration of the Program; and
- Alignment with Australian Government policy objectives now and into the future.

Mr Smith's final report was provided to the Australian Government in December 2016 and is available in full on the Department of Infrastructure and Regional Development's (the Department) website at www.infrastructure.gov.au.

In his report, Mr Smith made 11 recommendations based on a comprehensive consultation process involving all 55 RDA committees, local and state government representatives, industry bodies, and peak organisations. The Australian Government agrees with one recommendation, agrees in principle with one recommendation; notes six recommendations and does not agree to three of the 11 recommendations.

Overall, the Review found there was broad support for the Australian Government's involvement in regional development and strong recognition of the contributions of RDA Committees to their regions, but a different approach is required to regional development to better enable communities to harness economic opportunity. The Review suggested a range of reforms to strengthen regional economies, promote economic opportunity, attract investment, and build capacity and confidence.

The Australian Government has considered the Review recommendations, and agrees with Mr Smith's findings that there is scope for improvement in RDA Committee activities to advance economic development in their regions and a need for stronger alignment with current Australian Government policy objectives. The Australian Government agrees that the "the key value of the RDA Program lies in soft infrastructure – networking, facilitation, brokering and advocacy".

With this in mind, the Australian Government's response to the Review will refocus the RDA Program so that RDA Committees move beyond their previous planning role and into a more active and facilitative role, effectively being brokers for regional investment.

Working across the three levels of government and with the private sector, future RDA Committees will attract investment for their regions to help drive economic growth and create local jobs.

The changes to the RDA Program will implement four key reforms to:

1. Strengthen the focus of RDA Committees under a new Charter focused on local jobs, attracting investment and economic growth;
2. Consolidate the four Melbourne RDA Committees into one RDA Committee and expand the program to include Australia's external territories of Christmas Island, Cocos (Keeling) Islands and Norfolk Island and the Jervis Bay Territory;
3. Enhance the capabilities of RDA Committees through a new appointment process for RDA Chairs and members, and
4. Implement a new performance framework to ensure that the outputs of RDA Committees are properly monitored and measured.

This approach achieves the overarching objectives of the Review by refocusing and strengthening of the Program without substantive architectural changes to the RDA network.

STRUCTURE OF THIS RESPONSE

This response sets out the Review's recommendations and the Australian Government's response in relation to each recommendation. It also provides a brief summary of the community consultation undertaken as part of the Review and an overview of the new Program arrangements, including the timing of implementation.

COMMUNITY CONSULTATION

The Review was released for public consultation between 30 September 2016 and 4 November 2016. In total, 89 written submissions were received, including 77 from groups or agencies representing interested stakeholders, seven from individuals, and five confidential submissions.

In addition, the Department commissioned ORIMA Research, an independent research company, to conduct an online survey and provide the results to inform the Review.

The survey was conducted between 30 September 2016 and 17 October 2016, and more than 1,755 stakeholders were invited to participate, including RDA Committees, RDA stakeholders and members of the public nominated by each RDA Committee; and state, territory and local government contacts. A total of 839 stakeholders completed the survey.

Feedback on the RDA Program was also sought from more than 110 RDA Committee members, staff and government representatives at the 2016 Regional Development Australia National Forum, held in Albany on 25 October 2016.

Mr Smith also conducted numerous one-on-one interviews with a wide range of stakeholders, including relevant peak bodies, state and territory ministers, and senior departmental officials.

Issues raised by stakeholders and RDA Committees as part of the consultation process included:

- A one size fits all approach is no longer the preferred approach;
- Investment in infrastructure is important, but more focus on other pillars supporting economic growth should be considered – human capital, information and communications technology, business competitiveness, access to markets, collaborative partnerships and service delivery; and
- There is greater opportunity for alignment between Australian and State infrastructure programs.

Other feedback included:

- Strong support for the Australian Government to be engaged in and support regional development;
- A tripartite approach between the three levels of government with the community is the preferred approach and will support the rebooting of economies and enable the private sector to harness opportunities; and
- An expanded role could see RDA Committees more actively advocate proposals for investment by local, State and Federal Governments.

The Australian Government considered the feedback from stakeholders and submissions in its response to the Review.

THE CASE FOR REFORM

Mr Smith's recommendations make a strong case for reform to the RDA Program.

Since the RDA Program was established in 2008, there have been significant changes in the economic landscape in Australia's regions. The focus of the RDA Committees at inception was a national network with Committees partnering with all levels of government, industry and communities. Their main objective was to support regional planning, consult and engage with communities and provide information and advice on their region to government. As such, their work was focussed on building partnerships to develop strategies and deliver sustainable infrastructure and services to their regions.

Over time, economic, employment and global environments have substantially changed. There has been significant change in the agriculture, resources, manufacturing and technology sectors with an emerging trend to incorporate technology and value capture throughout the production chain as well as seeking wider and global markets.

Many of the state and territory regional development models have also changed and this has seen a number of state and territory governments withdrawing their financial support for RDA Committees.

Mr Smith found, that there remains strong support for the Australian Government to be engaged in, and support regional development working in partnership with states, territories and local governments to achieve regional development outcomes together, rather than through unilateral partnership.

The Australian Government priorities have also changed over this time, and whilst some RDA Committees have kept pace with these changes and created partnerships and are facilitating investment in their regions, others have stagnated. There is considerable recognition that the RDA Committees are a valuable network to facilitate infrastructure and investment in their regions. RDA Committees should now move from a planning focus to become a broker for regional investment in their regions. This new approach will support the strong commitment of the Australian Government to regional economic development.

The Government is committed to action and has developed a range of regional priorities and measures for improving outcomes and opportunities for people in their communities. The Regional Ministerial Taskforce is leading the push to drive this agenda forward. A number of new initiatives implemented by the Australian Government that support this include the Building Better Regions Fund, Regional Jobs and Investment Packages, Sky Muster Satellite initiative, Infrastructure Investment Program and the establishment of the first Rural Health Commissioner.

With the establishment of the Regional Ministerial Taskforce, now is the time to strengthen and support the RDA Committee network to become leaders and deliverers of initiatives that stimulate business competitiveness and jobs, innovation and growth in regions.

NEW APPROACH TO REGIONAL DEVELOPMENT

To address the findings of the Review and further strengthen and improve the RDA Program, the Australian Government will implement a range of key reforms, including:

- **Strengthening the focus of RDA Committee activities under a new Charter focused on creating local jobs, attracting investment, and economic growth. Planning will no longer be a priority area for RDAs.**

Throughout the Review, stakeholders were clear that “the key value of the RDA Program lies in soft infrastructure—networking, facilitation, brokering and advocacy, not in the management and development of regional planning which duplicate activities performed by state and local government bodies”.

The focus of RDA Committees will change from providing a planning function to playing a more active and facilitative role in their regions and working closely with all levels of government and the private sector.

A new RDA Charter will provide RDA Committees with a clear focus on growing strong and confident regional economies that harness their competitive advantages, seize on economic opportunity and attract investment. RDA Committees will play a more hands-on role in facilitating proposals and projects that boost jobs, innovation and stimulate economic growth in their regions.

The reform also removes historical service delivery discrepancies by consolidating the four Melbourne RDA Committees into one Committee; and expanding the Program to include the external territories of Christmas Island, Cocos (Keeling) Islands and Norfolk Island, as well as the Jervis Bay Territory.

- **Providing a clear direction that RDA Committees must work collaboratively with fellow RDA Committees to pursue broader regional priorities.**

The Review noted that a ‘one-size-fits-all’ approach is no longer the preferred means of promoting regional development and that partnerships with a broad range of stakeholders is a key to identifying the needs of communities.

Under the new RDA Charter RDA Committees will be required to collaborate with key stakeholders including states, territories, local governments, industries, businesses and communities to identify economic opportunities and leverage public and private investment in their regions. This includes working collaboratively with fellow RDA Committees to pursue broader cross-regional priorities.

- **Implementing stronger performance monitoring arrangements to ensure RDA Committees are meeting performance benchmarks and conducting their operations in line with Government expectations.**

The Review noted that clear “key performance indicators do not exist for the Program therefore it is not possible to accurately measure outputs of RDA Committees” and that “any approach to regional development must be subject to a robust monitoring and evaluation mechanism that provides an evidence base to ensure that the best possible outcomes are achieved in partnership with regional Australians”.

The implementation of the new Charter and the reinvigoration of the RDA Committees will be supported by stronger outcome-focused performance measures that will provide an evidence base for the Government to better monitor and measure RDA activities.

The proposed changes include the collection of baseline data to measure business growth, employment creation and population changes; the levels of investment activity and workforce participation in regions, and the number of business cases developed for public or private sector funding.

These measures will provide the Department with information about the individual RDA Committees' performance and, together with regular engagement, will enable targeted support to be provided to improve their capacity and capabilities.

- **Establishing new RDA Committee appointment processes.**

The Review noted that while the performance of RDA Committees has improved over the life of the Program as their role and functions were better understood, the strengths and capabilities of RDA Committees remain varied. The Review also noted that there is an agreed correlation between the quality and performance of RDA Chairs and the perceived value of an RDA Committee.

The current appointments process requires applicants to lodge an expression of interest for RDA Chair, Deputy Chair and member positions. This is simply a statement of experience that does not address the applicant's ability to contribute to the objectives of the RDA Committee.

Under the new appointments process, prospective RDA Committee Chairs and members will be required to prepare a written application that addresses selection criteria based on the requirements of the new charter. Applications will be formally assessed by a selection panel, comprising government representatives and community leaders. Recommendations on appointments will be provided to the Minister for Regional Development and this will ensure the best possible applicants are appointed.

The new appointments process will also factor in the need to boost the diversity of RDA Committee membership to address gender balance and participation by indigenous Australians, people with culturally and linguistically diverse backgrounds and people with disabilities.

The Department will work with RDA Committees to develop support material, such as position descriptions and selection criteria to support staff.

- **Active management of the RDA network by the Department, including a dedicated RDA Coordinator.**

The Department will support RDA Committees and their Directors of Regional Development by providing mentoring services, information and advice to enable greater economic outcomes to be achieved across the network and region. The mentoring will include guidance on the key activities, deliverables and key performance indicators and the funding for these activities and the dedicated RDA Coordinator will be absorbed within existing Departmental resources.

AUSTRALIAN GOVERNMENT RESPONSE

Recommendation 1

The Australian Government cease Regional Development Australia (RDA) Program operations on 30 June 2017.

Australian Government Response:

Not agreed.

The Australian Government will continue to fund the RDA Program under a clearer and stronger direction which will add significantly more value to Government. RDA Committees will have their funding contracts extended to 31 December 2020 under a new Charter focused on local jobs, attracting investment and economic growth.

The four Victorian capital city RDA Committees will be consolidated into one RDA Committee, to align with all other capital city Committees. The service delivery arrangements of the Program will also be expanded to include the external territories of Christmas Island, Cocos (Keeling) Islands and Norfolk Island and the Jervis Bay Territory removing a historical discrepancy.

Recommendation 2

The RDA Chairs Reference Group be dissolved immediately.

Australian Government Response:

Agreed.

The Australian Government will dissolve the RDA Chairs Reference Group and will consider a more effective mechanism for interaction with the RDA network and its leaders.

Recommendation 3a

The Minister for Regional Development appoint a new Australian Regional Business Advisory Board consisting of business experts who are globally connected, across areas as diverse as advanced manufacturing, agriculture and innovation and technology to consult with on regional economic development matters.

Australian Government response:

Noted.

The Australian Government will strengthen its engagement with business experts who are globally connected through the existing RDA network.

RDA Committees will be strengthened under a new Charter focused on local jobs, attracting investment and economic growth and working more closely with the private sector to harness their regions' competitive advantages and attract investment.

Under the new Charter, RDA Chairs will be regional leaders who have been successful in supporting local jobs, business and regional growth, are well connected across industry sectors and have the influence to attract opportunity and investment to the region. It is expected that each RDA Committee will have a Director of Regional Development who is well connected across the different sectors, be able to act as a broker to drive proposals and projects and have a proven track record of attracting opportunity and investment to their region.

Recommendation 3b

The Board as a priority establish an independent taskforce chaired by a board member to review and assess the appropriateness and the major impact of a policy of decentralisation of non-policy functions of the Commonwealth and the states from the major metropolitan centres of Sydney, Melbourne, Brisbane and Canberra.

Australian Government response:

Noted.

The Australian Government has embarked on a structured review process to identify non-policy agencies and functions suitable for decentralisation. This process is being led by the Minister for Regional Development and will involve relevant Ministers identifying appropriate Government agencies and functions as well as determining locations that are suitable for decentralisation.

The new RDA Charter will include a direction to encourage public and private sector decentralisation. RDA Committees may also play a role in providing an evidence base for regions that are in scope for agency relocation, and in attracting private sector organisations who may have an interest in relocating to regional areas.

The Government has also agreed to the establishment of a Select Committee Inquiry to investigate and report on best practice approaches to regional development and decentralisation. It is expected this Committee will provide a final report to the Parliament by February 2018

In addition, the Australian Government is in the process of decentralising certain entities with core relevance to rural and regional Australia:

- The Australian Pesticides and Veterinary Medicines Authority (APVMA) is relocating to Armidale to create a Centre of Agricultural Excellence with the University of New England and other nearby specialist research centres;
- The Rural Industries Research and Development Corporation (RDC) relocated its offices to Wagga Wagga in September 2016, to co-locate with Charles Sturt University;

- The Grains RDC has established offices in Toowoomba, Dubbo, Adelaide and Perth and the Fisheries RDC has established an office in Adelaide; and
- The Murray-Darling Basin Authority is opening regional offices in Toowoomba, Albury-Wodonga and Adelaide, with a plan for up to 10 per cent of its staff to be relocated.

Recommendation 4

The Australian Government focus its efforts in regional development matters on the true regions of Australia that is those outside of the built-up urban areas of the major capital cities.

Australian Government response:

Noted.

The Australian Government considers it important to retain an RDA Committee presence in the capital cities. This will ensure these regions, and in particular the peri-urban areas of capital cities, receive the benefits of facilitated access to Australian Government programs which are designed to improve economic development outcomes for all Australians.

Recommendation 5

The Australian Government strengthen its partnerships with the states, territories and local government to formalise tailored tripartite arrangements for regional development through Memorandums of Understanding within each jurisdiction.

Australian Government response:

Agreed in principle.

The Australian Government recognises that regional people, businesses and communities benefit when all levels of government work collaboratively towards agreed outcomes for Australia's diverse regions. The Australian Government will consult with and strengthen its partnerships with states, territories and local governments, including by giving consideration to re-negotiating new Memoranda of Understanding with state, territory and local governments.

Recommendations 6 and 7

The Australian Government engage a network of Directors of Regional Development to enhance community collaboration and linkages to deliver on established regional visions. Directors of Regional Development would:

- Foster collaborations between a diverse number of participants;
- Encourage and support entrepreneurship;
- Promote and disseminate information on government policy initiatives; and
- Support community stakeholders to develop project proposals to access funding.

The Australian Government in consultation with the states and territories, embed its network of Directors of Regional Development in established state based regional development bodies aligned to the functional economic zones of jurisdictions.

Australian Government Response:

Not agreed.

The Australian Government will seek to achieve these same objectives through a strengthening of the existing regional RDA Committee network under a new Charter focused on creating jobs, attracting investment and economic growth.

The Australian Government notes that the RDA Committees are a mature, well accepted and 'ready-made' network to seize on economic opportunity and attract investment to their regions and for the Australian Government to communicate, promote and disseminate information on government policy initiatives. Our opportunity is to improve the way that we use this valuable network and strengthen its engagement with the private sector and its focus on growing strong and confident regional economies through investment to create local jobs and facilitate economic growth.

Recommendation 8

The Australian Government establish a Regional Collaboration Fund, drawing as a minimum on established funding within the current RDA Program, to enable investment in human capital, regional leadership and collaboration, and fund regional development activities. Proposals would be agreed by the Australian Regional Business Advisory Board and support activities which encourage:

- Investment in human capital particularly regional leadership;
- Adoption of technology to harness economic opportunity and support entrepreneurship; and
- Implementation of international best practice approaches to regional development.

Australian Government response:

Noted.

The Australian Government will consider ways to better support RDA Committees to undertake activities which take existing regional plans forward, enabling regions to realise global economic opportunity. These activities could include seed or partnership funding for feasibility studies, regional prospectuses, regional leadership, or ad hoc activities geared towards innovation, entrepreneurship and investment attraction.

Recommendation 9

The Australian Government appoint a Regional Investment Commissioner located within Austrade for a period of two years to promote the economic opportunities in regional Australia.

Australian Government response:

Noted.

The Australian Government recognises the significant economic opportunities enabled by domestic and foreign investment into Australia's regions. Austrade, as the Australian Government agency responsible for promoting Australia as an investment destination and for attracting foreign direct investment currently provides important information to both Australian and international investors promoting opportunities for and benefits of investing in regions.

There are a range of investment opportunities in regional Australia that are supported by Austrade's investment specialists who work across each priority to attract investment to drive economic growth and employment, in close cooperation with states and territories and Austrade's international network, in Australia's regions. The existing campaign includes industry-specific prospectuses that emphasise growth in agribusiness and food; major infrastructure; tourism infrastructure; resources and energy; and advanced manufacturing, services and technology. The Australian Government will consider opportunities to further promote domestic and international investment in Australia's regions.

Recommendation 10

The Australian Government (through the Department of Infrastructure and Regional Development and Austrade) in partnership with the states and territories develop a two-year regional campaign to develop a prospectus for investment in regions.

Australian Government response:

Noted.

The Department and the Australian Trade Commission (Austrade) are working together to promote, attract, facilitate and retain foreign direct investment in Australian infrastructure, to help fill the gaps in Australia's infrastructure capability and increase competition to drive better value for money outcomes for Government.

Austrade leads a national approach to investment promotion, focusing on five nationally-agreed investment priorities. The five priority areas are: agribusiness and food, resources and energy, major infrastructure, tourism infrastructure, and advanced manufacturing services and technology.

In addition, there are a wide range of Australian, state, territory and local government promotion strategies that support investment across a broad range of sectors. As an example, the Australian Government supports investment in regions through the Building Better Regions Fund, Northern Australia Investment Fund, National Water Infrastructure Development Fund, Export and Regional Support Package, National Strategy for International Education, National Innovation and Science Agenda, Tradestart and the Regional Tourism Infrastructure Investment Attraction Strategy.

The RDA Committees have the opportunity to work with Austrade to develop specific strategies and Programs for their regions.

WHEN WILL THE CHANGES COMMENCE?

- The new RDA Charter will come into effect following the Ministerial announcement of the reforms.
- Support materials that will aid RDA Committees in implementing the new Charter will be developed and disseminated following the announcement.
- RDA Committee constitutions will be updated and aligned to the new RDA Charter in late 2017.
- RDA Chair appointments and member appointments will be made progressively as current terms expire.
- New RDA Committee funding agreements will be developed, negotiated and executed by the scheduled commencement date of 1 January 2018.
- The external territories of Christmas, Cocos (Keeling) and Norfolk Islands and the Jervis Bay Territory will be formally included in the RDA program from 1 January 2018.

ATTACHMENTS

RDA Charter