



# Local Government and Regional Development Australia Committees

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*Understanding the Relationship and Responding to the  
Opportunities*

# **Local government and Regional Development Australia committees: understanding the relationship and responding to the opportunities**

## **July 2014**

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## List of Acronyms

|       |   |
|-------|---|
| ACC   | Area Consultative Committee                         |
| ALGA  | Australian Local Government Association             |
| ANAO  | Australian National Audit Office                    |
| CGG   | Commonwealth Grant Guidelines                       |
| CSP   | Community Strategic Plan                            |
| EO    | executive officer                                   |
| EOI   | expression of interest                              |
| FOCJ  | functional, overlapping and competing jurisdictions |
| GFC   | Global Financial Crisis                             |
| IPR   | Integrated Planning and Reporting                   |
| LGA   | Local Government Area                               |
| MOU   | memorandum of understanding                         |
| NRRAP | Northern Rivers Regional Action Plan                |
| RAI   | Regional Australia Institute                        |
| RAP   | Regional Action Plan                                |
| RDA   | Regional Development Australia                      |
| RDAF  | Regional Development Australia Fund                 |
| RDANR | Regional Development Australia Northern Rivers      |
| RDB   | Regional Development Board                          |
| RDO   | Regional Development Organisation                   |
| RDP   | Regional Development Program                        |
| RIEP  | Regional Industry and Economic Plan                 |
| RLCIP | Regional and local Community Infrastructure Program |
| ROC   | Regional Organisation of Councils                   |
| RPP   | Regional Partnership Program                        |
| SSS   | Size, shape and sustainability.                     |

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## 1. Introduction

Regional Development Australia (RDA) has been described as an Australian Government initiative creating a partnership between the federal, state, territory and local governments to develop and strengthen the regional communities of Australia to have a pivotal role in ensuring the long-term sustainability of Australia's regions (Regional Development Australia 2009, p. 246). Former RDA Minister Crean championed the importance of regional development in unlocking the potential of the regions through local empowerment, and entrenching regionalism and localism so that they 'could not be unpicked' (Crean 2010a, 2011, 2010b). He argued that the challenge for regions was to embrace productivity and efficiency improvements, to demonstrate that regionalism was not 'on the margin' or about struggling regions, but rather concerned with contributing to greater economic efficiency and productivity (Crean 2011b, p. 5). Under a Commonwealth-local partnership arrangement, the Regional Development Australia Fund (RDAF) was established to support the infrastructure needs of regional communities. Nearly one billion dollars has been allocated to the RDAF program to assist provision of regional capital infrastructure projects that have alignment to RDA plans prepared by RDA committees and endorsed by the Commonwealth.

Since establishment of the RDA committee structure, little research has been undertaken concerning the nature of the role and activities of the committees, or their relationship with local government. This research report considers these matters and the extent to which the relationship between RDA committees (referred to in this report as RDAs) and local government is effective and aligned with the RDA Charter and the needs and expectations of the local government sector. Since the author is chairperson of the Northern Rivers (NSW) RDA Committee the report is focused on the operation of RDA committees in NSW with a closer examination of the Northern Rivers Committee. Opportunities for relationship improvement, policy changes and RDAF program refinements are addressed.

The RDA Charter stipulates that committees have roles which include being a conduit between government and regional communities and a 'voice for their region' (Regional Development Australia 2009, p.2). Given this requirement, it is naturally important that local government and RDA committees develop and maintain a constructive and collaborative relationship in the interests of local and regional communities. This report attempts to better inform a range of stakeholders involved in regional governance and provide a resource which may enable improved outcomes for regional communities.

The primary objective of the research is to address the following questions:

- To what extent have the expected roles and relationships between local government bodies and RDAs developed as anticipated in the RDA charter?
- Based on the experience of stakeholders, how well have RDAs done in making the link to local government (including links to existing regional organisations of councils)?
- What is the view of stakeholders on the integration between council community strategic plans and RDA plans?
- How can the relationship between local government and the RDAs as a federally initiated regional structure be strengthened?

The report is divided into 11 main parts. Section 2 provides a review of extant literature concerning local economic development, regionalism and localism as the predominant constructs for embedding the development and strengthening of Australian regional communities. Section 3 provides background on Commonwealth and NSW regional entities that preceded RDA committees namely Commonwealth-funded Area Consultative Committees (ACC) and NSW Regional Development Boards, and the nature of their relationship with local government during their operation. Section 4 describes the formation of RDA committees in NSW and their evolving roles and mandate, especially relating to the development of regional plans and the introduction of the Commonwealth RDA Fund. Section 5 considers the extent to which the anticipated roles and relationships between local government and RDAs developed as prescribed in the RDA Charter. Section 6 explores how effectively RDA committees have performed in establishing and maintaining a relationship with local government. Section 7 examines how RDA committees, as federally initiated regional structures, might strengthen the local government relationship, while Section 8 briefly discusses, in the NSW context, the desirability of greater strategic planning integration and alignment of state, regional and local government plans. Section 9 extrapolates from responses to a questionnaire completed by senior RDA and local government representatives. Section 10 suggests topics for further research. The report ends with some brief concluding remarks in Section 11.

## **2. Perspectives on regional development**

### **2.1 Introduction**

In addition to political considerations, the context, justification and foundation for the Commonwealth and NSW Governments' renewed focus and commitment to regional Australia, regional development, regions and regionalism, and localism is likely to have been at least partially informed by the relevant literature. A selective review of the literature is undertaken, recognising that the Regional Australia Institute has produced a *Stocktake of Regional Research* (Regional Australia Institute 2012b) comprising 50 pieces of influential research. While some of this literature was useful, other relevant resources were used.

The literature review focus is initially on Europe, Britain and the United States to provide an international setting. Thereafter, this section considers Australian academic perspectives with the intent of contextualising and describing recent regional development initiatives and providing a framework for the research report.

## **2.2 International perspectives on regional development**

In the American context, Fleischmann (2000, pp. 213-4, 223-5) described how interest in what was termed 'New Regionalism' had moved from an emphasis on efficiency in the early 1900s, to a focus on equity following the mass urbanisation of the 1950s and 1960s and, during the 1990s, was linked to specific issues such as transportation and to more general concerns such as urban 'sprawl'. Recent thinking about alternative forms of regionalism have ranged from traditional proposals for a single metropolitan government and a two-tiered system of regional government to a variety of intergovernmental agreements, tax-base sharing, and public-private partnerships. In recent American debates about regionalism, consolidation of local governments and the effect of consolidation on the ability to address regional issues has been a prominent topic. Fleischmann (2000, pp. 224-5) argued that without state leadership there was no regionalism. Moreover, there was no reason to expect that local government amalgamation campaigns would necessarily address regional problems. Furthermore, in order to achieve regional outcomes, there needed to be an incremental approach and a preparedness to consider a range of regional institutions and processes and build coalitions inside and outside government.

Parks and Oakerson (2000, p. 169) suggested that the American New Regionalism movement was a 'mixed bag of old prescriptions and new remedies to address problems both new and long standing ... real and imaginary' and was a response to growing regional-scale problems, in particular transportation and infrastructure, deriving from sprawling patterns of development. They contended that, in considering regional problems, the local public economies framework was useful for organising data, identifying structural weaknesses, building theoretical explanations, assessing issues, and suggesting potential reforms. Furthermore, existing local public economies were addressing new and emerging regional problems through existing institutions, without drastically altering their overall structure or method of governance (Parks & Oakerson 2000, p. 175). However, Parks and Oakerson concluded that regionalism:

[m]ust always be complemented by localism, just as localism must always be complemented by regionalism. Effective localism is the principal ingredient that has been missing in central cities. The rapid growth of neighbourhood districts suggests ... new localism alongside New Regionalism (Parks & Oakerson 2000, pp. 176-7).



Tomaney (2004 p.167) observed that, in a turnaround from the 1960s and 1970s, the rise of the region as a political actor had become a constitutional phenomenon across Europe with states responding by regionalising their activities and devolving some decision-making capacity. Patterns of devolution had been uneven and motives for devolution varied, with multi-level governance as the new benchmark in European polity (Tomaney 2004, p. 168). In the UK context, there had been a gradual burgeoning of regional bureaucracies, described as administrative regionalism, which grew and strengthened in the late 1990s under the government's regional agenda. Furthermore, by contrast there was also a growth of political regionalism, a strategy of making the regional bureaucracies accountable to the electors in the regions. Regionalisation processes had the potential to 'reshape the terrain on which local government operates' (Tomaney 2004, pp. 179-80).

Bond and McCrone (2004, pp. 3-4) described the late 1990s moves in England towards greater institutional strength and coherence at the regional level and referred to the establishment, at that time, of regional development agencies. These agencies act as an integrative force with regard to varied central government activities. Their examination of regional development agencies in the regions revealed that they reflected the identities of their respective regions. However, they found insufficient evidence to indicate a strong and growing trend toward regionalisation or that regional sentiment was likely to become a major force (Bond & McCrone 2004, pp. 21-3).

In the English context, Pratchett (2004, p. 368) examined 'new localism' and argued that it was more than a normative reworking of concepts around local autonomy and democracy. New localism had practical implications for central-local relations and informed central government policies towards localities. Curtis (2011, p. 685) nominated new localism as a policy enabling removal of barriers to encourage innovation, greater financial independence, the opening up of public services, and improved accountability and transparency. Pratchett suggested that the emergence of 'new localism' had presented a means of conceptualising central-local relations and understanding the limits to local autonomy. For Pratchett, two key features of 'new localism' were that the policy recognised the importance of national standards and priorities as a driving force for public policy. Conversely, 'new localism' recognised the primacy of the institutions of local governance in delivering public services on behalf of the centre, as well as providing broader arguments for locally sensitive policy implementation and community leadership. Pratchett (2004, p. 373) argued that local autonomy and democracy could be in conflict with the institutions of national democracy and had potential to threaten the viability of democratically supported national priorities. To that extent 'new localism' had limited capacity to resolve central-local tensions.

Stoker (2004) characterised 'new localism' as:



[a] strategy aimed at devolving power and resources away from central control and towards front-line managers, local democratic structures and consumers and communities, within an agreed framework of national minimum standards and policy priorities. New Localism is an argument ... for a shift in the balance of governance, one that allows more scope for local decision making and local communities.

In 2002, English 'new localism' was critiqued on the basis that the pursuit of equality helped create a strong central government. The centre exercised competence in regulating markets and movements of capital and was able to pool risk, maximise the area in which taxes were levied, and enforce common responsibility for the geographical areas lagging behind (Walker 2002, pp. 5-6, 17-9).

In 2010, after the election of a Conservative Coalition government in the UK, Labour 'new localism' was replaced by the 'Big Society' policy agenda which Buser (2012, p. 5) contended had three core components:

- Empowering communities: giving local councils and neighbourhoods more power to take decisions and shape their area;
- Opening up public services; enabling charities, social enterprises, private companies and employee-owned co-operatives to compete to offer people high quality services; and
- Promoting social action: encouraging and enabling people from all walks of life to play a more active part in society, and promoting more volunteering and philanthropy.

Buser (2012, p. 15) argued that decentralisation and devolution was a recurring discourse in contemporary UK politics and the transition from New Labour's joined-up governance to the Coalition's 'Big Society' was bound by a continuing interest in localism. However, there were few indications of a power shift in the contemporary framework of Coalition localism. The 'Big Society' has emerged as a possible middle ground between the ideological conflicts of centralism and localism. Traditional neoliberal fiscal policies now sat alongside communitarianism and the mediating institutions of civil society. However, Pearce and Ayres (2012, p. 20) recently suggested that the debate about territorial rescaling of political authority in England showed no sign of abating even though this debate had occurred elsewhere in Western Europe, especially at the regional level. Furthermore, while the UK Coalition government had promised decentralism and localism, it had presided over a 'potpourri' of institutional arrangements without any major shift in intergovernmental relations and had retained control over key policy decisions and resources at the sub-national level.

Lagendijk (2007, p. 1194), contributing from a Dutch perspective, noted that in academic debate and popular perception alike, the region is presented as an important entity in economic, political, social and spatial processes, resulting in a

strong performative role of the region in mainstream debates across these domains and also in a wide range of political and policy processes and practices. Structurally, the rise of the region was a logical outcome of broader trends and pervasive developments including globalisation, flexibility of production, state restructuring and urban expansion.

Potts (2010, p. 1) noted in the Australian context that the concept of the region had evolved as a unit of innovation, economic growth and an appropriate scale to resolve the challenges of sustainable development. Clusters of related industries existed in networked, competing, complementary, and interdependent relationships and were able to create successful and innovative outcomes. Clusters were embedded in a regional context through the creation of chains of activities that drove competition and value adding to products and services. Potts suggested that regions could be identified along social, cultural, economic or bio-geographical characteristics and noted that opinion and criteria were diverse, from natural phenomena representing the spatial aspects between societies, and the physical landscape, through the functional attributes, such as connectivity and socio-economic systems (Potts 2010, p. 2). Eversole and Martin (2011, p. 24) claimed that policies promoting economic development without considering its social and cultural contexts perpetuated a false understanding of both the process and the rationale of economic development. Understanding the interrelationship between economic development and local community issues led to a deeper understanding of how economic development worked and also contributed to the development of stronger, sustainable communities. Moreover, promoting equity and responding to community and social issues were not peripheral policy goals, but rather should lie at the centre of policy for national or regional development in order to bridge the 'development gap' in Australian rural development policy.

Arguing from a Canadian perspective, Bradford (2003, p. v) observed that two (now three) decades of economic and rapid technological change had combined to create a world of uncertainty and complexity. As a consequence, governments and citizens now placed a premium on generating new knowledge to tackle unfamiliar problems and, across organisational boundaries, inefficient, unsustainable practices were being replaced with intelligent, responsible solutions. Local actors were being encouraged to develop their own innovative strategies for success in the global era (Bradford 2003). It was against this backdrop that Australian governments, to varying degrees, pursued regional development agendas and encouraged the growth of regionalism, localism and local autonomy.

### **2.3 Critique of regional policy in Australia**

Collits (2004, p. 95) suggested that the future of regional Australia should be built on competitive businesses, diverse and sustainable industries and open, welcoming communities. Government should continue to be a willing partner in the enterprise, not as the sole driver of regional development, but as an active

and focused facilitator. Collits (2004) contended that communities and regions would succeed where they were willing to welcome change to provide a positive investment climate, and where they were vigilant, open to the need for re-invention, and had realistic and achievable goals. Regional development processes were becoming more complex, making it difficult to predict the trajectory of regional economies and the future of regional communities. The trend towards greater divergence of regional outcomes would continue and the diversity within and between regions would be far more important than any city-country divide.

Cheshire and Lawrence (2005, p. 443) contended that neoliberalism had informed contemporary regional policy in Australia in two ways. Firstly, the desire of the Commonwealth and state governments to capture the perceived benefits of a deregulated global economy had led to the removal of many of the support structures traditionally sustaining Australia's primary industries, and accelerated a process of decline in parts of regional Australia that had historically been economically and socially dependent on agricultural production. Secondly, the preferred solutions to regional decline continue to be formulated within a neoliberal framework, whereby challenges facing regional areas have been individualised and reconstituted for the individual producers and citizens whose personal failings are viewed as the sources of their own disadvantage. Regional dwellers have reacted against such policies, resulting in the emergence of 'softer' policy options, combining market discourses with populist notions of community and social capital in order that governments may offer more palatable solutions to the regional downturn.

Beer, Clower, Haughtow and Maude (2005, pp. 56-7) examined how neoliberalism has shaped the practice and policy of regional development, firstly as a driving force in a policy framework that has focused on finding market-based solutions to the problems of the regions; secondly through discouraging large-scale direct intervention in the wellbeing of regions; and, thirdly and more fundamentally, through enabling governments across Australia to believe that relatively small regional development agencies can be effective. Government policies and practices based on neoliberal philosophies had played a major role in limiting the functioning and effectiveness of Australian regional development agencies. For these authors, the neoliberal belief in privatisation and competition has made it difficult for regional development organisations, whether within or separate to local government, to control and coordinate the range of services and the strategies needed for effective regional development, because they had limited influence over private, competitive providers (Beer et al. 2005, p. 57). However, some regional development entities have commenced strategies to respond to the challenges of neoliberalism. For example, Muller (2012, p. 3) has advocated community economic transition planning which builds resilience through the community's ability to recover from setbacks and shocks and provide opportunity for growth in new directions that better match the demands of an increasingly interconnected and interdependent world. Furthermore, the

strategy of developing regional community resilience has, according to Hailey (2012, pp. 5, 10), encouraged regional 'self-esteem', growth as a community with a shared vision, and placed regional economic development 'in the spotlight'. Moreover, for Rix (2012, p. 3), forging unifying and collaborative partnerships was a strong characteristic of resilient communities.

Beer (2007, pp. 131-2) contended that regional development in Australia was hampered by the outcomes of the system of federalism, by political ideologies grounded in neoliberalism that were wary of direct interventions in regional economies, and by an emphasis on short-term political responses, rather than long-term strategic interventions. The Australian Government had the financial capacity to empower an effective regional development network; the state and territory governments had the constitutional power; while local government had neither the funding nor the power, but had the commitment needed to deliver change. The division of powers between the three tiers of government contributed to a clouding of the lines of responsibility and accountability. Beer apportioned to state governments a share of the blame for the state of regional policy in Australia with their emphasis on, for example, crime, health and education over regional development. Writing in 2007, Beer lamented that a system of government was required that recognised the importance of regional development and that allocated resources and responsibilities accordingly.

Sorensen, Marshall and Dollery (2007, pp. 302-3) stressed that regional policy suffered from several major impediments with complex regional processes. Devolution of regional development responsibility and accretion of power by the Commonwealth had 'sandwiched' individual state governments, while over the past two decades conservative budget strategies had been coupled with stringent financial caps. There was considerable overlap in terms of the delineation of responsibility of the tiers of government, for example in investment in road infrastructure and environmental planning and conservation. Regional policy-making was also burdened by conflicts or disagreements over views, issues and facts, poor inter-agency communications, long time horizons, and limited funding. Furthermore, public sector coordination was complicated by:

- transaction costs, made worse by incomplete information about what is happening on the ground
- opportunity costs in the form of delays at a time of rapid change
- sub-optimal compromises arising from coalition building and negotiated outcomes (Sorensen et al. 2007).

Pike, Rodriguez-Pose and Tomaney (2007, p. 1255) argued that local, regional and national interests determined local and regional development, albeit in relation to broader economic and political processes. Sorensen (2010, p. 85) noted that regional development was an enduring function of government, but it

had adopted many different styles from top-down activism to, more recently, assisting local communities to take greater control of their own destinies. He argued that a raft of individual behaviours were linked to the efficiency and effectiveness of local economic development and conceptually explored the psychological dimensions of region development. He opined it was potentially critical to the task of regional development that further analysis of human behaviours be conducted, which could open up new approaches to the development of place. Sorensen argued:

Increasingly cast adrift in a hostile environment, regional economies are forced to become self-reliant and hyper-adaptive to provide the well-paid and intellectually or socially satisfying employment necessary to retain population and services. A large slate of attitudes and behaviours, which presage creativity, innovation, and adaptability, is crucial to achieving that core economic task. The combination of low government support and high uncertainty throws great weight on regional communities to help themselves adjust to changing opportunity ... [and] greatly increases the importance of all human behaviours capable of leveraging self-help and adaption (Sorensen 2010, pp. 85, 92, 97).

A November 2008 Report by a Commonwealth Government Standing Committee noted that, from a national perspective, regions had been defined in a number of ways including: as 85 biogeographic regions of Australia, identified cooperatively by federal and state government scientists; as 69 statistical divisions, based on agreed definitions of a 'region' and identified cooperatively by federal and state statisticians and used by the Australian Bureau of Statistics; as the 64 regions identified by the formation of voluntary Regional Organisations of Councils (ROCs), which are groupings of the approximately then 700, now more than 560 (Australian Local Government Association 2013, p. 4) local governments in Australia; as the 57 regions of the federal-state natural resource management regional bodies administering the Natural Heritage Trust and National Action Plan on Water Quality and Salinity; and as the 54 regions of the nation's ACCs (House of Representatives Standing Committee on Infrastructure Transport Regional Development and Local Government 2008, p. 35).

Collits (2012a, p. 24) argued that there was no such thing as 'regional Australia'. Rather, there were many regional Australias. While places outside the capital cities which comprise that part of the country normally known as 'regional' shared with cities some common characteristics and problems, there were many issues specific to particular kinds of regions. Collits suggested:

Regional variations in economic opportunity and performance reflect ... distance from, and connectivity to the city; makeup and skills of the population; infrastructure; size of the economy; the degree of dependence

on one industry; access to investment capital; and the relative impacts of global trends (Collits 2012a, p. 24).

Collits (2012a, p. 2) has suggested that traditionally, state and national governments in Australia have sought to address problem issues in regional areas in four ways – by providing services that aspire to replicate the standard of services offered in the cities; by providing economic development support for regions to address the narrowness of their economies or the effects of economic shocks through a range of programs; by providing modest funding for a structure of local and regional institutions to help organise regional development; and by compensating regions for the negative impacts of other government policies. He opined that these policy instruments were shaped by 'the reality that local government is weak almost to the point of powerlessness in Australia' and that there is not 'regional' government to match the regional economies (Collits 2012a, p. 2). Hogan, Young and Cannon (2012, p. 31) argued that regional policy in Australia had been characterised by comparatively limited interventions, that had been relatively short-lived, and there had been a lack of vision against which to define success.

Collits (2012b, p. 34) contended that regional policy continued to be shaped by political realities including:

- Federalism is recognised by all as a constraint on policy development;
- Blame shifting between levels of government occurs routinely;
- Regional policy is largely about solving visible (hence political) problems;
- New policy often emerges through the process of 'pragmatic incrementalism';
- Governments are increasingly averse to picking 'place winners' ... and now have a preference for 'covering all bases' in ... how they intervene. ... in terms of place interventions and policy instruments ... governments do not see their role as only helping declining or lagging regions;
- Regional development is not always a priority of governments ... a critical constraint on policy, far greater than ideology.

To improve regional policy, Collits (2012b, p. 36) argued that:

- regional policy should be based on evidence and have clearly defined objectives
- policy evaluation should be a routine part of the policy cycle with appropriate and agreed measures
- governments should offer to assist all regions and not only those defined as lagging or declining regions; that there should be substantial devolution of responsibility for funding decisions to local authorities and regional bodies
- RDAs as the current regional bodies should be better funded and given clear and important tasks
- regions should have a say in determining their boundaries



- ministers should not micro-manage regional development
- there should be greater opportunity for consultation between theorists, policy-makers and practitioners
- mechanisms for collaboration between jurisdictions should be improved
- policies should be measured for their effectiveness rather than amount of expenditure
- professional development should be a priority for practitioners and regional leaders.

Tomaney (2012, p. 150) has suggested that because of the GFC, the future of regional policy is being debated across the globe, with almost all countries experiencing growth in regional disparities, with the extent and forms differing considerably. Generally, large cities have been growing at the expense of smaller cities and rural areas. In Australia this phenomenon is often expressed as the emergence of a 'two-speed' or 'patchwork' economy (see for example, Crean 2011c, p. 5) and linked to the uneven geography of the resources boom and its policy implications. Tomaney contended that:

For some analysts this is an inevitable and welcome development, because the concentration of economic activity in cities reflects the extent to which firms derive the benefits of agglomeration economies, which are the main source of productivity gains. In this perspective regional policies are inefficient, wasteful and counter-productive, serving only as a drag on the growth of the whole economy (Tomaney 2012, p. 151).

Governments around the world, including in Australia, were moving to place-based approaches in relation to public policy and were dealing with problems associated with spatially uneven development. This approach would not guarantee that all regions would prosper, but indicated that there may be more growth potential outside the metro regions than current orthodoxy suggested (Tomaney 2012, p. 154). SGS Economics and Planning (2012, p. 13) concluded that, in the Australian setting, metropolitan areas were key drivers of regional prosperity, particularly for those towns and districts within two hours of a major city. Infrastructure planning and investment in 'metro linked regions' needed to avoid a city versus country perspective and take an integrated approach envisaging a cohesive mega economic region centred on the metropolis in question. Relatively remote mining and agriculture based regions faced a productivity-driven squeeze on their population carrying capacity, often characterised by continuing rationalisation of settlement patterns and the emergence of dominant 'sponge' cities. Economic development strategies and infrastructure investment in these regions needed to focus their particular competitive strengths.

Beer, Clower and Kearins (2006, p. 19) predicted that Australia's non-metropolitan regions and businesses would have a prosperous future if they could successfully harness the power of global markets, with innovation and



effective regional development strategies. Governments could assist in facilitating the processes of growth and innovation but were usually unwilling to take direct action to support individual regions. It would thus be the task of individual communities to embrace change and to plan an economic future that included value adding; development of new products; exploitation of new markets; and sustained economic growth.

## **2.4 Role of local government in regional development**

Despite the competing ideas of regions and regionalism in the Australian polity, Beer and Maude (2002, pp. x-xi) argued that:

- Local government underpins economic development efforts in this country. Economic development organisations based in local governments are the most numerous type of development body in Australia and local governments are the most important partners of these agencies. Local government funding enables many of these bodies to operate and respond to the needs of their regions and communities.
- State Governments and the Federal Government are also important for local economic development agencies across Australia. However, while significant, they are less important partners than local governments, and the Federal Government is primarily perceived to be important for its role in funding programs.
- Local and regional development agencies in Australia are overwhelmingly located outside the capital cities.
- Most agencies have the achievement of economic growth within their region as a primary objective, and this was largely interpreted as growth in employment.
- Economic development agencies play an important leadership role within their communities.

Noting these findings, although they are from research conducted a decade ago, it was a significant development that, from 2009, the Commonwealth and the states agreed to create RDA committees in the regional economic development landscape traditionally dominated by local government, and charged communities with developing and nurturing relationships with the sector. However, the role of local government in economic development has been threatened more recently because of resources constraints and financial sustainability concerns.

Given that regional development occurs locally (or in localities), Blakely (1989, pp. 58-60) defined locally-based economic development as a process by which local government and/or community-based groups manage their existing resources and enter into new partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in a well-defined economic zone. Community institutions and the private sector are essential partners in the economic development process when the primary goal

is to increase the number and variety of job opportunities to local people in local government areas (LGAs). Blakely argued that local economic development was a 'process with a product', with the process being a long-term approach to community capacity building to assist local institutions reorient themselves to improving the economic potential of their area (Blakely 1989, p. 72). Hudson (2007, p. 1156) simply defined regional economic development as regional economic growth and growth in the formal mainstream economy, and argued that many regions were doomed to under-perform against centrally set targets in relation to national growth rates. Tyrell, Mellor and Monypenny (2010, p. 208) suggested that one of the most important findings from the regional development literature was that each community needed to commence with what they already had, and then progress gradually towards achieving their objectives.

Kelly, Dollery and Grant (2009, p. 171) argued that since World War Two widespread dissatisfaction with the consequences of Australian local government compulsory consolidation programs had led to a search for alternative policy solutions based largely on shared services and various types of regional cooperation between local councils, against a backdrop of various federal government initiatives of region-directed policy. Regional Development Organisations (RDOs), grounded in concerns about regional disparity, were established in the period of the Keating government, when regional policy embraced a heavy emphasis on economic development and promoting economic efficiency. However, despite various experiments, regional bodies with political power have never become a fixed part of the enduring regional administrative landscape and Commonwealth regionalisation in particular has always been controversial (Kelly et al. 2009, pp. 181-5). Furthermore

[a]ttempts to impose regional institutions from above have overwhelmingly failed due to a combination of poor planning, insufficient support, change in political climate and opposition from other spheres of government. Local government has traditionally displayed a negative attitude, concerned about loss of dignity and potential amalgamation (Kelly et al. 2009, p. 186).

## **2.5 Approaches to regional spending**

In a report for the Grattan Institute, Daley and Lancy (2011, p. 3) referred to Australia being increasingly described as a 'patchwork economy' in which some parts of the country boomed while others lagged. Governments had historically taken a 'regional equity' approach to the disparities and endeavoured to 'get slower regions to grow faster' by spending over \$2 billion per year on explicit programs (now including the RDA Fund) to promote regional growth. Daley and Lancy (2011, p. 3) argued that this expenditure in the slow-growing regions, in pursuit of the regional equity approach, was not achieving the best return on taxpayer dollars, and higher overall productivity and economic growth was being

sacrificed. Furthermore, such economic development policy should be recognised as subsidies to be justified on equity or social grounds.

While the 'Grattan' Report could be critiqued from a range of perspectives, Crase, O'Keefe and Dollery (2011, p. 489) argued that the findings and policy recommendations emanating from Daley and Lancy (2011) were seriously flawed because the data set used to compile their typology of regional centres was inadequate and narrow, which was important given that much of the subsequent analysis in the Report was premised on that data framework. Another example of the report's flaws was the supposition that regional universities had no discernible impact on the participation of regional students in higher education, and no discernible impact on their ultimate employment in regional areas. This claim was not supported by the data and was based on a poor understanding of how regional universities operated. Moreover, there were deficiencies in the modelling on which it was based. Crase, O'Keefe and Dollery (2011) suggested that the weakness of the analysis could undermine attempts to subject future public expenditures to an appropriate level of scrutiny.

Sorensen (2009, pp. 11, 17) argued that local economic development strategy arose from regional discontent about a raft of adverse conditions afflicting rural economy and society. Regional development was a psychological 'game' in which local actors played crucial roles in accelerating the pace of change, raising local adaptive capacity, and discovering development opportunities. Their style of engagement was changing as many aspects of long-range strategy became increasingly irrelevant. He referred to Australia's 'rural rebirth' as an exciting and unpredictable mutual learning experience, which was creating radically different rural geographies in landscapes alien to much of the developed world. Sorensen (2012, p. 20) acknowledged that local economic development was a complex, multi-faceted, inherently difficult task where effective development strategies would blend best-practice economic, social, cultural, environmental, infrastructure and institutional structures. The prevalence of such structures varied across regions according to their geographical, resource composition and histories, with the principal task at the local level comprising the engendering of innovative, creative, adaptive and future-oriented cultures, capable of propelling economies forward to greater opportunity and wealth.

Ward and Brown (2009, p. 1238) argued that urban and regional development studies have tended to focus on urban centres as the driving forces in innovation and growth, with surrounding rural areas cast in a passive and residual role so that rural and urban development debates often tended to be conducted in separate realms. Walker, Porter and Marsh (2012, pp. 8-10) analysed how government should work in remote Australia, which they defined as that 85 per cent of the Australian land mass distant from centres of economic and political decision-making. They revealed through their extensive consultations a deep sense of disconnect and discontent, and a desire for equitable and sustainable financial flows, which provided validation of the necessity for a regional equity

approach by government referred to by Daley and Lancy in the 'Grattan' Report (Daley & Lancy 2011).

Brown and Bellamy (2010, p. 177) demonstrated the centrality to regional governance of actors from all existing levels of government, especially state and local government, even when 'regions' and regional bodies were separately identifiable. They argued that shifts and conflicts in roles and resources within the regions were important to understanding the nature of its governance, given the evidence that more effective devolution of resources, authority and coordinating capacity into regions was required. They demonstrated the significance of the 'region' as a spatial unit in the nation's governance, including the extent to which the region intersected past debates and current dilemmas for the operation of Australia's federal system (Brown & Bellamy 2010, p. 176).

Kelly, Dollery and Grant (2009, pp. 185-6) have argued that the Commonwealth was the only sphere of government with sufficient resources to support regional structures. However, despite various experiments regional bodies with political power had never become a fixed part of the enduring regional administrative landscape. They suggested that Commonwealth-imposed regionalisation has always been controversial, with attempts at forcibly establishing regional institutions overwhelmingly failing due to a combination of poor planning, insufficient support, changing political climate and opposition from other spheres of government. Moreover, they contended that local government has traditionally displayed a negative attitude to such initiatives.

While acknowledging the academic literature on localism contained in section 2.2 above, in the Australian setting Hogan, Young and Cannon (2012, p. 27) recently argued that localism was concerned with promoting self-sufficient, socio-economically viable regional communities. Within localism, growing regional Australia required an effective multi-sector partnership which should be created and sustained within a developmental framework which catalysed the process. Regional communities could achieve desired outcomes by collaborating with key industry groups and creating smart local solutions resulting in economic development for their region. Australian localism sought to diversify rural and regional economies away from agriculture in order to drive growth, liveability and sustainability. As a political philosophy, localism was a means to guide planning and allocation of resources for services and infrastructure, taking into account issues of locality and scale in rural communities. Localism was concerned with equalising the power relationships between citizen and state so that citizens were able to become active shapers, rather than passive recipients, of services. Localism was 'bottom-up' decision-making concerned with entrenching mechanisms to allow the transfer of power to occur and have meaning in terms of the services that people received (Hogan A et al. 2012, p. 31).

In March 2012, Daley (2012, p. 221) critiqued Commonwealth regional development policies, arguing that there was insufficient evidence that the current suite of government policy interventions were doing much to increase Australian regional growth and productivity, and seldom were there clear indicators that policies and programs had increased regional growth rather than simply redistributing economic activity around Australia. Daley suggested that objectives of improving regional services were often blurred with claims about driving higher economic growth. For Daley, improving regional services was often a legitimate equity goal, which imposed costs on the remainder of the Australian community. Furthermore, there was a need for fresh analysis of whether government intervention would in reality promote regional economic growth.

## **2.6 New conceptual approaches to regional development**

Over recent decades, a new literature has arisen which embraces several new conceptual approaches to regional development. Dollery, Buultjens and Adams (2011, p. 246) have nominated the approaches as “multi-level governance (Baker, Hudson & Woodward 2005), polycentric governance (McGinnis 1999), multi-perspectival governance (Hooghe & Marks 2003), functional, overlapping, and competing jurisdictions (FOCJ) (Frey & Eichenberger 1999) and fragementation (Rosenau 2003)”. Dollery et.al (2011, p. 246) suggest that these approaches adopt the common assumption that:

the dispersion of governance across multiple jurisdictions results in efficiency and equity gains compared with a single centralised government. In particular, it is argued that governance must occur at multiple scales to effectively tackle positive and negative externalities. Thus, since externalities range from global to local in their scale, the scale of governance must vary proportionately in order to successfully ‘internalise’ these externalities.

Dollery et. al (2011, p. 246) have highlighted:

Hooghe and Marks (2003) argue that two competing approaches to resolving these problems exist. In the first place, formal authority should be dispersed to ‘a limited number of non-overlapping jurisdictions at a limited number of levels’, with jurisdictions in this system of governance ‘bundling authority into quite large packages; they are usually non-overlapping; and they are relatively stable’. Hooghe and Marks (2003, p. 236) term this Type I governance. The opposing view proposes ‘a complex, fluid, patchwork of innumerable, overlapping jurisdictions’, which are likely to have ‘have extremely fungible competencies’ and which ‘can be spliced apart into functionally specific jurisdictions’. Moreover, ‘they are often overlapping and they tend to be lean and flexible; they come and go as demands for governance change’. Hooghe and Marks (2003, p. 236) term this Type II governance.

Table 1 sets out the chief characteristics of Type I and Type II governance:

**Table 1. Type I and Type II in Multi-level Governance**

| <b>Type I Governance</b>                    | <b>Type II Governance</b>                       |
|---|---|
| General-purpose jurisdictions               | Task-specific jurisdictions                     |
| Non-intersecting memberships                | Intersecting memberships                        |
| Jurisdictions at a limited number of levels | No limit to the number of jurisdictional levels |
| System-wide architecture                    | Flexible design                                 |

*Source: Hooghe and Marks (2003 p.235, Table 2)*

Dollery et al. (2011, p. 247) explain that:

Hooghe and Marks (2003, p. 237) argue that general-purpose jurisdictions characteristic of Type I combine numerous functions into specific governmental entities, such as local councils. The rationale – these costs are associated with decomposing functional authority and–can be contained by limiting the number of governmental institutions. Secondly, Type I jurisdictions are characterized by non-intersecting memberships, with membership territorially based as in Australian national, state and local governments. Jurisdictions have durable spatial boundaries – which can be modified periodically through various policies, like local government amalgamation in Australia.

Conversely, Dollery et al. (2011, p. 247) argue that:

Type II governance jurisdictions are task-specific rather than general-purpose, the number of jurisdictions is unlimited, jurisdictions can have multi-level alignments and thereby operate at several different territorial scales, and jurisdictions are flexible rather than durable. With respect to the four specific attributes in Table 1, Type II governance consists of task-specific jurisdictions rather than multipurpose jurisdictions. In the Australian public sector, task-specific public agencies are commonplace. For example, a household in the Greater Sydney metropolitan region secures police protection from the NSW Police; it purchases water from Sydney Water–. Each of these separate Type II governance entities provides a well-defined service over a distinct spatial area. Accordingly, each Sydney household is serviced a wide range of Type II organizations. Secondly, Type II jurisdictions can enjoy intersecting memberships in a polycentric manner, where jurisdictions can overlap and jurisdictional borders can be crossed. Thirdly, compared to the local, regional and national scale of Type I governance, Type II jurisdictions can operate on many jurisdictional levels.



Type II jurisdictions are flexible in order to respond rapidly to changing circumstances and they are impermanent in the sense that they are function-specific and may cease to exist when a task has been completed. Thus, temporarily designated entities are often created to meet extraordinary situations, like the Queensland Flood Recovery Taskforce, formed to address the consequences of the 2011 floods (Dollery, Buultjens et al. 2011; Dollery, Wallis & Akimov 2010). The RDA network may be classified as a Type II entity.

Dollery, Buultjens and Adams (2011) have argued that Type I structures, such as local authorities, and Type II entities, like RDA Committees, can enjoy synergistic relationships with each other in regional development. For example, in Australia Type I local councils frequently struggle with inter-jurisdictional problems which operate on a larger scale than typical local government areas. One response has been the creation of Type II entities, such as ROCs, which provide services to member councils. However, despite belated attempts, such as the introduction of the ACC system, little effort has been expended in establishing Type II structures in the regional development arena. It seems that RDA Committees could take on this role in Australian regional development. However, anecdotal evidence obtained by the writer through conversations with local government representatives and practitioners suggests that the sector believes such structures have a legitimate role in regional development, subject to access to enabling resources provisions.

Dollery, Buultjens and Adams (2011) contend that the RDA network could play a vital coordinating role in Australian regional policymaking. However, they note that it has no formal authority over the multitude of Type I and Type II bodies involved in the process. This implies that it must rely on persuasive instruments other than direct hierarchical authority of the 'command' variety if its coordination role is to be effective. Nevertheless the RDA network appears well placed: the Commonwealth provides around 40 per cent of total monies in regional development and since the RDA network represents a Type II extension of the Commonwealth Government, regional development entities are likely to heed its advice.

The academic literature reviewed in this section using international and Australian perspectives, provides a platform and understanding of regional development. The literature informs the establishment of Australian regional development structures and specifically the creation of RDA committees.

### **3. Regional development entities preceding RDA committees**

#### **3.1 Historical overview**

Sorensen, Marshall and Dollery (2007, pp. 297, 300-1, 304) observed that Australia had considerable and persistent regional variations in incomes,



unemployment, economic diversity and opportunity, life expectancy, access to services and other dimensions of wellbeing. Rural and remote regions were disadvantaged on many standard indicators of wellbeing relative to metropolitan cores and the disadvantage tended to increase with remoteness. Governments struggled to confront the enduring and complex issue of public concern, with little prospect of coherent action, given that the pace of change increased under the forces of rapidly advancing technology and rising social adaptability. Regional variations in wellbeing had triggered problems and anger in affected communities, prompting periodic policy responses and the establishment of entities including the Commonwealth ACCs. State governments had also increasingly devolved their responsibilities to client agencies, local government and ad hoc regional committees (Maude 2004, p. 17; Sorensen, Marshall & Dollery 2007, p. 301). These entities had little autonomy or empowerment, and were dependent on project funding from state and Commonwealth government programs that were not always relevant to their needs. Given that regional problems could not solely be addressed at the regional level, there was also frustration because of a lack of coordination between the states and Commonwealth as well as the inability of community-based actions to address the constraints to regional development.

In NSW, for almost two decades there were precursor entities to the RDA committee structure in the form of Commonwealth ACCs and NSW Government-funded Regional Development Boards (RDBs). The RDBs were client agencies of the NSW Government located in each of the state's main regions. They worked prominently with local governments and businesses to create investment opportunities, plan infrastructure improvement and assess workforce skill needs (Sorensen et al. 2007, p. 308). Conway, Dollery and Grant (2011, p. 3) described how the NSW Government pursued a 'balanced' regional development agenda with regional offices and, until 2009, 13 minister-appointed RDBs operated as incorporated associations as part of a strategy to maintain 'balance' between development in large metropolitan areas and the regions. The broad role of the RDB network was to encourage economic development throughout the region and to create employment in local communities (Conway & Dollery 2009, p. 17). Boards were allocated a fairly meagre annual administration budget and had limited access to pilot project and other seed funding arrangements. Regional development was a difficult activity to describe for board members of regional development agencies, and for many members there was a sense of its incomprehensibility and a perception of outside political control and interference. However, board members had an in-depth and considered view of the community needs within a region (Conway & Dollery 2009, pp. 11, 24). RDBs were established in the early 1990s and discontinued on 30 June 2009 as a consequence of the agreement between the Commonwealth and NSW Governments to establish 14 RDA committees in NSW.

Beer, Clower, Haughtow and Maude (2005, pp. 52-3) reported that the Australian Labor Party, when in government at the federal level from 1983 to

1996, gradually developed a regional development program to attempt to address the problems produced by economic restructuring, and to assist implementation of its economic reforms. This involved support for the establishment of community-based RDOs, funding for regional infrastructure, and activities to improve the skills of regional development practitioners. One component of these initiatives was the establishment of federally funded and supported ACCs. Beer, Haughton and Maude (2003) noted that Commonwealth funding constituted around 40 per cent of ACC funding. Kelly, Dollery and Grant (2009, pp. 181-2) recorded that ACCs were a 1990s program formed in parallel to the Regional Development Program (RDP) enabling establishment of voluntary structured RDOs under the ethos of regional self-help, with membership determined by regional communities. Minister Crean (2010, p. 4) noted that ACCs 'were successful in balancing the demand for labour with the skills training and development to supply that labour'.

ACCs were designed to assist communities improve employment levels and training schemes (Kelly et al. 2009, p. 182). Tiley (2012, p. 109) noted that ACCs 'were principally involved in matching projects from across their region to the Regional Partnerships Program (RPP) which, in 2007, was criticised by the Auditor General for lack of transparency, poor accountability and on cost effectiveness grounds'(Conway & Dollery 2009, p. 17). Gray (2009, pp. 4-6) noted that the ANAO believed the program was overtly political with a strategy focused on influencing votes, and that ANAO had recommended to government a new framework for regional infrastructure funding. However Truss (2012, p. 8) defended the RPP, arguing that more than 1,500 projects, which would otherwise have been impossible, were approved during its four-year life at a cost of about \$350 million. Furthermore, only a 'tiny' percentage of all projects (12) were criticised by the ANAO and RPP funds had been evenly apportioned across federal electorates.

The role of RDA committees is in many respects similar to that of the former ACCs. Sorensen, Marshall and Dollery (2007, p. 309) observed that many local councils worked together on a needs basis, often brokered by ACCs or state-based regional development boards or commissions. The network of 56 ACCs initially had the role of advising and providing general support for the Commonwealth Government's labour force initiatives of making employment and training programs more relevant to local needs. However, increasingly ACCs positioned themselves as key regional stakeholders, building networks and partnerships; developing local solutions to local problems; providing a conduit to government on local, social and economic conditions; and promoting and disseminating information on government priorities and programs to achieve regional economic growth. The ACC role was to 'soften' the impacts of structural adjustment in Australia's regions through a series of 'lightly funded' programs that were designed to foster greater self-reliance and entrepreneurialism (Tonts & Haslam-McKenzie 2005, pp. 195, 197).

ACCs were continued during the Howard Government years because of the persistence of regional economic problems combined with electoral pressures, and led to Coalition Government funding to regional organisations and community groups for economic development and to expand the functions of its ACCs. The Coalition Government regional programs had a larger budget than those of the previous Labor Government (Beer et al. 2005). During the Howard Government years, the ACC role changed from one of being concerned principally with regional employment, to funding projects including educational programs, business alliances, investment strategies, adjustment packages and grant writing workshops under an extended charter within the framework of the RPP. While involvement of local government in the program was not mandated, the connection in terms of projects and personnel was sometimes considerable (Kelly et al. 2009, p. 184). On 30 June 2009, as part of the agreement with the Commonwealth, ACCs were disbanded and replaced by the RDA committee structure.

### **3.2 Local Government Perspectives on Regional Development Entities**

Tiley (2012, p. 109) was 'a member of the Northern Rivers RDB from 2003 to 2009, and of the Northern Rivers ACC between 2001 and 2005', and

[w]as experienced in the modes of operation of these entities and was aware that local government had little connection with, or interest in, the activities of the RDB. However, local councils promoted their projects and those of other local entities, such as business, sporting and cultural groups through the Regional Partnerships Program as a mechanism for securing capital funding for local infrastructure facilities. There was evidence of some tensions, particularly at the ACC level, in terms of 'jockeying' for funding support for local projects. These tensions surrounded equity issues concerning the distribution of the RPP funding between the local government areas of the region. However, tensions were relatively muted compared to those that emerged after the introduction of RDA committees (Tiley 2012, p. 110).

## 4. Evolution of RDA committees

The continuous engagement of regional entities, such as ACCs and RDBs, in economic development activity over recent decades has been supported by the policy of successive Australian governments. The policy has been informed by the literature review contained in this report and, for example, by a Bureau of Transport and Economics Report (2003, p. xii) which argued:

There is a clear role for government interventions that improve productivity and competitiveness such as the development of infrastructure and removal of impediments such as inefficient administrative arrangements ... These ... policy settings are likely to reduce the overall degree of risk facing investors and businesses operating across regions. Well integrated governance structures, particularly the role of local governments and regional authorities in developing and implementing strategies, provides stability, reduces duplication and encourages the use of concentrated resources to regional issues. Policy and program flexibility and improved evaluation practices are ... necessary to promote more effective regional development interventions and outcomes.

Federal government economic development policy was an influencing factor in the establishment of the RDA committee structure. The RDA Charter stipulates that RDAs have responsibility for supporting economic development, and creation of new jobs, skills development and business investment in pursuance of government policy (Regional Development Australia 2009, p. 2). However, the economic forces which will shape regional Australia in the coming decades are also a primary reason for the establishment of RDA committees across Australia. Murray (2010, p. 3) observed that these economic forces included population ageing and population growth; climate change and associated environmental issues; the information and communications revolution; and the emergence of China and India as economic powers.

In 2007, following the election of the Rudd Labor Government and the formation of the Ministry of Regional Development Australia (RDA), 55 RDA committees with specific roles were gradually formed across Australia through formal agreements with the states and territories (Collits 2012b, p. 31). NSW was the first state to reach operational agreement with the Commonwealth and on 30 June 2009 the first NSW committee appointments of chairs and deputy chairs (including the writer as one of 14 chairs) were announced (McKew & Costa 2009). State and territory governments gradually entered into agreements with the Commonwealth supporting the RDA committee framework so that, for the first time, the higher tiers of government committed to working collaboratively with an RDA committee structure, thereby affording the new institutional arrangement reasonable prospects of success. By 2013, there were 14 RDA regions in NSW, 12 in Queensland, eight in South Australia, nine in Western

Australia, nine in Victoria and the remaining three were in the state of Tasmania, the Northern Territory and the ACT (Faulkner, Robinson & Sparrow 2013).

Although RDAs were established as a collaborative partnership between the Commonwealth, states and territory governments their structures have varied across jurisdictions. Table 2 outlines the arrangements within each state and territory.

**Table 2. State and Territory RDA Models**

|            | <b>Model</b>   | <b>Funding</b>  | <b>Appointment of Committees</b>  |
|------------|--|---|---|
| <b>NSW</b> | Integration of the former Area Consultative Committees and NSW State Regional Development Boards into RDA committees (Incorporated Associations)   | Joint funding between federal and state governments   | Joint federal and state government ministerial appointments                   |
| <b>VIC</b> | Transition of ACC to RDA committees (not incorporated), supported and administered by Regional Development Victoria, under contract with the Australian Government   | Joint funding between federal and state governments   | Joint federal and state government ministerial appointments                   |
| <b>QLD</b> | Transition of ACC to RDA committees (incorporated associations)  | Joint federal and state government funding with the Queensland Government making in-kind contribution | Joint federal and state government ministerial appointments                   |
| <b>WA</b>  | Transition of ACC network to RDA network (Incorporated Associations). Parallel and collaborative arrangement between RDA and WA State Regional Development Commissions   | Solely funded by Australian Government  | Federal government ministerial appointment                                    |
| <b>SA</b>  | Three parties to MOU (Australian Government, state government and the Local Government Association) with integration of the former Area Consultative Committees and SA State Regional Development Boards into RDA committees (incorporated associations) | Tripartite funding by federal, state and local governments  | Joint federal and state government ministerial and LGA President appointments |
| <b>TAS</b> | Three parties to MOU (Australian Government, state government and Local Government Association) with transition of ACC into RDA Committee (incorporated association)   | Joint Australian Government and state funding with the state government making in-kind contribution   | Federal government ministerial appointment                                    |

|            | <b>Model</b>  | <b>Funding</b>   | <b>Appointment of Committees</b>                            |
|------------|---|--|---|
| <b>ACT</b> | Integration of the former Capital Region Area Consultative Committee and the Capital Regional Development Board into RDA Committee (Incorporated Association) | Joint federal and territory government funding   | Joint federal and state government ministerial appointments |
| <b>NT</b>  | Transition of ACC to RDA Committee (Incorporated Association)   | Joint federal and territory government funding with the Northern Territory Government making an in-kind contribution | Federal government ministerial appointment                  |

*Source: Buultjens, Ambrosoli and Dollery (2012 p.190)*

RDA committees were created to represent the cities, urban areas and all of regional Australia (Crean 2010a, p. 2). Charters, Vitaras and Waterman (2011, p. 3) suggest that representation is characterised by scale, substantial economic and landscape diversity and disparate communities with either an absence of common alliances or mechanisms to martial their commonalities. Consequently, it is difficult for regional Australia to develop the critical mass or cohesive voice to have a substantial impact on the national agenda. They argued that the geographical distribution of resources and populations in Australia, with its highly urbanised coastal fringe and large areas of sparsely settled, resource-rich interior, has created a unique set of policy and planning conundrums. In these circumstances the capacity and effectiveness of RDA committees will be rigorously tested.

In December 2008, the Commonwealth and NSW Governments jointly announced that the existing NSW Government's 13 RDBs and the Commonwealth Government's 14 ACCs would be merged to establish the RDA network with funding from those entities to be transferred to the new committees to drive economic growth and investment in regional NSW (Gray & Costa 2008, pp. 1-2). Local government was not consulted about the formation or membership of RDA committees, although, in December 2008, the Commonwealth guaranteed local government representation on these committees when the Parliamentary Secretary for Regional Development and Northern Australia, Hon. Gary Gray stated:

The Australian Government values the contribution that local government makes to regional development and is committed to improving engagement through ensuring there is an appropriate level of local government representation under the new RDA arrangements (Gray & Costa 2008).



Tiley (2012, p. 110) noted that the formation and operation of RDA NSW was underpinned by a memorandum of understanding (MOU), executed in early 2009, between the Commonwealth and NSW Governments (Australian Government and New South Wales Government 2009). The agreement enabled integration of NSW RDBs and Australian ACCs to create the RDA NSW network. The MOU included the following underpinning operational principles:

1. Integrated arrangements: the Australian, State, Territory and Local Governments will continue to work towards the eventual adoption of more integrated and aligned arrangements for regional engagement and economic development, recognising that alignment is necessarily a long term process;
2. A commitment to collaboration: where possible, the three levels of government collaborate at the regional level;
3. Common boundaries: review existing boundaries to align ACCs, RDO and local government boundaries wherever possible;
4. Acknowledging the differences: regional engagement and economic development structures vary across the Australian Government and States and Territories;
5. The intention for tripartite arrangements: local regional development structures to involve the three spheres of government, including joint membership of committees and governing bodies;
6. Sharing of information: improve information sharing on regional development activities and outcomes;
7. Purpose and role of ACCs, and RDOs: work towards a shared purpose;
8. Cross-membership: as opportunities arise, work towards a degree of cross-membership of committees;
9. Joint funding: where possible collaborate through joint funding of regional development bodies to enable an increase in the scope of their activities; and
10. Co-location: where possible co-locate regional development offices to facilitate better communication and minimise duplication of facilities (Australian Government and New South Wales Government 2009, p. 3).

Tiley (2012, p. 110) observed that:

On 7 August 2009, NSW membership of RDA committees was announced (Costa, McKew & West 2009), and at least two local government representatives were included on each of the 14 NSW committees in an acknowledgment, through the MOU, that local government was to be an important and active participant through membership of Committees. Some councillors, including the writer, were appointed as committee Chairpersons. The committee membership announcement included a statement that 'RDA NSW will be a first point of contact for regional communities across all levels of government and will promote regional initiatives and partnerships'. Furthermore, committees had the broad brief



of consulting with the community and working with business and industry to develop the region's economy, to create new jobs, drive change and development and focus on sustainability and climate change issues (Costa et al. 2009).

Tiley (2012, p. 110) also noted that:

[i]t was also stated (McKew & Costa 2009, p. 2) that RDA was an Australian Government initiative that brought together all levels of government to enhance the growth and development of regional Australia, and would:

- Provide advice to government about regional issues;
- Provide strategic input into Australian and NSW government programs;
- Provide information to regional communities on National and NSW government initiatives;
- Help to coordinate regional planning and regional development initiatives; and
- Establish links and cooperative alliances as appropriate by closely working with other regional development organisations, neighbouring RDA committees and local government to promote regional development (McKew et al. 2009).

The Australian Government Committee Handbook (Regional Development Australia 2011d, p. 8) stipulated that RDA committees had five key roles which would support the RDA network's broader objective of growing and developing regional communities:

- Consultation and engagement with the community;
- Informed regional planning;
- Whole-of-government activities;
- Promotion of government programs; and
- Community and economic development.

RDA committees were required to report to governments on their activities according to the reporting framework set out in the Outcomes, Key Performance Indicators and Reporting Framework document annexed to the contract. Committees were to provide advice to governments on issues, solutions and priorities, as they arose or as needed.

In order to receive operational funding, RDA committees were required to be incorporated bodies under the relevant state or territory incorporated associations legislation. Committees and their employees were required to remain informed of their obligations and responsibilities under the relevant state or territory legislation and the committee constitution. Responsibilities could cover governance requirements, conflict of interest arrangements, record and

account keeping, auditing obligations, and taxation matters. The constitutions of incorporated RDA committees were to include rules for running an incorporated legal entity. Each committee was required to ensure that the rules in its constitution were consistent with the requirements of the contract. It was the responsibility of each RDA committee to periodically review its constitution and to make necessary amendments to ensure that it conformed to current state and territory incorporated associations laws (as these could be subject to regular changes); to the contract and its schedules, and to the requirements of the Handbook (Regional Development Australia 2011d, p. 9).

O'Brien (2012, p. 13) of the Department of Regional Australia, Local Government, Arts and Sport nominated that key roles of RDA committees included:

engaging with the local community to ensure powerful and lasting outcomes; integrating support provided by all three levels of government; providing a connection between government, the community, business and industries; assisting with developing a rigorous evidence base; and bringing new ideas and innovative solutions to the table.

Tiley (2012, p. 111) observed that:

[t]he September 2009 RDA Charter (Regional Development Australia, 2009) stated that RDA was a partnership between the Australian, State, Territory and local governments to develop and strengthen the regional communities of Australia, assuming the pivotal role of ensuring the long-term sustainability of Australia's regions. A key focus of RDA was to be the economic, social and environmental issues affecting communities, and RDA would be a contributor to, and a driver of:

- Regional business growth plans and strategies, which will help support economic development, the creation of new jobs, skills development and business investment;
- Environmental solutions, which will support ongoing sustainability and the management of climate change (including the impact of drought, flood or bushfires); and
- Social inclusion strategies, which will bring together and support all members of the community (Regional Development Australia 2009).

In consultation with the community, business, non-profit organisations and all levels of government, RDAs would articulate local priorities, identify and align resources, engage stakeholders, and promote solutions. Tiley (2012, p. 111) commented that:

[t]he concluding Charter statement required that RDA be an effective conduit between governments and regional communities, and enable all

communities to provide input to governments about the strengths and weaknesses of regional Australia (Regional Development Australia 2009). RDA committees established under the Charter were provided a broad role, which was extensively publicised and promoted. This caused considerable discussion within local government. Elected colleagues expressed apprehension concerning what appeared to be the creation of an additional, unelected tier of government with considerable roles and power.

Tiley (2012, p. 111) noted that 'in April 2010, a National Partnership Agreement was signed by the Commonwealth and all States and Territories. The Agreement allocated roles and responsibilities to the parties and nominated the primary objective was improving the capacity, resilience and infrastructure in communities and building capacity and resilience of local governments' (Council of Australian Governments 2010, p. 4). The Agreement was established to implement initiatives for regional development and local government programs and allocated roles to the three levels of government. Tiley (2012, p. 111) observed that the outcomes sought were:

- (a) Increased capacity within local government in asset and financial management, workforce planning and adaption to demographic and climate change;
- (b) Resilience to economic downturn;
- (c) Improved local infrastructure;
- (d) A more skilled workforce; and
- (e) Improved social capital in local communities (Council of Australian Governments 2010, pp. 2, 4).

At the March 2011 RDA National Forum (Regional Development Australia 2011d, p. 3), delegates considered the importance of RDAs building a high profile in their local communities. Profile building ideas included identification of local 'champions' in sub-regions; seeking out opportunities to speak to peak bodies; web-based exposure to overcome problems of distance in larger regions; 'working' the local media; developing a communications strategy; holding forums of regional leaders to test themes and elicit ideas; sourcing groups to partner with RDA committees; securing the best combination of members on RDA committees; and appreciating that issues may require different forms of engagement.

Tiley (2012, p. 112) detailed that:

Early tasks of committee chairpersons included the winding up of the former RDBs and ACCs, formation of RDA committee executive groups, establishing an Executive Officer (EO) appointment process, supporting the new EO in making other staff appointments, and addressing former RDB transition reports and recommendations (Tiley 2009). Furthermore, in the early period of operation of committees, Commonwealth and state

political representatives, together with bureaucrats from both levels of government, placed a substantial workload on the newly appointed chairpersons and committees. In 2009, RDA committees were structured as incorporated associations. Members were appointed for two or four year terms, with three year funding agreements with state and Commonwealth governments providing the income for administrative and management functions (Luckie 2009). Accomplishing these roles, as well as the preparation of regional plans and addressing other government requirements, such as social inclusion, created considerable capacity constraints and resources scarcity for RDA committees. For example, the RDA Northern Rivers (RDANR) committee had annual income sources of approximately \$450,000, of which \$358,000 was committed to inflexible costs, including salaries, superannuation contributions and office rent. Less than \$100,000 was available for projects (Luckie 2009).

The establishment of RDA committees has not been without criticism. For example, Dollery, Buultjens and Adams (2011, pp. 253-4) contended that the establishment of an RDA network in an already crowded multi-jurisdictional governance arena has created considerable uncertainty about its role. They argued that the dispersion of governance across multiple jurisdictions could result in efficiency and equity gains compared with a centralised government entity, whereas dispersion could also result in inefficiencies unless there was proper coordination. However, they acknowledged these criticisms were made in the absence of firm evidence on how the RDA network has functioned in practice.

In May 2012, the Regional Australia Institute (RAI) (2012a, p. 4) released a survey report which had examined RDA committees. Results confirmed that RDAs were focused on increasing and sustaining economic activity in the regions through a range of industry and workforce priorities reflecting each region's position and potential. RDAs relied on government reports and online resources for information and ideas and identified challenges in accessing good information, particularly up-to-date regional data for their region that linked to relevant issues. RAI research revealed that RDAs were investing in a variety of practical research projects especially job creation, promoting economic development, addressing environmental issues, and energy and climate change policy on regional development. Furthermore, RDAs reported that allocation by governments of resources for work on specific policy issues had an important influence on the scope of research work undertaken and suggested to the RAI that it should focus its research on:

- developing regional data and information
- drivers of economic development and employment in regional areas such as the resources sector, population flows and economic diversification
- reviewing the implications of government policy and investment for regional areas (Regional Australia Institute 2012a).

## **5. RDA committee regional plans and the Commonwealth RDA fund**

### **5.1 Regional plans**

On several occasions in late 2010 and early 2011, Simon Crean, then Minister for Regional Australia, Regional Development, Local Government and the Arts, described the government's vision of a better future for regional Australia and the importance of enhancing localism and empowering communities as the key to unlocking the economic and social potential of regions (Crean 2010a). He said that the role of local government would become increasingly important in the government's new approach to regional Australia (Crean 2010). A major early task of NSW RDA committees was to prepare regional plans to identify the key issues in the 14 regions. The Commonwealth instructed that the plans would be key deliverables for RDA committees, that they would provide a framework for committee engagement, and that committees had responsibility for delivery of priorities identified in the regional plan (Regional Development Australia 2010). The department offered committees the support of consultants Parsons Brinckenhoff, at no cost, for the preparation, refinement and implementation of regional plans.

The Commonwealth (Regional Development Australia 2010, pp. 1-4) established regional plans as a 'key deliverable' for RDA committees. Plans were to provide a framework for committee work by identifying strengths, opportunities, issues, key activities, and priorities in the region, while supporting the business planning process. The Department of Regional Australia explained that the regional plan was the RDA committee's document and the committee had responsibility for delivery of priorities identified in the regional plan. Plans were to be underpinned by current data and analysis, be informed by consultations with community stakeholders, and be a source of information and guidance to communities. Furthermore, plans would provide government with information on the state of Australia's regions, key issues and priorities for action in the regions, and local resource needs in order to support policy development and inform program design.

In 2012, Beer (2012, p. 7) suggested that good regional plans needed a clear statement of intention or vision for the region and an understanding of the current environment, risks and opportunities. Plans required stakeholder 'buy in' entailing community engagement and acceptance, a clear process for implementation and monitoring of goals, and a process for review and renewal. He argued that a 'great' regional plan was 'edgy', provocative and made a statement about the region and its unique identity; was intellectually coherent; focused and informed by current and past research on regional growth processes; was regularly consulted by those within the organisation; looked 'outside the square', acknowledging that the future may look very different; and was concerned with creating and not closing down opportunities (Beer 2012, p.

8). Robust regional plans made a statement about what the organisation was and what it stood for; guided the actions of those within the organisation; created the organisation as the shopfront to the region for government agencies and businesses seeking to invest; made a statement to communities that RDA committees valued them and were working for them; and their plans created capacity and helped guide growth and build excellence in the regional economy. Ultimately, people made a good strategic plan (Beer 2012, pp. 9-16).

When preparing its first Regional Plan, the RDANR committee consulted widely with local government, key stakeholders and the regional community. The committee had the benefit of the Northern Rivers Regional Industry and Economic Plan (RIEP) which, in 2005, was completed under the auspices of the former Northern Rivers Regional Development Board. RIEP provided an overarching regional economic development framework, geared to facilitating sustainable business and employment growth in the region for all organisations and individuals involved in economic development, and a consolidated framework to enable the identification of action plans to achieve industry-specific or local priorities. The Northern Rivers Regional Plan is intentionally not prescriptive and is not intended to replace or override local economic development facilitation efforts (Northern Rivers Regional Development Board 2005, pp. 4, 7).

In October 2010, after assessing the endorsed regional plans, the Commonwealth (Curry 2010, p. 3) advised NSW RDA chairpersons that the plans had included 40 regional issues, from which the five major issue or theme areas were identified as a strong and cohesive community (74% of total plans); transport infrastructure (74% of plans); economic development; education, training and pathways to jobs (65% of plans); population growth and management including telecommunications and connectivity (65% of plans); and environmental sustainability (63% of plans). A total of 26 topics were nominated by RDA committees and included in a high level analysis of 2010 regional plans by Regional Development Australia. Topics nominated by more than 20 RDAs included community (34), Environment (29), education and training (29), economy (25), industry (23), leadership (23), and regional profile (23) (Curry 2010, pp. 5-6).

The Commonwealth endorsed the first generation NSW regional plans immediately prior to the announcement of round one of the RDAF. In 2011, and again in 2012, RDA committees were required to 'streamline' regional plans before the announcement of the RDAF second round (in 2011) and rounds three and four respectively (in 2013). A substantial component of the work of RDA committees since their inception has been engagement in preparing initial regional plans and thereafter the annual refinement of those plans.

In early 2013, the Australian Bureau of Statistics released a report which reviewed the 55 RDA committee regional plans for 2010-11 (Faulkner et al.



2013). The purposes of the report were to understand the key issues facing RDA committees in urban, rural and remote areas of Australia, and to ascertain how addressing those issues could be supported by data and analysis. The issues were summarised by grouping them into the categories of economy, population, environment, society and infrastructure. All regions identified at least one threat to their economy, with the most common, identified by 39 regions, being reliance on one or a few main industries and the need to diversify the region's economy. The most commonly raised population issue, reported by 45 regions, was a current or predicted rapid growth in population which would place a strain on infrastructure and service provision. Forty-three committees identified climate change and its potential impacts as an issue, while 49 committees identified education as an issue and 42 nominated health care as a key concern. Most RDA committees identified unemployment levels or a lack of employment opportunities as a key issue for their region, while 54 committees recognised issues associated with transport infrastructure (Faulkner et al. 2013, pp. 7, 10, 13, 15, 17-9, 22).

In early 2013, the Department of Regional Australia invited RDA committees to comment on a new draft template for regional plans. Until now the first three iterations of regional plans enjoyed a refreshing degree of difference and individuality, reflecting the variance of issues and matters of importance in the regions. RDANR commented on the template and noted that it had a stronger focus on economic growth rather than the triple bottom line of sustainable development that had formed the basis of the earlier regional plans, and that the new planning horizon was three years instead of the previous long-term focus (RDA Northern Rivers Committee 2013). It remains to be seen whether mandating the provision of a regional plan template by the Commonwealth is a retrograde step which will diminish regional autonomy, capacity and innovation.

## **5.2 Regional and Local Community Infrastructure Program (RLCIP) and round one of the Regional Development Australia fund**

In November 2008, in the early phase the Global Financial Crisis (GFC), an interim report to the Commonwealth provided 24 recommendations for a new framework for an RLCIP within a Commonwealth Government regional development policy framework. The Program covered all Australian regions, employed a partnership model and predominantly funded hard infrastructure. Local government was the auspiced agency for applications in a region with a requirement that local government contribute by way of capital, maintenance or operational funding. Not-for-profit organisations that did not require a local government contribution would need a letter of support from local government and would then be able to apply directly. For-profit entities were excluded from the program. Possibly for the first time, the prospect of establishing RDAs was countenanced with the recommendation that the Commonwealth formally require RDAs to take on the role of assisting applicants to develop their

expressions of interest (EOI) into applications (House of Representatives Standing Committee on Infrastructure Transport Regional Development and Local Government 2008, pp. 15-6).

In June 2009, a final report was delivered providing principles for future funding of regional and local community infrastructure. In late 2010, this report was the catalyst for introduction of the first round of RDAF. This seminal report (House of Representatives Standing Committee on Infrastructure Transport Regional Development and Local Government 2008, 2009) made several recommendations, including that the Commonwealth:

- Replace the Regional Partnerships Program with a new program designed to provide ongoing funding support for regional and local community infrastructure;
- Consider the need for clarity and simplicity when structuring guidelines that address an application's eligibility and the manner in which it is assessed and the funds awarded; and
- In establishing a new regional infrastructure funding program, it was important to consider the needs of program applicants, to ensure that the program was accessible by providing useful information through a variety of sources, and there was access to an application development process which placed emphasis on personal support provided by knowledgeable staff (House of Representatives Standing Committee on Infrastructure Transport Regional Development and Local Government 2009).

The RLCIP was part of the 2008–09 Rudd Government Economic Stimulus Plan, responding to the GFC. The RLCIP encouraged infrastructure spending at the local level, boosted the spending capacity of local governments and attempted to address the regional dimension of the impact of the economic downturn (Department of Infrastructure Transport Regional Development and Local Government 2009, pp. 2-3). The RLCIP was initiated as a consequence of a report to the Commonwealth on the Australian National Audit Office's Performance Audit of the Regional Partnerships Program, and made recommendations on ways to invest in genuine regional economic development and community infrastructure with the aim of enhancing the sustainability and liveability of Australia's regions. In the context of the GFC, much of the focus had been on nationwide initiatives to stimulate the economy. The Commonwealth Government signalled its intention to bring forward its nation building agenda to fund large-scale infrastructure to ease capacity constraints in the economy and boost economic growth. Furthermore it recognised that at the regional and local level, community infrastructure also had a vital role to play (House of Representatives Standing Committee on Infrastructure Transport Regional Development and Local Government 2008, pp. 5, 11). RLCIP provided over \$1 billion to local government to build and modernise community infrastructure, with each council receiving a \$100,000 base grant (Department of Regional Australia Local Government Arts and Sport 2010). The program was

announced in November 2008 as part of the Nation Building Economic Stimulus Plan and enabled local government authorities to build and modernise some community infrastructure (Department of Regional Australia Local Government Arts and Sport 2010).

Much has been written about the ongoing fiscal problems of Australian local government. The Hawker Inquiry (2002) concluded that the main impact of local government fiscal stress had fallen on infrastructure maintenance and development. This conclusion was reinforced by the South Australian Sustainability Inquiry (South Australian Financial Sustainability Review Board 2005); the 2006 NSW 'Allan' Report into the financial sustainability of NSW local government (Allan, Darlison & Gibbs 2006); the 2005 Queensland *Size, Shape and Sustainability* (SSS) Report of the Queensland Local Government Association (Local Government Association of Queensland 2005); the 2006 Western Australian *Systemic Sustainability Study* (WALGA 2008); and the PricewaterhouseCoopers *National Financial Sustainability Study of Local Government* (2006). Evidence from these reports indicated that large numbers of local councils were, and would continue to be, financially unsustainable.

These reports highlighted the plight of many councils in regard to long-term financial sustainability, the need for a much greater focus on 'whole-of-life' public assets management and renewal, and how to resource the gap between present asset value and replacement cost. They also argued the need for reform of the way infrastructure is managed and funded and the need to establish the right strategic settings in the infrastructure sector. McGovern (2011, p. 23) argued the importance of greater understanding of the conditions under which infrastructure, particularly in the regions, would be sustainable, and suggested it was time to move beyond an uncritical 'we need more infrastructure mantra to well-reasoned evaluations of affordable enabling infrastructure'. Many in local government now understand that successfully embedding infrastructure investment into an existing local economy requires good fit, appropriate resources, and engagement with what is already present. In 2006, Beresford-Wylie, Watts and Thurairaja (2006, p.14) argued that significant local government infrastructure funding gaps existed and Australian and state government grants would continue to be an important finance source. They noted that local government capacity appeared to be low, especially in identifying viable infrastructure projects and negotiating with the private sector, and that there was scope for greater local government involvement in new types of infrastructure if, for example sufficient numbers of projects were 'bulked up' to make them viable and attractive to the private sector.

The imperative for an injection of much more funding into Australian infrastructure has been highlighted by Infrastructure Australia in its several reports to the Council of Australian Governments. In June 2011, for example, Infrastructure Australia stated that infrastructure networks were barely adequate for current needs and that there was:

[a] powerful need for change, especially in the way we fund our infrastructure, and in the discipline and rigour we bring in our infrastructure decisions (Infrastructure Australia 2011, p.7).

In 2012, the Australian Local Government Association (ALGA) released a *National State of the Assets Report* presenting the outcome of the first phase of an ALGA examination of the current status of local government road assets, including sealed and unsealed roads, and concrete and timber bridges. The report noted that all councils had achieved the milestone of developing the first round of asset management plans. The report recommended that councils separately identify planning for renewals as distinct from planning for new and upgrade projects, and that councils ensure that the measurable physical state of road infrastructure matches underlying asset management planning assumptions and projections (Jeff Roorda and Associates 2012, pp. 4, 8). The report demonstrated the desire of local government to ensure that it accurately calculated the required future road asset infrastructure investment, and supported assessment and identification measures by entities such as Infrastructure Australia and Infrastructure NSW.

In June 2012, a report commissioned by the Commonwealth Government was released which provided a local government infrastructure financing review and focused on ways in which councils could obtain more infrastructure funding from existing sources (Grimsey, Carlton Jones & Hemingway 2012, p.1). The report identified challenges and barriers facing local government which were creating increasing demands on local government infrastructure, and suggested the main challenge was how local government could meet its infrastructure obligations without relying solely on increased funding from the states, territories and Australian Government. The sector should also consider core roles and the affordability of new investment in infrastructure and services and make best use of available funding, which could include innovative procurement models, coordination at a regional level, alternative ownership structures for network assets, and responsible borrowing. The principal report recommendation was that the Commonwealth investigate establishing a national financing authority for local government (Grimsey et al. 2012, p. 2-3).

Given the well documented infrastructure backlogs in LGAs, as identified by Infrastructure Australia, and by the aforementioned report and other reports in recent years, the RDA Fund is intended as a mechanism to assist the provision of more substantial funding of important infrastructure projects in rural and regional communities. Another potential mechanism may be a financial entity that the Regional Australia Institute (Dollery 2012, pp. 3-4) recently proposed as a new national organisation, Local Infrastructure Australia, which is proposed for establishment as a lending institution to act as a catalyst in local infrastructure renewal.

In September 2010, the catalyst for the greatly increased focus on regional Australia by the re-elected minority Gillard Labor Government was the agreement between the Labor Party and the independent members of parliament, Tony Windsor and Rob Oakeshott (Gillard et al. 2010). The agreement, which secured the support of these independents, enabled the return to office of the Gillard government and, inter-alia, stipulated (at Clause 6) (Gillard et al. 2010, pp. 3-4) that there would be restructuring of the government, public service and parliament to better meet the needs of regional Australia. Annexure B of the agreement included a statement of Commonwealth Government commitment to regional Australia and stipulated a stronger regional policy framework in governance and accountability (Gillard et al. 2010, pp. 15-9). Furthermore, the agreement provided new regional commitments in addition to those already made, including \$1.4 billion of regional infrastructure investment for a priority regional infrastructure program and to develop regions through a Regional Infrastructure Fund. (Gillard et al. 2010, pp. 21-2).

The landmark agreement required the minority Labor government to invest an additional \$800 million in a new Priority Regional Infrastructure Program over five years, commencing in July 2011, with eligible projects to include transport, community and economic infrastructure projects. Furthermore, the agreement required the government to extend funding from the \$6 billion Regional Infrastructure Fund to support local projects that unlocked new growth opportunities in regional Australia (Gillard et al. 2010, pp. 21-2). The agreement has transformed the Commonwealth commitment to regional Australia and should result in improved services and infrastructure and liveability in the regions.

Immediately following the October 2010 Commonwealth endorsement of most RDA Regional Plans, the first round of RDAF was announced by Minister Crean (2010a; 2010b). He stated that the government's approach to regionalism and regional development was guided by the three principles of localism, transparency and national leadership, and appealed to committees to be 'the eyes and ears of Federal Government on the ground' and a vital connection to all three levels of government in a 'whole of governments' approach (Crean 2011). Furthermore, he argued that regions were communities of interest focused on achieving sustainable development, while regionalism and localism were concerned with accessing local input, arriving at creative solutions that 'stacked up – not wish-lists', and had been subjected to rigour and creativity, so that greater efficiency could be achieved in delivering better services and outcomes (Crean 2011b). His desire was to entrench localism in the way that the nation was governed and in a manner that it could not be 'unpicked' (Crean 2011c). Moreover, he argued that 'we must empower local communities to have a greater say in how their social, economic and environmental security can be secured' (Crean 2010b). Minister Crean advised that, in its agreement with the independents (Gillard et al. 2010), the government had committed to allocating \$573 million of the Regional Infrastructure Fund to projects identified by RDA



committees, to expand the development and growth of regional economies (Crean 2010a; Crean 2010b). Part of this funding pool became known as RDAF Round One.

At the March 2011 RDA National Forum committees were informed, in relation to round one RDAF, that the Commonwealth would commit funding of \$1 billion to June 2015 (Regional Development Australia 2011a). The program aimed to provide financial grants to support the infrastructure needs and economic growth of Australia's regions, and was based on the principle that regions and their communities were best placed to identify the key development opportunities to support sustainable economic and community growth and ensure that investments were targeted at projects of lasting benefit. RDAF was to apply to all parts of Australia including metropolitan areas, and would operate on a competitive basis, placing an onus on RDAs to identify high-quality infrastructure projects that met program criteria, the most important of which was that proposed projects must be backed by RDAs and aligned to their Commonwealth-endorsed regional plans (Regional Development Australia 2011b, pp. 7-9). Eligible organisations were local councils and incorporated not-for-profit organisations. Other organisations could participate if they were a member of a consortium led by an eligible applicant. Eligible projects included priority infrastructure projects identified by local communities, new or upgraded economic and community infrastructure projects, and capital works with an emphasis on strategic projects (Regional Development Australia 2011c, p.11).

Grants of over five million dollars required matching funding from other-than-Commonwealth sources. Proposed projects were required to be 'investment ready' with all necessary planning approvals in place. The first RDAF allocation under the five-year program was to commence on 1 July 2011 (Regional Development Australia 2011a, p. 1). The Commonwealth sought to fund strategic projects with a reach across both LGA and RDA boundaries and regional infrastructure projects that would significantly deliver economic outcomes, social inclusion, and liveability; and build on the 'unique capabilities' and potential of each region (Regional Development Australia 2011c, p. 6). Furthermore, projects needed to support at least one of the national priorities of skilling Australia, lifting productivity, maximising the opportunities provided by broadband, sustaining the environment, promoting social inclusion, or improving water and energy efficiency (Regional Development Australia 2011b, p. 11). In April 2011, Minister Crean established the Regional Development Australia Fund Advisory Panel to provide independent advice and recommendations on priorities for RDAF grants; seek external advice if necessary; and rank all proposals as either recommended for funding, suitable for funding, or not recommended for funding (Regional Development Australia 2011c, p. 14).

RDA committees were required to provide written advice to eligible proponents as to whether a priority infrastructure project was endorsed and why and how projects aligned with the regional plan (Regional Development Australia 2011c).



However, in round one, committees did not have the role of assessing projects (Regional Development Australia 2011c, p. 5) and could endorse a number of projects (Regional Development Australia Northern Rivers NSW 2011, p. 7). For example, to assist the first round process, RDANR provided potential or intending proponents with a template which listed approximately 44 components of the Northern Rivers Regional Plan, against which proponents could demonstrate regional plan alignment. Furthermore, RDANR separately identified projects of regional significance, projects aligned to the regional plan, and projects that related to the regional plan (Regional Development Australia Northern Rivers 2011c, pp. 5-6).

On 7 September 2011, Minister Crean announced an increase in RDAF round one funding from \$100 million to \$150 million for 35 approved projects valued at \$418 million (Crean 2011d, p.8). Over 550 applications were received, such that the success rate was a low 6.4 per cent. Nine projects were approved for NSW, of which two were located in the Northern Rivers region comprising a grant of \$3.5 million to Ballina Shire Council for upgrading and extending the Ballina-Byron Airport apron and \$4.96 million to Lismore City Council for its city hall upgrade (Department of Regional Australia Regional Development and Local Government 2011b) (Crean 2011a). RDANR received 16 requests for letters of endorsement, of which six were from not-for-profit organisations (Regional Development Australia Northern Rivers 2011a, p.5). The total value of the RDANR project applications was \$111.6 million, and of that amount, funding requests exceeded \$64 million (Regional Development Australia Northern Rivers 2011c, p. 3). After the announcement of successful projects, the writer received several representations from local government councillors expressing disappointment at the small number of approved projects. These representations signalled the commencement of disquiet and tension between the committee and some local authorities whose projects were not funded.

RDA committees were invited to lodge submissions to the Commonwealth RDA Fund Advisory Panel, which was tasked to review round one of the RDAF process. RDANR lodged a submission to the panel which suggested improvements to RDAF. Tiley (2012, p. 114) highlighted that:

Primary RDANR concerns were that its Regional Plan had not been prepared for the eventuality of the determination of the alignment, or degree of alignment of potential projects; that the committee was required to respond 'on-the-run' with very little notice; and that determination as to the regional significance of projects was required. Subsequent to the Round One RDAF announcement, RDANR and other committees consulted widely to develop a rationale as to what might constitute regional significance (Luckie 2011a) and how it might be assessed and measured (Regional Development Australia Northern Rivers 2011c, pp. 4-5).

In September 2012, the ANAO (Sorensen 2009, pp. 15-6) released an audit report on round one of the RDAF. The objective of the audit was to assess the effectiveness of Regional Development Australia's management of the design and implementation of the first application round of the RDAF program. The audit examined

- [w]hether the design of the program reflected lessons learned from audits of previous grant programs and the requirements of the grants administration framework that was progressively implemented between December 2007 and July 2009;
- whether the business practices of Regional Australia met policy and legislative requirements as well as accountability responsibilities, including those set out in the *Financial Management and Accountability Regulations 1997* and Commonwealth Grant Guidelines (CGGs);
- whether the assessment of possible projects was undertaken in accordance with the published program guidelines;
- the process by which projects were ranked and subsequently approved for funding; and
- The process by which funding agreements were developed and executed with successful applicants, and feedback was provided to unsuccessful applicants.

The Auditor General (Sorensen 2009, p. 17) confirmed that

- Overall, in assisting the Government to deliver on its commitment to establish a new regional grants program, Regional Australia's management of the design and implementation of the first RDAF funding round was effective.
- Improvements in the quality of Regional Australia's assessment work were also evident, although there remained scope to improve the assessment of whether eligible applications represented value for money.
- This latest audit of a regional grant funding program indicates that the grants administration framework now in place is soundly structured to achieve outcomes consistent with program objectives, as well as promote decision-making processes that satisfy the requirements of the financial management legislation.

The ANAO recommended that a numerical rating scale be introduced for the merit assessment stage of future funding rounds; that RDA clearly outline to decision-makers the basis on which applications were assessed and whether each application represented value for money in the context of the published program guidelines and program objectives; and that RDA improve the documentation provided to the minister in respect to the assessment of individual eligible applications against the published criteria, so that clear alignment is promoted between these assessments and the order of merit for

funding recommendations. The Department of Regional Australia agreed to all recommendations (Sorensen 2009, pp. 28-9).

### **5.3 Regional Development Australia Fund round two**

Tiley (2012, p. 115) explained that:

In November 2011, the Commonwealth released the guidelines for Round Two of RDAF; advised that RDA committees would have a new role; and stated that the Round would provide \$200 million to regional projects (Department of Regional Australia Regional Development and Local Government 2011a, p.1). The principal changes in Round Two included a two-stage application process with a short paper-based EOI; RDA committees to review all EOIs from their region and select a maximum of three viable priority projects to proceed to full application; one EOI application per applicant for a single project; a maximum grant value of \$15 million; preference to applications that demonstrated partnership funding on a dollar for dollar basis for grant requests of \$ 5million or less, and on a 1:2 basis for grant requests of more than \$5 million; at least 50 per cent of partnership funding to be cash; and not-for-profit organisations should have a minimum annual income of \$1.5 million (Department of Regional Australia Regional Development and Local Government 2011a, p. 3).

Moreover, Tiley (2012, p. 115) detailed that:

The EOI form listed five questions, each to be answered in not more than 350 words, including an overview of the project; the benefits that the project would deliver for the community and economy; how the project would benefit the broader region, what consultation had been undertaken with local communities and whether there was broad community support for the project; and how the project would be delivered (Department of Regional Australia Regional Development and Local Government 2011a). RDA committees were required to provide feedback to all proponents who submitted an EOI including establishment and maintenance of a Proponent Feedback Register. Furthermore, committees had to provide factual, positive and constructive feedback to all proponents, provide feedback as a priority to proponents proceeding to full applications; and document comment given to proponents (Department of Regional Australia Local Government Arts and Sport 2012c, p. 3). These requirements meant that committees had to establish and retain justification documentation of meeting discussion in the EOI assessment process. Unlike round one, the Commonwealth placed RDA committees in the role of 'gate keepers', in that EOI applications from all eligible proponents were required to be placed before, and assessed by, committees. In the case of RDANR, the Round Two process occurred comparatively smoothly. Eight EOIs were lodged, five from local

government and three from not-for-profit organisations (Regional Development Australia Northern Rivers 2011b, pp. 3-4). Using the Commonwealth mandated application format, the committee decided on three projects to progress to the Commonwealth and to full application. The process was aided by the fact that the committee had available a second 'streamlined' Regional Plan which defined 13 key regional issues and priorities. Furthermore, for the first time the Plan included nine principles of regional significance and 11 criteria to secure evidence that proposed projects or activities were consistent with the principles of regional significance (Regional Development Australia Northern Rivers NSW 2011, pp. 7-8, 11).

The guidelines for RDAF Round Two included a requirement for assessment of the impact of project(s) on the region and neighbouring regions, with endorsed projects coming from across the region rather than any one town, locality or LGA (Department of Regional Australia Local Government Arts and Sport 2012c, p. 2). Given the strong and consistent messages from Minister Crean about the importance of potential RDA-funded projects having regional or inter-regional significance, the second and subsequent iterations of the Northern Rivers Regional Plan placed substantial emphasis on what constituted regional significance. Principles were developed in a consultative process to help focus on what would constitute regional significance. According to these principles an activity of regional significance:

- has an ongoing 'community benefit' with impact and reach across multiple sectors, domains and/or stakeholders;
- has benefits that are cumulative and have a flow on effect;
- addresses identified needs or entrenched or complex issues;
- is based on research, planning, evidence, consultation and community support;
- has linkages and alignment with regional planning and/or stakeholder groups in the region;
- has a focus on wellbeing in the region and uses socially inclusive approaches;
- works through partnerships and/or collaboration;
- is viable and will ensure a return on investment; and
- applies a strategic and/or innovative approach to addressing identified needs (Regional Development Australia Northern Rivers NSW 2011, p. 11).

Evidence that projects or activities are consistent with the principles of regional significance for the Northern Rivers region could include:

- demonstrating how each of the regional significance principles are being achieved;

- highlighting the Northern Rivers points of difference and/or unique sense of place;
- demonstrating a long term view with sustainable outcomes;
- demonstrating continual improvement processes for refinement and further input;
- demonstrating significant research and consultation;
- recognising diversity;
- promoting community resilience;
- maximising opportunities within the region;
- demonstrating commitment, ownership and participation from a range of stakeholders;
- leveraging private enterprise;
- integrating state and Federal Government priorities and plans; and
- demonstrating transferable outcomes and knowledge (Regional Development Australia Northern Rivers NSW 2011).

On 6 June 2012, Minister Crean (2012a, pp. 1-2) announced the successful NSW projects under Round Two of RDAF. Fifteen projects valued at a total of \$253 million would share a funding pool of \$66.6 million. In addition to the two (of 9 only in NSW) Round One successful Northern Rivers NSW projects, the Northern Rivers region secured two of the 15 Round Two approved projects. Tweed Shire Council received \$5 million for the \$42 million Arkinstall Park Regional Sports Centre and Ballina Shire Council obtained \$4.3 million for the \$8.5 million Ballina Biochar and Waste-to-Energy project. The minister expressed his appreciation for the vital role that the RDA committees had played in working with local communities to identify and prioritise projects that were consistent with their regional plans. Moreover, he commended the employment that would be created during and after construction; observed that some successful projects had been unsuccessful in round one; and noted that the projects would deliver a social dividend in terms of community infrastructure and 'strengthen the economic engine of regional NSW' (Crean 2012a).

In 2012 the Department of Regional Australia (2012, pp. 7-8) stated that three key themes had emerged from Round Two of RDAF. Firstly, partnerships were important to maximise leverage from state and local governments, the private sector and community and philanthropic organisations. In Round Two, \$200 million in Commonwealth funds had supported projects worth \$800 million. Secondly, successful projects had secured regional reach by aligning with RDA committee regional plans, delivering benefits beyond their region, and providing long-term regional benefits and employment. And that persistence was rewarded because 23 of 46 projects funded in round two had not been funded in round one. Proponents had sought feedback from the department, and consequently strengthened their applications for round two.

## 5.4 Regional Development Australia Fund rounds three and four

On 26 October 2012, EOIs were invited conjointly for rounds three and four of RDAF with application requirements similar to those for round two, with lodgement required by 6 December 2012. Eligible applicants were permitted one EOI for one project in each of rounds three and four (Department of Regional Australia Local Government Arts and Sport 2012a). RDA committees assessed all EOIs from their region and identified five priority projects for round three and three priority projects for round four to proceed to full application and advised the department of their decisions on EOIs by 11 February 2013. Full applications closed in March 2013 for round three projects and in April 2013 for round four projects. The minister announced successful projects in June and July 2013 (Department of Regional Australia Local Government Arts and Sport 2012b, pp. 3, 5).

The primary objective of round three RDAF was to provide infrastructure funding support for small towns with populations of 30,000 or less. Applicant not-for-profit organisations required an annual income threshold of \$500,000. Preference was given to projects that had partners, including in-kind contributions and which met priorities in local or state government strategic or community plans or other published documents (Department of Regional Australia Local Government Arts and Sport n.d., p. 3). Other criteria for round three were:

- Capacity of the project to address needs in the town and neighbouring towns;
- Level of community support; and
- Capacity to commence the project within 12 months of signing the Funding Agreement and complete the project by 31 December 2016 (Department of Regional Australia Local Government Arts and Sport 2012b, p.8).

Round three provided a breakthrough for small councils and communities with fewer inhabitants because it provided a realistic opportunity to secure RDA funding to address local infrastructure priorities. The RDAF criteria applying under the first two rounds gave this segment of regional communities practically no prospect of securing funding. It is the writer's view that this new arrangement is significant in that it is having the positive effect of improving the relationship between RDA committees and smaller councils.

In round four, \$175 million was available with grants of \$500,000 to \$15 million, and a focus on supporting regional infrastructure. Projects had to meet priorities identified in RDA regional plans and the annual income threshold for not-for-profit organisations was \$1 million. Strong preference was given to projects having partner contributions. In-kind contributions were acceptable, and applicants could submit one EOI for round three and one EOI for round four, for



a different project (Department of Regional Australia Local Government Arts and Sport 2012b, p. 4). Other applicable criteria for round four were:

- Priorities in the RDA committee's regional plan;
- Capacity of the project to meet the needs of the region;
- Level of community support;
- Impact of the project on the region and neighbouring regions, with endorsed projects coming from across the region, rather than any one town, locality or LGA; and
- Capacity to commence the project within 12 months of signing the Funding Agreement and complete the project by 31 December 2016 (Department of Regional Australia Local Government Arts and Sport 2012b, p. 8).

## 6. Roles and relationships of RDA committees and local government

Tiley (2012, pp. 115-116) observed that:

RDA committee capacity constraints, substantially caused by small administrative and management budget allocations from the Commonwealth and NSW Governments, have resulted in limited operational resources and the necessity of committees to rely on voluntary contributions of members to achieve desired outcomes. To some extent this has created a perception within committees of being 'toothless tigers'. Three-year funding contracts (that concluded on 30 June 2012) were renewed for one year and then possibly for a further three years to 30 June 2016 (Lynn 2012). This has engendered uncertainty and internal tension within committees. The evidence of tension and uncertainty was, for example, demonstrated at RDANR, with only two of the seven two year term members seeking a second Committee term. Substantially increased administration allocations from the Commonwealth and states, and commitment to extended term funding contracts would assist in addressing present capacity constraints and enable committees to plan projects and activities over a longer period.

Moreover, Tiley (2012, p. 116) suggested that:

Local government held aspirations that RDAF would provide substantial Commonwealth assistance to address the infrastructure backlog and augmentation needs in the sector. Local councils are at the coalface of population growth, especially on the coastal fringe, and their ability to adequately provide basic infrastructure – affects how Australians perceive the costs and benefits of population growth (Creighton & Hartwich 2011, p. vii). Given the well documented state of the Australian local government infrastructure backlog and renewal requirements, allocations of \$150 million, \$200 million, \$50 million and \$175 million respectively in the first four rounds of RDAF will have a minor impact in addressing major infrastructure and population planning requirements. The first round of RDAF was oversubscribed, with only 35 of 550 applications funded (Crean 2011d). Moreover, only 23 of the 35 funded projects were to local councils (Department of Regional Australia Regional Development and Local Government, 2011b pp.1-9), highlighting the inadequate level of Commonwealth RDAF to local government and explaining the disappointment experienced in the sector. In the current Australian economic climate, with the Gillard government focus on returning the budget to surplus, the important matter of achieving a substantially higher level of Commonwealth RDAF commitment is likely to remain unresolved.

Under present RDA agreements, state governments have not made any commitment to monetary contributions to RDAF (Tiley 2012, p. 116). However, state-based regional economic development strategies, such as the NSW Regional Innovation Strategy (NSW Government Industry and Investment 2009, p. 7), while not directly injecting funds into local economies, provide an arrangement for development of regional business innovation. The strategy provides recommendations for expansion of innovative capacity in regional businesses to enhance their viability and to allow them to maintain and create jobs. The strategy suggests ways of development and implementation of innovation initiatives for each major region in NSW to increase the level of innovative business activity in the medium to long term.

The writer's experience provides evidence of latent tensions between local government and RDAs. However, there are also underlying cultural dynamics and tensions between sections of Australian society requiring understanding by policymakers and governments. Gross (2012, p. 131) argued that tensions were attributable to the so-called 'rural-urban' or 'country-city' divide, which is a perception that there is an equity and opportunity gap between people living in cities and in rural areas. This perceived divide has been attributed to a range of tangible and intangible factors including declining populations in some rural areas, differing levels of access to health and transport services, and a perceived lack of knowledge and understanding of rural and regional Australia by city dwellers.

Gross (2012, p. 146) contended that the 'rural-urban' divide was multi-faceted, embodying: a lack of recognition of the importance of including country people in finding solutions; a lack of appreciation or valuing of food producers; a lack of respect for their environmental understanding and long-standing knowledge and arrangements about how resources such as water was used; a lack of involvement of community in food production; and a lack of preparedness and capability of governments to fully understand and engage with the community to seek acceptance of difficult reforms. Gross (2012, p. 147) maintained that, to effectively address this divide and the resultant tensions, a vision for Australia needed to be developed that included: land stewardship; built resilience in rural societies and ecosystems; protected fundamental ecological processes; and production of food and food security. The vision required wide articulation and must include the manner in which country people should be engaged in policy-making and decision-making. Furthermore, far greater investment was required in creating an environment for the long-term in which knowledge and understanding could be shared between government and rural and regional Australia.

Tiley (2012, pp. 116-7) has argued that the extent to which tension between local government and RDA committees has emerged may have resulted from a range of factors. Prior to RDAF Round Three one early concern was that:

smaller local governments have expressed concern they are unlikely to receive RDAF because of their comparative inability to propose projects of regional or inter-regional significance. A more equitable method of RDAF allocation could be to provide each council a base grant, with the balance being available for contestable strategic projects. A precedent existed in the RLCIP. A base-grant allocation to all councils, as occurred under the RLCIP, would be a relatively straightforward measure to ensure that all local governments received at least some proportion of RDAF. Another local government concern is that incorporated not-for-profit organisations are eligible proponents and able to share RDAF with approximately 560 local councils. The pool of available funds to local government is thereby diminished. Furthermore, the not-for-profits have expressed the view that they are not as well equipped or competent as local government in terms of applying for grants. Removing not-for-profit organisations from the RDAF 'pool' would increase grants available to local government.

In several speeches since the inception of the RDA committee structure the then Minister Crean stressed the importance of committees engaging with local government. To assist engagement the minister required that there would be an appropriate level of representation from local government and at least two local government representatives on each RDA committee (see, for example Crean 2012b, p. 2). However, given that the composition of most RDA committees was twelve persons, the view has occasionally been expressed by local government that the sector, despite its democratic legitimacy, was under-represented on committees. As RDA regional plans should encapsulate a considerable component of the strategic vision of LGAs in the regions, it would be appropriate to have a larger elected and senior professional staff representation on RDA committees, while also accommodating other business, not-for-profit, community and sectional interests (Tiley 2012, p. 121).

Everingham, Cheshire and Lawrence (2006, pp. 149-50) suggested that the involvement of an increasing range and number of unelected representatives in many of the new regional bodies had resulted in questions being raised about their legitimacy. However, they argued that the broadening of the mandate and accountability of such institutions beyond the electoral process had overcome short-term planning timeframes linked to election cycles, had provided an opportunity to restore trust between citizens and government departments, and generated greater input and engagement from civil society and private sector stakeholders.

Budge and Chesterfield (2012, pp. 1, 9) acclaimed the initiatives taken under the agreement with the independents as newfound recognition of regional Australia and noted that the Commonwealth Government had again turned to a regional approach to address issues. However, it had continued to 'cloud this

approach by running twin agendas of promoting and supporting regional Australia while dividing the whole nation into regions in an attempt to engage directly with local governments and bypass the states’.

Local government perceptions that RDA committees lacked democratic legitimacy have impeded the capacity to develop working relationships (Tiley 2012). Luckie (2011b) provided the following example:

in November 2011, of NOROC, the peak local government entity on the Northern Rivers of NSW, was approached to match \$40,000 RDANR committee funds to undertake a Regional Infrastructure Audit and \$10,000 towards a Regional Digital Economy Strategy. NOROC declined to support the regional infrastructure audit, demonstrating an unwillingness to engage in regional cooperation with the RDA committee.

Tiley (2012, p. 117) observed that:

Establishing good governance arrangements, openness and transparency, RDANR has ensured that regular consultation and information exchange occurs with local government. RDANR committee meetings rotate around the councils in the region and take place in the host council’s chambers with presentations to the committee by the councils and other local community groups. These interactive sessions assist in overcoming council perceptions that RDA committees do not understand local issues or respect council infrastructure priorities.

RDANR uses its community engagement strategy to regularly connect with local government mayors, councillors and senior staff to ensure that there is a constant and relevant information flow to the sector. In early 2013, following the September 2012 local government elections, the RDANR Chairperson, CEO and some committee members met separately with the local government councils of the region, discussed the role and current activities of the committee and engaged with councils about their major issues and needs.

In the context of RDA committees and their interaction with local government, regional policy improvements may provide sustainable solutions which resolve differences and reduce tensions. Charters, Vitartas and Waterman (2011, p. 8) suggest that regional capacity to proactively respond to change is embedded in a rich ‘bush tradition’ of innovation and responsiveness to challenges.

Furthermore, these challenges need to be met with strong, interrelated and sustainable frameworks that work within regions and apply across regions. Regional Australia has specific and unique characteristics and qualities needing to be considered outside the policy frameworks commonly applied to densely populated areas (Charters et al. 2011).

## 7. Strengthening RDA–local government relationships

From a local government perspective, an important consideration is how its relationship with the RDA federally initiated regional structure may be strengthened. Beer, Clower, Haughtow and Maude (2005, p. 57) have argued that:

[t]he neoliberal belief in privatisation and competition has made it difficult for regional development organisations, whether within local government or separate from it, to control and coordinate the range of services needed for effective regional development, because they have limited influence over private and often competitive service providers.

It is difficult to assess accurately the value and effectiveness of the RDA committee structure, given that it has had less than four years of operation in any state and territory. The existence of this difficulty is supported by the Bureau of Transport and Regional Economics (2003, p. ix) which has argued that:

[e]valuation of regional interventions is generally difficult in terms of isolating the cause and effect of particular interventions from other macro-economic and local factors, particularly in light of the complexity of the economic growth process.

Sorensen, Marshall and Dollery (2007, p. 308) have observed that local government lies at the 'tail end' of the three tier federal structure of Australian government, had no independent constitutional recognition, was legislated for and regulated by the relevant state governments, was constrained financially by caps on property rates, and was handicapped by cost-shifting without commensurate increase in revenue. Nevertheless local government had a potentially important development role:

[b]ased on important responsibilities for urban and environmental planning, infrastructure delivery, business promotion, social development, and shaping community outlooks. It is well placed to understand local strengths, weaknesses, opportunities and threats, which vary from place to place, and to take vigorous action, especially in the presence of top-quality leadership.

With the introduction of the RDA committee structure it is imperative that a cooperative, effective relationship and partnership is developed and nurtured for the benefit of local and regional communities. However, the Commonwealth policy agenda of establishing a new relationship between local government and RDA committees is in some ways in competition with the broad role of local government, which is challenged by complications arising from its great range of territorial configurations, population sizes, financial strengths, economic diversity, growth trajectories and opportunities, and remoteness from large urban agglomerations. Moreover, local governments cooperate in different ways,



for example through formal networking to provide high-order services of regional development and to share plant and equipment, or through voluntary ROCs to conduct strategic planning and infrastructure coordination (Sorensen et al. 2007, pp. 308-9). The writer's experience as a member of an ACC and an RDB while an elected local government representative was that the willingness of local government and regional entities to cooperate with each other secured benefits and reasonable outcomes. Over the decades, local government has usually demonstrated a capacity to adapt to changing policy agendas and the prevailing political environment for the purposes of securing the best possible outcomes, usually grant funding, for their constituencies.

It is recognised by the Bureau of Transport and Economics (2003, p. 27) that local governments have played a key role in the delivery of many Commonwealth and state regional and local-level programs. Local governments have also had a direct influence on local investment and development decisions through planning and zoning regulations, the provision of land grants and infrastructure subsidies, and promotion, training and facilitation of business opportunities for local development.

Through the RDA Fund, RDA committees and local government have generally worked cooperatively to address essential infrastructure requirements in rural and regional Australia. Minister Crean, who held both the Regional Development and Local Government portfolios, often stated that the role of local government was entrenched, and that he wanted the role of RDAs to enhance local government by identifying local solutions through the development of a strategic approach and through looking beyond the confines of RDA and local government borders (see, for example Crean 2011c, p. 14).

From a local government perspective, Tiley (2012, p. 117) suggested that 'for RDA committees to obtain greater legitimacy it would be desirable that local government representation be increased from the present minimum of two members on committees of twelve, to at least four members, with such members preferably being elected councillors'. It is argued that cooperation and outcomes could be enhanced by guaranteeing local government greater representation and engagement on RDA committees. Furthermore, a case could be advanced, in some circumstances, for local government to provide an elected representative as RDA committee chairperson. The writer, for example, is a committee chairperson with long service as an elected councillor, which enables him to have a comprehensive understanding and appreciation of local government matters and perspectives, thereby engendering and facilitating a stronger, more effective relationship building, regional leadership, and community acceptance of the respective roles.

In the NSW context, concerns remain about inadequate infrastructure financing, principally because property rates have been pegged for 35 years. In most years, the permissible percentage annual rate increase has been less than the

local government sector's real cost increases. However, in what is effectively a partial funding offset, the Commonwealth has increased its financial support to Australian local government by direct funding measures, including Financial Assistance Grants, the *Roads to Recovery* program, and Community Infrastructure (RLCIP) as part of the response to the global financial crisis, and since early 2011, through the RDA Fund. The local government sector generally regards the RDA Fund as one means of financing infrastructure requirements, given the fund's focus on the provision of hard infrastructure. To date, in regard to the RDA Fund, the reality has not matched the expectation that it will provide an effective infrastructure funding arrangement. A large number of projects have not attracted funding, and each funding round has been substantially over-subscribed. Moreover, the available funds over the life of RDAF will meet only a small proportion of the identified and ever-increasing local government infrastructure backlog.

In the context of the RDA funding infrastructure, there is some understanding in the local government sector that infrastructure investment encompasses several major considerations over and above securing Commonwealth funding support. McGovern (2011, pp. 24-5) described these matters as including:

- Infrastructure typically requires substantial funds well in advance of any returns so uncertainties are significant and should be so treated;
- Infrastructure recasts the region and wider nation while supporting a range of potential and attendant other investments;
- Infrastructure is located and physically embedded in regions with impacts spread across parties, space and time for many users and beneficiaries;
- Infrastructure investments are typically cumulative in effect and multiply engaging in process, including all levels of government;
- Infrastructure failures ... can be widely disabling, necessitating sufficiently robust arrangements and good societal oversight;
- Long-lived assets require more than short-term loans and irregular maintenance;
- Infrastructure often has a revenue profile that is ill-suited to conventional debt financing;
- Real interest rate movements need close attention and effective impact management strategies;
- Debts need to be repaid, yet analysis of revenues is often deficient and sometimes deceitful;
- New approaches and instruments will be part of improving affordability and exiting crises;
- No other current alternatives to debt are without problems, but all can be improved; and
- Monetary policies that compound problems with long term investments need to be recast to assist and enable appropriate infrastructure.

In June 2011, Infrastructure Australia (Infrastructure Australia 2011; NSW Government Department of Planning 2008) foreshadowed a policy approach of attracting private funds to infrastructure investment and described its future focus as:

- [e]stablishing the right strategic settings in the infrastructure sector;
- Financing reform, particularly developing practical options to secure additional private funds for necessary investment in infrastructure;
- An expanded infrastructure pipeline with a strong emphasis on projects that could be privately funded, and projects in regional Australia; and
- Communicating the need for a more mature (and challenging) debate about our infrastructure and how we pay for it.

Given that Infrastructure Australia is concerned with major infrastructure enhancements, especially ports and rail, to improve the movement of freight and produce to markets, there would appear to be little likelihood that this institution will significantly address the local government infrastructure backlog conundrum. Recent innovative policy proposals for financial mechanisms to support local government in addressing the ongoing infrastructure dilemma, such as a National Bond Bank (Dollery, Kortt & Grant 2011), or the 'Local Infrastructure Australia' model (Dollery 2012), may contain scope for application. However, these models will largely depend for success on local government's preparedness and capacity to borrow, and the ability of the suggested lender models to compete with established private sector financial institutions. Whatever that outcome, there will be a continuing role for RDAs to cooperate with and support local government in addressing the continuing infrastructure backlog in the regions. This reflects a central role of RDAs as the 'eyes and ears' of the higher tiers of government and continually advocating the matter as a component of the RDA-local government relationship.

Minister Crean often stated that RDAs were intended to complement the work of local government (see, for example Crean 2010, p.9). The bond between RDAs and local government is one important component of the Commonwealth-local government relationship. However,

[t]here is a potential temptation for both the Commonwealth and local government sectors to view the relationship chiefly as a means of pursuing national infrastructure and regional development goals. A more nuanced approach to regional policy, recognising the importance of civic participation in local communities, as well as the different priorities of each council, may lead to more targeted and meaningful outcomes for local government and the federal system as a whole (Megarrity 2011, p. 16).

In October 2011, the Department of Regional Development Australia (2012, p. 9) released the results of a survey of the RDA network which revealed the areas in which RDAs were engaging with local government. Over 78 per cent of

respondents reported that, in the six months leading up to the RDA survey, they had worked with local government economic development officers and urban planners. More than 69 per cent reported working with local government mayors and 61 per cent with general managers or chief executive officers. RDAs also worked with local government on the NBN rollout, disaster management, tourism, and with local government associations and ROCs.

Beer (2011, p. 14) examined the relationship between leadership and governance in Australia, and concluded that regional leadership could not be thought of as a single or unitary entity, and that no one set of behaviours or actions could be construed as leadership. Leadership found expression in multiple ways depending on circumstances, including the background of individuals and scale and engagement between the government and the broader community. Using Beer's analysis, it is reasonable to argue that RDA committees are regional leaders and actors, as are local government leaders. Closer consultation, collaboration and mutual respect between these regional leadership entities are central to enhancing and strengthening the relationship. There remains considerable scope for improvement of the RDA and local government connection and relationship. The writer's experience is that this will require effective and frequent communication, engagement and sharing of information and ongoing time commitment. A secure and effective partnership between RDAs and local government will enhance capacity to fulfil their respective roles and advance regional development while entrenching localism.

## 8. Improving planning integration

A component of this research is a consideration of the matter of integration between local government community strategic plans (CSPs) and RDA plans. In NSW, a context with which the writer is familiar, the evidence is that minimal attempts at better plans integration have occurred. This evidence includes the experience of RDANR, the writer's discussions with other RDA chairpersons and personnel, and discussions at NSW State RDA Chairs meetings. The matter has received little, if any, consideration and neither Commonwealth nor NSW governments have required integration of plans. However, in the process of developing the initial RDA plans and during preparation of the second and third iterations of such plans, local government was engaged by RDA Committees and had the opportunity to have components of local CSPs embedded in RDA regional plans. This occurred especially (but not exclusively) when local goals or objectives, as expressed in CSPs, had the potential for regional or inter-regional significance. Furthermore, local councils understood that to achieve infrastructure targets from their CSPs, when applying under the RDAF they needed to demonstrate that infrastructure project(s) aligned to RDA Regional Plans (Regional Development Australia Northern Rivers 2011c). For example, with 2012 round three RDAF applications, the funding criteria stipulated that preference would be given to projects which met priorities in local or state government strategic or community plans or other published documents (Department of Regional Australia Local Government Arts and Sport n.d., p. 3). This requirement was regarded as a move towards improving local and RDA plan integration. On economic, social and environmental grounds a case could be made for requiring greater integration of plans.

In 2009, *Integrated Planning and Reporting* (IPR) was introduced into NSW local government to improve long-term strategic planning and resource management by councils (Perry 2009). The Local Government Amendment (Planning and Reporting) legislation required each NSW council to develop a minimum ten-year duration, integrated, long-term community strategic plan for their LGA to address social, economic, environmental and civic leadership issues in communities, and to identify community long-term aspirations and priorities. Community engagement strategies, four-year delivery programs, annual operational plans, budgets, and revenue policies were to be developed. Moreover, councils were to 'give due regard to State Government plans when developing their CSP' (Perry 2009). There is a paucity of empirical evidence regarding whether this requirement has been addressed even though the NSW Government saw merit in state and local planning integration.

Introduced in 2011, the NSW 2021 ten-year *State Plan*, known as NSW 2021, is intended to guide government policy and state budget decisions. Given that RDAs cover all of NSW and comprise groupings of LGAs, the *State Plan* has significant implications for RDAs and local government. For example, goal three of the plan is 'drive economic growth in regional NSW'; goal 19 is 'invest in

critical infrastructure'; goal 20 is 'build liveable centres'; and goal 30 is 'restore trust in State and local government as a service provider' (NSW Government 2011, pp. 10-11, 38-9, 40-1, 57). These and other *State Plan* goals are reflected to some extent in, for example, the RDANR Regional Plan, while in local government CSPs they may be indirectly addressed as local goals or priorities. For example, the Clarence Valley Council CSP (Clarence Valley Council 2008, p. 5) comprises aims, elements and goals that have a local focus while reflecting the goals referred to above under the NSW *State Plan*.

Aligned to the NSW *State Plan* are several regional action plans (RAP). One such plan, the Northern Rivers Regional Action Plan (NRRAP), was released in December 2012. It is designed to integrate with longer-term transport, land use and service planning being implemented across the Northern Rivers region and identifies eight regional priorities, actions and implementation timeframes (Department of Premier and Cabinet NSW 2012, pp. 1-24). The NSW Government's intention is that the NRRAP will deliver integrated strategic planning for the region, and achieve alignment with the *State Plan* and key strategic instruments including the State Infrastructure Strategy, NSW Long Term Transport Master Plan, New Planning System, Strategic Regional Land Use Policy and Aboriginal Affairs Strategy (Department of Premier and Cabinet NSW 2012, p. 2).

The regional priorities under the NRRAP include improving access to both public transport and road safety; supporting industry and growing jobs; improving education and training opportunities; reducing crime and anti-social behaviour; building service capacity and supporting vulnerable groups; age proofing the region and improving access to health services; balancing land use with protecting the natural environment; and improving housing affordability (Department of Premier and Cabinet NSW 2012, pp. 20-4). The CSPs of the local government councils of the Northern Rivers region would reflect at least some of the NRRAP priorities. With greater integration of CSPs and the NRRAP, it is likely, for example, that greater regional resource sharing and projects coordination could be achieved between the NSW Government and local government.

RDA regional plans, which have been endorsed by the Commonwealth, appear to have only minimal connection to the NSW *State Plan* and RAPs. Closer integration of state, RDA, and local government strategic planning would surely benefit communities in terms of improved outcomes, wellbeing, and lifestyles, and should be progressed by all Australian spheres of government. Given, for example, that the MOU between the Commonwealth and NSW Governments requires that the three levels of government cooperate at the regional level, greater planning integration would appear to be a key mechanism to facilitate greater cooperative engagement (Australian Government and New South Wales Government 2009, p. 3).



## 9. Questionnaire responses

As part of the research for this report, a small number of experienced RDA committee chairpersons and local government interviewees were asked to provide their perceptions on matters likely to be of mutual interest and concern to RDAs and local government. Six RDA chairpersons, three mayors and three general managers, all from NSW, were interviewed concerning the matters identified in the left-hand column below. A summary of the responses from RDA committee chairpersons is provided in Table 3. Local government responses obtained from mayors and general managers are summarised in Table 4.

**Table 3. Responses from RDA Chairpersons**

|  | <b>Positives</b>   | <b>Negatives</b>   | <b>Emerging and/or Future Opportunities</b>   |
|--|--|--|---|
| RDA committees' relationship with local government | Local government representation on RDA committees; usually positive relationships and regular interaction; opportunity for collaborative projects; alignment of RDA plan and key LGA priorities; networking with LGA economic development officers; some co-location of ROC and RDA offices.                         | Some LGAs view RDA as competition; some LGAs not strong on strategic initiatives; LGA expectation that RDA will fund initiatives; expectation that RDA become involved in local 'grass roots' matters. | More tangible benefit for LGAs; possibility of local government amalgamations; improvement of feedback to RDAs through key issue reporting from local government personnel; greater commitment by RDA committee members to engage more effectively with local government, RDA and LGA MOUs. |
| Local Government representation on RDA committees  | Broad acceptance; local government voice is heard; LGA officers encouraged to contribute to RDA processes and strategic planning; usually solid relationships and networks across RDA regions; advice of regional 'hot' issues provided in timely manner; grounded and well informed participation at 'place' level. | Difficult to remove parochial perspectives; risk of bias in decision-making; lack of engagement due to workloads and voluntary nature of RDA committee membership.                                     | Greater general manager representation on RDAs; more skills-based representation; better regional framework and outcomes through ROCs; LGA representatives attend RDA Committee meetings; integrated government service delivery and development.   |

|   | <b>Positives</b>  | <b>Negatives</b>  | <b>Emerging and/or Future Opportunities</b>  |
|---|---|---|--|
| Role of RDA committees                                | Skills based; strategic; opportunity for consideration of issues of regional significance; RDAs respected; broad representation of views and availability of skill sets.                                      | Capacity constraints through inadequate government funding; parochialism; general misunderstanding of RDA role at political level; ambiguity of role of RDAs and issues of worth and trust.   | Greater exploration of corporate partnerships and funding; direct funding RDAs to local government; regional planning elevated to state and federal government; increase identification, cohesiveness and marketing; better economic development delivery by RDAs.   |
| RDA Fund (criteria, adequacy, inclusion of NFPs)      | Goes some way to addressing local government infrastructure issues; helps create 'level playing field'; clear, equitable and transparent process; competitive process produces quality, sustainable projects. | Smaller LGAs not receiving RDAF; LGA unrealistic expectations, bringing mistrust and disappointment concerning RDAF; tends to exclude NFPs; Reduces local relevance of RDAs; RDA worth is minimal other than as gateway for RDAF.             | Improved standard of RDAF applications; more collective approach by LGAs; RDAs more authority in decision-making process to avoid perceptions of 'pork-barrelling'; more clarity and simplification of criteria and language given substantial changes between funding rounds; council amalgamations could produce better regional applications. |
| Existence of tension between RDA and local government | Competitive thinking driving innovation; RDA reinforcement of role as a conduit for LGAs to state and federal governments; no tension evident; occasional political tension.                                  | LGAs can work against RDAs; volunteer RDA committee members incur 'out of pocket' expenses while LGA representatives are remunerated; RDAs' limited delivery capacity produces increased tension; some perception of RDA and LGA competition. | NSW local government focus on ROCs reducing relevance of RDAs; important issue requiring further research; move relationship to a higher level and better engage and capacity build each institution.  |

|  | <b>Positives</b>   | <b>Negatives</b>   | <b>Emerging and/or Future Opportunities</b>   |
|--|--|--|---|
| RDA plans and integration with local government planning                           | A meaningful role for RDAs; enables greater interaction and alignment with LGA key priorities and strategic plans; evidence of sound planning and integration. | Local government focus is operational more than strategic; plans can be poorly planned and integrated depending on commitment to the process; lack of clear pathways to state and federal governments. | Greater integration of local government Integrated Planning and Reporting and RDA Plans; elevate LGAs into strategic capacity; further community consultation and research required; greater strategic information flow to state and federal governments. |
| Roles of RDAs and councils in local economic development, regionalism and localism | RDAs and councils both creating greater input; RDAs often facilitators and change agents; important area for collaboration.                                    | Local government perception that these matters are rightly their roles causing resistance to RDA 'interference'; parochialism.   | RDAs and LGAs as cooperative partners in economic development; further community consultation and research required; increase inclusion of RDAs in state and federal consultations, planning and policy development.                                      |

**Table 4. Responses from Local Government**

|  | <b>Positives</b>  | <b>Negatives</b>   | <b>Emerging and/or Future Opportunities</b>  |
|--|---|--|--|
| RDA committees' relationship with local government | Generally working well at staff level; usually good collaboration on projects; shared interest and objectives; provides an improved regional approach; enables combined advocacy; facilitates access to state government agencies at a strategic level; provides focus on regional matters and insights into cross-regional priorities. | Areas of overlap and 'doubling up' of effort; RDAs do not engage with all of local government and where representatives struggle to speak for their council; some lack of 'buy-in' from councillors; interface with LGAs could be more frequent; greater understanding required of shared benefits outside of grant funding. | Greater effort to complement through partnership; more formal, proactive communication structures; mooted county councils in NSW may provide a logical interface with RDAs; NSW planning reforms may enable better strategic plan integration and regional and sub-regional levels; a greater role for RDAs in developing regional strategies. |

|   | <b>Positives</b>  | <b>Negatives</b>   | <b>Emerging and/or Future Opportunities</b>  |
|---|---|--|--|
| Local Government representation on RDA committees | Should allow better understanding of respective roles and improve communication and understanding of local government perspective; recognises importance of local government in regions; brings increased local ownership, resources and financial and intellectual capacity to RDAs. | Variable local government membership from constituent councils; not enough councillor involvement on RDA committees; without equal representation questions of bias or lack of balance can prevail.  | Council executive officers could better interact with RDAs; better collaboration with ROCs; place ROC chairperson on RDAs as the acknowledged representative voice.  |
| Role of RDA committees                            | Creates links to all levels of government; able to develop regional responses to issues; assemble range of stakeholder views in formulation of regional priorities; provide good advice to local government on funding accessibility; broad range of skills and experience on RDAs.   | Perceived lack of legitimacy through not being elected; RDAs do not have a formal mandate or complete endorsement by local government so that role only effective through influence; lack of community understanding of RDA role and relationship to other organisations; RDAs could probably better utilise the talent and experience in the regions; inadequate resources of RDAs to have greater impact; duplication of RDA role with other government agencies and council programs. | All levels of government need an agreement on the priority role(s) of RDAs; local government reform should include an enhanced role for RDAs; better definition of roles and creation of complementary structures to overcome duplication. |

|   | <b>Positives</b>  | <b>Negatives</b>   | <b>Emerging and/or Future Opportunities</b>  |
|---|---|--|--|
| RDA Fund (criteria, adequacy, inclusion of NFPs)      | Fund well received; presents efficiency in accessing federal funding for LGAs; inclusion of NFPs broadens opportunities and encourages collaboration and partnerships; primarily assists with infrastructure builds; process has improved with each funding round; criteria are reasonable. | Lack of transparency regarding ranking of EOI submissions; no strategic agreement at regional level and RDA decides funding priorities; given aging of local government infrastructure assets, councils less able to propose new infrastructure; should be a greater RDAF focus on libraries, museums and art galleries as they have a place in economic development; matching grant requirements can make it difficult to fund larger regional initiatives. | Greater clarity around assessment criteria and how projects assessed against each other; more strategic dialogue needed regarding RDAF priorities; broader criteria and relaxation of matching funding requirements to secure a more diverse range of regional initiatives; reporting on ranking assessments for EOI stage would assist in promoting probity and fairness of process and provide direction to applicants for future submissions. |
| Existence of tension between RDA and local government | Generally no perceived problems; mutual challenges can be beneficial; committees demonstrate receptiveness to ideas; constructive engagement is valuable; competition encourages debate and review.   | Relationship appears strained especially with ROCs; some jostling for political positioning as to who is the 'voice of the region'; tension probably a misnomer – probably better termed lack of genuine engagement because too many councils to deal with; some LGAs not securing RDAF see themselves as 'victims'; undermines the standing of each organisation if perceived as competitive.   | Regular liaison concerning strategic planning; more engagement from both parties beneficial; continuous effort required to nurture the relationship.   |

|  | <b>Positives</b>  | <b>Negatives</b>  | <b>Emerging and/or Future Opportunities</b>   |
|--|---|---|---|
| RDA plans and integration with local government planning                           | Generally good involvement and collaboration; a means to add value to local government planning and provide access to additional resources; planning reforms will encourage greater plans integration.  | Confusion around the hierarchy, priorities and strategies; need for regional 'stocktake' of plans; lack of clarity on how RDA and local govt. plans add mutual value; perception that smaller councils 'swamped' by larger councils and RDAs in regional planning.  | Mooted local government reforms should give more clarity to integrated planning; by amending the timing and some aspects of the RDA planning process and establishing requirements in local government planning could achieve greater strategic integration.  |
| Roles of RDAs and councils in local economic development, regionalism and localism | RDAs play important role in assisting local economic development, regionalism and localism; RDAs should represent major matters to higher government levels and facilitate consolidated local government strategic responses; RDAs well placed to 'look across' LGA boundaries to identify the linkages in local economies. | Significant duplication and lack of clarity in roles between ROCs and RDAs; each is consulted at a late stage of strategy planning rather than as key stakeholder at the outset; more collaboration required to focus on projects and matters of regional concern; RDAs lack resources and solid links to effectively partner local govt., which lacks the will and financial capacity; greater RDA engagement needed to include local economy qualities in regional initiatives. | Enhanced role definition and definition of where leadership role resides vis-à-vis the support and facilitator role; RDA has a broad ambit with scarce resources and requires a focus on a small number of matters e.g. development, energy and transport which are also challenging for local government ; RDAs to encourage LGAs to develop innovative economic strategies. |

Responses in the foregoing tables are self-explanatory and generally indicate that RDAs and local government have positive views of the value of RDA and the relationship between the institutions. There was broad agreement that the relationship was working well, although some reservations were expressed about the adequacy of local government representation on RDA committees. The majority of responses contained common perspectives and were constructive in terms of how RDAs and local government could work together more effectively. Valuable suggestions were offered about: the roles of the parties involved; the relationships between them; RDA committee representation; the RDA Fund; and how to increase planning integration. These suggestions should be noted and genuinely addressed by policy makers. At least some of the suggested emerging opportunities should be the subject of further research and regional policy development.



## 10. Future research

This report has focused on examining the relevant literature, the emergence of the RDAs, the early period of their operation, their roles, and the interaction of the RDAs with local government. This focus has limited the ability of the report to consider related matters. Additional consideration would be of value, for example, regarding how the role and capacity of RDAs might be improved and their relationship local government enhanced to secure a stronger and more integrated partnership arrangement. The effectiveness and economic, cultural and social value to communities of the first rounds of RDAF should be a matter for assessment, preferably when a reasonable proportion of projects has been completed. There would be value in assessing how actual project construction costs compared to original estimates, whether the new or rejuvenated infrastructure reflects the aspirations of communities as articulated in state, regional and local planning instruments, and the impact on local government delivery and operational plans and budgets in terms of the inevitable additional requirements for future maintenance of the infrastructure provided through RDAF.

Whether the RDAF has enabled a worthwhile reduction of the Australian local government infrastructure backlog, or whether that backlog continues to increase, is a matter for empirical analysis. The Allan Report (Allan et al. 2006), for example, observed that the NSW infrastructure backlog was increasing at approximately \$500 million per year. Future research should consider whether the RDAF has stemmed the growth in this backlog or whether a greater injection of Commonwealth (and state) funding is required, given the local government sector's frequent unwillingness or inability to borrow. Commonwealth funding currently committed to RDAF is \$1.1 billion, to be fully allocated by June 2015. It would appear, therefore, that a reduction of the backlog is unlikely, particularly as not-for-profit organisations share the funding 'pool' and have to date had a number of projects approved. Another matter worthy of research is whether RDAF funding criteria, have resulted in local governments nominating projects not deemed to be of critical importance in terms of addressing the councils' infrastructure backlog.

Further research into how better integration of Commonwealth, state, regional and local government strategic plans could be achieved would be beneficial. Potential outcomes from improved planning integration include: improving resource pooling arrangements; enabling partnerships; securing more and improved service delivery, improving efficiency, productivity, innovation and connectivity; and reducing duplication.

The foregoing is not an exhaustive list of matters for further research. However, it contains important questions for consideration given the obvious importance of securing RDAF in the long term as a valued funding source for new 'hard' infrastructure and for the renewal of existing infrastructure in the regions, and as a means of enhancing regional development and employment.

## 11. Conclusion

Minister Crean regularly spoke of the importance of the RDA structure, of RDAs being the 'eyes and ears of government on the ground' and of the RDA being a coordinating institution and a filter for the disbursement of funds (see, for example Crean 2011b, p. 7). Furthermore, he stated 'I also want to be in a position, longer term, where we can put them on a financial footing that goes beyond the electoral cycle, gives them certainty to plan, and be part of that strategic vision going forward'. Providing this level of financial and strategic planning security to RDA committees would be an important step forward in terms of entrenching regionalism and localism. However, while it remains to be seen whether the coalition government will have the same commitment to the regions, it is encouraging that all the major Australian political parties have, in recent decades, recognised and supported regional economic development initiatives.

The democratic legitimacy of local government is likely to be debated, and possibly endorsed, at a third constitutional referendum on the matter of constitutional recognition of local government. However, the likelihood of enshrining democratic legitimacy in regional governance, and specifically in the RDA committee structure, is less certain and is largely ignored. It is likely that the credibility, effectiveness and acceptance of RDAs by local government and regional communities would be enhanced by provision of democratic legitimacy.

Australian government capacity at the local and regional levels was questioned by Brown (2006, p. 24), who contended that there had been an undervaluing of the notion of general-purpose government at these levels. He argued that Australia needed to make choices:

about whether – or how – we intend to strengthen local and/or regional governance as a sustainable constitutional player in the medium to long term. Devolution in federal and state responsibilities is unlikely to be effective, or enduring, without dealing with the issue of general-purpose government capacity at local and regional levels, to carry the burden, in a manner that is democratically accountable. Regional institutions cannot be further developed without a constructive debate about their political legitimacy, including dealing with the political reality of existing local government. The opportunities for meaningful reform are limited unless the strengthening of local and regional governance is accompanied by a strengthening of local and regional democracy.

RDA committees have been entrusted with three significant roles: connecting the three tiers of Australian government; being effective leaders and advocates for their regions; and having a focus on matters of regional and inter-regional significance. Pursuit of these roles entails challenges to improve the relationship with local government and will require continuing mutual engagement. RDAF will

be one means of facilitating engagement and collaboration. Increasing the RDAF stream to local government in order to address the sectors' infrastructure requirements will also be important to the relationship, as will achieving greater local government representation on RDA committees.

The reality is that RDAs have been instrumental in securing new infrastructure in the regions and have brought important benefits through regional partnerships and collaboration. Continuation and refinement of the RDA model, coupled with increased Commonwealth infrastructure funding support, will continue to provide tangible benefits for the Australian regions.

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