

Chapter 7

Regional governance and service delivery

7.1 There is growing emphasis on supporting regional communities to respond to local issues that cut across local government boundaries and the variety of new structures and arrangements that attempt to do this. This chapter examines the debate about the extent to which these regional developments reshape Australian federalism and the extent to which they should be recognised as institutions in the Australian federation.

A role for regions

7.2 Several submissions advocated that regional governance is a fundamental part of Australia's federal system. Professor Brown argued that 'regional development agencies are now seen as a vital link in the matrix of institutions needed for more participative, entrepreneurial and collaborative styles of development.'¹ Accordingly, Professor Brown considered regionalism to be central to a discussion about Australian federalism:

While there are now various models for what an ideal federal system might look like, they are all predicated on strengthening local and regional governance, and including those levels in our thinking about the share of responsibilities that needs to be devolved rather than centralised.²

7.3 Similarly, the Tasmanian Government noted that:

[t]here is growing recognition that our federal system needs to provide regional communities – rural and urban – with greater capacity for developing and implementing their own solutions to local problems. In Australia, this reflects diversity of regional circumstances and issues and the difficulties faced by central government in responding effectively to regional needs.

There are new structures and arrangements emerging to address regional service requirements.

Tasmania already has regional structures for the provision of its health, education, community services and police services that allow delivery to be more flexible and responsive to local needs, while maintaining the equity and efficiency benefits of a state-wide system.

At the same time, local government is looking to regional arrangements to drive economic development and efficiencies in service delivery.³

1 Professor A. J. Brown, *Submission 41*, Attachment 12, p. 12.

2 Professor A. J. Brown, *Submission 41*, Attachment 13, p. 11.

3 Tasmanian Government, *Submission 40*, p. 13.

7.4 The NSW Government stated that '[i]t is important to strengthen Australia's regions and protect their sustainability, particularly for remote regions.' They also recommended that '[s]trategies to strengthen Australia's regions should foster collaborative arrangements and encourage long term approaches to planning and service delivery.'⁴

7.5 However, a contrary view was also put to the committee. Professor Galligan argued that:

[r]egionalism is significant because, as A J Brown shows, it is out there, alive and well. I agree, but in my view regionalism adds to the richness and complexity of identity, governance and policy communities in Australia, but is a sub-federal matter and likely to remain within the interstices of the federal system.⁵

Historical perspectives – the development of the role of regions in Australia's federal system

7.6 It is clear from the Constitution that the founding founders anticipated the need to make changes to the Australian federation. As Professor Brown submitted, Chapter 6 of the Constitution includes express provisions contemplating 'structural or territorial change – in particular, decentralisation of the colonial-era structures through further territorial subdivision and the admission of new states.'⁶

7.7 As reflected in the two major formal constitutional reviews of the 20th century, the years subsequent to Federation have seen an ebb and flow in movements promoting regionalism and the establishment of new states. The two reviews achieved:

[b]ipartisan consensus that the provisions [of the Constitution] should be adjusted so as to make it easier for new regions to be recognised and admitted to the federation. The first of these, the Peden Royal Commission on the Constitution (1927-1929) recommended unanimously to this effect, even as it voted only narrowly – by four members to three – to retain a federal system rather than abolish it in favour of a unitary one. A similar recommendation was reached by the federal parliamentary constitutional review committee of 1958, notwithstanding that at the time, the Labor members of that committee subscribed to a party platform which advocated total abolition of the States.⁷

7.8 At various times commentators have suggested that state boundaries be redrawn to reflect the dispersed population and large geographic distances. Commenting on the various proposals for reform, Twomey and Withers note that 'the

4 NSW Government, *Submission 39*, p. 10.

5 Professor Brian Galligan, *Submission 46*, p. 15.

6 Professor A. J. Brown, *Submission 41*, Attachment 11, p. 19.

7 Professor A. J. Brown, *Submission 41*, Attachment 11, p. 21.

number of regions suggested for Australia range from 25, to 30-50, to 51' depending on the person making the argument.⁸

7.9 Broadly speaking though, the push to realign Australia's federation to reflect sub-federal regional areas has been patchy. Professor Brown characterised it as a past of 'lost opportunities', arguing that:

[n]ot only have varying levels of popular disaffection with the spatial structure of federalism always been with us, but we have not been very proficient at realising when the different solutions being proposed by different groups, in fact relate to similar if not identical problems.⁹

7.10 Whilst clearly important, regionalism has remained an informal part of the structure of Australian federalism. However, it is an informal part to which the Commonwealth has resolved to provide financial assistance. For example, in 1974 the Commonwealth enacted the *Urban and Regional Development (Financial Assistance) Act 1974* authorising the Commonwealth to provide financial assistance to the States for the purpose of, among other matters, regional improvement.¹⁰ More recently, as explored below, the Commonwealth allocated payments to regional governance authorities as part of the Regional Development Australia initiative.

A role for regions – more recent developments

7.11 The intersection of regionalism and Australian federalism has received an increased focus in recent years. Professor Brown situated the debate in terms of a paradox; that is, despite, or perhaps because of, Australian federalism being 'probably more centralised in its politics, finances and operations than many unitary, non-federal systems of government', regionalism and regional governance:

has become an unavoidable question for all existing levels of government, as they become progressively more collaborative and as the Commonwealth increasingly enters policy spheres that require action and implementation 'on the ground.'¹¹

7.12 The nature of regional governance is multi-faceted. Writing in 2005, Professor Brown noted that:

[r]egional governance is the combination of institutions, processes and relationships that govern economic, social and environmental decision-making at the regional scale. Since the mid-1990s, Australia has seen an explosion of regional governance arrangements, much of it seeking enhanced participation from chambers of commerce, industry organisations,

8 Dr Anne Twomey & Dr Glenn Withers, *Federalist Paper 1: Australia's federal future. Delivering growth and prosperity*. A Report for the Council of the Australian Federation, April, 2007, p. 44.

9 Professor A. J. Brown, *Submission 41*, Attachment 11, p. 21.

10 *Urban and Regional Development (Financial Assistance) Act 1974*, s. 5.

11 Professor A. J. Brown, *Submission 41*, Attachment 11, p. 16.

professional groups, unions, community organisations of all shapes and sizes (including Aboriginal and Islander ones), individual businesses and citizens, who have now rejoined local, state and federal governments as major policy actors.¹²

7.13 According to Professor Brown, the regional governance framework has developed into a 'tapestry...made up of a diversity of intersecting institutions providing mechanisms for participation'. Among this 'tapestry' are:

- (1) elected local governments (councils);
- (2) voluntary Regional Organisations of Councils (ROCs);
- (3) the traditional regional operations of state and federal agencies,
- (4) local/regional economic development agencies, often involving state and federal officials;
- (5) local/regional natural resource management bodies, likewise;
- (6) other portfolio-specific state and federal regional bodies e.g. Area Health boards;
- (7) other cross-portfolio quasi-governmental bodies, especially Aboriginal and Islander councils, corporations and service organisations;
- (8) whole-of-government (WOG) initiatives in a region, such as Regional Managers Forums, operated by both state and federal governments as internal government initiatives;
- (9) community-based WOG consultative mechanisms by state and federal governments, such as federal Area Consultative Councils, and;
- (10) political representations by individual politicians (local, state and federal).¹³

The Regional Development Australia initiative

7.14 Most recently, the 'tapestry' of regional governance institutions has been added to by the establishment of the Regional Development Australia (RDA) program. RDA is a Commonwealth Government initiative that is designed to bring together all levels of government to support the growth and development of Australia's regions.¹⁴ The network of committees has been established throughout Australia to:

provide a strategic framework for economic growth in each region. The key functions that underpin the role of the national network of RDA committees are:

- support informed regional planning;

12 Professor A. J. Brown, *Submission 41*, Attachment 12, p. 3.

13 Professor A. J. Brown, *Submission 41*, Attachment 12, p. 3.

14 Regional Development Australia, <http://www.rda.gov.au/FAQ.aspx>, (accessed 31 May 2011).

- consult and engage with the community on economic, social and environmental issues, solutions and priorities;
- liaise with governments and local communities about government programs, services, grants and initiatives for regional development; and
- contribute to business growth plans and investment strategies, environmental solutions and social inclusion strategies in their region.

The network provides input to Australian, state, territory and local governments on regional development issues and priorities; promotes regions to secure sustainable long term jobs; promotes investment and regional prosperity; and raises awareness of programs and services available to regional communities.¹⁵

7.15 One of the distinctive features of RDA committees is that they are genuinely joint Commonwealth and State initiatives:

Appointments to committees are made by the:

- Minister for Regional Australia, Regional Development and Local Government;
- In most jurisdictions, the state or territory government minister responsible for regional development; and
- In some jurisdictions the local government association.¹⁶

7.16 Alignment of the Commonwealth government and state or territory regional development organisations varies in each jurisdiction. State and territory regional development organisations in New South Wales, Victoria, Queensland, South Australia and the ACT have joined with RDA committees. State and territory regional development organisations in Western Australia, Tasmania and the Northern Territory remain as parallel networks, though working closely with RDA committees.¹⁷

7.17 This different approach to engaging with RDAs is reflected in the cautiously supportive approach of state and territory governments to the RDA initiative. CAF commented that:

[t]he recent establishment of Regional Development Australia committees is a case in point. Where these committees are established and operate with the involvement and cooperation of both Commonwealth and State and Territory spheres of government, the network is more likely to lead to closer alignment and integration of regional development activities for the benefit of Australia's regions...¹⁸

15 Regional Development Australia, <http://www.rda.gov.au/FAQ.aspx>, (accessed 31 May 2011).

16 Regional Development Australia <http://www.rda.gov.au/about/index.aspx>, (accessed 31 May 2011).

17 Regional Development Australia, <http://www.rda.gov.au/FAQ.aspx>, (accessed 31 May 2011).

18 CAF, *Submission 38*, p. 8.

7.18 Another emerging regional institution is the national network of Natural Resource Management. The National Natural Resource Management Regions' Working Group provided evidence of their role in working between different levels of government:

We work closely with the Minister for Environment Protection, Heritage and the Arts and the Minister Agriculture, Fisheries and Forestry and State and Territory governments in implementing natural resource management programs. In our local regions we also work with Local governments and regional communities to combine investments from multiple sources so that they produce the best returns in terms of improved land, water and biodiversity outcomes.¹⁹

Concerns with the RDA initiative

7.19 Whilst regional development agencies see a key role for themselves in promoting and supporting the needs of their regions, opinion differs on the strengths and weaknesses of the current RDA framework.

7.20 RDA Barwon South West believes that 'Regional Development Australia is a good model and Regional Development Australia committees have great potential to facilitate collaborative activity across local, state and Australian governments,' but for the RDAs to be as effective as possible 'they require more open access to Australian government guidance and advice.'²⁰ They go on to suggest that an agency dedicated to supporting the RDA network be established.

7.21 RDA Wide Bay Burnett, speaking on behalf of three other RDA groups, argued that improvements could be made to funding arrangements, mechanisms designed to empower regions and regional consultation in national policy development.²¹

7.22 The Gold Coast City Council is less enthusiastic about the 'existing "one size fits all" Regional Development Australia model,'²² arguing that the current arrangements are more suited to 'smaller councils and those without the capacity to commit significant resources to economic development and where a number of Councils need to band together to generate the necessary momentum.'²³

7.23 RDA Wheatbelt WA echoed the Gold Coast City Council position, stating that 'Australia is a vast continent with drastically varying environments and because of

19 National Natural Resource Management Regions' Working Group, *Submission 29*, p. 1.

20 RDA Barwon South West, *Submission 4*, p. 1.

21 RDA Wide Bay Burnett, *Submission 13*, p. 2.

22 Gold Coast City Council, *Submission 36*, p. 7.

23 Gold Coast City Council, *Submission 36*, p. 8.

this a “one size fits all” will never be appropriate. RDA Wheatbelt WA commented further that whilst the RDA network is a good idea it is not adequately supported.²⁴

7.24 RDA Brisbane was keen to remind the committee that metropolitan areas constituted 'regions'. The term 'regional Australia' has, since the mid-1990s, become synonymous with 'rural and remote regions, that is, all regions outside the capital cities.'²⁵ RDA Brisbane noted that:

[w]e therefore consider it important that metropolitan regions – while having a different range and complexity of issues to rural and remote regions – are not omitted in government strategies to strengthen regions; and further, that metropolitan regions should have access to regional grant programs for community based social, economic and environmental projects, which can be facilitated by the RDA committees.²⁶

7.25 RDA Sunshine Coast believed regional development committees offered enormous potential to address complex issues but also felt it was important to distinguish between:

[r]egional development committees' role in helping bring whole of Government approaches to building high-impact regional development strategy; and

Regional development committees' role in the actual delivery of services and the provision of grants essential to strategy implementation.²⁷

7.26 However, these concerns about the resourcing and role of RDAs was not universally shared. RDA Peel felt that concerns they raised in their original submission about the effective use of the RDA network had been alleviated through the '[o]utcome of the 2010 Federal election with a renewed focus on regional Australia.'²⁸ CAF commented that:

Regional Development Australia is beginning to transition from a development phase to the implementation of regional plans. Once this is underway, we will be in a better position to further consider other options for delivery of services in Australian regions.²⁹

7.27 More generally, whilst acknowledging the importance of the three tiers of government working together effectively and of the importance of regional collaboration in achieving that outcome, Dr Anne Twomey, confining herself to comments on regional grant programs, suggested that:

24 RDA Wheatbelt WA, *Submission 26*, p. 2.

25 Professor A.J. Brown, *Submission 41*, Attachment 11, p. 16.

26 RDA Brisbane, *Submission 19*, p. 2.

27 RDA Sunshine Coast, *Submission 15*, p. 5.

28 RDA Peel, *Supplementary Submission*, p. 1.

29 CAF, *Submission 38*, p. 8.

[w]hile support for rural and regional Australia is important, great care should be taken with regard to introducing regional grant programs. Too often these become simply means for government to indulge in pre-election pork-barrelling. Any scheme, if it were to exist, should be strictly scrutinised and subject to close over-sight by the Auditor-General.³⁰

Local government and regionalism

7.28 Another structure that has emerged under the umbrella of the ALGA is regional organisations of councils (ROCs).

ROCs are 'partnerships' between groups of local government entities that agree to collaborate on matters of common interest. They are diverse in size, structure and mandate, but all satisfy the criteria that members:

- join voluntarily
- demonstrate their commitment in the form of financial and/or in kind contributions
- have agreed to a constitution or some other formal set of objectives
- recognise a range of common issues and interests
- nominate representatives to the ROC's executive board.³¹

7.29 ROCs vary in size and capacity but most engage in the following activities:

- research - underpinned by the advantage of taking a regional perspective on the many issues and developments which cross local boundaries;
- regional strategies integrating economic, social, environmental and cultural development;
- resource sharing is an integral part of a ROC's operation;
- advocacy - promoting and protecting their regions;
- brokering or facilitating the development and implementation of programs of central governments.³²

7.30 In addition, in the Northern Territory, legislation requires shire councils to identify and implement Local Government Regional Management Plans (RMPs) as a way of responding to the needs of residents in scattered communities sharing different cultural backgrounds and languages and economic needs.³³

30 Dr Anne Twomey, *Submission 32*, p. 5.

31 Australian Local Government Association
http://www.alga.asn.au/links/regionalOrgs_removed.php#a1 (accessed 31 May 2011)

32 Australian Local Government Association
http://www.alga.asn.au/links/regionalOrgs_removed.php#a1 (accessed 31 May 2011)

33 Australian Local Government Association, *Submission 24*, p. 21.

As with many co-operative strategies struck by local councils, the RMPs are predicated on the philosophy that joining with like councils will help strengthen the ability of councils in a region to administer services and develop service delivery improvements, lobby and influence government policy, negotiate major projects with public agencies and private interests for the achievement of regional development outcomes, and build capacity supports in new and emerging policy areas.³⁴

7.31 The ALGA identifies the benefits of the RMP in the Central Australian Region as:

- The potential to have a strong Central Australian voice on the Territory and national stage advocating for infrastructure and other improvements that will lead to a stronger region
- The potential to put in place regional, shire and community plans that are driven and monitored using shared technology.
- Joint procurement arrangements (possibly through LGANT) to the local government National Procurement Network have the potential to reduce the high costs of delivering services.
- A regional approach to community safety, including Night Patrols, could greatly enhance safety for residents, visitors and tourists in the region.
- Opportunities to establish other regional models of service delivery, from waste management policies and practices to youth, sport and recreation program delivery models.
- Joint approaches to networking, training, and professional support.

7.32 A further structure identified by the ALGA that supports regional delivery of services are the Remote Service Delivery arrangements for Indigenous communities 'which involve all three levels of government joining together to achieve a national outcome – closing the gap.'³⁵

Regional government - the radical alternative

7.33 As part of the argument for stronger regional institutions, there are occasionally suggestions that states and territories should be abolished and the federal map redrawn to reflect new regional groupings.

7.34 There has been a succession of new state movements in Australia in the previous century and more recently. The New England region of NSW has pursued a push for statehood in the past. A local referendum in 1967 asked whether people were

34 Australian Local Government Association, *Submission 24*, p. 22.

35 Australian Local Government Association, *Submission 24*, p. 22.

in favour of the establishment of a new State in north-east NSW. This issue was decided in the negative.³⁶

7.35 There is also continuing discussion about whether North Queensland should become a new state in response to a perceived south-east Queensland bias of successive Queensland state governments.

7.36 The Northern Territory Statehood Steering Committee is currently running a sustained and organised campaign to change the Northern Territory to a state. Their submission to this inquiry argued strongly that in becoming a state, Territorians would be able to 'develop our own systems of governance which suit us and the place we live. Recognising the important and vibrant Aboriginal culture of this place...' and that it would allow the Northern Territory 'to be a partner in the existing Australian Federation.'³⁷

7.37 It would be fair to say, however, that most proposals to redraw federal boundaries currently have uneven support and this, coupled with the difficulty of changing the constitution, means that these proposals remain something of a radical approach to regionalism.

7.38 Twomey and Withers provide the strongest argument against consideration of such a radical approach:

If State and local governments were to be abolished in favour of a two-tiered system of central and regional governments, the result would be a shift in power and control further away from the people. For example, the people of Tamworth and Narrabri could find that decisions about their local libraries, parks and sporting facilities would be made by a regional body in Armidale, rather than by people who are part of their local community. Decisions about schools and hospitals would be made by the central government in Canberra, as it would not be feasible to run 30 to 50 education or health systems.

The benefits of federalism, such as competition and innovation, would be harder to achieve because of the smaller population bases of most regions. Transaction costs would be higher in servicing a small population and it is unlikely that there would be a bureaucracy of sufficient size and depth to produce innovative policy.

The ability of a region to influence the Commonwealth Government, or obtain representation in the Cabinet or in any national institution, would be limited. The composition of the Senate would be skewed, with presumably

³⁶ Electoral Commission of NSW website
http://www.elections.nsw.gov.au/results/referendums_and_polls/state/29_april_1967 (accessed 24 June 2011)

³⁷ Northern Territory Statehood Steering Committee, *Submission 12*, p. 8.

no more than one or two Senators being elected for each region, effectively removing the representation of small parties.³⁸

7.39 A more measured suggestion comes from Professors Podger and Brown.

While the idea of new state governments was supported by a number of participants, there was widespread support for early action to rationalise and strengthen the current, ad hoc and messy approach to regionalism, including reconsidering the importance of place management in the planning and delivery of all government services, particularly environmental and human services.

In consultation with local and regional communities, State governments should more clearly define regions that are useful for most planning processes, while Commonwealth agencies should work more closely within such regional planning frameworks, and local governments should collaborate on this basis also.³⁹

Committee view

7.40 Evidence before the committee indicates that regional governance is primarily an intra-jurisdictional matter below the level of national and state governance. Australian regionalism, while potentially an important element of governance, is not a formal part of the structure of the federation.

7.41 It is evident that there are efficiencies and improvements in service delivery to be gained where efforts are coordinated across regional boundaries. The committee notes with approval the measures taken by jurisdictions to implement regional structures to guide service delivery and economic development. The evidence provided by the Tasmanian government provides one example of a model of regional coordination. The committee encourages all states to consider ways to improve regional governance for essential services including police and education. The committee also notes the relevance of regional coordination and program management to local government. The efficiencies of scale to be gained through regional governance may assist local government in addressing revenue challenges.

7.42 While regional governance is a sub-federal issue, the committee strongly endorses the view that all tiers of government need to work together effectively to meet the range of needs across Australia's diverse regions. Mechanisms such as the RDA framework can be important in facilitating that cooperation. The committee expects to see the framework evolve and develop as it responds to concerns by individual RDA groups that it needs to be more responsive to regional variation, have better access to federal government, and receive adequate funding to allow it to

38 Dr Anne Twomey & Dr Glenn Withers, *Federalist Paper 1: Australia's federal future. Delivering growth and prosperity*. A Report for the Council of the Australian Federation, April, 2007, p. 44.

39 Professor A. J. Brown, *Submission 41*, Attachment 5, p. 39.

perform as effectively as possible. The committee considers that the RDA program should be reviewed to ensure that the program is meeting its objectives of promoting sustainability and economic growth in Australia's regions.

7.43 The committee does not consider the proposal to redraw the boundaries of Australia's federal map around regional groupings to be a practical response to the current issues facing Australian federalism. Nevertheless, it endorses the Northern Territory's bid for statehood and recognises that one way in which regionalism could be given expression in the future is through the use of the New States provision in Chapter VI of the Constitution.

Recommendation 14

7.44 The committee recommends that the each state give consideration to strengthening existing regional governance frameworks to improve the delivery of essential services and take into account the needs of local government. In particular, it encourages state governments to review the boundaries of regions created for the administration and delivery of state services such as health and education to ensure their closer alignment with each other.

Recommendation 15

7.45 The committee recommends that the Commonwealth Government review the Regional Development Australia program after three years operation, to ensure the program effectively contributes to the long-term sustainability of Australia's regions.