



Western Australian Regional Development Trust



May 2013

Review of the Western Australian Community Resource Network

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Statement of Compliance

Hon Brendon Grylls MLA Minister for Regional Development; Lands

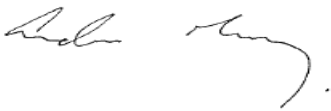
Dear Minister

On the 29 September 2012 the Minister for Regional Development; Lands (Minister) referred a review of the Western Australian Community Resource Network (Network) to the Western Australian Regional Development Trust (Trust) pursuant to section 12(b) of the *Royalties for Regions Act 2009* (Act).

The Minister advised the Trust that he considered it an appropriate time to conduct an independent, evidence-based review of the Network, particularly given that it will be completed prior to the program's fourth year of operation. The Minister provided the Trust with terms of reference, and required the results of the Trust's review of the Network to be presented to the Minister by not later than 30 June 2013.

The Trust advises the Minister that it has taken evidence, undertaken consultation, and examined the issues in accordance with the terms of reference.

The evidence, findings, conclusions and recommendations of the Trust on the Network are presented herein for the Minister's consideration.



Andrew Murray
Chair

6 May 2013

Acronyms and Abbreviations

Acronyms

ALGA	Australian Local Government Association	KPI	Key Performance Indicators
ATO	Australian Tax Office	LGA	Local Government Authority
AWACRC	Association of Western Australian Community Resource Centres	MoU	Memorandum of Understanding
CEO	Chief Executive Officer	NGO	Non-Government Organisation
CDD	Community Development Division (RDL)	PDC	Peel Development Commission
CGDN	Community Geographic Domain Name	RCCIWA	Regional Chambers of Commerce and Industry
CLG	Country Local Government	RCSF	Regional Community Services Fund
CLGF	Country Local Government Fund	RDA	Regional Development Australia
CPI	Consumer Price Index	RDC	Regional Development Commission
CRC	Community Resource Centre	RDCo	Regional Development Council
CRN	Community Resource Network	RDL	Department of Regional Development and Lands
DAFWA	Department of Agriculture and Food WA	RforR	Royalties for Regions
DCS	Department of Corrective Services	RRR	Regional, Rural and Remote Women's Network WA
DIA	Department of Indigenous Affairs	SBC	Small Business Centre
DLG	Department of Local Government	SBDC	Small Business Development Corporation
DLGRD	(Former) Department of Local Government and Regional Development	SWDC	South West Development Commission
DoT	Department of Transport	VRC	Volunteer Resource Centre
DSR	Department of Sport and Recreation	VROC	Voluntary Regional Organisations of Councils
DTWD	Department of Training and Workforce Development	WA	Western Australia
EAC	2009 Report by the Economic Audit Committee	WATC	Western Australian Telecentre Network
EOI	Expression/s of Interest	WACOSS	Western Australian Council of Social Service
FAA	Financial Assistance Agreement	WACRN	Western Australian Community Resource Network
GEDC	Goldfields-Esperance Development Commission	WALGA	Western Australian Local Government Association
GSDC	Great Southern Development Commission	WDC	Wheatbelt Development Commission
HR	Human Resource		
KDC	Kimberley Development Commission		

Abbreviations

Act	<i>Royalties for Regions Act 2009</i>
Fund	Royalties for Regions Fund
Minister	Minister for Regional Development
Network	Western Australian Community Resource Network
Review	The review of the Western Australian Community Resource Network
Trust	Western Australian Regional Development Trust

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Chapter 1: The Review

1.1 Chair's introduction

Royalties for Regions (RforR) is dedicated to the economic, social and business development of regional Western Australia (WA). RforR funding of any project or program must be made with these outcomes being both intended and realised.

The review of RforR funding to the non-government not-for-profit Community Resource Centre Network (Network) has been conducted at the request of the Minister by the Western Australian Regional Development Trust (Trust), in order to assess the current and potential contribution of the Community Resource Centres (CRCs) to regional service delivery and regional development in WA, including the future strategic direction of the Network and its potential for an expanded role.

The Trust conducted the Review with not only RforR legislation and policy in mind, but in the understanding that it is government policy to deliver more government services in the regions through the not-for-profit sector. WA's 2009 Economic Audit Report advised the government to:

Negotiate with the community sector a set of principles to facilitate the government/community sector partnership in delivering human services in order to:

- a) build trust;
- b) foster collaboration;
- c) drive social innovation; and
- d) ensure sustainable service delivery.¹

The Trust has assessed the opinions and information provided to the Review in submissions and consultation, supplemented by regional visits, referred to throughout this report as 'the evidence'.

Despite inadequate current, comparable and historical data, the Trust is of the view that the evidence to the Review is sufficient for conclusions and recommendations to be made.

The Trust's starting and end point is that if CRCs are to be funded by RforR it is essential that CRCs produce meaningful outcomes for regional development, as envisaged by the *Royalties for Regions Act 2009* (Act).

The Trust's findings and recommendations are therefore intended to determine whether CRCs do already, or could in future, produce meaningful outcomes for regional development as envisaged by the Act. Secondly, the Trust outlines its views on the future strategic direction of the Network and its potential for an expanded role.

Andrew Murray
Chair of the Western Australian Regional Development Trust

¹ Recommendation 12, Economic Audit Report - *Putting the Public First – Partnering with the Community and Business to Deliver outcomes*, Economic Audit Committee, Final Report, October 2009, page vi.

1.2 Terms of Reference extract²

Terms of Reference for the Review of the Western Australian Community Resource Network (Network)

Purpose of the Review

The Trust is established by the Act as an independent statutory body to provide advice and recommendations to the Minister on the allocation and management of funds from the Royalties for Regions Fund, and is therefore the appropriate body to conduct the review.

The purpose of the Review is to look at the Western Australian Community Resource Network (Network) in relation to its current and potential contribution to regional service delivery and regional development in Western Australia, including the future strategic direction of the Network, and its potential for an expanded role.

Timing

The Review is to be conducted in the 2012-13 financial year, and presented to the Minister by no later than the 30 June 2013. The Minister asked the Trust to consider providing him with an Interim report for the Review by 31 March 2013, to assist in informing the Government of any funding issues relative to the Network prior to the 2013-14 Budget deliberations. Consequently, the Trust resolved to provide a full draft report by the 31 March 2013.

Issues for Consideration in the Review

For the purposes of this review the Trust is to:

1. Assess the objectives, the performance, and the potential of the Network in enhancing service delivery by country local governments, the Government of Western Australia, and Australian Government agencies to their regional, rural and remote communities;
2. Review the numbers and spread of CRCs to determine if any geographic areas are under or over-served, and in doing so:
 - a. advise on a distribution of CRCs that would best facilitate the intended service delivery, and
 - b. assess the alignment of the Network with other government programs and Royalties for Regions programs, such as the Regional Centres Development Plan (SuperTowns), and where appropriate propose ways by which such alignment could be improved;

2 The full Terms of Reference are contained in the Appendices.

3. Determine how and to what extent the Network has contributed or could contribute further, to outcomes that enhance regional development in Western Australia, and in doing so:
 - a. identify any impediments to the Network realising its full potential to contribute to regional development and propose ways to reduce or remove such impediments, and
 - b. consider how the Network could better contribute to productivity and regional development outcomes such as through improved service delivery, leadership and capacity building; and
 - c. consider how the Network and the Rural Remote and Regional Women's Network of Western Australia could mutually support and enhance their respective roles and activities;
4. Review the governance and administration of CRCs across the Network, paying particular regard to:
 - a. efficiency, effectiveness and productivity, and
 - b. the effects and result of RDL processes and systems;
5. Report on the present and future financing and funding of the Network, paying particular attention to:
 - a. the effectiveness of the current and any proposed additional Royalties for Regions Funding received by the Network, and
 - b. whether some or most CRCs can become self-sufficient;
6. Investigate whether measures relating to the performance of the Network can be quantified or are available or can be derived that indicate the extent to which the Network is contributing to regional development, individual communities, and the regions as a whole;
7. Review the community representation and engagement of CRCs and community regard for them; and
8. Any other relevant matters.

1.3 Members of the WACRN Review

Trust members

Andrew Murray

Chair of the Western Australian Regional Development Trust

Sue Middleton

Deputy Chair of the Western Australian Regional Development Trust

Paul Rosair

Trust Member

Peter Rundle

Trust Member

Tim Shanahan

Trust Member

Staff assisting the review

Anna Painter (*seconded to the Trust for the duration of the Review*)

Regional Co-ordinator, Community Development

Department of Regional Development and Lands

Diane Biletic

Executive Officer

Western Australian Regional Development Trust

1.4 Methodology, conflicts of interest and acknowledgements

The Minister for Regional Development (Minister) referred the Review to the Trust on the 7 August 2012. On the 29 September 2012 the Minister publicised the review in a Ministerial Media Statement. Following that media statement, the Trust provided information regarding the Review on its website, including the terms of reference and details on how to make a submission.

During October 2012 the Trust wrote to 251 stakeholders concerning the Review and advising them of key issues and the terms of reference. In addition, the Department of Regional Development and Lands (RDL) wrote to 30 key government stakeholders encouraging them to make a submission to the Trust's review of the Network.

The Trust received 98 submissions and 3 supplementary submissions. 6 submissions requested confidentiality. The Trust engaged in 20 consultations with groups of CRCs, and had 17 other consultations with stakeholders and interested parties. Appendix 3 summarises this process.

The Trust did not conduct formal hearings.

At times RDL was asked to provide factual material in addition to that provided in its submissions.

Trust members held meetings and had various consultations to determine the structure and content of the CRC network Review report.

The Trust is comprised of five persons with significant regional experience and involvement. Despite these regional connections, there were no potential conflicts of interest apart from Trust member Paul Rosair, who declared a conflict of interest as he is the Director General of RDL, which administers RforR and the CRC network funding and support program. RDL made a submission and a supplementary submission.

At the Chair's request, Mr Rosair did not attend the Review consultations. The Chair requested Mr Rosair to make a contribution to all discussions concerning the Review report, as his views and knowledge are valuable, but indicated that at any time he was entitled to withdraw or reserve his position, or alternatively, accept the majority view.

The Trust particularly wishes to thank all those who made written submissions and those that participated in the consultations.

The Trust wishes to acknowledge the valued support of the officers assisting the Trust in the Review, Diane Biletic and Anna Painter; and a number of executives and officers in RDL who assisted with the provision of data.

Chapter 2: Summary and Recommendations

2.1 Executive summary

The executive summary is not a summary of Chapters 3-13. Chapter 3 covers the history and status of the CRC network. Chapters 4-12 respond to the terms of reference, and Chapter 13 contains the Trust's views and conclusions.

This executive summary is a short précis of Chapter 13, and is not a summary of the Report. For reasons of context, depth and information, it is advisable to read the report as a whole.

Evidence and footnote references omitted in this summary will be found in Chapter 13.

The Trust's recommendations are listed at the end of this Chapter 2.

Introduction

The CRC Network consists of not-for-profit non-government Community Resource Centres that are locally owned and operated. There are 109 CRCs operating in the nine regions of country Western Australia, 28 of them in remote regions.

The Network provides a wide array of information and community-based services to local people, local businesses and visitors in regional Western Australia, that includes information and services provided on behalf of country local government, the Government of Western Australia, and Australian Government agencies.

The Network is supported by the Department of Regional Development and Lands' Community Development Division, and significant funding is provided via the Royalties for Regions Regional Community Services Fund.

Very large networks deliver specific services to regional WA, such as post offices, police stations, libraries, schools and health facilities.

With respect to general community services, although there is a very great difference between the two in terms of capacity, responsibilities, assets, and budgets, nevertheless, after country local government, the CRC network of premises, technology and people is the only other large network in regional WA.

Should government support the CRC network?

Under the *Royalties for Regions Act 2009* Royalties for Regions expenditure must promote and facilitate economic, business and social development in regional WA.

The Network's contribution to economic and business regional development and/or community development varies by CRC on a spectrum from negligible to minor to modest. The Network's contribution to social regional development and/or community development varies, depending on the CRC, on a spectrum from negligible to modest to significant.

The evidence is that some CRCs have made a consistent and sustained difference to the communities in which they are situated.

The cost of accessing services is prohibitive for many people within more rural and remote communities so the CRC does become a vital link between individuals and government.

In general there is wide but not deep delivery of selected State and Federal Government services, with 90% of CRCs offering at least one service for this level of government.

The advice of the Economic Audit was to better utilise not-for-profits in the community to facilitate more effective and sustainable service delivery. There is presently no coordinated approach to utilise the CRC network across all relevant agencies for government service delivery, even though the intent of the Network is specifically to fulfil this purpose.

There does need to be a lead agency. It should remain RDL, because the CRCs fall into the regional policy fields RDL has responsibility for, and RDL also now has great experience in and understanding of the Network, and useful expertise in dealing with it.

A further policy consideration is that there are specific particular and special needs relating to government service delivery in rural and remote areas populated by Aboriginal communities.

In instances where country local government does not have a physical presence or when a CLG would find it more cost effective and appropriate to outsource a service, CRCs would seem well placed to undertake many non-core CLG functions.

The possible amalgamation of some CLGs will result in the rationalisation of CLG premises and staff. In those CLGs where the previous CLG administration presence may be lost, it may be appropriate for the local CRC to become the new CLG's shop-front in that settlement.

In remote indigenous areas, where local government service delivery is weak, the CLG would benefit from the CRC taking payments for CLG charges, and providing essential CLG information and services.

The delivery of government services through CRCs by individual Commonwealth agencies, individual State agencies, and individual local governments could be much better assisted than at present by RDL and/or AWACRC, acting as a broker, coordinator and facilitator.

The Network is fundamental social infrastructure that enables local communities to build their capacity. They are therefore a key link between the local community and government objectives at a regional level. The Network is a core mechanism by which RforR investment can impact the capacity of local communities' ability to manage change, and by doing that impact regional development outcomes.

What contribution do CRCs and can CRCs make to the regions?

The evidence to the Review has been that the contribution CRCs have made to their local communities over the last two decades has, in aggregate, been considerable.

The essence of the CRC network is its grass roots community owned and driven foundation; a valuable asset adding to the social fabric, social capital and civil society of remote rural and regional communities, providing valuable, wide ranging and diverse services.

CRCs do play a role in developing regional communities in a social and economic sense at the local level, with some centres playing a significant role, but with some weakly engaged.

RDL's 3-tier segmentation of CRCs is a realistic recognition of the fact that CRCs vary in their capacity to perform.

If the spread of CRCs is increased, governments and the communities use them more, service delivery is considerably enhanced, and CRCs are included as an integral part of community precinct development in regional WA, then the CRC network will realise its potential to contribute significantly to all the regions of country WA.

To achieve that will need significant enhancement and investment, and a change in policy, attention and resourcing.

To move forward CRCs need an able peak body to represent and negotiate for them. RDL will need to actively engage and assist in the creation of a much stronger peak body.

If community or regional development is to be a key area where CRCs are to be involved, a more strategic and coherent approach is required. RDL has to focus on outcomes required.

How should CRCs be funded?

\$51 million has been allocated to the CRC network over five years (roughly \$10 million a year), of which 20% is from RDL (non-RforR) and 80% from RforR. Funding per CRC from RforR ranges from a minimum of \$90,000 per annum to a maximum of \$160,000.

Funding supports the employment of trainees (up to two per CRC at any one time), at \$20,000 per trainee, with the capacity to fund a third trainee in high performing CRCs.

RDL expects the cost of the Network from 2013-14 to 2015-16 to be \$12.0 million, \$16.0 million and \$16.7 million respectively; the increase is to provide for expected growth of CRC numbers, additional CRC projects, and co-location and building and infrastructure grants.

CRCs income is from membership and other fees, the sale of services, funding from some local governments, contractual fee-for-service funding from Commonwealth and State government agencies, and recurrent funding from RforR. RforR funding does not appear to be less than 50% of CRC gross income.

Pricing of CRC services needs revision. There is no Network guide to pricing services and no cost accounting guidelines available to assist CRCs in the most fundamental of business decisions – what services to offer at what price.

CRCs need to offer free services and discounted services to fulfil their community service role, but that should not mean offering free or heavily discounted services in every case if it is not necessary. There is an opportunity cost to such decisions.

On present performance and prospects, CRCs could not do without RDL/RforR funding. It is possible for some CRCs, perhaps many, to shift to greater self-sufficiency on three fronts:

- Firstly, to earning funding on a performance basis that elicits a contractual fee for service, so moving away from operating subsidies.
- Secondly, in developing services and pricing on a more professional business basis.
- Thirdly, in expanding the range of services they are either paid to deliver, or charge to deliver.

Market segmentation will indicate which CRCs have the best chance of improving their financial viability.

What will deliver the best outcomes?

Many CRCs have a good, sometimes very good, foundation on which to build, but CRCs do vary widely in capacity. To deliver meaningful regional and local development outcomes CRCs must have the revenue, location, premises, equipment, staff, committees, services, plans, governance, support, pricing and customer/client base that make them able to deliver.

Expansion of the Network should only be undertaken if it will be government policy to support that expansion, because to expand the Network significantly will call for a concomitant increase in public sector effort and investment.

Very low usage of CRC facilities should attract an automatic presumption of ceasing funding by RforR, unless there are very sound reasons not to. A rationalisation of service delivery in selected areas on a hub and spoke basis, or within clusters of CRCs, should be considered.

Certain localities and demographics are under-serviced. Consideration should be given to improving the CRC coverage in the Pilbara region.

New CRCs can be considered in Kalumburu, the Lockyer suburb in Albany, the Carey Park and Withers suburbs in Bunbury, in the Pilbara, Gascoyne and Upper Mid West regions, the Town of Narrogin, Dwellingup and Preston Beach, Warburton, the Ngaanyatjarra Lands, the Western Desert and some communities in the Western Kimberley at Nullagunda (Gibb River), Dodun (Mt Elizabeth), Kupungarri (Mt Barnett) and Imintji.

Under-servicing is also suggested by there being no CRCs at all in 29 of WA's 109 CLGs.

The alignment of the CRC network with other government programs and RforR programs such as the Regional Centres Development Plan (SuperTowns) is generally patchy.

Impediments to growth and performance mostly fall into the four pockets of revenue, premises, personnel and services.

The RRR Network can be tapped as a source of CRC personnel and CRC committee membership, and as a mechanism for assessing need and demand for CRC services, and marketing those services.

The governance and administration of the CRCs overall is sound, and in some cases of a high standard. Given the small and sometimes isolated organisations, and given the limitations of funding, resources, and of staff and volunteer numbers and capacity, this is no mean feat.

If volunteering reduces, is largely absent or becomes less of a community habit, it makes governance and administration more costly and harder; and so simpler easier cheaper and standardised governance accounting and reporting processes and systems will help.

There is a need for a review of the function and operation of RDL's Regional Coordinators.

In general community representation in CRCs appears to be good, and in a few CRCs it is exceptional. The key to whether a CRC is needed and relevant is its patronage by members of the community and by visitors to the community.

Such data is essential for performance measurement. Performance measurement requires the collection, analysing, reporting, and most importantly, the use of statistics and data concerning the performance of an organisation. It is essential to keep the process as simple and easy as possible, and to minimise the compliance burden.

Other relevant matters

The relationship between RDL and CRCs is not clearly defined, and relevant RDL job descriptions and roles need to be clear, relevant and outcomes-based.

It is important to revisit the nature of the funding and business models to be adopted. A grant-based funding model produces a different relationship to a fee-for-service contract.

There are times when RDL's close engagement with CRCs on IR and HR matters is unwise and complicates the relationship between CRCs and RDL.

The importance of having an effective peak body means that RDL will have to assist AWACRC in getting stronger and provide resources and support accordingly.

Branding and marketing of the CRCs has not been done to commercial standards. It does not help at all if location, signage, websites, and marketing are weak.

The performance governance and administration of the CRC program is materially affected by the quality of CRCs' accounting standards and systems. Common systems do not exist. The Economic Audit took an interest in standardised systems for the community sector.

RDL and/or AWACRC should investigate whether it would be valuable to develop an accounting manual or system for the Network.

2.2 Recommendations

Recommendation 1

The Trust recommends that the Minister, subject to Recommendation 2:

- Does not commence any material changes to the RforR funded CRC program until 1 July 2014 (unless earlier changes are generally welcomed by the Network);
- Continue the CRC program at least at currently proposed budget levels for 2013-14;
- After any reforms, give certainty to the Network by assuring RforR funding over the 2013-2016 budget cycle; and
- That the effect of changes to the CRC program arising from this Review be assessed at any time prior to the 2017 budget round.

Recommendation 2

1. The Trust recommends that the Minister and Premier, taking into account the report of the Economic Audit Committee, and taking into account evidence to the Review and the Trust's findings, take steps to identify:
 - a) what role CRCs should play in enabling regional development through:
 - i. enhancing access to, and delivering, government services; and
 - ii. building human capacity to support local development initiatives.
 - b) how government policy should be adjusted to support these roles.
2. Further, the Trust recommends that RDL continue to be the lead agency in delivering the CRC program, and in so doing investing RforR funds.

Recommendation 3

The Trust recommends that the Minister, the Minister for Aboriginal Affairs, the Minister for Local Government and Communities, and the Premier, taking into account evidence to the Review and the Trust's findings, over and above the matters identified in Recommendation 2:

- identify what additional support role CRCs could and should play in enhanced government service delivery for indigenous and non-indigenous remote communities; and,
- what government support and resources should be provided with respect to those CRC premises (including consideration of fixed, mobile, satellite and hub and spoke CRC models), staff, governance and funding.

Recommendation 4

That the Minister task RDL to take into account evidence to the Review and the Trust's findings, and then consult with the Department of Local Government and Communities, RDCo, WALGA, AWACRC, and any other relevant bodies to prepare a plan for the Minister's approval which will better integrate the CRC network into local government and RforR programs and plans, including specific consideration of whether local governments might work in partnership with RDL to establish CRCs in those parts of Western Australia where CRCs are currently under-represented.

Recommendation 5

The Trust recommends that the Minister, subject to the outcome of recommendation 2, and taking into account evidence to the Review and the Trust's findings, task RDL to prepare for the Minister's approval:

- Better definition of the role of the Network, on an outcomes-basis;
- Better definition of the role of, and relationships between, the three levels of government and CRCs and the AWACRC;
- A revised segmentation of CRCs by capacity, type, service, and potential;
- Alignment of the funding model to better reflect the CRC role, government roles and CRC segmentation;
- Development of strategies to measure performance, effectiveness, reach, and community need;
- Support of CRC development on a strategically planned basis to maximise impact and outcomes;
- Development of strategies to identify CRCs with potential, and increase support; and also identify those CRCs that are under-performing, and either support to improve, or cease funding; and
- Proposals to increase the number of CRCs in under-serviced areas and decrease the number of CRCs in over-serviced areas.

Recommendation 6

Subject to the outcome of Recommendation 2, the Trust recommends that the Minister require RDL to take into account evidence to the Review and the Trust's findings, to prepare a proposal for his approval for CRC funding that moves RforR to fee-for-service funding, supported by an RforR grants pool for projects, premises and equipment. For purposes of funding, RDL should be required to segment CRCs on a capacity, prospects and outcomes basis, and indicate why some CRCs might be a case for special need. RDL should indicate the criteria under which CRCs will no longer be funded.

Recommendation 7

The Trust recommends that the Minister task RDL to ensure greater value for money from RforR funding of CRCs, by taking into account evidence to the Review and the Trust's findings, and supporting the Network in developing services, plans and pricing systems that will make it possible for CRCs to earn more income, and some CRCs to shift to greater self-sufficiency:

- Firstly, by earning funding on a performance basis that elicits a contractual fee for service, so moving away from operating subsidies.
- Secondly, by developing services and pricing on a more professional business basis.
- Thirdly, by expanding the range of services CRCs are either paid to deliver, or charge to deliver.

Recommendation 8

The Trust recommends that RDL ensure a tighter link between CRC funding and measurable RforR outcomes, and in addition better integrate CRCs into relevant RforR programs such as SuperTowns and Pilbara Cities.

Recommendation 9

The Trust recommends that, subject to the outcomes of Recommendations 2 and 3, the Minister task RDL to take into account evidence to the Review and the Trust's findings, and to prepare a proposal for the Minister's approval for the funding of new CRCs or the cessation of funding for some existing CRCs over the medium term, based on whether any geographic or population areas are under or over-serviced or not serviced at all, without regard to whether the population is below or above a set size.

Recommendation 10

The Trust recommends that RDL, taking into account evidence to the Review and the Trust's findings, reviews:

- a) the CRN funding and business models to ensure they are outcomes-based;
- b) the role and function of RDL staff that deal directly with CRCs and AWACRC, to ensure these roles are clear, relevant and outcomes-based; and
- c) the support for and funding of the AWACRC, to strengthen its role as a peak body and source of professional advice to the Network.

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Chapter 3: CRN History and Program³

3 The Trust has heavily relied on RDL for much of the background and data contained in this Chapter.

3.1 Pre-CRN

3.1.1 The Telecentre Network program and funding

The 'first generation' Western Australian Telecentre Network (WATC) was established in regional Western Australia (WA), predominately in small rural and remote communities, in 1991. Telecentres were not centrally planned; to a large degree their siting was determined locally.

The Telecentre Network was established with the purpose of fostering social and economic development within their local communities through the provision of local access to technology, information and services. Telecentres provided a range of services including access to computers, high-speed Internet services, two-way video-conferencing, and education and training facilities, as well as Government, business and community information and referral services.

By the end of 2008, the Telecentre Network had grown to include 103 not-for-profit, community owned and operated Telecentres spread across rural and remote communities within WA, providing a diverse range of services appropriate to their local communities' needs.

A majority of the Telecentres were incorporated associations under the *Associations Incorporation Act 1987 (WA)* and each one was independently operated by its own management committee, comprised of volunteers from the local community, who had ultimate responsibility for the operations of the Telecentre.

Two other models of management of Telecentres were also utilised on a lesser scale, those being the administration by a local government authority and administration by an Aboriginal corporation.

The Department of Local Government and Regional Development (DLGRD), and its predecessors, managed the State Government's Telecentre Support Program through the provision of funding and ongoing support and development services to Telecentres that formed the WATC.

Funding was provided under a Memorandum of Understanding (MoU), reviewed on an annual basis. Telecentres were required to provide advice regarding intended activities via an annual business plan, as well as submission of statistics on a half-yearly basis.

Prior to the allocation of RforR funding from 2009 onwards, to assist in the establishment and continuation of the Western Australian Community Resource Network (Network), the allocation of funds to each Telecentre had remained static since 1995, while the Consumer Price Index (CPI) had increased during the same period by 45%.⁴

Without any capacity on the part of DLGRD to increase funding, Telecentres were in a position where costs (such as rent, telecommunication costs, power, rates, office and furniture supplies, insurances, equipment, refreshments, wages and on-costs along with other operational costs) had increased significantly. Without access to additional funding, this cost had to be absorbed by the Telecentres themselves.

4 Calculated using the Australian Bureau of Statistics - Consumer Price Index Inflation Calculator.

This increase in operational costs and static government funding levels, combined with small local populations and potential markets, contributed to a situation where most Telecentres were struggling to generate sufficient income to cover their operating costs, as well as finding it increasingly difficult to maintain the delivery of services to their community.

Telecentres undertook and achieved a significant number of projects and services during their 18-year lifespan. However, limited resources meant that centres tended to focus on their local situation, rather than build their capacity as a whole Telecentre Network to work as a unified, cohesive and collaborative body.

3.1.2 Telecentre Network transition to CRN

In December 2008, DLGRD made the recommendation to government that the WATC should be established as a platform for the delivery of RforR initiatives in small, rural and remote communities across regional Western Australia. It was envisaged that this proposal would enhance the delivery and diversity of important community services, including commercial services, which promoted regional growth and prosperity.

Ultimately, the decision was made to rebrand Telecentres as 'Community Resource Centres' (CRCs) and not to tie or link them to the Regional Development Commissions (RDCs). Instead RDL was to provide funding through RforR and, in addition, provide support to the associations.

Leading up to the launch of the new-look 'second generation' Network, centres were provided with RforR grant funding to facilitate re-branding, establishment of state-of-the-art IP based video conferencing suites, as well as some further funding for equipment upgrade.

Additional grant funding was also provided to CRCs to set up 'Government Information Areas' where online and print based state government resources could be accessed by the local community at no cost.

On 8 April 2010, the Minister for Regional Development and Lands (Minister) the Hon Brendon Grylls officially launched the new branding and logo of the CRC network at Boddington in the Peel region.⁵

The Financial Assistance Agreement (FAA) between each CRC and RDL came into effect on 1 July 2010 and continues until 30 June 2013.

RDL advised that with the transition to the CRN:

[RDL] The role and functions for Telecentres were expanded to include, for example: a greater emphasis on improved technology; an increased role in event coordination; delivery of training; coordination of local activities and a stronger focus on providing Government information. Significantly, CRCs were freed up to engage in more income generating activities and to promote social development through providing access to services not otherwise available to the community.⁶

5 Media Statement regarding CRN launch available from <http://www.mediastatements.wa.gov.au/Pages/StatementDetails.aspx?StatId=2405&listName=StatementsBarnett>

6 RDL Submission, page 7.

3.2 Overview of the CRN program

3.2.1 The CRN program and performance

On the whole, the Network is vibrant and diverse, generally well equipped, and providing a broad range of services as required by communities across the state. The transition from Telecentres to CRCs has seen a rapid and significant overall improvement in the level of professionalism and in the innovation expected of the Network.

Some CRCs have embraced the challenge and have rapidly evolved as dynamic organisations; others have more cautiously approached these opportunities and have not developed at the same speed or to the same level or standard. Some CRCs have resisted change and new opportunities, either through a lack of capacity or a lack of appreciation of the new direction of the Network.

3.2.2 CRN and CRC capacity

Given the size and independent nature of the Network, it is to be expected that the level of professionalism and services delivered will vary between centres. The range in capacity, quality and number of services in individual centres resulted in RDL's decision to provide a guide to capabilities to enable stakeholders to engage with individual CRCs with realistic expectations of capacity.

It was decided to separate the CRCs into three levels (levels 1, 2 or 3 – with 3 being the highest) would provide a more accurate picture of the capacity and capability of individual centres and enable more realistic negotiations with external stakeholders.

The nature of services provided by CRCs and the form and size of the centres are determined by a wide range of factors, including, location, regional and local demographics, the form of centre ownership, governance, the management structure adopted, and the level of funding/revenue obtained.

RDL appointed an external provider to undertake the initial rating assessment of centres, with subsequent re-assessments being undertaken by RDL staff members.⁷

As at January 2013, there were 31 Level 1 centres, 57 Level 2 centres and 21 Level 3 centres, totalling 109 CRCs in active operation.

7 This section is expanded upon in Chapter 6.

Table 1: Levels of Operational CRCs by Region

(Source: RDL)

Region	Community Resource Centre	Level	Region	Community Resource Centre	Level	Region	Community Resource Centre	Level
Gascoyne	Exmouth	1	Mid West	Coorow	2	Wheatbelt	Beacon	2
	Gascoyne Junction	1		Cue	1		Bencubbin	1
	Shark Bay	2		Dongara	3		Beverley	2
	Goldfields-Esperance	Coolgardie		2	Kalbarri		2	Brookton
Hopetoun		3	Leeman and Greenhead	1	Bruce Rock		3	
Irrunytju		1	Meekatharra	3	Corrigin		3	
Kambalda		1	Mingenew	3	Cunderdin		2	
Laverton		2	Morawa	2	Dalwallinu		3	
Leinster		2	Mullewa	2	Dandaragan		1	
Leonora		2	Perenjori	2	Dowerin		2	
Menzies		1	Peel	Boddington	2		Gingin	3
Norseman		2		Pinjarra	1		Goomalling	2
Ravensthorpe		2		Serpentine/Jarrahdale	3		Hyden	3
Great Southern	Tjuntjuntjara	1	Waroona	2	Jurien Bay		2	
	Bremer Bay	2	Pilbara	Marble Bar	2		Kalannie	2
	Denmark	2		Nullagine	1		Kellerberrin	2
	Frankland River	2		Onslow	2		Kondinin	2
	Gnowangerup	2	South West	Augusta	2	Koorda	3	
	Jerramungup	2		Boyup Brook	3	Kulin	2	
	Katanning	2		Bridgetown	2	Lake Grace	2	
	Kojonup	1		Brunswick Junction	1	Lancelin	3	
	Mount Barker	1		Donnybrook	2	Merredin	1	
	Ongerup	2		Greenbushes	2	Moora	2	
	Pingrup	2		Harvey	2	Mukinbudin	2	
	Tambellup	2		Manjimup	1	Narembeen	3	
	Wellstead	2		Nannup	3	Newdegate	2	
	Kimberley	Balgo		1	Northcliffe	2	Nungarin	2
		Bidyadanga	1	Pemberton	2	Pingelly	3	
		Billiluna	1	Walpole	3	Quairading	2	
		Broome	3	Yarloop	1	Southern Cross	2	
Djarindjin		1	Other	Cocos (Keeling) Islands	1	Toodyay	2	
Kununurra		3				Wagin	2	
Looma		1				Wandering	1	
Mowanjum		1				West Arthur	3	
Nookanbah		1				Westonia	3	
Ringer Soak		1				Wickepin	2	
Wyndham		2				Williams	2	
Yakanarra		1				Wongan Hills	1	
						Wyalkatchem	1	
					York	2		

3.2.3 CRN Funding

All funding to CRCs, including expenditure on buildings and equipment, is provided through a grant application process from recurrent funding. Although capital expenditure by CRCs has been the purpose of some grants, no grants are classified in RDL's books as capital funding.

All funds distributed to CRCs come under the umbrella of the FAA, which is signed between the CRC Chairperson (on behalf of the CRC's Committee) and RDL. RDL's administrative costs are separate to the funding provided under the FAA.

The Telecentre and then CRC network have been funded by Government for over two decades. This funding has increased for the second generation CRCs. In rounded figures RDL's tables below show that \$51 million has been allocated to the CRC network over five years (roughly \$10 million a year), of which roughly 20% is drawn from RDL (non-RforR) and 80% from RforR. \$10 million a year is a significant funding and investment effort by the Government

These figures exclude other federal state or local government funding of CRCs for specific service delivery on either a grants basis or fee for service contracts.

Table 2: Community Resource Centre Network Expenditure Summary - 2008-09–2012-13

(Source: RDL)

	\$000	Percentage	Note
RDL Administrative Costs	5,194	10.1	
Total RDL Administrative Costs	5,194	10.1	
CRC network Support, Marketing and Administrative Costs	5,151	10.0	1
CRC Project Grants	32,120	62.5	2
CRC Capital Expenditure	8,919	17.4	3
Total CRC Network Funding	46,197	89.9	
Total Expenditure	51,391	100.0	

Note 1: Represents costs associated with administering CRCs through cluster meetings, workshops, training and network marketing.

Note 2: Represents funding distributed to CRCs through project grants, which includes operational expenses, trainees, professional development, and ICT support and development.

Note 3: Represents grant funding distributed to CRCs for capital expenditure such as equipment, furniture, building and infrastructure costs.

The summary Table 2 above indicates a deep commitment of RDL resources to the support of the CRC network, with a high 10.1% of the total expenditure from 2008 to 2013 a direct cost to RDL for the administration or support of the Network. While the bulk of the CRC funding (89.9% of the total) goes directly to CRCs operational expenditure (operational expenses, trainees, professional development and ICT support and development) this ends up as just two-thirds (62.5%) of the total allocation to CRCs over five years.

The remainder of the total allocation to CRCs over five years is for capital expenditure such as equipment, furniture and building and infrastructure costs (17.4%) and for the provision of support such as cluster meetings, workshops, training and Network marketing (10.0%).

As the following chapters will show, a key pressure on many CRCs facing difficulties with capacity and sustainability is suitable accommodation. Despite this need for access to more appropriate and more affordable accommodation, only 6.3% of the CRC network total expenditure by RDL was on building and infrastructure grants, with most capital expenditure being on equipment.

A characteristic of most RforR funding through its three subsidiary accounts⁸ is that it is allocated to investment in physical infrastructure, rather than to operational running costs. This is not the case with the CRC network.

Table 3: CRN – Actual Revenue and Expenditure- 2008-09 – 2012-13

(Source: RDL)

	2008-09 \$000	2009-10 \$000	2010-11 \$000	2011-12 \$000	2012-13 \$000	Total \$000	Note
Revenue							
Consolidated Fund ⁹	2,201	3,444	2,243	2,217	636	10,741	
Royalties for Regions – Regional Community Services Fund	1,702	7,993	10,000	12,105	8,200	40,000	1
Total Revenue	3,903	11,437	12,243	14,322	8,836	50,741	
Expenditure							
					YTD 2012-13 July-Dec 2012		2
CRC Network Funding							
Consolidated Revenue	1,800	2,693	2,479	2,226		9,198	
Royalties for Regions – Regional Community Services Fund	1,637	6,652	11,082	10,957	6,671	36,999	
CRC Network Funding Total	3,437	9,345	13,561	13,183	6,671	46,197	
RDL Administrative cost							
Consolidated Revenue	1,185	812	816	741	327	3,881	
Royalties for Regions – Regional Community Services Fund		129	414	486	284	1,313	
RDL Administrative cost Total	1,185	941	1,230	1,227	611	5,194	3
Total Expenditure	4,622	10,286	14,791	14,410	7,282	51,391	

Note 1: Royalties for Regions budget allocation for 2012-13 is \$12m. \$8.2m in funding has been received, with the remaining \$3.8m in funding awaiting budget consideration.

Note 2: Year to date expenditure until 31 December 2012.

Note 3: The difference between Revenue and Expenditure is due to the financial information shown in the table being prepared on an accrual accounting basis.

8 The Country Local Government Fund; the Regional Community Services Fund; and the Regional Infrastructure and Headworks Fund.

9 The 'consolidated fund' is RDL's departmental budgeted allocation from the State's general 'Consolidated Account'. Under section 64 of the *Constitution Act 1889 (WA)*, all moneys due to the State are credited to the Consolidated Account. Authorised expenditure from the Consolidated Account is by an *Appropriation Act*, in this case to RDL.

Table 4: CRN 2012-13 budget and out-years

(Source: RDL)

	2012-13 \$000	2013-14 \$000	2014-15 \$000	2015-16 \$000	Total \$000	Note
Revenue						
Royalties for Regions – Regional Community Services Fund	3,800	12,000	16,000	16,700	48,500	1
Consolidated Fund		660	685	711	2,056	
Total Revenue	3,800	12,660	16,685	17,411	50,556	

Note 1: Royalties for Regions budget allocation is based on Treasury Forward Estimates. Funding is awaiting budget consideration.

Table 5: CRN Expenditure Statement - 2008-09 to 2012-13

(Source: RDL)

	2008-09 \$000	2009-10 \$000	2010-11 \$000	2011-12 \$000	2012-13 \$000	Total \$000	Note
					YTD 2012- 13 July-Dec 2012		1
Operational (including remote loading)	1,800	3,985	5,287	5,096	2,556	18,734	
Governance		460	1,028	982	515	2,985	
Equipment, fixtures & fittings		3,072	949	1,156	484	5,661	
Marketing & promotion			455	446	287	1,188	
Professional Development			457	427	242	1,126	
ICT Support & Development Services			924	838	484	2,246	
Trainee		43	1,608	1,725	957	4,333	
Special Project	677	163	305	235	128	1,508	2
Building & Infrastructure – under \$50k		70	458	256	96	880	
Building & Infrastructure – over \$50k		516	470	1,021	371	2,378	
Network Support – e.g. cluster meetings, workshops, training	435	690	881	852	271	3,129	
Network Marketing	525	346	502	213	195	1,781	
Administration	1,185	941	1,467	1,163	686	5,442	3
Total Expenditure	4,622	10,286	14,791	14,410	7,282	51,391	4,5

Note 1: Year to date expenditure until 31 December 2012.

Note 2: 2009-10 includes funding to provide for video conferencing equipment and the establishment of a Government information booth in CRCs.

Note 3: Includes RDL and CRC Network Administration costs.

Note 4: 2008-09 includes all grant funding to CRCs, other than operational grant funding.

Note 5: Includes both CRC Network Funding and RDL Administrative costs.

Additional Note: New cost centres were introduced in 2009-10.

Additional Note: Refer to document "Background information to CRC Network funding" for further explanation on funding – see Appendix.

3.2.4 RforR CRN/CRC governance, funding conditions and reporting

Governance

With the majority of CRCs administered by volunteer-run associations with a small number of employed staff, RDL was conscious that the governance requirements should be sufficiently stringent to minimise the risk of misappropriation of government funds, but at the same time not be overly burdensome on volunteers.

As such, a governance grant of \$10,000 is provided to centres as part of their annual allocation to ensure they are able to afford to access the services of a qualified book keeper, pay for an annual audit and to make certain that they are adequately insured. This funding can also be utilised to ensure governance processes and practices are established and followed by staff and committee.

Funding Conditions

The conditions under which funding is provided to CRCs is set out in the FAA between each CRC and RDL, along with grant schedules which outline what can be funded, what cannot be funded and the conditions and obligations attached to each aspect of the funding. The funding conditions were provided to CRCs in April 2010 as part of the initial information package provided by RDL.

Reporting

As a condition of funding under the current FAA, CRCs are required to provide an acquittal of grant funding at the end of January and July each year in order to trigger the release of the next allocation of grant funding. These acquittals provide information regarding expenditure of grant funds, along with reporting on the progress of action plan objectives from the CRCs' business plans.

Each year CRCs are required to provide an audited copy of their accounts, along with other documentation including the minutes of the Annual General Meeting of the association, ATO reporting information and evidence of trainees recruited by the CRC.

3.2.5 Key objectives, intended and actual outcomes

CRCs are provided with key objectives by RDL, but these do not refer directly to the Act, regional development, or RforR. The five key objectives which CRCs are required to plan for and report against are:

- Build the capacity of the local community;
- Deliver services and information on behalf of government and other agencies relevant to local community needs;
- Develop partnerships and negotiate business opportunities for the benefit of the local community;
- Increase the profile of the CRC and the Network; and
- Develop and maintain high standards of management and governance.

Business planning documentation requires CRCs to address each of these objectives when developing their action plans for the financial year. All centres have consistently developed action plans that encompass projects designed to meet these objectives; however, the level of quality of these projects has varied across the Network, dependent upon the capacity of the individual CRCs.

Acquittal reports require CRCs to report progress against each of the projects listed in their business plan and, as such, RDL is advised that all CRCs are working on a wide range of actions to fulfil these objectives. The quality and effectiveness of these actions is, again, largely dependent on the capacity of those implementing the projects at the local level.

3.2.6 Issues and concerns

The transition from first generation Telecentres to second generation CRCs has seen a number of issues emerge. RDL advises that it is seeking to address these concerns and mitigate their impact on the growth of the Network.

There are several areas of concern in relation to centres in remote locations. The overarching concern relates to continuity of the governance, management and staffing of these centres. There is frequent turnover of key staff.

In remote locations the local Aboriginal corporation often administers the CRC program and management of the CRC may not be a priority. As a result, difficulties are often experienced in obtaining and retaining suitably skilled staff when there is not a strong management involvement.

This is compounded when there is not a culture of volunteering in the community, further reducing the usual support a CRC would typically rely upon. As a result of sometimes inconsistent management, CRCs often miss a cycle of funding when funds are not acquitted from the previous round, often because of either a lack of staff capacity or a change over of staff. Developing a system of management for these types of centres that provides stable governance and management is important to ensure their sustainability and effectiveness.

Communities often perceive the Network as an arm of the Government, and as such many have an expectation that services should be provided free or at a discounted rate. This is problematic for the Network as CRCs are a not-for-profit businesses and still need to operate at least at a break-even point.

The problem with the community not appreciating that CRCs are independent of government is further compounded when there is a concern around the operation of a CRC. Despite its large role as a funder, RDL has a limited range of options around influencing the activities of a centre; particularly when there is no evidence they have breached the intent of the FAA. This is particularly the case when RDL identifies CRC activities that are ineffective or less effective, rather than impermissible. This lack of direct influence can impact on the level, standard and consistency of service across the Network.

In more populated areas, CRCs are sometime perceived as competing on an unfair footing with local businesses. RDL has, on a number of occasions, been put in a position of mediator to address such concerns. Whilst the conditions of funding from RDL suggest that CRCs consider the impact of their activities on other organisations, it does not (and cannot) prohibit centres from engaging in competitive activity. This grey area has caused tensions within some communities, sometimes resulting in complaints to the Minister.

Whilst significant resources have been invested in the development of the CRC brand, there is not a consistent range of basic services across centres, nor a consistent standard of service.

For the development of a strong brand, it is considered important that the consumer should be able to experience a basic range of standard services, delivered with a minimum standard of customer service across the state. It is acknowledged that there will still be great diversity in additional service offerings at CRCs given their independent, community focused nature.

3.3 Other key WA networks

Inter-linking agencies and networks assists modern service delivery.

There are very large networks that deliver specific services to regional WA, such as post offices, police stations, libraries, schools and health facilities, but with respect to general community services there are only two large networks.

Although there is a very great difference between the two in terms of capacity, responsibilities, assets, and budgets, nevertheless, after country local government, the CRC network of premises, technology and people means that the CRN is the largest and most widely spread network of independent service providers in regional and remote WA.

There are a number of significant government supported networks in operation across WA that either currently partner with the Network (either as a whole or with selected centres) or with whom clear synergies can be observed. They offer opportunities for future partnership development.

Regional Chambers of Commerce and Industry WA (RCCIWA)¹⁰

RCCIWA is a peak body representing the regional, rural and remote commercial interests of the nine regions of WA. This organisation is focused upon encouraging economic development and promotion of trade, commerce and industry across regional WA, as well as promoting and facilitating high standards of education and training for improved employment outcomes.

There are currently 24 member groups that operate regionally based Chambers of Commerce and Industry.

Rural, Regional and Remote Women's Network of Western Australia (WA) (RRR)¹¹

The RRR network is jointly funded by the Department of Agriculture and Food (DAFWA) and RDL. A Reference Group of fifteen regionally based women, were appointed by the Minister for Regional Development and Lands, to guide the RRR.

The key function of the RRR Network is to provide a mechanism for networking, sharing and disseminating information relevant to the development of women and communities in rural, regional and remote WA. Many CRCs disseminate information related to the RRR .Network, and more recently, have hosted networking events in partnership with the RRR.

10 Regional Chambers of Commerce and Industry WA Website <http://www.regionalchamberswa.com.au>

11 RRR Network website <http://www.rrr.wa.gov.au>

*Small Business Centres (SBCs)*¹²

There are 19 Regional Small Business Centres (and 6 Metropolitan Small Business Centres) in operation in WA. These centres are supported by the Small Business Development Corporation (SBDC) for the purpose of providing assistance and support to new and existing businesses by offering practical help, referrals to specialist advisers, assistance in navigating government departments and regulations, delivering business workshops and providing business information.

SBCs are governed by a local management committee consisting of representatives from business, private sector organisations and local government. They provide strategic support to a manager of each SBC, who works with clients to meet their business needs.

Visitor Centres^{13 14}

Visitor Centres are located throughout WA and provide tourists with information regarding destinations, accommodation, and attractions. They used to be able to raise useful income by taking a percentage of the charges for bookings made at Visitor Centres, but the big change in the nature of technology and access to it has meant a significant increase in direct internet bookings rather than via Visitor Centres.

Visitors Centres range in size from small tourist information services located within Shire offices through to purpose built locations with significant specialised information and displays.

There are 102 Visitor Centres in Western Australia, 84 of which are located outside the Perth metropolitan area. A number of these Visitors Centres are located within CRCs, although many are 'non-accredited' Visitors Centres, meaning they are not able to display the official blue and yellow italic 'i' visitor information sign.

*Volunteer Resource Centres (VRCs)*¹⁵

Volunteering WA provides support to VRCs across WA with 29 locations across the state – four of which are collocated with or operated by CRCs. VRCs assist people seeking volunteer work to find suitable positions, as well as providing support to community groups who require volunteers.

12 Small Business Development Corporation website <http://www.smallbusiness.wa.gov.au/small-business-centres/>

13 Visitors Centre Association WA website <http://www.vcawa.com.au/home.html>

14 Tourism WA – Working with Visitor Centres Information http://www.tourism.wa.gov.au/Industry_Resources/Working_with_Visitor_Centres/Pages/Working_with_Visitor_Centres.aspx

15 Volunteering WA website <http://www.volunteeringwa.org.au>

Chapter 4: Overall Terms of Reference

Overall, what is the current and potential contribution of the Network to regional service delivery and regional development, whether there is a continuing need for the CRC network, and if so, with what funding arrangements?

4.1 Contribution of CRCs to regional service delivery and development?

RDL states that a core function of the CRC network is to facilitate community access to government agencies, which is particularly important for small regional communities where accessing government services can be complex, with many government services not represented outside of the metropolitan area and large regional centres.¹⁶

RDL also states that CRCs have an important role to play in providing a mechanism for regional community members having a reasonable equity of access to government service, despite their often remote locations.¹⁷

The Trust does conclude that it is the case that this core function and role is being carried out, and does not seek to diminish in any way the considerable efforts of RDL and many CRCs, but set against the ambition of the WA Government for a much upgraded use of the community sector as spelt out in its Economic Audit (*Putting the Public First*, the WA report developed by the Economic Audit Committee in 2009), service delivery by the Network overall is far from what it could be.

It is illustrative of the problem the Government has in getting its agencies to keep in mind the ambitions of its Economic Audit that although the Economic Audit is directly relevant to the role of CRCs, even RDL's submission did not directly reference the Economic Audit. To be fair neither did the other government agencies submissions to the Review.

Recommendation 12¹⁸ of the Economic Audit, advised that government should move to:

[EAC] Negotiate with the community sector a set of principles to facilitate the government/community sector partnership in delivering human services in order to:

- a) build trust;
- b) foster collaboration;
- c) drive social innovation; and
- d) ensure sustainable service delivery.¹⁹

The Economic Audit report also commented:

[EAC] The public sector will increasingly act as a facilitator of services, rather than a direct provider, with all areas of service delivery opened up to competition. ... An increasing number of Western Australia's community sector organisations will have the opportunity to develop as social enterprises,²⁰ run along business lines and become financially sustainable. ... The outsourcing of government delivery to community based, not-for-profit organisations should be significantly expanded, while the administrative dead weight costs that often reduce its potential benefits should be removed.²¹

16 RDL submission, page 9.

17 RDL submission, page 9.

18 Economic Audit Report - *Putting the Public First – Partnering with the Community and Business to Deliver outcomes*, Economic Audit Committee, Final Report, October 2009, page vi.

19 Economic Audit Report - *Putting the Public First – Partnering with the Community and Business to Deliver outcomes*, Economic Audit Committee, Final Report, October 2009, page vi.

20 See Recommendation 16 Economic Audit Report, page vii.

21 Economic Audit Report, pages 1 and 47.

Although the state government has accepted this clear advice to better utilise not-for-profits to facilitate more effective affordable and sustainable service delivery, there has been no attempt to drive this process through CRCs. There is no coordinated, and certainly no planned approach by government agencies overall, to utilise the CRC network, even though the intent of the Network is specifically to fulfil this purpose.²²

This is surprising when it is apparent that (outside of local government) the 109 strong CRC network is the biggest non-government regional network available for the purposes spelt out in the Economic Audit.

With all CRCs having a government information area provided for free public access to government websites and printed literature, as well as a majority of CRCs having at least one contracted government service, they are already facilitating improved community access to government services.²³

Federal government service provision through CRCs is still emerging, despite some early uptake from organisation such as Centrelink, the Australian Taxation Office (ATO) and the Department of Veterans' Affairs.

Although a growing number of state government agencies and other service providers access CRCs across the board, in these instances it is generally for the dissemination of printed material to the general community.²⁴

Only a few state government agencies have strategies in place to deliver services through CRCs and these instances generally occur when the community self-identifies a need and has the capacity to themselves negotiate the delivery of the service locally.

Individual CRCs are not equipped and are never going to be equipped to negotiate Network-wide contracts. This situation exposes a core weakness in the CRC network – a failure to date by RDL and/or the Association of Western Australian Community Resource Centres (AWACRC) to provide for, energise, and facilitate the comprehensive take-up of Network access to government services and information and/or the provision of service delivery on behalf of government agencies.

A small group of submissions from government agencies indicated an inclination to partner directly with CRCs in new or expanded service access and/or service delivery, although it must be said that most of the departments who made a submission did indicate a general interest in engaging with CRCs or noted their importance in regional communities.

There is also the question of adequate reward for service. The Economic Audit had wanted contractual arrangements with community sector service-providers reviewed and improved. This aim is made more difficult when such government contracts are not state contracts, but federal or local.

Where government departments utilise CRCs on a broad scale to deliver a service (such as with Centrelink), CRCs are not provided with a fee-for service arrangement appropriate to the costs to their organisation for providing the service. During consultations a number of CRCs with Centrelink Agencies or Access Points indicated that the level of staff time taken up with providing support to clients far outweighed the payment received by Centrelink for providing the service.

22 There is a Funding and Contracting Unit within WA's Department of Finance that has a team of dedicated officers whose role is to oversee the implementation of the Government's *Delivering Community Services in Partnership Policy*.

23 RDL submission, page 10

24 RDL submission, page 10-13

With regards to regional development, the current contribution of CRCs is less obvious.

Submissions and consultation indicated there is little or no involvement in regional projects, limited engagement with RDCs, and little contribution to regional planning activities undertaken by country local government (CLG) and state government.

Submissions and consultation did reveal that CRCs do play a role in developing regional communities in a social and economic sense on a local level. This role varies greatly from location to location, with some centres playing a significant role, but with others rarely or never engaged in this space.

Based on the submissions and consultation, there is no doubt that many CRCs have contributed to the development of human capacity (primarily through access to services and training) and that they have, in many instances, provided economic development through the provision of services and additional employment. However, this is not occurring in a strategic or consistent fashion and is largely dependent on the capacity of those operating the individual CRC.

4.2 *Is there a continuing need for the CRC network?*

None of the submissions or consultations suggested to the Review that the CRC network should be wound up.

Overall the conclusion of the Trust is that there is great value in a well-established experienced community sector network across the regions, particularly given that there are no other comparable regional networks, and particularly given government ambitions for greater service delivery through not-for-profit organisations and networks.

Submissions and consultation indicated a high degree of community support, and strong support in those state agencies and local governments that made submissions, for the continuation of the CRC network. They believed that the Network already had an important role in community development and service delivery in regional WA, and that this could be enhanced.

[AWACRC] CRCs are champions for their communities and are critical in building thriving communities in regional, rural and remote Western Australia.²⁵

[RDL] CRCs are in an ideal position to more fully contribute to the economic, business and social development of regional communities through the support of Royalties for Regions funding.²⁶

Submissions and consultations make it apparent that without continued government funding support few, if any, CRCs would be able to continue operating, and certainly not at their current level of service delivery and professionalism.

A small number of confidential submissions from one particular local area were critical of the performance of the Network, largely based on their observations of their local CRC. These submissions emphasised that they considered it important that the performance of centres should be closely scrutinised if they were to continue to be funded, and that the conditions under which funding is provided should also be reviewed.

25 Association of Western Australian Community Resource Centres submission, page 4.

26 RDL supplementary submission, page 6.

4.3 What funding arrangements should the CRC network have?

If a continuing need for the CRC network is evident, what funding arrangements should CRCs have in future? This can only be resolved by deciding what the future role and function of CRCs should be. These questions are addressed in later chapters.

CRCs have income from membership and other fees and from the sale of services, funding or subsidisation in some cases from local governments, contractual fee-for-service funding from Commonwealth and State government agencies, and funding from RforR via RDL. RforR funding is by far the greatest portion of CRC income.

A FAA for a term of 3 years is currently in place between RDL and individual CRCs. This agreement expires in June 2013. CRCs are funded via a number of RDL RforR grants, with the most significant contribution to their operating expenses being to staff wages.

The impact of two decades of this type of grant funding has been to perpetuate a CRC dependence upon government funding, as well as a sense of entitlement to the core funding.

Grant funding has also made it difficult for those CRCs offering particular services where conflicts have occurred when local businesses perceive them to be competing on an unfair footing owing to their significant government funding stream.

There is also the question of grant funding needing to be outcomes-based. RDL notes that:

[RDL] A tighter link between funding and measurable outcomes, tied to RDL's objectives, would assist the CRCs in ensuring that their regional development activities align with the intentions of Royalties for Regions.²⁷

The Trust identified early in consultations that from an RDL RforR perspective a move from grant funding to a fee-for-service arrangement may further improve the performance of the Network. This was a concept generally well received by CRCs, provided the mechanisms for measurement were well defined. RDL also provided comment:

[RDL] The [fee for service] model will give the CDD greater control over the performance and compliance of CRCs and ensure centres are being recompensed for the level of services they deliver. ... The proposed fee for service model is one way to clearly articulate the expected outcomes and put a value on the level of service delivery.

The proposed model will also assist CRCs communicate with external stakeholders what they are funded to deliver, and should reduce the expectation of some government and non-government agencies that CRCs will deliver their services at no cost.

Having a clear funding arrangement in place will assist CRCs identify their income streams and encourage them to more properly plan their activities with realistic budgets.

The fee-for-service model will assist CRCs enter into the business development area as many CRCs have been overly cautious entering into this space so as not to appear to compete with small business. This perception will still need to be managed, but the model gives a clearer delineation of expectations and reasons for funding.²⁸

27 RDL submission, page 29.

28 RDL supplementary submission, page 6.

4.4 Trust Comment

With regard to the current and potential contribution of the CRC network to regional service delivery, the Trust takes the view that the CRC network currently has a broad but not a deep impact with respect to government service delivery across much of regional WA.

In addition to the fact that 30% of CLGs have no CRCs at all, the impact and effectiveness of the CRC contribution is not consistent across the State, with the range, depth and quality of services provided varying widely between locations – generally depending upon the local level of capacity to both source the service and implement its delivery.

The Trust considers that the Federal and State governments' sporadic and ad hoc relationship with the Network is a serious impediment to the potential of the Network to increase and improve its capacity to deliver services to regional Western Australians.

It is also important that the Network is able to engage with government agencies (and other service providers) as a whole, rather than as individual CRCs, to facilitate service delivery through all CRCs or a significant number of them, when this is appropriate.

In its current stage of development, the peak body the AWACRC is weakly funded and staffed and does not have the capacity to fulfil this peak body role. To move the sector forward as a whole will need an able peak body to represent and negotiate for CRCs.

It seems unlikely that the creation of a much stronger peak body will happen organically. RDL will need to actively engage and assist if this is to happen.

At present, as with most CRC government service delivery, any CRC foray into regional development is on an ad hoc basis. If community or regional development is to be a key area where CRCs are to be involved, a more strategic and coherent approach is required.

Once again, if this is to occur, RDL will need to take a lead role in engaging and assisting in CRCs becoming more effective in community development and regional development.

Submissions indicate that better performance could result from facilitating the development of relationships and joint projects with key regional development organisations; providing training packages and programs aimed at developing human capacity that CRCs can implement locally; or, through the provision of support to develop CRCs' capacity to develop business concepts to grow their organisations.

Given that the CRC network is the most widespread community and government focused service delivery network outside of the admittedly much larger and much stronger local government network in regional WA, it would be short sighted to cease funding this program, resulting in the loss of a well-established and valued Network with the potential to deliver significant government and community services in regional WA.

However, it is important that if funding is to continue to be provided to the Network that careful consideration is given to:

- Better definition of the role of the Network, on an outcomes-basis;
- Better definition of the role of the three levels of government in CRCs;
- A revised segmentation of CRCs by capacity, type, service, and potential;
- Alignment of the funding model to better reflect the CRC role, government roles and CRC segmentation;
- Development of strategies to measure performance, effectiveness, reach, and community need;
- Support of CRC development on a strategically planned basis to maximise impact and outcomes;
- Development of strategies to identify CRCs with potential, and under-performing centres, and either support to improve, or cease funding; and
- Proposals to increase the number of CRCs in under-serviced areas and decrease the number of CRCs in over-serviced areas.

In terms of the future, the potential lies with the next (third) generation of CRCs which must see CRCs engaged more strongly in the regional development space, with a focus on community, economic and business development outcomes, and with a clear role in providing increased and broader access to, and in many instances delivery of, government services.

Central to achieving this progression is the continued and refined use of the CRCs' business plan as a key tool in driving change.

CRC business plans need to clearly align with RforR requirements under the Act, and define outcomes, and hence key goals to be achieved. Provision of training and support focused on developing strategic ideas and incorporating these into the business planning process is pivotal to the continued growth of the Network.

In parallel with advanced business planning training, support focused on building platforms is also essential (systems, processes and procedures) to assist in delivering the projects identified in business planning.

RDL's focus on governance has been important and should continue. Training in governance matters is essential for all committee members and RDL needs to continue to make a funding contribution, to increase the likelihood of consistent and effective outcomes, to reduce the burden on CRCs, and increase the likelihood of widespread take up of this training.

Additionally, the continuing development of generic packages outlining the roles and responsibilities of committee members would be a beneficial resource.

Increased outsourcing of support for strategic and business development, as well as capacity building, community development skills and IT skills may be necessary in the event that RDL does not have the internal resources to address this area of support to the greatest effect.

With regards to funding, any shift to a fee-for-service model would make it imperative RDL (and other organisations involved in accessing CRCs for this purpose) clearly define outputs and outcomes required and have in place effective strategies for measuring achievement.

Additionally, any other funding streams that may be available to CRCs through RforR (project funding, funding for strategic and governance activities and capital funding) should be provided with strong links to RforR objectives with outcomes and impact being required to be measured and reported on to demonstrate value for the investment made by RDL.

Projects that can be sustained long-term without reliance on future funding should be viewed particularly favourably, as should those projects with links to regional development organisations and/or that deliver outcomes that are in regional plans.

RDL's management of CRC compliance with guidelines and requirements also needs to be sharpened in order to facilitate the Network moving forward. Compliance processes need to be developed, with strategies for identifying early warning signs (such as the definition of lead targets that highlight a lack of performance) to ensure that underperforming centres are identified early and provided with support to improve or, where this is not possible, appropriate steps are taken to deal with breaches of agreements.

Funding of the scale provided by RDL must come with a clear quid pro quo. CRCs need to be clear about expectations and consequences (both positive and negative) of adhering to or deviated from these RDL RforR expectations.

The development of Operational Excellence frameworks, such as the Natural Resource Management sector's framework, may be of use in outlining the required ways of working.

Once the compliance program is ready for implementation, it must be done so in a consistent and fair manner to ensure that the process is respected, understood and supported by the Network.

Chapter 5: Terms of Reference 1

Assess the objectives, the performance, and the potential of the Network in enhancing the service delivery by country local governments, the Government of Western Australia and Australian Government agencies to their regional, rural and remote communities.

5.1 Evidence

A key objective of CRCs is to provide local communities with access to government information and services:

[RDL] As part of RDL's focus on improving community services in the regions RDL believes that regional communities should expect reasonable equity of access to information and services regardless of how remote a person may be living.²⁹

With State/Commonwealth government agencies tending not to have a permanent presence in many small regional and remote communities, CRCs provide a potential base from which such services and information can be made available. As a result, most CRCs have contracts with a range of government agencies and CLGs to deliver a range of services.

Table 6: Contracted Commonwealth/State Government Services provided by CRCs

(Source: RDL)

Service	Percentage of CRCs offering the service
Centrelink*	68.8
Medicare*	53.1
Department Training and Workforce Development**	33.3
Australian Tax Office*	30.2
Department of Veterans Affairs*	18.8
Office of Rural Health*	15.6
Department of Communities**	3.1
Department of Housing**	3.1
Department of Family, Housing, Community Service and Indigenous Affairs – Broadband for Seniors program*	3.1
Department of Indigenous Affairs**	2.1
Other	4.2
None	10.4

* Commonwealth Government agency

** State Government agency

29 RDL submission, page 9.

Table 7: Contracted Local Government Services provided by CRCs

(Source: RDL)

Service	Percentage of CRCs offering the service
Library	31.3
Tourist Information	31.3
Toy Library	10.4
Rates Payment	6.3
Dog Licensing	4.2
Firearm Licencing	3.1
Other	11.5
None	43.8

In addition to those services contracted by specific government agencies to targeted CRCs, each CRC is funded by RDL to provide, at a minimum, free access to online State Government resources along with printed material relevant to their local community.

A number of submissions suggest that CRCs are well positioned to represent government agencies on a local level. They argue that there appears to be a much greater opportunity for government utilisation of the Network's capabilities and that the opportunities presented have only just begun to be exploited.

[DAFWA] There is potential to further develop partnerships with government agencies, including DAFWA and identify opportunities for the benefit of the community.³⁰

[DLG] ... there was unlimited service delivery potential for CRCs, particularly where those CRCs are supported by their local government, to engage with and provide relevant services for their local communities.³¹

[Sport and Rec] ... there is enormous potential to enhance service delivery across the range of services offered through CRCs.³²

[Horizon Power] As the provider of electricity services, Horizon Power can see the scope for collaboration between other WA government agencies and the CRC network. We have some need to deal face-to-face with customers and suppliers in remote areas, which cannot be met on a regular basis because we do not maintain offices in every town we serve.³³

[Shire of Boyup Brook South West] CRCs have cemented their place in rural communities and offer an opportunity for 'shop fronts' for State and Federal agencies.³⁴

[Water Corporation] The Water Corporation sees CRCs continuing to play a valuable role in the communities we serve. The nature of water efficiency programs requires us to work closely with the community and the Community Resource Centres provide an excellent opportunity to do so.³⁵

30 Department of Agriculture and Food submission, page 1.

31 Department of Local Government submission, page 2.

32 Department of Sport and Recreation submission, page 2.

33 Horizon Power submission, page 2.

34 Shire of Boyup Brook South West submission, page 1.

35 Water Corporation submission, page 1.

RDL outlines two key areas where CRCs could play a significant role: as service brokers (linking community members with the relevant government service), and as contracted service providers (providing services on behalf of government).³⁶

To further develop this service delivery role, a number of submissions including RDLs, point to opportunities for CRCs to be involved in the delivery of local government services, particularly in the case where local government reform may result in reduced shop-front local government services in some locations.³⁷

[Boyup Brook CRC South West] Amalgamation of regional Local Governments also presents opportunities for Community Resource Centres to 'fill the gap' if the withdrawal of Local Government services occur due to centralisation of a cluster of Shire Councils. These services include payment of rates, library services, licencing services and general administration services.³⁸

Consultation and the submissions indicate that currently there is limited knowledge of the potential of the Network across government agencies. Although there are instances of effective utilisation of CRCs by one or two agencies, it is not consistent or common across government as a whole.

Consultation and the submissions indicate that further compounding the lack of awareness by government of the potential of the Network is the lack of understanding within the Network of the function and role played by government. As a result of its experiences with its 'Better Connections' project, the Wheatbelt Development Commission observed that across the Wheatbelt CRCs contacted that there was:

[WDC] Limited understanding of State and Federal Government Departments core business.³⁹

This observation was supported by the Review consultation sessions conducted with CRCs across the state, which revealed that a significant proportion of CRCs lacked a clear understanding of how they could be of value to government.

This lack of clarity is further compounded by CRCs not having a strong common voice, with their peak body the AWACRC not yet being sufficiently developed and resourced to effectively negotiate on behalf of the Network with federal and state government agencies to secure service delivery contracts for the Network as a whole or for significant groupings of CRCs.

Consistency of service is also an issue as each CRC is an independently run business with a variety of services available at each centre.

[GEDC] ... networks and partnerships could be further strengthened between CRCs, Government Departments and visiting services, but this is dependent upon the capacity of the CRC, their human resourcing, skill set and location.⁴⁰

[Merredin CRC Wheatbelt] Because of the diversity of the services/information that each CRC provides, in regard to government (Australian, State and Local), there is confusion by the residents and visitors.⁴¹

36 RDL submission, page 14.

37 RDL submission, page 15.

38 Boyup Brook CRC South West, page 2.

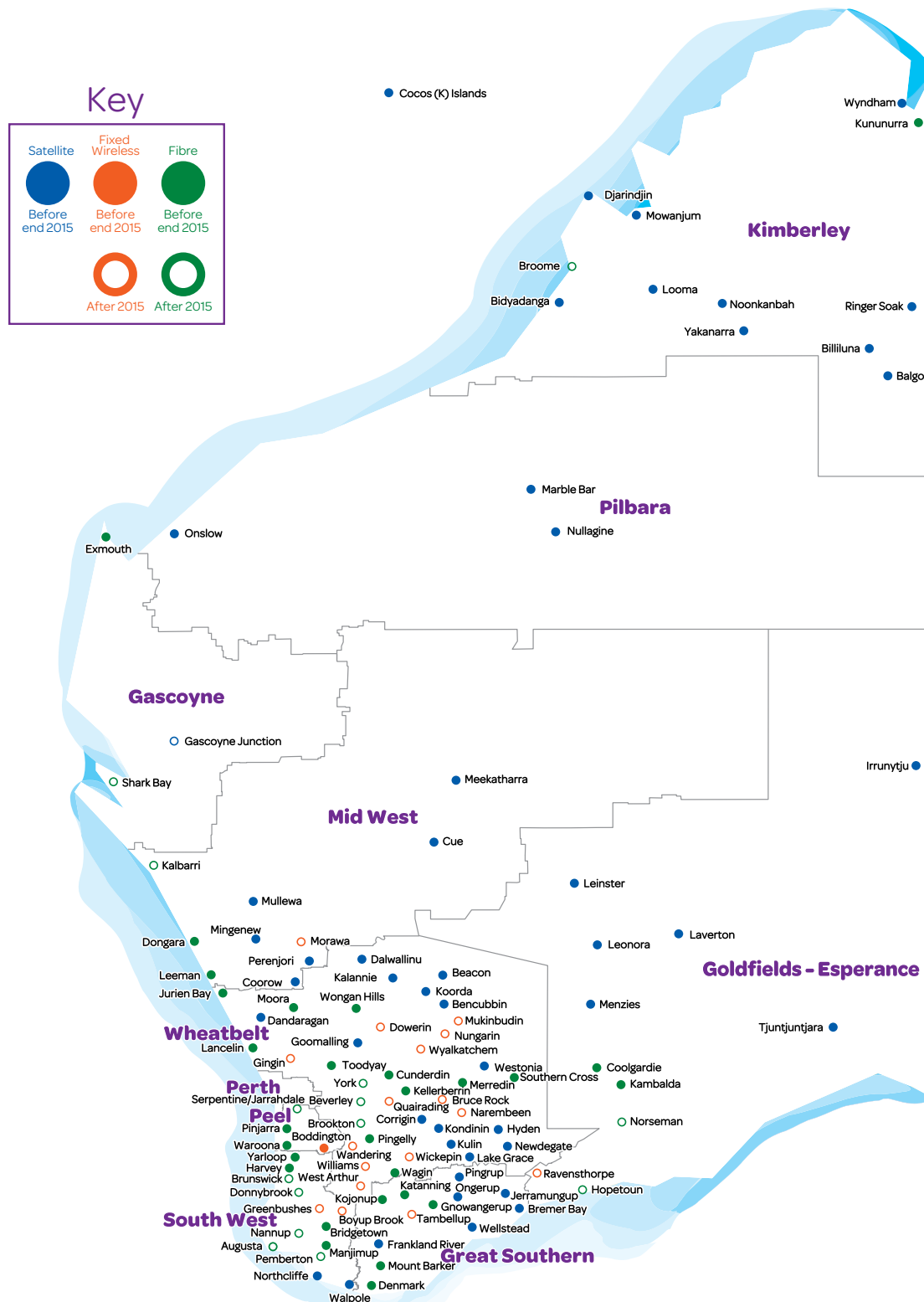
39 Wheatbelt Development Commission submission, page 3.

40 Goldfields-Esperance Development Commission submission, page 1.

41 Merredin CRC Wheatbelt submission, page 1.

Map 1: Proposed roll out of NBN connectivity across WA CRC network

Proposed roll out of National Broadband Network connectivity across the Western Australian Community Resource Network



Data provided by Department of Commerce – January 2013

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Opportunities for CRCs to partner with government in the roll out of the NBN were highlighted in a number of submissions and provide a strong example of where the Network could be utilised to great effect.

[Department of Commerce] The rollout of the NBN currently underway across the state provides the opportunity for CRCs to adopt a greater part in educating and positioning communities to be ready for its arrival. It is not a matter of when the NBN will arrive in a particular location but whether all those in that location have prepared to make the most of increased broadband capability when it does arrive.⁴²

[DTWD] The NBN will increase opportunities for both formal and informal learning through provision of infrastructure. However it will also create the need for assisting people to use the various capabilities and opportunities opened up through the NBN. The CRNs [sic] are ideally suited to fulfil this function.⁴³

Building upon the strengths of the current resourcing of CRCs in the form of ISP based videoconferencing facilities, in unison with the growing reach of the NBN and improved data speeds, means that there are real opportunities for government, other community service providers and businesses to better utilise this CRC service.

[DAFWA] Many [CRCs] have videoconferencing facilities, so could provide a further opportunity for DAFWA to link with clients via video conference for training, and awareness.⁴⁴

[Department of Commerce] In areas where the NBN rollout will be fixed wireless and satellite based and therefore where broadband provision will not match optic fibre speeds, CRCs can continue to provide first point of contact for health and community related network service delivery ... through new technology video applications.⁴⁵

[West Arthur CRC Wheatbelt] If staff from Government Agencies from other parts of the State and Commonwealth, who are trying to deliver locally relevant programs, were made fully conversant with technology available from CRCs and this technology was more closely aligned between Agencies and CRCs, then this service could be further enhanced and expanded, saving a lot of time, travel expense and increasing uptake. It would also speed up the disbursement of technical information and community development itself.⁴⁶

42 Department of Commerce submission, page 2.

43 Department of Training and Workforce Development submission, page 3.

44 Department of Agriculture and Food submission, page 2.

45 Department of Commerce submission, page 3.

46 West Arthur CRC Wheatbelt submission, page 5.

Concerns regarding the compatibility of video-conferencing facilities between some government agencies and CRCs were raised in a number of submissions and during face-to-face consultations with CRCs:

[Bridgetown CRC South West] Lack of consistent mode of operation of videoconferencing across government departments and an understanding of CRC operations in this area.⁴⁷

[Boyup Brook CRC South West] The use of ISDN videoconferencing (via telephone lines) is being phased out by CRCs and being replaced by IP videoconferencing (via internet). There are some Government Departments that continue to use the ISDN system and to ensure their services can still be delivered through CRCs, a standardised method of communication across all State Government Departments via IP videoconferencing would be recommended.⁴⁸

[Denmark CRC Great Southern] Upgrading VC functions among government departments would standardise VC technology and allow the CRN to provide a consistent service and increase revenue.⁴⁹

[WA Country Health Service] The pursuit of telehealth within CRCs should align with wider initiatives from both a technical and clinical perspective. Failure to ensure interoperability with other programs may result in a siloed approach that will not be scalable or interoperable thus negating the real potential of telehealth.⁵⁰

Both submissions and consultation highlighted the fact that many CRCs work effectively alongside their CLG, often under fee-for-service arrangements that are mutually beneficial.

[Boddington CRC Peel] There are a number of LGAs that work exceptionally well with their local CRCs and relish the win-win situation.⁵¹

[DLG] Generally, CRCs can augment programs and activities with greater immediacy than local government and other government bodies.⁵²

[Koorda CRC Wheatbelt] The Koorda CRC delivers services on behalf of the Shire of Koorda through our role as the Community Development Officer and our involvement with project management and forward planning.⁵³

[West Arthur CRC Wheatbelt] ... having a CRC ... with an independent means of funding support has reduced the burden on the Shire and enabled our community to have full-time access to a number of community services, offered at a professional standard.⁵⁴

47 Bridgetown CRC South West submission, page 3.

48 Boyup Brook CRC South West submission, page 3.

49 Denmark CRC Great Southern, page 3.

50 WA Country Health Service submission, page 3.

51 Boddington CRC Peel submission, page 1.

52 Department of Local Government submission, page 2.

53 Koorda CRC Wheatbelt submission, page 1.

54 West Arthur CRC Wheatbelt submission, page 1.

These successful partnerships were also tempered with less positive relationships in other quarters, impacting upon the ability of CRCs and CLGs to work together in an effective manner:

[Boddington CRC Peel] Some LGAs see their local CRCs as a greater threat to them, than opportunity, or the asset that they are.⁵⁵

[DLG] The service delivery capacity and potential of CRCs surveyed may be seriously undermined if appropriate diligence is not given to the management of key stakeholder relationships, particularly the primary relationship between local government and the CRC.⁵⁶

[Katanning CRC Great Southern] We have had a mixed and varied and sometimes very difficult relationship with our local government, both with some councillors and some executive ... it is extremely frustrating when we are told to improve our relationship with our shire when it is the shire that does not want a relationship with us.⁵⁷

Recommendations to motivate CRCs and CLG to move to more effective relationships are made by the Merredin CRC:

[Merredin CRC Wheatbelt] An Agreement between WALGA and Department of Regional Development, Community Development Division be formalised stating that Local Government supports the CRC network, acknowledges the role of the CRC within their community and the willingness to work together on Community Development. [and] That a condition be made in the Royalties for Regions Country Local Government Fund, that Local Governments must have an agreement/partnership with their local CRC in delivering Community Development and funds be allocated from the CLGF to the CRC for delivery of Community Development.⁵⁸

The Department of Sport and Recreation points to other opportunities to link State Government agencies, CLGs and CRCs:

[DSR] To support and build capacity in community sport and recreation organisations, the department has in place a Club Development Officer Scheme, whereby Club Development Officers are partly funded by the department and based in local governments. As a result of this, and other initiatives, the department has in place strong relationships with local government. Further partnerships between the department, local governments and CRCs could be explored, to enhance the ability of CRCs to deliver capacity building initiatives within communities.⁵⁹

55 Boddington CRC Peel submission, page 1.

56 Department of Local Government submission, page 3.

57 Katanning CRC Great Southern submission, page 2.

58 Merredin CRC Wheatbelt submission, page 3.

59 Department of Sport and Recreation submission, page 3.

5.2 Trust comment

The Terms of Reference required the Trust to: *Assess the objectives, the performance, and the potential of the Network in enhancing the service delivery by country local governments, the Government of Western Australia and Australian Government agencies to their regional, rural and remote communities.*

In relation to the objectives of the Network, it would seem that a majority of CRCs are committed to the provision of government services appropriate to their local community. This willingness is hampered at times by a lack of capacity of the Network as a whole to effectively engage with all tiers of government, and vice versa, to facilitate a comprehensive roll out of the government services available.

In some sectors of government, there is a clear willingness to engage with CRCs effectively to deliver services and information to regional and remote WA. However, interest in the potential of the Network is not reflected consistently across state agencies, and even more so with regard to commonwealth agencies.

As outlined in the evidence above, consultation and submissions indicate that there is limited knowledge of the potential of the Network across government agencies. Although there are instances of effective utilisation in one or two agencies, it is not consistent across government as a whole.

As the lead agency with respect to CRCs, it does seem that RDL and AWACRC need to more actively assist all levels of government to consider how government agencies can more effectively utilise the Network to deliver services to regional and remote Western Australia.

This is a requirement supported by government policy. Recommendation 12 of *Putting the Public First* developed by the Economic Audit Committee advised that government should move to:

[EAC] Negotiate with the community sector a set of principles to facilitate the government/community sector partnership in delivering human services in order to:

- a) build trust;
- b) foster collaboration;
- c) drive social innovation; and
- d) ensure sustainable service delivery.⁶⁰

With this recommendation in mind it would be appropriate for government as a whole to assess how they engage with the Network and how the Network can be used to greatest effect to meet the objectives of government in the delivery of services and information to regional and remote Western Australia.

With regard to the performance of the Network, there is insufficient and limited information available with regard to KPIs, performance measurement and the like. Consequently the Trust is unable to make an informed comment as to the performance of the Network as a whole.

60 Putting the Public First – Partnering with the Community and Business to Deliver outcomes, Economic Audit Committee, October 2009, page vi.

In general there is widespread delivery of State and Federal Government services, with 89.6% of CRCs offering at least one service for these two levels of government.

Delivery of services for local government is less prevalent, with 56.2% of CRCs offering at least one service on behalf of their CLG.

While the level of service provision is wide, in that most CRCs offer at least one State or Federal Government service and many CRCs offer at least one CLG service, it is not deep or substantial across the Network. There is not a significant spread of federal, state and local services at most CRCs, with individual CRCs usually offering only one or two contracted services, rather than a significant range.

With the State Government currently considering the devolution of service delivery to not-for-profits, it seems logical that CRCs are well positioned to increase the level of government services they deliver under a fee-for-service arrangement.

In order to achieve this increased level of engagement in government service delivery, CRCs would need to have a more powerful voice, either through RDL or AWACRC.

As the AWACRC is not currently equipped to fulfil this role, it would be appropriate in the interim for RDL to act as a 'broker' to assist the Network negotiate appropriate fee-for-service arrangements across state and commonwealth government agencies.

Further resourcing to support the growth of the AWACRC to its full capacity would also be an important step in ensuring the longevity of the Network.

It is paramount for CRCs and CLG to be working in partnership. The most effective CRCs very often have a positive relationship with their CLG. This relationship typically relies upon a common understanding and respect in relation to roles and responsibilities, upon there being a financial relationship, as well as a mutual public acknowledgement of the positive nature of the relationship.

It is clear that there are significant opportunities for CRCs and CLGs to develop a more enmeshed relationship for the benefit of both organisations, as well as the local communities. In instances where the CLG does not have a physical presence or when the CLG would find it more cost effective and appropriate to outsource a service, CRCs would seem well placed to undertake many non-core CLG functions.

A number of CRCs already offer CLG services such as library services, rates and dog licence payments, and community information. This type of utilisation on a fee-for-service arrangement for CRCs to deliver these types of services seems to offer significant scope for expansion in CLGs across the state, where this is appropriate for the community's needs.

Further to these more common services, the Trust considers there is scope for greater enmeshment of CLG services within the CRC model. Examples, some of which are already taking place in some locations, include:

- 'front office' service delivery (payment processing and information provision), especially where the CLG does not have a physical presence in the community;
- provision of fee-for-service roles in community development, club development, economic development, events management and facilities management;
- provision of contractual support services on an 'as needs' basis to support CLG staff in the implementation of community development, club development, economic development, events management and facilities management;
- provision of a community liaison service for the CLG – sourcing information and opinion from the local community to feedback to the CLG, as well as disseminating information from the CLG and building community understanding and appreciation of CLG projects and projects.

If CLGs and CRCs are to become more effectively intertwined, it is also imperative that they have a mutual understanding of, and ideally active participation, in each other's strategic planning processes. As such, both CRCs and CLGs would be strongly encouraged to initiate involvement of the other party in informing their strategic planning direction, seeking to align their activities so that they are complimentary and compatible, with common goals identified for the growth and development of their community.

It would appear that the potential for CRCs in the government service delivery space is significant. For this potential to be reached as a Network, it is important that:

- Relationships between the Network as a whole and government agencies are developed and strengthened.
- Relationships between individual CRCs and CLGs are fostered, with support provided by RDL and/or AWACRC where there are challenges.
- Synchronisation of delivery modes across government agencies to minimise incompatibilities with technological infrastructure.
- Communication across commonwealth and state government agencies to avoid duplication of services to regional and remote locations.

There is also an opportunity for CRCs to fill gaps in presence and service for CLGs. The Trust considers there to be two examples of what may be regarded as a 'blended CLG/CRC model', but there may be others.

The first example relates to the possible amalgamation of some CLGs. Inevitably that will result in the rationalisation of CLG premises and staff. In those CLGs where the previous CLG administration presence may be lost, it may be appropriate for the local CRC to become the new CLG's shop-front in that settlement.

The second example is in remote indigenous areas, where (as is discussed elsewhere in this Review) local government service delivery is weak, and the CLG would benefit from the CRC taking payments for CLG charges, and providing essential CLG information and services.

Chapter 6: Terms of Reference 2

Review the numbers and spread of CRCs to determine if any geographic areas are under or over-serviced, and in doing so:

- a) advise on a distribution of CRCs that would best facilitate the intended service delivery, and***
- b) assess the alignment of the Network with other government programs and Royalties for Regions programs, such as the Regional Centres Development Plan (SuperTowns), and where appropriate propose ways by which such alignment could be improved.***

6.1 Numbers and spread of CRCs

As was stated in Chapter 3, there are very large networks that deliver specific services to regional WA, such as post offices, police stations, libraries, schools and health facilities, but with respect to general community services there are only two large networks.

Although there is a very great difference between the two in terms of capacity, responsibilities, assets, and budgets, nevertheless, after country local government, the CRC network of premises, technology and people means that the CRN is the largest and most widely spread network of independent service providers in regional and remote WA.

Resource Centres are not government entities, and are independent not-for-profit non-government organisations. Resource Centres are distinguished as either belonging to the large RDL sponsored and RforR funded CRCs in the WACRN or as being part of a small group of Resource Centres that are not RDL sponsored and are not RforR funded.

Resource Centres that are not RDL sponsored or RforR funded include one in Margaret River, the Geraldton Resource Centre, and the Perth (Northbridge) Resource Centre.

These Resource Centres generally provide services found in the WACRN, with a focus on social welfare services.

The Geraldton Resource Centre provides outreach services for some outlying RforR funded CRCs servicing MidWest region communities. Both the Perth (Northbridge) Resource Centre and the Geraldton Resource Centre have a focus on social welfare and advocacy, including legal aid, and the provision of support for low socio-economic groups.

Table 8: As at March 2013 115 Network CRCs (109 of them operating)

(Source: RDL)

Number of CRC's run by Incorporated Associations, administered under the <i>Associations Incorporation Act 1987 (WA)</i>	89
Number of CRC's run by Aboriginal Corporations	16
Number of CRC's run by Country Local Government	9
Number of CRC's run by Corporations with Charitable status via ATO (not for profit companies)	1
Currently not operating i.e. have not been funded for 2 or more funding rounds (from the list above)	6

Of the 109 CRCs funded by RforR across regional WA, RDL advises that 28 of them are sited "in remote regions".

Coincidentally, there are also 109 CLGs in regional WA, but not every CLG has a CRC within its boundaries. Far from it – a surprising 29 CLGs or 27% of the total do not have CRCs.

Despite having 5 of the 12 CLGs in the South West Region without CRCs, the SWDC said:

[SWDC] The existing Network appears to adequately service the South West Region at the present moment, although some CRCs have indicated their preference to move to new collocated facilities within their towns.⁶¹

Only two CLGs within those 29 CLGS without a CRC (the Shire of Chittering and the Town of Narrogin) put in a submission to the Review. In a few cases large towns might rule themselves out under the present RDL guidelines for CRC formation, but in other cases the lack of submissions from those 29 CLGs could indicate either a lack of interest in CRCs, or a perceived lack of need for them.

As a general observation, those CLGs without a CRC fall into two main categories: CLGs where a majority of the community resides in a large, well-serviced city or town; or very small CLGs where residents already travel to nearby centres to conduct business and access services – and that therefore would be unlikely to be able to sustain a CRC given the small population base.

There are some locations that fall outside of these two broad groups; however these observations are true for the majority of the locations.

Other CLGs may have a CRC (or sometimes, a number of CRCs) within their boundaries; however they also have significant town sites which do not have a CRC. A notable example is the Shire of Ashburton, where the town of Onslow has a CRC but other significant towns in the Shire – Tom Price, Paraburdoo and Pannawonica - and a number of significant Aboriginal communities, do not have a CRC.

The Wheatbelt Shire of Chittering, which does not have a CRC, did consider itself “underserved by government”.⁶²

The need for a CRC is a complex issue, it is not just a question of establishing a CRC on the basis of population or of geography; rather the individual needs of a community are vital, in combination with the community’s capacity and willingness to sustain and support a CRC.

61 South West Development Commission, page 1.

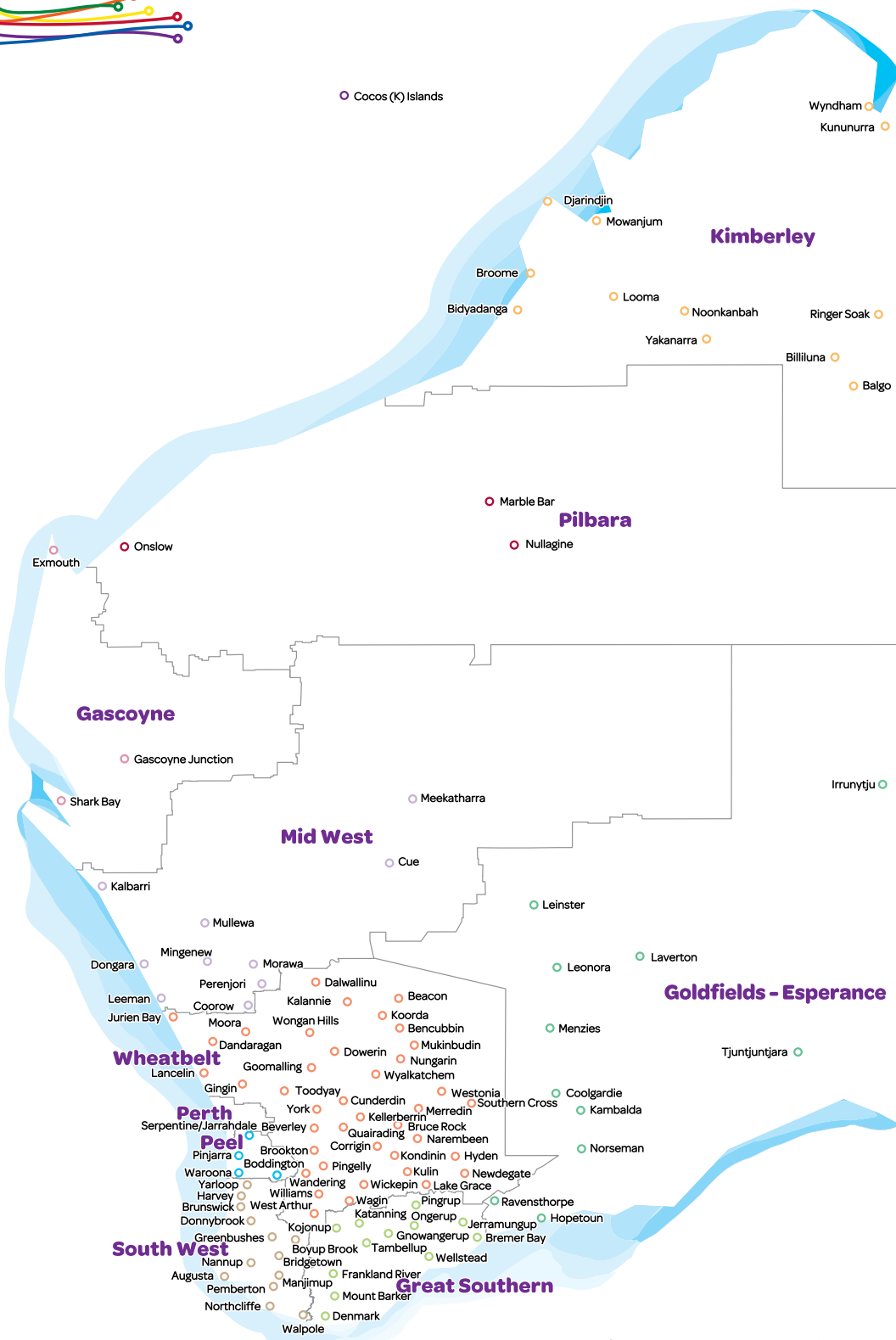
62 Shire of Chittering Wheatbelt submission, page 2.

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Map 2: CRC Locations



Western Australian Community Resource Network



Department of Regional Development and Lands – March 2013

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Table 9: CLGs without a CRC by Region

(Source: RDL)

Region	No	Names of CLGs
Gascoyne	1	Shire of Carnarvon
Goldfields-Esperance	2	City of Kalgoorlie-Boulder; Shire of Esperance
Great Southern	1	Shire of Woodanilling
Kimberley	0	
Mid West	9	City of Geraldton-Greenough; Shires of Carnamah, Chapman Valley, Mount Magnet, Murchison, Sandstone, Three Springs, Wiluna, Yalgoo*
Peel	1	City of Mandurah
Pilbara	1	Town of Port Hedland
South West	5	City of Bunbury; Shires of Busselton, Capel, Collie, Dardanup
Wheatbelt	8	Shires of Chittering, Cuballing, Dumbleyung*, Narrogin, Northam, Tammin, Trayning*, Victoria Plains
Other	1	Shire of Christmas Island
Total	29	

* means EOIs received by RDL for the establishment of a CRC.

As outlined in Chapter 3, CRCs originated as the Telecentre Network, designed to provide community access to computers and internet services and government information. With the advent of RforR, the role, function and support of the Telecentres was expanded to include a greater emphasis on improved technology, event co-ordination, delivery of training and a stronger focus on providing Government information.

With over 100 CRCs across WA it is to be expected that the professionalism and services delivered will vary between centres.

The range in capacity, quality and number of services in individual centres had made it problematic for RDL to promote the Network and to provide realistic expectations to key stakeholders.

To address this issue RDL decided to classify CRCs into three levels – 1, 2 or 3 – with 3 being the highest - (with sub classifications of (a) or (b) for internal use) to provide a more accurate picture of the capacity and capability of CRCs. The level of the CRC is used to determine the amount of RforR funding, with an incremental increase available as an incentive for continuous improvement.

RDL engaged Quantum Consulting Australia to develop assessment criteria by the scope of the service, and the appropriateness and effectiveness of the service. The assessment⁶³ was carried out in April 2010 and was divided into four categories:

- Service provision – relates to key aspects of the service provision undertaken by the CRC – extent and number of services delivered through the CRC;
- Infrastructure – assessment of key attributes of the built environment associated with the CRC – appropriateness of CRC layout and location, suitability of building and equipment;
- Governance and human resources – assessment of the appropriateness of governance structures, implementation of strategic planning processes, capacity of management and staff; and
- Capacity building – assessment of the nature and extent to which the CRC has established partnerships, participated in network initiatives and implemented co-location arrangements.

Any reassessment of a CRC's current level is carried out internally by RDL's Community Development Division (CDD), with a site assessment by the CRC's Regional Coordinator and final sign off on the recommendation to change the level of a CRC by the Director, CDD.

CRCs were originally established in communities with a population of less than 6000 people (generally less than 1000) as community owned and managed facilities. Currently the general restriction is a community with a resident population of less than 3000.

The proximity of other CRCs, the proximity of regional centres and, in some cases, the remoteness of a location with specific community needs, are other factors RDL considers in determining the establishment and current distribution of CRCs.

Where an expression of interest is received for a new CRC that is seeking RDL support and RforR funding, RDL also seeks information such as the town's basic facilities, services and the local support in order to determine eligibility to establish a CRC.

As a result of a 2012 CRC survey, RDL found that approximately 49,000 customers used the CRC network in February 2012, and the CRC network was used by approximately 7.7% of the total regional population of Western Australia. 25% of all customers were seniors, with the Goldfields-Esperance, Mid West, South West and Wheatbelt regions being the most popular. Indigenous customers dominated in the Kimberley and Pilbara.⁶⁴

Based on the 2011 Australian Bureau of Statistics (ABS) census, the mean population of towns serviced by CRCs was 1,969 with a median of 1,043. The large difference between the mean and median measure is due to a small number of very large communities serviced by CRCs.

63 The methodology for the review consisted of the following key components:

- The criteria for assessment was developed;
- On-line survey was developed and disseminated to the CRCs to collect qualitative and quantitative information/data;
- Visits to each centre to meet with staff and Management Committee members to enable clarification of points of interest and to view the centre in operation; and
- CRC Report which included a profile of the centre, an assessment of the current level of operations/services, a classification level of each centre and recommendations on enhancing operations/services.

64 Attachment to RDL submission: Executive Summary from the 2012 Community Resource Network Survey: a snapshot into the CRC network based on responses from an online questionnaire answered by 96 CRCs in March 2012.

Table 10: Number of CRCs by Population Size March 2012

(Source: RDL)

Population	Number of CRCs
0-1000	60
1001-2000	27
2001-3000	7
3001-4000	6
4001-5000	4
5001 plus	8

Based on the 2011 ABS census, sixty CRCs service populations of 1,000 or less, with eight servicing populations in excess of 5,000 (Table 10). Five CRCs are in SuperTowns, with three of the other four SuperTowns of Collie, Northam and Margaret River all within 50 kilometres of a CRC⁶⁵, and the fourth SuperTown Esperance, being very far from any CRC.

Table 11: CRC by region March 2012

(Source: RDL)

Region	Number of CRCs	Use rate	Head of population per CRC	Head of population per CRC (major regional centres removed) ¹	Aboriginal households with internet access
Wheatbelt	40	74.3	1805	1541	45%
Kimberley	13	47.4	2676	1694	33%
Great Southern	12	47.8	4613	2058	47%
South West	12	32.5	12877	3682 ²	64%
Goldfields-Esperance	11	36.7	5220	1514	43%
Mid West	11	31.8	4878	1628	44%
Pilbara	4	37.4	14973	6993 ³	51%
Peel	4	20.0	26901	9423 ⁴	68%
Gascoyne	2	75.9	4645	1752	38%

Notes:

- 1 Major regional centres were defined as the town areas of Albany, Broome, Bunbury, Busselton, Carnarvon, Collie, Geraldton, Port and South Hedland, Kalgoorlie, Karratha, Mandurah, Margaret River and Northam.
- 2 The figure for the South West Region includes coastal hinterland areas of the localities of Busselton and Bunbury and so may overstate the ratio of CRC per head of population.
- 3 The figure for the Pilbara Region includes the mining towns of Paraburdoo, Pannawonica and Tom Price as well as populations close to but not part of Karratha, Port Hedland and South Hedland and so may overstate the ratio of CRC per head of population.
- 4 The figure for the Peel Region includes populations along the coast between Mandurah and the metropolitan area as well as populations in the wider Mandurah hinterland and so may overstate the ratio of CRC per head of population.
- 5 The use rate is the number of times per month the centre was used. A use rate of 50 would indicate that for every 100 persons in their community a CRC would have 50 visitors a month. Visitors are not the same as individuals, as one person may visit a CRC more than once per month.

65 In relation to SuperTowns, CRC staff and Management Committee members in towns that are SuperTowns have come together to understand the SuperTown concept and discuss ways of supporting the Local Government in informing the community of developments. Each of these CRCs has had a facilitated strategic planning workshop to position themselves for expected growth and to support the community in the transition.

The Gascoyne has the highest rate of usage by its community. The Peel Region has the least used CRCs. The more successful CRCs by rate of use tend to be in smaller regional communities.

Average CRC attendance is estimated at 517 visitors per month. Attendance ranges from over 2,500 per month for Bruce Rock [Wheatbelt] to 10 per month at Bidyadanga [Kimberley] (which has since increased). Thirteen CRCs receive in excess of 1,000 visitors per month.

Of those CRCs with a rate of use of at least 50 per 100 population, the average size of their community was 889 people (based on the 2011 ABS census). Within this group particular mention should be made of the following towns in Table 12, where on average each month the number of visitors is equal to or exceeds the number of people in their communities:

Table 12: Number of visitors exceeds residents March 2012

(Source: RDL)

Centre	Region	Tier
Hopetoun	Goldfields-Esperance	3
Gnowangerup	Great Southern	2
Walpole	Great Southern	3
Mowanjum	Kimberley	1
Bruce Rock	Wheatbelt	3
Bencubbin	Wheatbelt	1
Dalwallinu	Wheatbelt	3
Dowerin	Wheatbelt	2
Jurien Bay	Wheatbelt	2
Nungarin	Wheatbelt	2
Wagin	Wheatbelt	2
Westonia	Wheatbelt	3

Of those CRCs with an average monthly attendance of less than 50 but more than 20, the average size of population was 1,478, with those minimally-visited CRCs having an average population of 3,886.

In other words, the larger the community the less use is made per person of the CRC. This may indicate that larger communities are more likely to have sufficient population to support alternate service providers.

Table 13: Low usage CRCs March 2012

(Source: RDL)

CRC	Region	Tier	Use rate per 100 population
York	Wheatbelt	2	19.5
Waroona	Peel	2	18.2
Kununurra	Kimberley	3	13.8
Dongara	Mid West	3	12.7
Donnybrook	South West	2	9.9
Augusta	South West	2	7.3
Harvey	South West	2	6.0
Toodyay	Wheatbelt	2	4.9
Pinjarra	Peel	1	4.7
Yarloop	South West	1	3.9
Brunswick Junction	South West	1	3.6
Serpentine/Jarrahdale	Peel	3	3.3
Broome	Kimberley	3	1.8

Of particular note are the CRCs listed in Table 13, all of which have very low usage rates and particularly those in communities with populations in excess of 3,000. This is not to say that low CRC usage is the marker of an unsuccessful CRC, but it is a warning signal.

Some CRCs (such as Broome [Kimberley] and Yarloop [South West]) provide services that target particular sub populations or provide vital services that do not require specific or regular attendance.

Outside remote CRCs based in largely Aboriginal communities, 74 per cent of houses in CRC catchment areas have internet, with 29 CRCs in NBN early roll out zones. No CRC in a remote area is in an NBN early roll out zone.

Internet access is not homogeneous, with Table 11 showing that Aboriginal households across all regions tend to have significantly less access. This is particularly marked in the Kimberley and Gascoyne regions.

6.2 Evidence

There is wide agreement that the essence of the CRC network is its community foundation. There was support for new CRCs where there was both a need and community support. For instance:

[Merredin CRC Wheatbelt] CRCs are the community hub of their community and should be located in any community that can demonstrate a need for services, programs or activities that are not already delivered within that community, as well as having a willing group of community minded people prepared to undertake the management role.

Due to the uniqueness of each CRC it is often difficult to assess the spread of CRCs. It may be more beneficial to map the services that could be better handled centrally or at least on a regional basis.⁶⁶

66 Merredin CRC Wheatbelt submission, page 3.

It was seldom suggested that some CRCs should be closed or not funded, or that the Network should be rationalised, but there were suggestions along those lines:

[Mount Barker CRC Great Southern] ... perhaps it is timely to redefine the CRC distribution in line with emerging technologies. ... adjustment ... could be based on [among others]: Access to online, digital or other communications technologies ... oversupply without regard to appropriate measurement tools can lead to a notable imbalance between supply and demand.⁶⁷

Over-servicing might be regarded as likely to be a southern phenomenon, because of the CRC clustering in the south. However over-servicing can be a result of duplication:

[Bidyadanga CRC Kimberley] Bidyadanga is a well-serviced and organised aboriginal community that has a lot of services visiting the community. This is where the Bidyadanga CRC faces a situation of over-servicing ...⁶⁸

[Tranter] In many cases the visits of Government department representatives to small country towns is not co-ordinated or well-planned which results in huge wastage of government resources, duplication and imposition to clients.⁶⁹

Remote communities have particular challenges, and specific needs:

[Bidyadanga CRC Kimberley] There are two main functions of the CRC service in remote Aboriginal communities. The first being a service delivery outlet for government (and non-government) outreach services and the second being a provider of information, communication and technology (ICT) for the community members.

CRCs (e.g. Bidyadanga) in the West Kimberley are very likely to meet the challenges of a low socio-economic background, transient population and financial poverty which hinder people from accessing services in Broome.

Placements such as Ringer-Soak and Kalumburu will certainly help to fill gaps in the remote Kimberley area.⁷⁰

Over-servicing is implied by CRCs being relatively close in adjoining communities, but public transport is a key consideration. This view is typical:

[Bridgetown CRC South West] ... each [CRC] offers a wide range of services to its respective community as the lack of any public transport makes travel to any one of them difficult.⁷¹

RDL took the view that larger regional centres could potentially host CRCs targeted at low socio-economic areas, and gives as examples the Lockyer suburb in Albany and Carey Park suburb in Bunbury:

[RDL] This would provide services to people who are often intimidated by large Government agencies and often need support in navigating available services.⁷²

67 Mount Barker CRC submission, page 4.

68 Bidyadanga CRC Kimberley submission, page 2.

69 Allan Tranter: Creating Communities Australia Pty Ltd: submission, page 5.

70 Bidyadanga CRC Kimberley submission, page 2.

71 Bridgetown CRC South West submission, page 2.

72 RDL submission, page 15.

[RDL] has identified some geographical areas that are without a CRC, particularly in the Pilbara, Gascoyne and Upper Mid West regions. Within these regions identified communities are being approached to ensure they understand the role of a CRC and are able to make an informed decision on whether to progress with an application.⁷³

Others agreed with siting CRCs in larger communities:

[Town of Narrogin Wheatbelt] ... under the current guidelines [we] are unable to apply for a Community Resource Centre due to our population being approximately 4,250 ... this cut-off limit should be ... increased ... [and] ... In addition to this the Low Socio Economic Status of the population of the applying Local Government should be taken into consideration.⁷⁴

[Sport and Rec] ... the positioning in SuperTowns should definitely be a priority ... [and] ... it could be argued that towns with populations under 5,000 have even a greater need for the services offered – particularly if the town is based more remotely.⁷⁵

The PDC suggested new CRCs in Dwellingup and Preston Beach were needed.⁷⁶

The GEDC recommended that consideration be given to a CRC in Warburton, located in the Shire of Ngaanyatjaraku.⁷⁷ They gave their reasons as:

- Shire support is strong
- Warburton is well located geographically and strategically, has a highly transient population, proliferation of service providers and significant self-drive tourism throughout⁷⁸

The GEDC went on:

[GEDC] ... larger regional centres such as Kalgoorlie-Boulder and Esperance, are missing vital information because there is no CRC presence. It would be beneficial to offer this centralised information and service delivery, through other appropriate service providers, into the larger regional centres where three-quarters of the Goldfields-Esperance Region population resides.⁷⁹

The Department of Indigenous Affairs (DIA) feels that CRCs can be necessary in communities as small as 150 residents, and states:

[DIA] There are sixteen key Aboriginal communities in Western Australia and examples of communities that would benefit from a CRC would be the Ngaanyatjarra Lands, the Western Desert and some communities in the Kimberley.⁸⁰

73 RDL submission, page 19.

74 Town of Narrogin Wheatbelt submission, page 1.

75 Department of Sport and Recreation submission, page 3.

76 Peel Development Commission submission, page 2.

77 Goldfields-Esperance Development Commission submission, page 2.

78 Goldfields-Esperance Development Commission supplementary submission, page 3.

79 Goldfields-Esperance Development Commission submission, page 5.

80 Department of Indigenous Affairs submission, page 2.

There are proposals for potential new CRCs that capitalise on the NBN satellite system for internet access in the Western Kimberley, at Nullagunda (Gibb River), Dodun (Mt Elizabeth), Kupungarri (Mt Barnett) and Imintji. These communities do not presently have access to mobile telephony.⁸¹ The importance of technology shortcomings resonates in health:

[Country Health WA] The very same communities that are likely to not enjoy wide bandwidths also experience shorter life expectancies and higher mortality rates when compared to populations living in cities. Ensuring that CRCs have a focus on communities that will not enjoy the benefits of high speed fibre through the NBN will assist with ensuring these populations are not further disadvantaged.⁸²

A characteristic of CRCs is that they have fixed premises, sometimes very substantial ones. There may be circumstances where premises need not be fixed but could be mobile, perhaps operating from a fixed base on a 'hub and spokes' model:

[Kimberley Development Commission] A number of years ago, the Commonwealth provided funds to the State to establish transportable, self-contained units available for positioning in communities where the need and community support was strong. It would be worthwhile reviewing this concept ...⁸³

Kununurra CRC contrasts the larger range of services and staff and the resultant stability in the large regional centre with the high turnover of transient non-indigenous CRC and indigenous corporations' staff in the smaller settlements.⁸⁴

In that respect RDL advised the Trust that the remote community CRCs generally do experience fluctuations due to staffing and related issues such as the late or non-acquittal of CRC funding. There are also weather and road disruptions.

In January 2013 out of a potential 15 CRCs in the Kimberley, nine were operating - Balgo, Bidyadanga, Broome, Djarindjin, Halls Creek, Kundat Djaru (Ringers Soak), Kununurra, Mowanjum and Wyndham. Two CRCs administered by schools were closed in the school holidays - Jarlmadangah Burru and Looma. Noonkanbah was described as 'fluctuating', Bililuna was temporarily closed for refurbishment, and Warmun and Yakanarra were currently not operating.

Kununurra CRC outlined a support structure which is like a hub and spokes model. Others support this approach:

[Kununurra CRC Kimberley] We see our role as being able to offer support and add capacity throughout the WACRN in the East Kimberley by offering support and mentoring to communities as far afield as Ringer's Soak (Kundat Djaru), Bililuna and Balgo.⁸⁵

81 Mowanjum CRC Kimberley submission, pages 3 and 4.

82 WA Country Health Service submission, page 2.

83 Kimberley Development Commission submission, page 4.

84 Kununurra CRC Kimberley submission.

85 Kununurra CRC Kimberley submission, page 4.

[Shire of Merredin Wheatbelt] An option that may be worthy of consideration in the context of the SuperTowns initiative could be to establish a hub and spoke model for intra-regional networks of CRCs whereby those established in the regional centres could service and support those in the smaller towns.⁸⁶

[Narembeen CRC Wheatbelt] Narembeen CRC has strong relationships with surrounding CRCs and where necessary provides complementary services. ... [and] partners with a number of surrounding CRCs ...⁸⁷

One state-wide NGO sees considerable scope for an expanded role for CRCs in civil society and in social programs.⁸⁸ Some government agencies can see future opportunities:

[DAFWA] In the future there may be an opportunity to look at some of DAFWA's smaller centres aligned with CRCs in smaller towns. ... Alignment of the Network could be enhanced by hosting events and engaging with other government agencies who could deliver programs through the CRC rather than at other town venues.⁸⁹

[Regional Australia] ... supports exploring the potential to further develop this role of the CRCs and to pursue greater alignment with Australian Government programs and projects in future in conjunction with RDA committees. ... the Department also specifically supports exploring potential roles for the CRCs in the ... NBN roll-out and facilitating the development of the digital economy in the regions ...⁹⁰

[Sport and Rec] CRCs are well placed geographically to work in partnership with the department ... [and ... there is great potential for the department to align with the work of CRCs in the delivery of training and development opportunities for community volunteers.⁹¹

[State Library] There are 30 CRCs which also provide Library services ... This is a fruitful partnership and there are opportunities to further extend this co-location, particularly in remote Western Australia.⁹²

[Tourism WA] Utilisation of the CRC network may present an opportunity to expand coverage across Western Australia, which would support the tourism industry and visitation to these areas.⁹³

[DoT] Based on need and suitability DoT would welcome the opportunity to enter into future partnership arrangements for the provision of licensing services from CRCs. This arrangement would help to enhance regional development and provide scope to improve service delivery primarily in more remote locations ...⁹⁴

86 Shire of Merredin Wheatbelt submission, pages 1 and 2.

87 Narembeen CRC Wheatbelt submission, page 3.

88 Confidential submission, pages 5 and 6.

89 Department of Agriculture and Food WA submission page 1.

90 Commonwealth Department of Regional Australia submission, page 2.

91 Department of Sport and Recreation submission, page 2.

92 State Library of Western Australia submission, page 2.

93 Tourism Western Australia submission, page 1.

94 Department of Transport submission, page 1.

Other agencies have found it difficult either to get a 'fit' or to see the opportunity:

[DCS] DCS contact with the Community Resource Network has been extremely limited.⁹⁵

[Horizon] ... Horizon Power can see the scope for collaboration between other WA government agencies and the CRC network. ... In practice, however, Horizon Power's experience with CRCs is quite limited.⁹⁶

[Narembeen CRC Wheatbelt] The CRC Network across the State provides on the ground assistance and networks for a number of Government agencies – at present their potential is not fully recognised. ... The Narembeen CRC has a close relationship with CY O'Connor Institute, WACOSS, Directions and other training providers ... and promotes the RRR Network.⁹⁷

[Pingelly CRC Wheatbelt] Many agencies both government and non-government need to be educated in the opportunities available using the CRCs' network as partners or access points for their many programs.⁹⁸

A number of submitters remarked that capacity is key:

[Beverley CRC Wheatbelt] ... a CRC is only achievable and sustainable through the availability of community champions who are prepared to appropriately oversee and manage them [and] a suitable building.⁹⁹

[KDC] Any new CRC proposed must be assessed for viability, sustainability, cost benefit and community support to ensure that considerable effort and resources are effectively used for the benefit of the community. ... [and] the capacity of the network to assume an expanded role has not been tested to the highest degree.¹⁰⁰

CRCs made some practical suggestions on alignment with government:

[Beverley CRC Wheatbelt] Opportunity for CRCs to connect Government services to rural and remote communities by providing occasional office space for visiting representatives of Government services, (often located in SuperTowns) thus eliminating the need for continuous commuting to SuperTowns to access government services.¹⁰¹

[Merredin CRC Wheatbelt] ... it would appear beneficial for the CRC Network to be divided into the same regions as the Development Commission boundaries and a Regional Manager allocated accordingly, as the current number of Regional Coordinators, although offering fantastic support to the CRCs, are limited by the distance and number of CRCs they cover. ... there would be an opportunity to establish sub regional groups of CRCs as happens in the Commissions. ... it would also provide options to work with the Development Commissions on community and economic development projects and initiatives.¹⁰²

95 Minister for Corrective Services submission, page 1

96 Horizon Power submission, page 2.

97 Narembeen CRC Wheatbelt submission, page 3.

98 Pingelly CRC Wheatbelt submission, page 2.

99 Beverley CRC Wheatbelt submission, page 1.

100 Kimberley Development Commission submission, page 4.

101 Beverley CRC Wheatbelt submission, page 1.

102 Merredin CRC Wheatbelt submission, page 4.

However the Department of Local Government (DLG) makes the point that alignment needs to be matched with capability, and the Department of Commerce has encountered problems with location and capacity:

[Department of Commerce] ... the rationale for CRC locations and the nature of their individual capability requires review and consideration of the skill levels and ability for their personnel and support services.¹⁰³

[DLG] The CRCs surveyed recognised the value-adding benefits that may be achieved for their communities by aligning their CRC operations with government priorities and programs, and other community development programs. ... However, there appears to be a wide variation in capacity and capability levels between different CRCs.¹⁰⁴

The possibility of local government amalgamations need to be taken into account:

[Shire of Boyup Brook South West] ... if amalgamation were to come then the CRCs offer an opportunity for the larger, more regional and so perhaps no longer local, "Local" Government may have the option of closing existing premises and utilising CRCs for local service delivery, a shopfront etc. ... whilst it would be a workable opportunity the move towards it may be tempered by the effectiveness of and working relationships with the CRCs.¹⁰⁵

[DLG] ... a major impediment to structural reform at the local community level has been the perceived loss of local identity resulting from an amalgamation. ... The Department believes that CRCs, whether or not they are funded by a local government, can play an important role in this place management approach, for example by providing a local 'shop-front' for the CLG or by facilitating community engagement.¹⁰⁶

103 Department of Commerce: Industry Science and Innovation submission, page 2.

104 Department of Local Government submission, page 3.

105 Shire of Boyup Brook South West submission, page 2.

106 Department of Local Government submission, page 8.

6.3 Trust comment a) CRCs distribution

The Terms of Reference required the Trust to: *Review the numbers and spread of CRCs to determine if any geographic areas are under or over-serviced, and in doing so: a) advise on a distribution of CRCs that would best facilitate the intended service delivery.*

The spread of CRCs is intertwined with the issue of viability and funding, and whether they have the potential to grow. In Chapter 13, 'Trust's views and conclusions' the Trust will deal with what must be the starting question for any review of government engagement with any sector - why should the CRCs continue to be funded by government at all? Once that question is settled, the next question will be which CRCs should be funded and to what extent?

Turning to the distribution of CRCs, there are different considerations to take into account when trying to determine the numbers and spread of CRCs to ascertain if any geographic areas are under or over-serviced. Among the most important are:

- the objectives of the 89 CRCs that are independent entities running themselves (see Table 8 page 50);
- the objectives of the 26 CRCs that are independent entities run by Aboriginal corporations and shires (see Table 8 page 44);
- the objectives of local governments, WA agencies, and Commonwealth agencies, when providing funding or resources to CRCs, or when contracting CRCs on a fee-for-service basis;
- the objectives of RDL and RforR when providing funding or resources to CRCs, or when contracting CRCs on a fee-for-service basis;
- the objectives of for-profit and not-for-profit businesses or organisations when providing funding or resources to CRCs, or contracting on a fee-for-service basis;
- the needs of rural regional and remote communities in WA;
- the obligations of federal state and local government to provide services to rural regional and remote communities; and
- the obligations of federal state and local government to develop regional WA.

A review of this kind can only take a view with respect to some of these considerations. Unless government funding or resources are involved in some way, what local governments, Aboriginal corporations, independent for-profit and independent not-for-profit businesses or organisations wish to do or not do is their business.

From the CRC perspective, the intended service delivery is mostly very clear in the CRC submissions, and the range of services offered can be impressive.

On the development side, CRCs are engaged in the development of human capacity, and therefore in community development, and to an extent in social development, but are engaged in economic and business development to a much lesser extent.¹⁰⁷

From the perspective of the three tiers of government, federal, state and local, the intended service delivery ranges from the relatively clear to the profoundly uncertain.

107 Section 4 of the *Royalties for Regions Act 2009*: 'The object of this Act is to promote and facilitate economic, business and social development in regional Western Australia through the operation of the Fund.'

A few conclusions can be drawn from the evidence presented in this Chapter 6.

With respect to over-servicing, very low usage of CRC facilities should attract an automatic presumption of defunding by RforR, unless there are sound reasons not to.

Secondly, over-servicing tends to exhibit itself in the duplication of services, and a rationalisation of service delivery in selected areas on a hub and spoke model, or within clusters of CRCs, should be considered.

RDL considers that certain localities and demographics are under-serviced. RDL has recommended that the Trust consider a possible role for CRCs in servicing specific groups within larger regional centres. They have also suggested defunding if CRCs only provide limited benefits to their community.¹⁰⁸

RDL's 2012 CRC survey indicated that a number of CRCs (Kalbarri, Mullewa, Onslow, Pemberton, Pinjarra and Wellstead) whilst having outgrown their premises, were struggling to arrive at an alternative to their sites.

A Survey recommendation was that consideration should be given to improving the CRC coverage in the Pilbara region, especially incorporating Paraburdoo and Pannawonica along with Aboriginal communities, including Yandeyarra, Jigalong, Punmu, Kunawarritji, Cotton Creek and Wakathuni.¹⁰⁹

Under-servicing is suggested in recommendations quoted in the evidence in this chapter, for new CRCs in Kalumburu, the Lockyer suburb in Albany, the Carey Park and Withers suburbs in Bunbury, in the Pilbara, Gascoyne and Upper Mid West regions, the Town of Narrogin, Dwellingup and Preston Beach, Warburton, the Ngaanyatjarra Lands, the Western Desert and some communities in the Western Kimberley at Nullagunda (Gibb River), Dodun (Mt Elizabeth), Kupungarri (Mt Barnett) and Imintji.

Under-servicing is also suggested by there being no CRCs at all in 29 of WA's 109 CLGs.

From the perspective of RDL and RforR, under or over-servicing can only be assessed against the purpose for which funding is provided to the CRCs. RDL states that:

[RDL] CRCs were established for a purpose and their distribution should reflect that purpose. ... Key Outcomes ... are:

- To build the capacity of the local community
- To deliver services and information on behalf of government and other agencies relevant to local needs
- To develop partnerships and negotiate business opportunities for the benefit of the local community.¹¹⁰

Nowhere in these key outcomes does RDL refer directly to the object of RforR, which is the economic, business and social development of regional WA, although aspects of these CRC outcomes do relate to the object of the Act.

The Trust has often stated in matters of RforR that funding must accord with the object of the Act; that means that RforR cannot provide funding to CRCs unless overall that object is met in a meaningful manner.

108 RDL submission, pages 15 and 19.

109 Attachment to RDL submission: Executive Summary from the 2012 Community Resource Network Survey: a snapshot into the CRC network based on responses from an online questionnaire answered by 96 CRCs in March 2012.

110 RDL submission, page 15.

6.4 Trust comment b) CRCs alignment

The Terms of Reference required the Trust to: *Review the numbers and spread of CRCs to determine if any geographic areas are under or over-serviced, and in doing so: ... b) assess the alignment of the Network with other government programs and Royalties for Regions programs, such as the Regional Centres Development Plan (SuperTowns), and where appropriate propose ways by which such alignment could be improved.*

To qualify for RforR funding, the primary alignment from RDL's perspective should be with the Act. RDL has recognised this is implied but is not stated as a present feature of funding, and has recommended that the Trust consider whether RforR funding should be allocated to CRCs on the basis of economic, business and social development outcomes being required.¹¹¹

All CRCs are likely to be doing good things in and for their community. However, the question is not whether these independent not-for-profit non-government organisations are adding value to their community, but whether and why they should be significantly or even partially funded first by RDL and RforR, and second by State government.

The Trust is of the view that the answer is for each agency, including RDL, to make an appraisal against their own objectives, programs, and legislation, in a fee-for-service contractual environment.

The smaller or more isolated the community the more likely it will have need for funding assistance for the provision of federal, state and local government services, and for support with economic, business and social development. However, the smaller the community the less likely is the capacity to support a CRC.

With respect to SuperTowns, as an example, consultation indicated that as at January 2013 RDL and the Great Southern Development Commission (GSDC) had done little to integrate the Katanning CRC into their SuperTown plans and strategies.

Another SuperTown (Collie) was criticised for its strategic plan focusing:

[West Arthur CRC Wheatbelt] ... on increased housing estates and townscape and not on community development as we perceive it to be.¹¹²

The record shows that some CRCs have initiated negotiations to align contract for service delivery on behalf of federal or state agencies, but generally CRCs are not equipped to do such negotiation.

Seeking out such service delivery possibilities and taking up the opportunity for the alignment of government programs and services is more the responsibility of government agencies, hopefully accelerated and facilitated by RDL or AWACRC.

111 RDL submission, page 19.

112 West Arthur CRC Wheatbelt submission, page 6.

CRCs are likely to be very receptive. One CLG said:

[The Shire of Boyup Brook South West] CRCs have proven to be progressive, adaptable and willing to align themselves with any programs that will benefit their communities.¹¹³

There are government agencies that use and align the CRC network with their programs, such as the Water Corporation and the Department of Water.¹¹⁴

As far as the Trust is able to see as a result of reviewing the submissions and engaging in consultation, the alignment of the CRC network with other government programs and RforR programs such as the Regional Centres Development Plan (SuperTowns), is generally patchy. There is great potential for such alignment to be improved.

113 Shire of Boyup Brook South West submission, page 2.

114 Water Corporation submission, page 1; Department of Water submission, page 1.

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Chapter 7: Terms of Reference 3

Determine how and to what extent the Network has contributed or could contribute further, to outcomes that enhance regional development in Western Australia, and in doing so:

- a. identify any impediments to the Network realising its full potential to contribute to regional development and propose ways to reduce or remove such impediments; and***
- b. consider how the Network could better contribute to productivity and regional development outcomes such as through improved service delivery, leadership and capacity building; and***
- c. consider how the Network and the Rural Remote and Regional Women's Network of Western Australia could mutually support and enhance their respective roles and activities.***

7.1 What is regional development?

The Terms of Reference require the Trust to determine how and to what extent the Network has contributed or could contribute further, to outcomes that enhance regional development in Western Australia. In answering this question, 'regional development' is the key consideration.

The Act does not define regional development, nor does any other Act.

The question 'what is regional development?' was addressed in the Trust's review of the RforR Country Local Government Fund. It is worth repeating some of that material here.¹¹⁵

The *Royalties for Regions Act 2009* establishes the Regional Community Services Fund (RCSF). The purpose of RforR and the RCSF is dictated and determined firstly by the object of the Act, and secondly by a prescribed application.

Section 4 of the Act states that:

The object of this Act is to promote and facilitate economic, business and social development in regional Western Australia through the operation of the Fund.

Section 9(1) of the Act states that the application of the Fund will be:

... for the following purposes -

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

These are broad prescriptions. Nevertheless, they are prescriptions. Any funding from RforR therefore requires a direct line of sight to the purposes of the legislation.

Overall, the purpose of the Act is that the Fund must promote and facilitate economic, business and social development in regional WA.

The Act does not define what each of the words economic, business, social, or development mean. A reasonable reading of the Act and its parliamentary and policy context would lead to an expectation that these words are to be broadly interpreted.

Since 'business' is not defined in the Act, the broadest definition of 'business' would firstly be of a non-metropolitan organisation (or a metropolitan organisation doing business in the regions), engaged in the production or trade for goods and services, in settlements, specially designated areas, or in the country, whether privately owned or not, whether for-profit or not-for-profit.

The aggregate of business would be a market or industry sector, and the broadest aggregate is the activity of all suppliers of goods and services to the regions.

115 Western Australian Regional Development Trust Review of the Royalties for Regions Country Local Government Fund January 2012, pages 184-189.

Since 'development' is not defined in the Act, the broadest definition of 'development' would be that development is intended to broaden, deepen, promote and facilitate the economic and social well-being of regional WA in aggregate.

Practically, this can only be done by providing the services and amenities necessary for a productive and fulfilled society; by maintaining sustainable jobs and economic activity in the regions; and by providing additional sustainable jobs and economic activity in specific local and regional areas; in so doing raising the prospects, standard of living and wealth of individuals communities and the regions overall.

'Regional' in the context of the Act has a specific geographic meaning, and refers to the nine defined regions of country WA.¹¹⁶ In section 3 of the Act the term 'regional Western Australia' "means a body established under the *Regional Development Commissions Act 1993* Schedule 1".

In public discourse and common usage the word 'regional' is used colloquially, often meaning non-metropolitan WA.

Decision-making will be affected by whether development is regional, sub-regional or local. This is a more important point than might be realised. Objectively appraised, a development decision which is seen as strategic and vital at the local level may matter less at a sub-regional level, and may not matter much at all at a regional level.

The Australian Local Government Association (ALGA) says that regional development is difficult to define:

Due to its cross-disciplinary nature, regional development is difficult to define. Regional development is perhaps best viewed as a holistic process whereby the environmental, economic, social and cultural resources of a region are harnessed for sustainable progress in ways that reflect the comparative advantages offered by a particular geographic area.¹¹⁷

In the context of development, in this quote ALGA uses a key phrase: '*sustainable progress*'. In the view of the Trust, harnessing the resources of a region for '*sustainable progress*' in regional development requires aid or assistance to areas within regions that are short of resources or capital, or that are economically under-developed, or where aid or assistance will open up undeveloped areas, or enable new development.

While in the context of the Act 'development' should be read broadly, in the opinion of the Trust in the context of the Act it still does intend a specific meaning – either to promote the economic and social well-being of areas within regions and regions as a whole, or to promote sustainable growth, or both.

116 The nine regions of Western Australia established by the *Regional Development Commissions Act 1993* are the Gascoyne, Goldfields-Esperance, Great Southern, Kimberley, Mid West, Peel, Pilbara, South West and Wheatbelt regions. That Act establishes nine regional development commissions in those regions to coordinate and promote the development of regions and to establish a regional development council.

117 ALGA website, accessed 10 November 2011.

Growth is a narrower concept than development¹¹⁸ but it is an important expectation and component of development. The word 'growth' is not used in the Act, but the Act does specifically intend in s9(1)(b) and s9(1)(c)¹¹⁹ to promote and facilitate regional growth in under-developed or undeveloped areas.

Consequently expenditure by the RforR Fund should help create growth opportunities, address market failure so that growth opportunities are enhanced, build regional capacity to encourage growth, and help remove barriers to growth. Always accepting of course, those restraints on growth established in the public interest by public policy.

The large object of the Act and its necessarily broad interpretation does not imply that 'anything goes'. To assess whether development has been achieved requires performance standards to be set and the ability to measure outcomes.

There is also an inbuilt public-sector obligation on RforR to be accountable and transparent, to get value for money, and to achieve the significant outcomes intended by the Act and its originating policy:

Given the importance of directing new resources to those regions and areas of investment where the potential is greatest, showing the extent to which resources are properly targeted and in fact reach their intended beneficiaries is an important activity for evaluators.¹²⁰

As a constituent part of the RforR Fund therefore, RCSF investment must promote facilitate or support the existing economic and social base and significant and sustainable development and growth in WA country towns and cities and in WA's rural areas.

118 In the 2008 European Commission paper *Theoretical underpinnings of socio-economic development* (accessed by internet 9 December 2011), the paper notes the movement since the 1970's from a dependency (subsidy/subvention) system to an emphasis on supply or capacity "such as mobilising underused resources, increasing the capacity and value of existing resources and transferring new resources into a region or sector".

119 *Royalties for Regions Act 2009*: section 9(1)(b) to develop and broaden the economic base of regional Western Australia; section 9(1)(c) to maximise job creation and improve career opportunities in regional Western Australia.

120 2008 European Commission paper *Theoretical underpinnings of socio-economic development*, page 2; (accessed by internet 9 December 2011).

7.2 Evidence

There were submissions that emphasised the CRCs role in essential services provision, in enhancing productivity and economic efficiency, and in keeping the regions attractive for settlement through engendering social wellbeing:¹²¹

[Shire of Boyup Brook South West] The services provided by CRCs allow local people to undertake activities they would otherwise have to travel for including Centrelink, banking, accredited and lifestyle training courses, health services via videoconference, general administration and photo printing. This means that people do not have to travel and take their business out of town. Community events and activities coordinated by CRCs also encourage participation and involvement of community members, leading to social wellbeing, a sense of community pride and an improved quality of life.¹²²

[Cunderdin CRC Wheatbelt] Cultural isolation is an aspect of country life that we also give priority to. We have established partnerships with key stakeholders such as Museums WA, Art Gallery of WA, Universities and Colleges, and theatre groups ... there are many more opportunities to bring this type of event to the country particularly using [Westlink] simulcasts.¹²³

[Koorda CRC Wheatbelt] ... has formed partnerships with including: Linkwest, Wheatbelt Development Commission, Curtin University, Centrelink, Medicare, Better Connections, Volunteering WA, Max Employment, RoadWise, Department for Communities, Department for Health WA Country Health Services, One Life Suicide Prevention. The Koorda CRC provides support and services for many community groups including: Koorda Historical Society, Koorda Community Men's Shed, Koorda Agricultural Society, Central Wheatbelt Football League, Red Cross, Koorda Sports Club, Koorda P&C, Koorda Primary School.¹²⁴

[DTWD] They [CRCs] contribute to the achievement of Skilling WA goals through enhancing the community environment in regional areas through provision of wide ranging services such as business support services, Government information and service provision areas; video conferencing and access to training and development. ... Their presence extends the reach of government, and provides a whole of government opportunity to connect with regional and remote communities.¹²⁵

[DoT] Based on need and suitability DoT would welcome the opportunity to enter into future partnership arrangements for the provision of licensing services from CRCs.¹²⁶

121 See also Country Arts WA submission and supplementary submission.

122 Shire of Boyup Brook South West submission, page 2.

123 Cunderdin CRC Wheatbelt submission, page 2.

124 Koorda CRC Wheatbelt submission, page 2.

125 Department of Training and Workforce Development submission, pages 1-2.

126 Department of Transport submission, page 1.

The DIA identified two impediments to CRCs realising their full potential – the need for up-to-date equipment, and staffing. The DIA do believe that CRCs could better contribute to productivity and regional development outcomes:

[DIA] Deliver targeted programs that address barriers to economic participation ... Improve access to funding for Aboriginal organisations and businesses for corporate development support ... Support strategic partnerships ... Provide opportunities for land assembly administration ... Promote social enterprise initiatives that simultaneously provide a business solution whilst generating significant social dividends ... Deliver innovative demonstration projects that enable flexible education and training for schools and communities on literacy and numeracy outcomes ... Deliver career guidance and counselling services ... Provide appropriate staffing ... Supporting Aboriginal entrepreneurialism and innovation would further enhance regional development ...¹²⁷

RDL¹²⁸ believes there are multiple ways CRCs could contribute to regional development. These include through:

- Training (70% of CRCs have at least one training room with some having five (only 5% have none).
- Business development (20% of CRC visitors are for business purposes; 25% offer business data storage facilities; 14% offer MYOB hosting; 13% offer business web site hosting).
- Access to government (Most CRCs have 6 to 10 computers for use; 28% have more; 75% offer a business referral service).
- Building regional communities (91% offer video conferencing; 61% publish a community newsletter or paper; 87% provide tourism information).
- Integration with service delivery and planning within the region.
- Networking and the provision of solutions.

In observations repeated in many other submissions, RDL has identified impediments that limit the ability of CRCs in regional development:

- Leadership (a lack of strategic and long term thinking; evident gaps in Committee members understanding of their role).
- Intention (lack of shared vision re potential; variable levels of commitment and capacity; lack of a regional focus, predominately a local focus).
- Staff (variable capacity; lack of skills; attrition of trained competent committee members and/or staff; limited monetary incentives and career prospects; small pool of available people resulting in skill or competency gaps, particularly in entrepreneurial skills).
- Local integration (lack of engagement of CRCs with other regional stakeholders; lack of capacity to undertake effective strategic decision making and/or maintain a high standard of governance; overlap of community/regional development service delivery with like organisations; lack of strong connections with RDCs and/or Regional Development Australia; lack of significant CRC involvement in SuperTowns projects).
- Resourcing (the current funding model does not recognise or reward regional development as a key outcome).

127 Department of Indigenous Affairs submission, pages 3-4.

128 RDL submission, pages 20-25.

[RDL] There are many examples of CRC contribution to regional development. Some current examples currently being progressed include:

- tourist services through the provision of visitor services and distribution of Indigenous tourism information (via WA Indigenous Tourist Operators Council)
- local visitor information services linking with small businesses and tourism providers as well as on-line information
- training through the delivery of Westlink presentations as well as partnership development with Institutes of Technology and the Department of Sport and Recreation
- program delivery through partnership development with agencies such Department of Training Workforce Development, Department of Agriculture and Food WA, Department of Commerce, Small Business Development Corporation, State Library of WA¹²⁹

The AWACRC shares many of RDL's viewpoints but emphasises two additional points: funding (insufficient, risk of loss, and the 3-year FAA being too short); and, insecurity of tenure and the cost of premises.¹³⁰

The tenure issue was picked up by others:¹³¹

[Boddington CRC Peel] Allow CRCs more independence from Shire strangleholds where needed. Allow CRCs to manage their own land and buildings if Government owned. Assist in reusing existing unused buildings.¹³²

[Kununurra CRC Kimberley] Better support and contribution from the state for CRCs to own their own properties in order to provide stability and reduce costs (e.g.: Kununurra CRC is currently paying \$50 000 annually to rent premises from Australia's Northwest ...) ...¹³³

[Moora CRC Wheatbelt] One impediment is the physical space in which some CRCs operate. ... It would also help if there was someone to mentor CRCs through the process of collocating or renovating existing buildings.¹³⁴

129 RDL supplementary submission, page 2.

130 Association of Western Australian Community Resource Centres [AWACRC] submission, pages 5-9.

131 See too Nannup CRC South West submission, page 2.

132 Boddington CRC Peel submission, page 4.

133 Kununurra CRC Kimberley submission, page 6.

134 Moora CRC Wheatbelt submission, page 1. On that point, some CRC premises visited by the Trust are very poor, such as the Coolgardie CRC in the Goldfields-Esperance region.

Consultation and submissions indicated that local government could be an impediment. Others indicated its importance:

[Merredin CRC Wheatbelt] ... there is a need to have some uniformity of support between the Local Governments (WALGA) and the CRC Network, so that all CRCs are working with similar levels of support within their community.¹³⁵

[Gingin District CRC Wheatbelt] Lack of local government support for the CRC in their shire can limit the potential of a CRC to some degree. This is not always the case and some centres have forged ahead with little or no local government support.¹³⁶

[DLG] The importance of productive relationships between the local government, the CRC and its community, is critical in remote areas ... The CRCs surveyed in the preparation of this submission clearly demonstrate the wide range of regional community benefits that can be delivered at the local level, particularly when supported by their local governments.¹³⁷

Human capacity issues often appeared in the impediments column:

[WDC] ... it was observed that a large number of CRCs have not received the proper training, mentoring and assistance to further develop CRC staff as leaders within their community. This significantly limits the CRCs capacity to deliver outside their funding scope or be encouraged to think creatively and innovatively. ... Staff remuneration is undervalued given the expectations on the CRC service.¹³⁸

Boyup Brook CRC mentioned industrial relations as a problem area:

[Boyup Brook CRC South West] No knowledge of appropriate award for CRC staff. ... RDL currently working with Industrial Relations lawyer to determine appropriate Award, however process is taking considerable time.¹³⁹

Submissions and consultation highlighted misguided attitudes, ignorance of what is on offer, and opportunities:

[Beverley CRC Wheatbelt] Do not treat the centres like a 'knitting group' – they have some very talented and professionally skilled people both employed and on their committees. Government departments need to recognise the opportunities for CRCs to enhance their services through regional and rural WA. E.g. Ngala do not refer anyone to CRCs for videoconferencing; referring rural people to the CRC Network for assistance and access for online information and forms e.g. firearms – many older farmers do not have the internet and have no idea how to use it and are totally confused when they ring the Police Department for assistance.¹⁴⁰

[Bridgetown CRC South West] i) Lack of awareness of CRC services by government departments; ii) Lack of a consistent mode of operation of videoconferencing across government departments and an understanding of CRC operations in this area; iii) Short time line of FAA ... hampers long term planning; iv) Inconsistent funding arrangements with other government departments ...¹⁴¹

135 Merredin CRC Wheatbelt submission, page 5.

136 Gingin District CRC Wheatbelt submission, page 4.

137 Department of Local Government submission, pages 4 and 8.

138 Wheatbelt Development Commission submission, pages 5-6.

139 Boyup Brook CRC South West submission, page 4.

140 Beverley CRC Wheatbelt submission, page 2.

141 Bridgetown CRC South West submission, page 4.

[Denmark CRC Great Southern] [The] WACRN has the potential to enhance its regional development by ... Standardising government videoconferencing (V/C) equipment/compatibility between agencies and departments; a number of government departments use various ISDN (older tech) videoconferencing protocols while the CRC network and everyone else uses IP (the modern solution). ... Providing the WACRN (potentially via RDL) with access to suppliers on the State Government's Common Use Arrangement (CUA) would allow the WACRN to access preferred government suppliers and their products/services – ultimately providing better value-for-money ...¹⁴²

[Goomalling CRC Wheatbelt] Ill-informed or un-formed regional and state departments of the Networks facilities and services i.e. videoconferencing.¹⁴³

[WDC] ...believes the CRCs to be an untapped community and state resource, which if managed and nurtured well, could provide great support and enhancement to regional development in Western Australia.¹⁴⁴

Improved marketing was highlighted as an antidote to ignorance of CRC services and potential.¹⁴⁵

Central to the establishment and role of Telecentres was communications. The CRCs that replaced them have significantly increased investment in IT and communications systems and services. However many people and organisations are now almost self-sufficient, with their own mobiles, iPhones, iPads, laptops and other communication devices. While some of those consulted felt this made CRCs' communications/IT services less important and relevant in some developed regions, others saw opportunities in linking with major State and Commonwealth government efforts in this field, and a need for a change in direction:

[Commerce] ... across the network the level of core competencies capabilities and understanding of digital social and digital business trends is mixed and this requires up-skilling to meet a consistent level of ability that will enable them to add value to their communities. There is an opportunity for the network through the CRCs to play a part in increased literacy around a digital environment by becoming the local expert and knowledge reference source ... [and] ... in increasing the awareness of digital capability and encouraging greater community and business participation ... [and] ... enhance the outreach for agencies and business groups interacting with regional communities.¹⁴⁶

[RDA Peel] There is great potential for CRCs to become more involved in driving positive regional development outcomes through involvement in the implementation of digital strategies developed by RDAs, provided the CRCs are appropriately resourced and their staff appropriately skilled.¹⁴⁷

[WACHS] Women's health services are currently using CRCs to pilot and deliver a women's health and counselling service. ... To maximise the capacity to increase community or primary health based services there needs to be inclusion of a "meet and facilitate" use of the technology and booking by the CRC as well as strict guidelines and training regarding confidentiality.¹⁴⁸

142 Denmark CRC Great Southern submission, pages 3-4.

143 Goomalling CRC Wheatbelt submission, page 3.

144 Wheatbelt Development Commission submission, page 5.

145 See Merredin CRC Wheatbelt submission and Dalwallinu CRC Wheatbelt submission, page 4.

146 Department of Commerce submission, pages 2-3.

147 Regional Development Australia Peel submission, pages 2-4.

148 WA Country Health Service submission, pages 1 and 3.

With respect to the RRR Network , Boyup Brook CRC captured the general view:

[Boyup Brook CRC South West] The Rural Remote and Regional Women’s Network (WA) is a fantastic program connecting women from around the state. CRCs are already great advocates for the program and a more formalised partnership could be mutually beneficial for all parties in the promotion of events and services through existing networks. Videoconferencing and the Westlink Satellite network are methods of delivery that the RRR could utilise through the WACRN. Training of rural women in leadership, business and community development could be promoted and conducted through the WACRN’s Registered Training Organisations.¹⁴⁹

[KDC]The Rural Remote and Regional Women’s Network (RRRWN) has two Kimberley representatives on its 15 member panel. Under the existing model it is largely self-sufficient. Access to CRC facilities may be of benefit for regional link-ups and the potential exists for RRRWN and CRC networks to share professional development activities and marketing of services and current focus.¹⁵⁰

[Narembeen CRC Wheatbelt] The RRR Network will require enhancement for CRCs to add additional value. For example, a RRR Network which can provide a networking forum for professional business women, events and more services than a magazine.¹⁵¹

[RRR] The RRR views a strong ongoing and enhanced future relationship with the CRN as crucial to delivering to RRR women the information and opportunities they should access.¹⁵²

7.3 Trust comment

The Trust was asked to:

Determine how and to what extent the Network has contributed or could contribute further, to outcomes that enhance regional development in Western Australia, and in doing so:

- a) identify any impediments to the Network realising its full potential to contribute to regional development and propose ways to reduce or remove such impediment; and*
- b) consider how the Network could better contribute to productivity and regional development outcomes such as through improved service delivery, leadership and capacity building; and*
- c) consider how the Network and the Rural Remote and Regional Women’s Network of Western Australia could mutually support and enhance their respective roles and activities.*

It is not possible for the Trust to quantify to what extent the CRC network has contributed to outcomes that enhance regional development in Western Australia over the past two decades.

However, that the CRCs as a whole have contributed to the overall economic and social environment necessary for communities to be sustained, which therefore will broadly assist regional development, is certainly true.

149 Boyup Brook CRC South West submission, page 5.

150 Kimberley Development Commission submission, page 5.

151 Narembeen CRC Wheatbelt submission, page 5.

152 Rural Remote and Regional Women’s Network submission, page 3.

It is also apparent that the engagement in the Network from 2008 by RDL and RforR has seen a significant and sustained lift in performance and capacity.

Broadly speaking, the Trust considers regional development as falling into two main categories – the development of physical capacity and the development of human capacity. These are not mutually exclusive; the building of a school can satisfy both.

Over the last two decades, the CRC network has not contributed to the development of physical capacity in the regions in any meaningful way. Where it has contributed is in the development of human capacity.

The Trust has identified five subject heads under which regional and rural human capacity building could be considered:

- Leadership development
- Skills development and retention
- Entrepreneurial/innovation development
- Addressing unemployment and under-employment and excess capacity
- The needs of new regional populations resulting from regional development¹⁵³

These five heads of human capacity development are not covered off by CRC programs and services. The evidence is that human capacity development in the CRCs is limited varied and variable. The greatest attention in CRCs has been to training and skills development, and there are reports of good work on traineeships.

With specific reference to RforR the object of the Act is to promote and facilitate economic, business and social development in regional Western Australia.

RDL's evidence is that 20% of CRC visitors are for business purposes and that government and non-government business activity is evident through business data storage facilities, MYOB hosting, business web site hosting, business referral services, video conferencing; community newsletters, and tourism information.

Overall, submissions, consultation and regional visits incline the Trust to the view that the Network's contribution to economic and business regional development and/or community development varies, depending on the CRC, on a spectrum from negligible to minor to modest.

It is a different matter with respect to social development, where the Network's contribution to social regional development and/or community development varies, depending on the CRC, on a spectrum from negligible to modest to significant.

In some cases the evidence is that some CRCs have made a consistent and sustained difference to the communities in which they are situated.

153 There is a discussion of these matters in the Trust's Annual Reports for 2010-11 and 2011-12.

While undoubtedly there are staff and/or committees in some CRCs that are below par, the great majority of CRC staff, volunteers and committees are not only doing their best but are performing well under the constraints identified in the submissions.

The evidence is undoubtedly that they need help in developing human capacity if they are going to lift performance.

The challenge to both local and state government is that the impediments to better performance detailed in the evidence above are often outside the control of the CRCs themselves.

The impediments mostly fall into the four pockets of revenue, premises, personnel and services, but there are other impediments, such as poor branding and marketing.

There is no shortage of good ideas to improve the contribution CRCs can make to better performance in community development, as exhibited in the RDL and AWACRC submissions, and in other submissions.

The DIA stressed the importance of up-to-date equipment, and staffing. They believe that CRCs could definitely better contribute to productivity and regional development outcomes for Aboriginal people.

However, deciding what to do with those ideas will take time, money and resources, and will require some threshold questions to be tackled first, which the Trust does in Chapter 13.

In this term of reference 3 the Trust was also asked to consider how the CRC network and the RRR Network could mutually support and enhance their respective roles and activities.

The RRR Network is led by a Reference Group of 15 ministerially appointed regional women to provide a mechanism for networking, sharing and disseminating information relevant to the development of women and communities across regional Western Australia. The Reference Group currently have two face-to-face meetings and two video-conference meetings per year.

The key activities of the RRR Network include the production of a quarterly magazine highlighting the achievements and activities of women across regional WA, a monthly e-news email, and a regularly updated website providing relevant information and grant opportunities. The magazine is distributed to over 8000 subscribers, with further copies distributed through key stakeholders.

The RRR Network is currently jointly funded by DAFWA and RDL. The Secretariat for this Network transferred to RDL in October 2012 and in the 2013-14 financial year will be wholly funded by RDL.

Responsibility for the RRR Network, including the management of the Executive Officer, resides with RDL's Community Development Division. The RRR Network, Westlink and the CRC network are all separate functions of the CDD.

The evidence indicates that CRCs have the potential to help deliver to RRR women needed information and opportunities. With respect to the CRCs the RRR Network can be tapped as a source of CRC personnel and CRC committee membership, and as a mechanism for assessing need and demand for CRC services, and marketing those services.

The RRR Network is a large potential source for both helping develop rural women in professional leadership personal and business skills and for being trained in those skills.

The collaboration of the CRC and RRR networks could provide both a virtual and a real networking forum for professional business women, events and more services.

Chapter 8: Terms of Reference 4

Review the governance and administration of CRCs across the Network, paying particular regard to:

- a) Efficiency, effectiveness and productivity, and***
- b) The effects and results of RDL processes and systems.***

8.1 Processes and systems

All CRCs that receive RforR funds are subject to an RDL FAA, which imposes governance and reporting requirements.

All CRCs are subject to the laws governing their status as legal entities. Those laws also impose governance and reporting requirements.

The legal form and functioning of the CRC is dictated by whether the CRC is constituted under the *Associations Incorporation Act 1987 (WA)*, the *Corporations Act 2001 (Cwth)*, the *Corporations (Aboriginal and Torres Strait Islander) Act 2006 (Cwth)*, or the *Local Government Act 1995 (WA)*. These entity laws, in conjunction with RDL's FAA, provide the governance administration and reporting framework CRCs work under.

Of the 115 Network CRCs (109 of them operating), 90 are independent not-for-profit non-government organisations, and 25 are also not-for-profit non-government organisations but are run by independent Aboriginal corporations or local governments.

Of the 90 CRCs, 89 are subject to the *Associations Incorporation Act 1987 (WA)*, which Act is administered by WA's Department of Commerce. One CRC is subject to the *Corporations Act 2001 (Cwth)*.

In its website section on the *Associations Incorporation Act 1987 (WA)* the Department of Commerce states:

Incorporation of an association means that it becomes a legal entity in its own right, separate from the individual members. Put another way, the association is considered at law to have a distinct identity that continues regardless of changes to the membership.

The major features of becoming incorporated are:

- the association acquires the powers of a body corporate with perpetual succession and a common seal;
- the association may enter into contracts and acquire, hold and dispose of property;
- members or officers of the association are generally not liable to contribute towards the payment of debts or liabilities of the association;
- the association may sue or be sued;
- if members or office bearers of the association incurred liabilities or obligations on behalf of the association prior to incorporation, those liabilities and obligations can be exercised against the incorporated association; and
- the name of the association concludes with the word "Incorporated" or the abbreviation "Inc." as part of its name.¹⁵⁴

154 WA Department of Commerce website, accessed 3 February 2013.

Of the 16 CRCs run by Aboriginal Corporations, 4 are incorporated under the *Associations Incorporation Act 1987 (WA)* and 12 are incorporated under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*, which Act is administered by the Commonwealth Office of the Registrar of Indigenous Corporations.

Of the 9 CRCs run by local government, 3 are incorporated under the *Associations Incorporation Act 1987 (WA)* and 6 are reporting units to their local government. Local governments are subject to the governance and reporting requirements of the *Local Government Act 1995 (WA)*, an Act administered by the DLG.

RDL advises¹⁵⁵ that prior to 2009 the quality of governance and administration throughout the Network was highly varied. RDL states that some centres displayed extremely high levels of administrative skills, with high productivity and results from staff and committee, but this tended to be the exception.

With the onset of RforR funding RDL implemented a governance and administration reform program focused on supporting CRCs in:

- operational requirements;
- governance;
- marketing;
- equipment;
- professional development;
- technology; and
- employment of trainees.

RDL advised the Trust that it:

- provides templates and training to CRCs to prepare an annual business plan;
- provides training to increase the skills of CRC staff and management committee members; and
- conducts CRC cluster workshops to support continued development.

RDL states that in total during 2010-11, 76 training workshops were conducted and attended by over 700 CRC personnel.

In 2011-12, RDL provided 21 training workshops, with 455 participants. As of February 2013, RDL had provided 17 training workshops with 452 participants in 2012-13. In addition to these training workshops, RDL also provides CRCs with access to WACOSS's Management Support Online website which provides comprehensive governance, management, operations and administration advice for not-for-profit organisations.

155 RDL submission, pages 25 and 26.

CRCs can also access regular training broadcasts produced by the CDD and transmitted by Westlink. A coaching program linking experienced CRC personnel with centres experiencing a high degree of change, either in staffing or committee membership, seeks to also support CRCs in the development of best practice processes.

RDL believes these workshops resulted in considerable overall improvement in the governance and administration of CRCs. This is recognised by RDL in the growing number of CRCs achieving Level 3 status (with 21 or 19% of CRCs being at this level in January 2013).

RDL believes the high level of governance and administration achieved by Level 3 and many Level 2 CRCs opens these centres to the opportunity to provide governance and administrative support to other community and not-for-profit groups in their region.

While RDL states that it considers entity law requirements are not onerous, they indicate that where committees have limited experience, understanding, or capacity, there is resistance in the CRCs to complying with all the basic legislative requirements; in particular, human resource processes such as employment agreements, performance management, or job role functions.

RDL advises that to reduce the impact of reporting processes on CRCs while maintaining an appropriate level of governance and control, CRC staff and committee members have provided feedback to assist RDL in working on a continuous improvement model.

RDL advises that currently the CRCs are required to lodge acquittal reports every six months, providing feedback on progress against their objectives stated in their current Business Plan, financial statements and supporting documentation.

RDL advises it plans to change to yearly reporting against progress against the CRCs Business Plan, with RDL staff undertaking an on-site visit assessment against funding agreement requirements a minimum of once per year.

RDL says this change in process is designed to reduce the time CRC staff and committees are expected to spend away from their core business and to provide RDL with a more complete picture of the CRC, their strengths, possible risks to the centre and network, and training needs. It is expected that this change will be introduced with the new funding agreements that will come into effect in July 2013.

8.2 Evidence

Quite a number of submissions complimented RDL on its systems and processes and its governance funding; and on RDL's contribution to significant and helpful improvements since 2008 to capacity and training; to CRC governance and administration; and to planning and IT planning:

[Shire of Laverton Goldfields-Esperance] The Network must be complimented on its approach to providing 'plain English' forms, templates and processes. ... highly effective ... very 'user friendly' ...¹⁵⁶

[Kalannie CRC Wheatbelt] Most CRCs find the RDL paperwork difficult to maintain, however I feel it is well organised and a great process after having previously worked for another government funded Not for Profit recently.¹⁵⁷

156 Shire of Laverton Goldfields-Esperance submission, page 1.

157 Kalannie CRC Wheatbelt submission, page 1.

[Pingelly CRC Wheatbelt] With the financial assistance and encouragement of the RDL the network ... is seeing both board members and staff improve their skills in governance and administration.¹⁵⁸

[Bridgetown CRC South West] The provision of dedicated funding [\\$10,000¹⁵⁹] for governance has meant improved operations of this CRC which has conducted a comprehensive risk assessment process to ensure that those identified risks are mitigated through such things as training, insurance, audit, separation of duties, policy and procedures manuals and improved HR practices. Effectiveness has been improved through the extension of business hours, the recruitment of well trained staff and the implementation of the Traineeship program. ... We were pleased with the decision to amalgamate some of the funding within the FAA and permit a carryover of funds which has improved flexibility and allowed for longer term planning.¹⁶⁰

[Merredin CRC Wheatbelt] [RDL] has been streamlining the processes and systems over the years, which have improved immensely.¹⁶¹

[Denmark CRC Great Southern] In DCRC's opinion, also supported by anecdotal evidence among the WACRN, the reporting requirements of RDL are generally considered to be balanced; providing a sufficient level of detail, accountability and transparency without being 'strangled' by bureaucracy. DCRC considers the acquittal reporting format to be well structured and aligned with business planning requirements of RDL; providing sufficient support to cater for the various levels of business expertise present throughout the WACRN while maximising the likelihood of achieving outcomes required both by RDL and each CRC. Such standardisation among key planning and reporting documents results in the production of meaningful, relevant documents with a high level of usability for CRCs while supporting efficient administrative processes.¹⁶²

The Boyup Brook CRC thought RDL's standardised reporting and business plans, financial accountability requirements, the templates, the 3-tier system, and the overall governance framework effective useful and relevant. This CRC emphasised the importance of Managers and Coordinators having the right skills and being properly trained.¹⁶³ They outlined some issues needing attention, including delayed payment, which was a not uncommon grievance:

[Boyup Brook CRC South West] However, once reporting is complete and submitted to RDL ... funding [is] received sometimes a month later ... it makes the cash flow of the CRCs very tight for at least six weeks. ... The roles and responsibilities of the RDL Regional Coordinators (RC) should be clearly outlined ... The current communication lines between CRCs and RDL, through the RC, are not as effective and efficient as they could potentially be ... would also be useful for RDL to provide more feedback on how effectively the Network is operating and where possible improvements could be made.¹⁶⁴

158 Pingelly CRC Wheatbelt submission, page 3.

159 Goomalling CRC Wheatbelt submission, page 4: *[The] \$10,000 pa ... is to cover auditors fees, insurances (volunteers, workers comp, public and professional liability) and bookkeeping expenses. The funds are very quickly consumed. Kununurra CRC Kimberley submission, page 8: [The \$10,000] has improved our ability ... however it falls far short and needs to be reviewed.*

160 Bridgetown CRC South West submission, page 5.

161 Merredin CRC Wheatbelt submission, page 7.

162 Denmark CRC Great Southern submission, page 4.

163 The Boyup Brook CRC South West is a registered training organisation and trains CRC Coordinators in Certificate 1V in Small Business Management.

164 Boyup Brook CRC South West submission, page 5.

Hopetoun CRC highlighted the effects of delayed payment:

[Hopetoun CRC Great Southern] CRC staff work diligently to meet [compliance obligations]. ... If the financial manager at [RDL] has a query about the compliance documents, then the CRC often waits weeks for the query to be resolved and the funding provided. This can have a dramatic and devastating effect on the financial viability of the CRC. CRC management has an obligation to Staff to pay wages fortnightly, but if there is no money available because [RDL] has not paid the funds the CRC staff cannot be paid.¹⁶⁵

In examining ways to improve governance, RDL has stated that it believes that it needs to prioritise the support it provides to CRCs struggling with governance and administrative activities, including providing specific targeted governance and administrative support to CRCs in Aboriginal communities:

[RDL] Concerns that CRCs have raised include the amount of reporting they are required to lodge and the time it takes for the release of funds once they have submitted their report.

... Governance in CRCs located within Aboriginal communities is an ongoing challenge. Further research and innovation is needed in the way CRCs work with remote Aboriginal communities. The standard governance model may not be practical for these communities and often results in funding being withheld due to grants not being acquitted properly. This is frustrating for the community as well as for CRC staff ...¹⁶⁶

[Mowanjum CRC Kimberley] Present governance and administrative requirements for CRCs are too onerous for Aboriginal communities without specialist help ... with accounting, IT and general running ... [we depend] heavily on a volunteer from the Boab Network coordinated by the All Saints Uniting Church.¹⁶⁷

[DLG] Of the [CLG] CRCs surveyed ... The alignment of CRC operations with RDL reporting requirements will enable CRC staff to achieve considerable efficiency savings (estimated that about 30 per cent of CRC operations are directed at keeping RDL and local government accounts).¹⁶⁸

[Goomalling CRC Wheatbelt] To focus less on reporting and more on the day to day running of our Centres would be a more productive use of time.¹⁶⁹

[Cunderdin CRC Wheatbelt] The more time spent reporting [the] less time spent on community development.¹⁷⁰

[Yongergnow-Ongerup CRC Great Southern] Administration is more effective thanks to training provided, and we're more productive thanks to more staff. Still, the necessity to document, document, document is understandable but can be frustrating. ... Inconvenient as the paperwork can be, it keeps us on track ...¹⁷¹

165 Hopetoun CRC Great Southern submission, page 2.

166 RDL submission, page 26.

167 Mowanjum CRC Kimberley submission, page 5.

168 Department of Local Government submission, page 5.

169 Goomalling CRC Wheatbelt submission, page 4.

170 Cunderdin CRC Wheatbelt submission, page 2.

171 Yongergnow-Ongerup CRC Great Southern submission, page 4.

[AWACRC] RDL is working with CRCs and the AWACRC to lessen the time requirement for reporting which has enabled CRCs to refocus the time spent back to local community development and community projects while still addressing the requirement for accountability – this is welcomed by all members and supported by the AWACRC.¹⁷²

[Boddington CRC Peel] ... efficiency ... meets the needs of the community ... Effectiveness is high ... Productivity can be stifled through the extremely high level of reporting ... RDL process and systems are very onerous ... make all reporting align ... For example, Special projects are treated separately, but need to be integrated into the annual program.¹⁷³

In most CRCs, volunteers dominate the committees or boards of management. CRCs are heavily dependent on volunteers to oversight and implement governance systems:

[Shire of Goomalling Wheatbelt] ... is currently governed by a voluntary management committee composed of a diverse range of demographics and experience.¹⁷⁴

[Moora CRC Wheatbelt] The current level of required documentation for FAA agreements exceeds that necessary to comply with each CRC's constitution and it takes a lot of time to ensure they are relevant and working documents. As the Management committee are volunteers from the local community this can lead to a drain on volunteer resources. It also takes the Coordinator away from community development and community projects in order to meet these requirements.¹⁷⁵

The use of volunteers disguises the real cost of management, administration, and service provision, in some CRCs quite considerably. If volunteering becomes less of a community habit, it will make governance and administration more costly and possibly harder.¹⁷⁶

Where the community population is small or is in decline, the volunteering pool is small or in decline. One suggestion is for greater collaboration:

[PDC] Quite often smaller communities rely on the same people to manage a number of Boards and organisations and there is a real concern of "volunteer burnout". ... [share] Boards of Management without losing identity.¹⁷⁷

Some committees or boards of management composed of volunteers may not be fully attuned to governance administration or reporting:

[Cunderdin CRC Wheatbelt] We have difficulty in getting the committee to become involved in the RDL requirements.¹⁷⁸

172 AWACRC submission, page 10.

173 Boddington CRC Peel submission, page 5.

174 Shire of Goomalling Wheatbelt submission, page 2.

175 Moora CRC Wheatbelt submission, page 2.

176 See the submission from the Shire of Boyup Brook South West, page 3.

177 Peel Development Commission submission, page 2.

178 Cunderdin CRC Wheatbelt submission, page 2.

On the other hand, a number of CRCs are very proud of their governance performance:

[Dalwallinu CRC Wheatbelt] ... is particularly strong in the areas of governance, with a dedicated committee and full-time coordinator overseeing the administration ... Meetings are held on a regular basis ... Each committee member receives information on their roles and responsibilities, as well as copies of the constitution, annual business plan and strategic plan ... all have to sign confidentiality agreements, and be financial members of the organisation. A week prior to the meeting they receive ... [the] agenda, previous meeting minutes, applicable correspondence, financial report and coordinators report. ... Any work arising ... is dealt with by the coordinator ... Review meetings are held between general meetings ... The Dalwallinu CRC has processes in place that ensure that a change of coordinator and/or committee will not disrupt the [RDL] reporting requirements too much ... electronic copies of relevant documents, adequate staff training, archival records and a policy and procedure manual (constantly under review).¹⁷⁹

Being run by bigger organisations can be helpful:

[KDC] There is potential for CRC staff in remote communities to link in with governance and corporate management development initiatives undertaken by Community Aboriginal Corporations and vice versa.¹⁸⁰

[GEDC] Many of the CRCs in the Goldfields-Esperance Region are managed by LGAs. This is a good fit in that LGAs are able to provide administration and financial management support.¹⁸¹

With respect to 'efficiency, effectiveness and productivity' DAFWA enumerates benefits to local government and the community of standard processes:

[DAFWA] Local Governments can now focus on core business without having to provide printing/photocopying, drivers' licensing, library and other ancillary services. People do not need to travel outside their community to obtain training and other services offered by CRCs. The QuickMail service to facilitate delivery of printed publications has been used very effectively for state-wide distribution of the DAFWA workshop brochures. Having a "One Stop" service like this is convenient and efficient.¹⁸²

In response to this term of reference the Beverley CRC Wheatbelt produced these dotpoints:

- Department templates and training for uniformity of staff reporting to Management committees across CRC network
- Upskilling of Management Committee in areas of governance, staff management, understanding of financial reports, business planning
- A basic governance template for committee members to be handed out following the AGM detailing duties and responsibilities, meeting guidelines and template, preparation of and understanding financial reports

179 Dalwallinu CRC Wheatbelt submission, pages 6 and 7.

180 Kimberley Development Commission submission, page 6.

181 Goldfields-Esperance Development Commission submission, page 3.

182 Department of Agriculture and Food WA submission, page 3.

- Keep things simple and effective, don't make systems too onerous
- Mandatory governance training for staff
- Strategic and Operational roles can become blended between committee and staff in community organisations ...¹⁸³

The Bidyadanga CRC had a clear view of what is required:

[Bidyadanga CRC Kimberley]

a) Efficiency, effectiveness and productivity

- Business Plan and Acquittal templates are efficient, effective and productive for CRCs to complete as requested, give the guidelines throughout FY for timeframes, projects, budgets and staff allocation
- HOWEVER: limited operational and/or under staffed CRCs (mostly even lacking relevant experience of staff in funding and reporting requirements) struggle to deliver RDL requirements
- Lack of support by Regional Coordinator to complete these documents, time consuming and parts of templates are irrelevant to remote/Kimberley CRCs – due to their operation and Level
- The reporting should acknowledge the different governing structures such as when the Aboriginal Corporations operate as the funding recipient and the CRC is a department of the entity

b) The effects and results of RDL processes and systems

- RDL has to introduce diversified and simplified templates for the less developed and operational CRCs in the Network different templates for each level
- RDL to allow for more Regional Coordinator one on one visits with their CRC and supplement through VC
- Regional Coordinator need to take more responsibilities for CRCs facing circumstances mentioned above and spend more time on drafting a manageable Business Plan and Acquittal template¹⁸⁴

Consultation indicated a need to review the role of RDL's Regional Coordinators. Overall there seemed to be a desire for a more 'hands-on' approach.

CRCs said they would like to see the Regional Coordinator much more as a support role than a compliance role, which is currently the case. CRCs said they would like to see Regional Coordinators more in tune with what individual CRC's are doing, and providing support and professional input on issues specific to each community. They stressed that the individuality of each CRC needs to be recognised.

183 Beverley CRC Wheatbelt submission, page 2.

184 Bidyadanga CRC Kimberley submission, page 4.

The issue of profitability is never far away from the issues of efficiency, effectiveness and productivity. Allan Tranter felt that CRCs that do not make this connection need retraining:

[Tranter] For CRCs to be relevant and valued into the future it is important that they generate sufficient funds, in a profitable manner, to demonstrate their ability to not rely on grants to achieve additional outcomes. This will require a mind-set change for many of the existing staff, for boards and from people currently receiving services free of charge. This will require an investment in retraining of both staff and boards.¹⁸⁵

With regard to efficiencies and productivity, there is a suggestion that RDL could provide a management service for State agencies:

[State Library] The Goldfields Region currently does not have a designated Regional Library and therefore a regional Librarian, to visit public libraries in that region. The SLWA is exploring opportunities to work with the CRC Regional Coordinator to also visit libraries in the region when visiting CRCs.¹⁸⁶

8.3 Trust comment

The Terms of Reference required the Trust to: *Review the governance and administration of CRCs across the Network, paying particular regard to:*

- a) Efficiency, effectiveness and productivity, and
- b) The effects and results of RDL processes and systems.

The Trust has not done a sample test audit of the governance and administration of CRCs across the Network, and has relied for its views on submissions to the Review and on consultation, including visits to CRCs.

With that qualification, on the evidence before it, overall the Trust considers the governance and administration of the CRCs to be sound, and in some cases of a high standard.

Given the small and sometimes isolated organisations, and given the limitations of funding, resources, and of staff and volunteer numbers and capacity, this is no mean feat. It reflects well on the general calibre of CRC staff and committees, and on the support and training provided by RDL.

That said, there are CRCs in real difficulties on this front, and they need considerable assistance, both now and in the future.

CRCs continually make the point that they are diverse and individual. That is true. CRCs can vary from sophisticated business organisations to capacity-poor basic service providers.

Although RDL's 3-tiers segmentation of CRCs is helpful, a more sophisticated segmentation appears to be needed. In governance and administration, segmentation on capacity grounds will identify a category of CRCs needing greater hands-on assistance.

185 Allan Tranter: Creating Communities Australia Pty Ltd: submission, page 7.

186 State Library of Western Australia submission, page 3.

As for RDL, it is well appreciated by CRCs for the effort it has put into raising CRC standards of governance and administration. RDL was complimented by a number of CRCs on its systems and processes and its governance funding; on its contribution to developing capacity and providing training; and on helping planning and IT development.

Nevertheless, the evidence quoted above does provide suggestions for further significant improvements. The overall aim of a continuous improvement regime is to make governance and administration more efficient, effective and productive.

There is another imperative to introducing simpler, easier and cheaper governance systems. As the evidence indicates, the use of volunteers offers CRCs a diversity of experience at low cost, but therefore disguises the real cost of management, administration, and service provision.

Where the community population is small or is in decline, the volunteering pool is small or in decline. There is talk of volunteer 'burn-out' in some communities where the same small group of people serve on a number of organisations.

There are also some communities that have never had much of a volunteering culture at all.

If volunteering reduces, is largely absent or becomes less of a community habit, it makes governance and administration more costly and harder; and so simpler, easier, cheaper and standardised governance, accounting, and reporting processes and systems will help.

Evidence and consultation indicates that there is a need for a review of the function and operation of RDL's Regional Coordinators. There is confusion over their present and future role and responsibilities, and a need for their role to be re-thought.

The evidence and consultation indicates that CRCs believe that, particularly in cases of inability and incapacity in a number of CRCs, the Network RDL's Regional Coordinators are needed to be hands-on in helping address opportunities, in compliance matters, resolving problems, ensuring delayed acquittals are sorted out, and ensuring that reporting queries that can be readily addressed do not result in funding stoppages and (in the words of one CRC) have "a dramatic and devastating effect on the financial viability of the CRC".

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Chapter 9: Terms of Reference 5

Report on the present and future financing and funding of the Network, paying particular attention to:

- a) the effectiveness of the current and any proposed additional Royalties for Regions Funding received by the Network, and***
- b) whether some or most CRCs can become self-sufficient.***

9.1 Current RforR funding model¹⁸⁷

The current Royalties for Regions annual funding structure for CRCs under their FAA with RDL is as follows:

Table 14: CRC FAA Annual Grant Funding

(Source: RDL)

	Level 1	\$40,000
Operational support	Level 2	\$50,000
	Level 3	\$60,000
ICT support and development		\$10,000
Equipment		\$10,000
Governance		\$10,000
Marketing		\$5,000
Professional Development		\$5,000

Additional funding is available to support the employment of trainees (up to two per CRC at any one time). This funding is set at \$20,000 per trainee, provided in \$10,000 increments at 6 month intervals. There is the capacity to fund a third trainee in high performing CRCs where a business case demonstrating capacity to manage this additional employee is provided to RDL for assessment.

Based on these figures, a minimum per annum base funding for a CRC should be around \$90,000 with a maximum of \$160,000.

Table 15: Indicative Annual Income and Expenditure of Sample of CRCs¹⁸⁸

(Source: RDL)

Level	Indicative RDL RforR grants	Indicative Other Revenue	Total Income	% RforR of total income	Indicative Expenditure	Surplus	% Surplus of Income
1	\$84,231	\$63,728	\$147,959	57%	\$119,476	\$28,483	19%
2	\$106,150	\$92,239	\$198,389	54%	\$184,424	\$13,965	7%
3	\$123,460	\$118,532	\$241,992	51%	\$215,378	\$26,614	11%

These indicative funding figures indicate that without core funding support from RDL, most CRCs would be unlikely to remain viable and certainly could not operate to the same standard as they currently do.

RDL expects the cost of the Network to RforR over the next three financial years (2013-14 to 2015-16) to be \$12.0 million, \$16.0 million and \$16.7 million respectively.

The increase of funding between 2013-14 and 2014-15 is to provide for expected growth of CRCs in the Network, the cost of additional CRC projects, and to accommodate co-location building and infrastructure grants.

¹⁸⁷ RDL submission, page 27.

¹⁸⁸ Data provided by RDL based on averaging of sample sets of CRCs over 2010-11 and 2011-12.

9.2 Evidence

The increase of funds since 2009 to the Network as part of the RforR program has seen a notable acceleration of the Network's capacity, capability and services. CRCs see the Network as much more professional than formerly:

[Boyup Brook CRC South West] The injection of Royalties for Regions funds into the WACRN has resulted in a well governed, professional Network that is well respected across the State.¹⁸⁹

[RDL] Royalties for Regions funding has allowed for greater diversification of services and increased expectations around outcomes has improved the range and quality of service delivery in many centres with a more professional approach being adopted.¹⁹⁰

[West Arthur CRC Wheatbelt] The current Royalties for Regions funding has enabled CRCs to transition from organisations operating on a shoe string with a heavy reliance on volunteers, high staff turnover, poor management and governance practices to multi serviced proactive organisations that are able to carry out business planning and any community development opportunities that may arise.¹⁹¹

A number of submissions commented on the positive impact of the increased RforR funding of the CRC network:

[Denmark CRC Great Southern] ... [it has been] instrumental in transforming the Telecentre network from being a provider of basic technology and office services into a dynamic CRC network providing a range of community development and capacity building initiatives.¹⁹²

[GEDC] The increased funding and transition from Telecentres to CRCs has significantly improved the capacity and growth of the CRCs. It is critical that this funding continue.¹⁹³

Whilst most CRCs indicate that the funding provided has allowed for significant growth, CRCs comment that in remote areas funding is not sufficient to provide a well-developed service:

[Bidyadanga CRC Kimberley] An appropriate level of funding, especially for remote/Kimberley CRCs in areas such as freight, staff training and delivery will radically improve the effectiveness of the current service delivery ... Operational funding does not offer capacity to attract skilled and experienced staff ... more funding in Professional Development schedule needed for remote/Kimberley CRCs due to higher travel and course costs for trainers etc.¹⁹⁴

189 Boyup Brook CRC South West submission, page 6.

190 RDL submission, page 28.

191 West Arthur CRC Wheatbelt submission, page 9.

192 Denmark CRC Great Southern submission, page 4.

193 Goldfields-Esperance Development Commission submission, page 3.

194 Bidyadanga CRC Kimberley submission, page 5.

CRC dependency on RforR for funding staff and related costs was highlighted in a number of submissions and consultations, and some submissions and consultations indicated that correcting inadequacies in wages was seen as a government not CRC responsibility:

[KDC] Any CRC funding model needs to be considerate of regional price indices and the impact of high regional prices on rental rates, other operational costs and [the] attraction and retention of appropriately skilled staff.¹⁹⁵

[Beverley CRC Wheatbelt] Funding levels should at least keep pace with CPI or the Network will end up like the Telecentre Networks where there was a decrease in the capacity of centres to maintain employment levels and to provide continued good governance due to having to cut corners.¹⁹⁶

[Dalwallinu CRC Wheatbelt] The wages paid to three full-time staff members was over \$107 000, of which only \$80 000 was funded through RDL (operational and trainee funding) and with another staff member coming on board, this is set to increase. One of the main problems in attracting quality staff is the low rate of pay.¹⁹⁷

[Katanning CRC Great Southern] We have two full time staff and two full time trainees and we are all seriously underpaid for the quality and quantity of work we do.¹⁹⁸

[Merredin CRC Wheatbelt] The funding for staff (including trainees) does not enable our CRC to pay a rate of pay for a full time employee (inclusive of superannuation) that requires the skills to manage operations and supervise staff.¹⁹⁹

Concerns regarding the high cost of governance were also raised, with submissions and feedback from consultation sessions flagging this as an area where funds were insufficient for some centres:

[Boddington CRC Peel] The current [governance] funding is essential ... however the funding does not cover such costs as bookkeeper and audit which has a \$10 000 allocation but can be completely exhausted in a very short time.²⁰⁰

[Dalwallinu CRC Wheatbelt] Governance funding is particularly lacking. Whilst we receive \$10 000 annually for this, in order to meet the requirements of RDL it has cost the Dalwallinu CRC \$13 885.90 (ex GST) so far this calendar year. An increase in this area is vital for the larger or high level CRCs.²⁰¹

[RDL] Governance funding has been useful in that most centres have vastly improved their governance practices. A small increase in funding in this area would enable centres to put more staff resources into the development and implementation of policies and governance mechanisms.²⁰²

195 Kimberley Development Commission submission, page 6.

196 Beverley CRC Wheatbelt, page 4.

197 Dalwallinu CRC Wheatbelt submission, page 7.

198 Katanning CRC Great Southern submission, page 2.

199 Merredin CRC Wheatbelt submission, page 8.

200 Boddington CRC Peel submission, page 5.

201 Dalwallinu CRC Wheatbelt submission, page 7.

202 RDL submission, page 28.

The formula for funding CRCs (and potentially linking more closely with CLGs) is also raised as an area which may benefit from consideration:

[GEDC] The emergence of Voluntary Regional Organisations of Councils (VROCs) framework may provide the regional platform to support local governments in the governance and administrative arrangements of the Network with RDL and RDC support ... Consideration ought to be given to the best formula for providing financial support to local governments, maybe through the Country Local Government Fund, and that funding must be conditional on agreed measurable outcomes. Moreover, CRCs should be required to source alternate operational funding to support the service.²⁰³

[DLG] It makes sense ... for CRCs and CLGs to be mutually supportive and to establish formal mechanisms that will provide such mutual support.²⁰⁴

[Merredin CRC Wheatbelt] That a condition be made in the Royalties for Regions Country Local Government Fund, that Local Governments must have an arrangement/partnership with their local CRC in delivering Community Development and that funds be allocated from the CLGF to the CRC for delivery of Community Development.²⁰⁵

On the question of self-sufficiency, there is a range of perspectives. A majority of those making submissions and participating in the consultation sessions saw self-sufficiency as impossible:

[Bidyadanga CRC Kimberley] Most remote CRCs cannot become self-sufficient due to the lack of external business opportunities and additional income streams (and low socio economic circumstances of the community); Bidyadanga CRC relies on the [Aboriginal] Corporation to remain open.²⁰⁶

[Boyup Brook CRC South West] The Boyup Brook CRC has invested resources to become a Registered Training Organisation which has assisted with its sustainability ... A well-managed, productive CRC should not be penalised through loss of funding.²⁰⁷

[Bridgetown CRC South West] This CRC is certainly not in a position to become self-sufficient and any reduction in funding would require the current service deliver to be reduced.²⁰⁸

[KDC] It is suggested that the current CRC model is unlikely to support self-sufficiency in the Kimberley.²⁰⁹

[Nannup CRC South West] Very few CRC's would be in a position to be fully self-sufficient. Most would certainly fail if existing funding was withdrawn. A few CRC's would remain, however the level of service offered to their community would be dramatically impacted with the CRC needing to concentrate on high yielding profit/commercial services while withdrawing the majority of free community development type services currently provided. Currently CRC's provide their regional communities with services which are uneconomical to provide on a commercial basis and are often services from which an income base cannot be generated (eg. Access to Government/community information).²¹⁰

203 Goldfields-Esperance Development Commission supplementary submission, page 2.

204 Department of Local Government submission, page 9.

205 Merredin CRC Wheatbelt submission, page 3.

206 Bidyadanga CRC Kimberley submission, page 5.

207 Boyup Brook CRC South West submission, page 6.

208 Bridgetown CRC South West submission, page 5.

209 Kimberley Development Commission submission, page 6.

210 Nannup CRC South West submission, page 3.

[Pingelly CRC Wheatbelt] No doubt there would be a few CRC's that could or should be self-sufficient, but as a small Wheatbelt community with a high[ly] disadvantaged population we do not believe that we could continue to provide the level of community support that we currently offer if we were to focus on attempting to be totally self-sufficient.²¹¹

[RDL] The WACRN is specifically targeted at assisting small communities where they are unlikely to be able to support the services provided by the CRC without assistance. While greater self-sufficiency should be the goal of the WACRN and for individual CRCs, this must be balanced against the practicalities of achieving this with in a small population base and the community engagement focus of CRCs.²¹²

[West Arthur CRC Wheatbelt] There is not sufficient revenue raising sources to enable CRCs to become self-sufficient – especially in low tourism areas and those with a low population base such as West Arthur.²¹³

[WDC] The WDC understands that the current Royalties for Regions CRC funding model, allows most CRCs to operate without having to establish other substantial revenue opportunities to supplement operating income. It is also understood that CRCs are also discouraged from duplicating services that are being provided by private enterprise within their communities. The WDC is concerned that a change in the funding model towards self-sufficiency may see a significant number of CRC's close in the Wheatbelt. The Better Connections project found that the majority of Wheatbelt CRC's had limited ability to become self-sufficient. Very few Wheatbelt CRCs were actively seeking opportunities for the future benefit of their centre.²¹⁴

[Shire of Wyndham East Kimberley] The remoteness of some communities and the changing business environment of such communities makes it difficult for many Community Resource Centres to become self-sufficient as there is not the availability of additional sources of income.²¹⁵

However, there were those who thought it possible for particular CRCs to move to a position of self-sufficiency in some circumstances:

[Beverley CRC Wheatbelt] Most of them can become self-sufficient, given the correct business acumen, guidance and training.²¹⁶

[Bremer Bay CRC and Visitors Centre Great Southern] The implementation of the gift shop within the Visitors Centre has proven to be successful. The gift shop has now become self-sustainable, and developing a good rapport with locals and visitors, having the potential to be lucrative for our centre.²¹⁷

211 Pingelly CRC Wheatbelt submission, page 3.

212 RDL submission, page 28.

213 West Arthur CRC Wheatbelt submission, page 9.

214 Wheatbelt Development Commission submission, page 6.

215 Shire of Wyndham East Kimberley submission, page 2.

216 Beverley CRC Wheatbelt submission, page 3.

217 Bremer Bay CRC and Visitors Centre Great Southern, page 1.

[Broome CRC Kimberley] Broome CRC currently pays a commercial rent for the leased premises that we operate from ... Most of the self-generated income goes towards rental costs. If we did not have to pay a commercial rent rate our future position would be much more tenable. We would most probably be able to be self-sufficient.²¹⁸

[Cunderdin CRC Wheatbelt] The decision to take on the (Department of Transport) licencing function was made solely in an attempt to increase our revenue to make us more self-sufficient. This has meant less time to pursue community development objectives.²¹⁹

[KDC] CRCs may have the potential to become self-sufficient through Joint Ventures and partnerships arrangements ... and/or if they are purposefully restructured to become commercially competitive.²²⁰

[Merredin CRC Wheatbelt] There is potential for CRCs to perhaps become less reliant on some funding, however with the diversity of the CRCs, this will require some investigation. Maybe there could be a mechanism developed to assess each CRC and adjust the funding accordingly.²²¹

[WDC] If the desire is to create a self-sufficient CRC network, a greater investment in training initiatives (small business, entrepreneurship) and guidance needs to be provided to give CRC coordinators the skills and abilities to operate and develop the CRC network to become self sustainable into the future.²²²

In order to become self-sufficient, or at least more sustainable, some CRCs may encroach on the customer base of other businesses. A number of submissions commented on the implications of actual and perceived competition with local and regional businesses.

[Boddington CRC Peel] Although our CRC has had opportunities to derive income, it has had battles with the implications of continually having to reinvent ourselves, while other businesses adopt our strategies to increase their own income or viability.²²³

[Central Midlands and Coastal Advocate Wheatbelt] Throughout our readership, the Central Midlands and coast (sic) we are competing against community papers produced by CRCs in almost every town. It clearly states in the Terms of Reference for CRCs that the network is meant to be not-for-profit organisations and it is my opinion that government funded organisations are a threat and unfair competition to private enterprise.²²⁴

[Confidential submission Wheatbelt] We believe funding can be better spent in other areas and we are definitely not in favour of CRCs continuing providing retail and printing services in completion (sic) to existing local businesses under their current not-for-profit status. If CRCs were to become fully commercial with no access to funding and it was an even playing field then we would have no objections to them retailing or providing printing services.²²⁵

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- 218 Broome CRC Kimberley submission, page 1.
219 Cunderdin CRC Wheatbelt submission, page 3.
220 Kimberley Development Commission submission, page 6.
221 Merredin CRC Wheatbelt submission, page 8.
222 Wheatbelt Development Commission submission, page 6.
223 Boddington CRC Peel submission, page 5.
224 Central Midlands and Coastal Advocate Wheatbelt, page 1.
225 Confidential submission Wheatbelt, page 2.

[Confidential submission Wheatbelt] For CRC's to become self-sufficient we believe they will then have to become commercial and this could cause serious issues within a community as they will be competing directly against existing local businesses – as a not-for-profit organisation that has access to grants, other funding sources, government funded employees plus volunteers it does not become a fair playing field and could result in community division. ... We have no problems with the CRC forgoing their not for profit status and competing in the open market by paying commercial rates, be ineligible for grants, funding, LGA support and pay tax on profits received.²²⁶

[Cunderdin CRC Wheatbelt] We are however cognisant of the fact that in expanding our activities we do not impinge on other local businesses in the town.²²⁷

[Denmark CRC Great Southern] Any sudden changes that necessitate CRCs begin competing with local businesses will negatively impact local, economic development and erode goodwill in their respective communities.²²⁸

[DLG] Related issues impacting on CRC performance and potential that were raised include: ... a need to further investigate risk-averse business culture and norms of local government, and RDL, that inhibit and restrict the business opportunities for CRCs to undertake new ventures of interest to their local communities, such as the development of small businesses such as coffee shops ...²²⁹

[Merredin CRC Wheatbelt] With CRCs being restricted in the services they provide, in respect to not competing with current businesses in the community, the opportunity for some CRCs is not there to generate income.²³⁰

[RDL] Key issues important to the consideration of CRCs becoming self-sufficient include ... the need to avoid competition with existing local businesses. Being financially supported by Government, CRCs are sometimes perceived as competing unfairly with small business providers. While centres do not openly compete with existing local businesses, and try to provide services that support small business, from time to time complaints are received by RDL and the Minister's office.²³¹

One CRC raised the question of whether it would be in the interest of the Network as a whole and of Government for CRCs to move to a position of self-sufficiency.

[Yongergnow-Ongerup CRC Great Southern] Ironically, the fact that we receive government funding is in a way an impediment towards reaching our full potential! Some of our community members are opposed to the CRC taking on vital community services as 'the CRC is government funded' and this, according to some, would take opportunities away from private enterprise. ... if CRCs were financially independent organisations, their participation in the network as part of the Financial Assistance Agreement would be a hobby more than anything. Those CRCs would not have to sign the FAA and therefore would be under no obligation to fulfil the criteria mentioned in the FAA. Is this desirable for the Department? Or is it more desirable to spend some money on them and be reassured in the knowledge that CRCs are there to represent access to government services in over 100 communities in WA at grass roots level?²³²

226 Confidential submission Wheatbelt, pages 2 and 3.

227 Cunderdin CRC Wheatbelt submission, page 3.

228 Denmark CRC Great Southern submission, page 5.

229 Department of Local Government submission, page 5.

230 Merredin CRC Wheatbelt submission, page 8.

231 RDL submission, page 28.

232 Yongergnow-Ongerup CRC Great Southern submission, pages 3 and 5.

A challenge to increased CRC sustainability is presented by the perception of CRC management, committees and customers that services provided by CRCs should be free or offered at a heavily discounted (i.e. very low) price. This is further compounded by many CRCs lack of understanding of how to price their services. These issues were raised in a number of submissions and were frequently flagged during consultation sessions:

[Boddington CRC Peel] Most services provided by CRC's are not chargeable, and delivering the service identified to 'fill the gaps' which are generally there because they are commercially non-viable.²³³

[Donnybrook CRC South West] Acting as a shopfront for government and community services, as is now required of CRCs, does not generate revenue, but consumes resources which are only partly funded. The long term viability of this is dependent on both future recurrent funding arrangements, and the 'profits' of the DCRC (a not-for-profit business).²³⁴

[Goomalling CRC Wheatbelt] Most often with help we provide ... it is not possible to calculate or charge a fee for service. If we are actually producing a document we can charge for desktop publishing and even then the public often feel that this is a service we could provide free of charge. We definitely need to work on having our customers value us enough to PAY.²³⁵

[Pingelly CRC Wheatbelt] Our CRC and many of those in the network complement this [government information service] by providing free or cheap access to local community members particularly those that are aged, suffering ill health, and those financially or academically disadvantaged. This is often provided by one on one support or guidance.²³⁶

[Quairading CRC Wheatbelt] So much of what our CRC provides for our community is not billable.²³⁷

[RDL]... [in relation to issues related to self-sufficiency] Historical expectations from CRC staff and the community that services will be provided at a subsidised or free basis. Sometimes CRCs have difficulty in identifying the correct fee for service and under charging is a common practice.²³⁸

[Tambellup CRC Great Southern] On many occasions, services are provided for only two or three people but we ask the question 'should they be further disadvantaged by us not supplying a specific service even if they were the only supports of that specific service?' The cost of providing most services will be the same, whether we are in a large community or not, and therefore small CRC's are having to subsidize these costs so as not to make them so expensive as to be unaffordable.²³⁹

233 Boddington CRC Peel submission, page 5.

234 Donnybrook CRC South West submission, page 3.

235 Goomalling CRC Wheatbelt submission, page 3.

236 Pingelly CRC Wheatbelt submission, page 1.

237 Quairading CRC Wheatbelt submission, page 2.

238 RDL submission, page 28.

239 Tambellup CRC Great Southern submission, page 4.

One submitter felt that their local CRC was doing the reverse, i.e. not engaging in needed services that they could not charge for:

[Confidential submission Wheatbelt] Tourism is an issue in our community, again, no step forward from the CRC to assist, no ideas, not participation. They charge a fee for all services and to be fair, I believe that is what they think they should be doing, they simply don't get involved in any aspect of tourism or offer any assistance when others are literally busting a boiler to get things up and running.²⁴⁰

CRCs increasingly need to source income to supplement that which they receive in the form of grant funds. They should not be embarrassed to make a profit from the goods and services they provide:

[Lancelin CRC Wheatbelt] CRCs do an incredible amount of non profit making community based events/services, and often we feel that we cannot actually make money as we would no longer be community based or not for profit. We need to alter this conception and realise that if we make money it means not only sustainability but also an ability to assist our communities even more.²⁴¹

[Narembeen CRC Wheatbelt] The Narembeen CRC is keen to progress to be a significant business in the community. An enterprising, strategic, can do and well governed CRC will be key to achieving this. The CRC Network should be allowed to be enterprising in nature and CRCs should be encouraged to 'make a profit' in the services they provide. At present a majority of CRCs are viewed as 'free government services', when in actual fact, their governing structure is as incorporated associations. There just happens to be a significant investment made by the Department of Local Government (sic) and in Narembeen's situation, the local Shire, in their operations.²⁴²

With regard to strategies to move the CRCs to a more sustainable position, RDL proposes to move from:

[RDL] ... an overly flat funding model that lacks the ability to reward performance or provide the incentive to move towards great self-sufficiency ... [towards funding being] ... allocated on an outcome basis, based on a comprehensive business case that demonstrates the alignment of activities to be funded with regional planning strategies and frameworks and be directed towards assisting CRCs to operate at a high and more self-sustaining level ... A tighter link between funding and measurable outcomes, tied to RDL's objectives, would assist the CRCs in ensuring that their regional development activities align with the intentions of Royalties for Regions.²⁴³

RDL also points to increased government contracts for service²⁴⁴ and commercial diversification into fee-for-service and/or referral basis arrangements²⁴⁵ as opportunities for CRCs to engage with.

RDL also identifies co-location with other services providers as a way to achieve economies of scale and shared functions.²⁴⁶

240 Confidential submission Wheatbelt, page 4.

241 Lancelin CRC Wheatbelt submission, page 2.

242 Narembeen CRC Wheatbelt submission, page 4.

243 RDL submission, page 29.

244 RDL submission, page 29.

245 RDL submission, page 30.

246 RDL submission, page 31.

Submissions and consultations made it apparent that many communities are seeing a declining population affecting volunteering, some communities have a declining or low volunteering culture and some community organisations are struggling to undertake key governance roles – either through a lack of human resources or capacity.

There appeared to be a niche which CRCs could exploit to both support their local community as well as derive an income stream. This concept was alluded to in a number of submissions, with a number providing an overview of specific community groups they had links with, along with others detailing a broader program of support:

[Bridgetown CRC South West] The CRC has made all local Not-for-profit groups honorary members of the CRC and offers them specialised services at member's rates.²⁴⁷

[Boyup Brook CRC South West] Partnerships between CRCs and community organisations and businesses are important for engagement of local communities ... Free memberships are also offered to not-for-profit community groups to encourage them to utilise the services for discounted rates.²⁴⁸

[Denmark CRC Great Southern] Community group support through the 'Denmark Connects' program; supporting community and not-for-profit groups by facilitating community connections, promoting the sharing of skills and knowledge as well as providing training and resources.²⁴⁹

[Naremben CRC Wheatbelt] The CRC Network could play a significant role in sport and recreation as delivery points for club information as well as fee for service club executive roles e.g. Naremben CRC staff provide a fee for service role of club secretaries and treasurers to reduce volunteer burn out and streamline Department of Sport and Recreation club development.²⁵⁰

[Pingelly CRC] [in reference to the Pingelly Men's Shed] ... The CRC took on the role of administration and support for the fledging group, working with them to birth this great project, we assisted with the administration, grant writing, meeting room space, community facilitation at public meetings and finally the formal process to set up the shed.²⁵¹

A key challenge in this area is devising a way in which to deliver this service in a (at a minimum), cost neutral manner. It would appear from submissions and consultations that some communities have identified the value of outsourcing these roles to CRCs and have allocated funding accordingly. Whether this is replicable across the state or with support from Department of Sport and Recreation may warrant further investigation.

247 Bridgetown CRC South West submission, page 4.

248 Boyup Brook CRC South West submission, page 7.

249 Denmark CRC Great Southern submission, page 1.

250 Naremben CRC Wheatbelt submission, page 2.

251 Pingelly CRC Wheatbelt submission, page 4.

9.3 Trust comment a) effectiveness of funding

The Terms of Reference required the Trust to: *Report on the present and future financing and funding of the Network, paying particular attention to: a) the effectiveness of the current and any proposed additional Royalties for Regions Funding received by the Network.*

Any significant increase in funding to second-generation CRCs would have been anticipated to result in a significant lift in the standards and services offered by the first-generation former underfunded Telecentres. That has indeed been the case overall.

It has been widely reported to the Review that, coupled with evidence of strong and competent RDL engagement and support, RforR funding has resulted in both a more professional Network and a notable acceleration of the CRC network's capacity, capability and services.

While the Trust is of the view that such reports and evidence of improvements are very likely to be true, there is little hard data available to quantify increased patronage and usage and better regional and community development outcomes.

As mentioned elsewhere in this Review, comparative historical data is not available and current data varies in type and quality. RDL has limited mechanisms for measuring outcomes beyond the self-reporting provided by CRCs in their twice yearly acquittals.

As such, it is not possible for the Trust to make an informed comment on the effectiveness of the funding currently received, other than to say that the Network appears to have increased its range of service offerings and levels of professionalism, but that overall there appears to still be significant opportunity for growth.

With respect to any proposed additional RforR funding to be received by the Network, the Trust is of the view that both present and future funding needs to address outcomes under the Act. Such matters are dealt with in Chapter 13.

While no CRC would turn down additional funding, all CRCs appeared genuinely grateful for the RforR funding they receive, and the submissions and consultation indicate that most CRCs found the level of funding received was adequate, but that an increase would not be unwelcome and would certainly make their organisations more viable and offer greater flexibility in staffing, services and activities.

Their principal and common concern was for certainty that they would continue to be funded.

The evidence quoted above does indicate where additional operating funding is thought desirable and/or necessary. As ever, wages to attract and retain high-performers are an issue.

Some CRCs indicate they are unable to pay staff costs reflective of the skills required to undertake the Coordinator/Manager position. Others, including RDL, point to a need for some increase to the governance grant component to ensure it covers the real cost of meeting RDL's governance requirements.

Financial stress was not evident in consultation or regional visits and it did not appear to the Trust that many CRCs were anxiously looking to increase prices or raise funds to allay costs.

As to be expected, there was a clear understanding by all CRCs that better premises, additional services, more staff or more able staff, were beyond their means without an increase in funding.

Particularly with respect to premises, a number of CRCs were actively engaged in exploring site, building and funding options of their own accord, so there are CRCs in the Network that are exhibiting an entrepreneurial spirit.

As noted in the evidence above, RDL identifies co-location with other services providers as a way to achieve economies of scale and shared functions.²⁵²

On its regional visits and consultations, the Trust took the opportunity to view a number of excellent co-located facilities where there was true integration of services and organisations, with resources being leveraged to great effect.

The Trust also noted a number of buildings which were intended as co-located facilities but in practice saw organisations and services located together but with a lack of integration, and a significant duplication of activities because the organisations and services were working in parallel rather than partnership, resulting in wasted resources and opportunities.

In both submissions and consultations there was a clear difference in attitude to Commonwealth and State agency contractual funding that is available on a fee-for-service basis and RforR project funding, as compared to RforR recurrent funding.

CRCs appear to the Trust to recognise they need to earn the right through performance and capacity to win contracts from Commonwealth and State agencies. They also recognise the importance of professionalism and a strong business case if they wish to gain approval for RforR project funding, such as building and infrastructure grants.

On the other hand, there is more a sense of entitlement with respect to the RforR operational funding, something of a welfare mentality, which is at odds with the fact that CRCs are independent non-government not-for-profit businesses.

With exceptions, this is apparent in the pricing of CRC services on offer. There is no structure to the way in which services are priced, and no cost accounting guidelines are available from RDL or the peak body AWACRC to assist CRCs in the most fundamental and vital of all business decisions – what services to offer at what price.

Of course, the Trust accepts that by their very nature, CRCs need to offer free services and discounted services to fulfil their community-service role, but that should not mean offering free or heavily discounted services in every case when it is not necessary.

While many CRCs have developed service price lists of some kind, these are not always developed with a full analysis of costs and as a result RforR funds are undoubtedly subsidising service delivery which is under-priced. Events are often not costed effectively, with pricing based on the minimum the consumer is predicted to be willing to pay, rather than reflecting the actual costs of delivering the event (and as a result, CRCs often end up significantly subsidising these activities).

252 RDL submission, page 31.

The Trust accepts that as independent not-for-profit businesses, CRCs are entitled to price as they see fit, but as the major funder, RforR is entitled to expect that free or discounted services are provided on a carefully considered basis, and are not over-subsidised. There is an opportunity cost to such decisions.

Discounting of services and the provision of free services occur across the board, generally without consideration of revenue foregone as a result of these practices, nor in many instances a consideration of what should qualify someone to be eligible to access free or discounted services. Further compounding the problem is that there appeared to the Trust to often be a lack of understanding of how to develop pricing structures.

A basic business principle for CRCs should be to know the real cost of free services and of discounted services, and to know when full cost recovery or pricing at a profit is warranted, so that decisions to offer free, discounted, or fully priced services are made on a fully informed basis.

Further, as a general principle, except where a sound case can be made for it, it would be inappropriate for RforR funds to subsidise access to services in the regions that those living in metropolitan areas or in areas without a CRC would normally pay a commercial rate for.

There are service areas that CRCs could not charge for. For instance, with respect to the 'shop front for government' concept mooted for CRCs to undertake (such as the provision of government information and services) it would seem unlikely that CRCs would be able to charge for most of those services.

In such a case, RDL and AWACRC would need to consider a fee-for-service arrangement for delivery of these services, rather than grant funding.

This may provide the additional benefit of focusing CRC attention on delivery of outcomes rather than potentially having the service available as an option that is not actively pursued, as it does not presently generate income for the centre. Having this service tied to key performance indicators (KPIs) could focus the attention of many centres and improve the level of professionalism around this aspect of their business.

9.4 Trust comment b) self-sufficiency

The Terms of Reference required the Trust to: *Report on the present and future financing and funding of the Network, paying particular attention to: b. whether some or most CRCs can become self-sufficient.*

This is not a straightforward question. It could mean asking whether CRCs could do without RforR funding. For those CRCs subsidised by local government and Aboriginal corporations on the other hand, it could mean whether CRCs could do without their funding.

Despite the evidence of some CRCs quoted above, on the evidence to hand and on current performance the Trust does not believe that most CRCs can become self-sufficient. The Trust even doubts whether on the evidence to hand and on current performance some CRCs could become self-sufficient.

What the Trust does believe is that it is possible for some CRCs, perhaps many, to shift to greater self-sufficiency on two fronts. Firstly, to earning funding on a performance basis that elicits a contractual fee for service, and moving away from operating subsidies. Secondly, in developing services and pricing on a more professional business basis.

With respect to these options, much depends on future government policy, and these matters are addressed further in Chapter 13.

The Trust acknowledges that there are challenges to cost recovery in very small communities where there is a small customer base, and conversely finding chargeable services in larger communities where there are few gaps or market niches available that are not filled by commercial or government providers. However, it seems that even with those services that CRCs do offer, these are mostly not priced on a commercial basis.

Because they are provided with significant RforR recurrent grant funding, CRCs are able to focus on service delivery to the community without consideration of how significant additional income can be generated.

In fact many CRCs are reluctant to engage in commercial activities, either perceiving they should not because of their not-for-profit status, or because of concern that they may be in competition with another local or regional business. Other CRCs experience conflict locally as their activities are seen as competitive with other businesses. In some instances, animosity has developed between sections of the business community and those CRCs.

The current grant funding system does not incentivise CRCs to invest in developing profitable income streams, nor does it necessitate CRCs charging for services where they can, at an appropriate rate. This arrangement leads to a perpetuation of community perceptions that CRCs should be free or highly subsidised, further cementing CRC reliance on grant funding. This community perception leads to further pressure on CRCs to continue to offer free or discounted services.

A fee-for-service funding arrangement with clear KPIs may assist CRCs in focusing on outcomes based results for the organisations it enters into arrangements with.

Additionally, by moving to a fee-for-service arrangement, CRCs would no longer be 'grant funded', rather they would be providing a service under a contractual arrangement, with the liberty to spend their income as best meets the needs of their organisation.

This could also reduce the possibility of CRCs being seen as competing unfairly with other businesses as they would not receive funding under a grant-focused funding model.

9.5 Trust comment – CRCs are a business

There is confusion in communities serviced by CRCs as to the precise status of CRCs. Some think CRCs are actually government agencies, most know they are part-funded and therefore subsidised by government.

The not-for-profit descriptor confuses many. Not-for-profit does not mean non-business. There are some very large businesses that are not-for-profit.²⁵³

Both for-profit organisations and not-for-profit organisations are conducting business if they sell goods and services for money. CRCs are independent businesses that earn their revenue by being paid to provide a service and by offering other services at a price.

The Trust assessed the branding and marketing of CRCs on its regional visits. Apart from CRC branding and marketing being poor by commercial standards, the branding and marketing of CRCs does not make it clear that CRCs are independent incorporated associations that provide non-government and government services. The branding emphasises the CRC's relationship with government rather than the independent nature of a CRC.

Of the 115 Network CRCs (109 of them operating), 90 are independent not-for-profit non-government organisations that are incorporated associations, and 25 are also not-for-profit non-government organisations, but are run by independent Aboriginal corporations or local governments.

Submissions and consultation indicate that there is significant confusion about whether or not CRCs can or should engage in competitive business behaviour. This issue is intertwined with many CRCs and some in the community being uncertain about what their not-for-profit status means.

Not-for-profits are a large sector that includes charities, churches and religious organisations; sporting organisations and clubs; advocacy groups; community organisations; cooperatives; trade unions; trade and professional associations; chambers of commerce; welfare organisations; and service providers.

The first issue to clarify is that of profit making. A not-for-profit organisation is entitled in law to generate a profit (surplus of income over revenue), but with one over-riding proviso - this profit or surplus must be reinvested back into the organisation, and is not divested to shareholders.

It is true that community based not-for-profit organisations are sometimes operated as businesses that choose to operate on a 'no-profit' basis, choosing to provide low cost services, perhaps on a cost-recovery basis, and/or leaning heavily on free volunteer services, membership fees, and donations.

253 For instance in Australia large sports and other clubs that are community based operate accommodation establishments, food establishments, gymnasiums, shops, and entertainment venues at a profit, which profits are ploughed back into their clubs.

The ATO defines a not-for-profit organisation as:

[ATO] A non-profit organisation is an organisation that is not operating for the profit or gain of individual members, whether these gains would have been direct or indirect. This applies both while the organisation is operating and when it winds up.

Any profit made by the organisation goes back into the operation of the organisation to carry out its purposes and is not distributed to any of its members.

A non-profit organisation can still make a profit, but this profit must be used to carry out its purposes and must not be distributed to owners, members or other private people.²⁵⁴

There is nevertheless, the issue of 'fair competition'. Most complaints at CRC business activity arise because CRCs are seen as subsidised and funded by government in one way or another. (Government support is also common in the for-profit sector too of course, with grants, subsidies and tax concessions).

While CRCs are not government entities in any way, and are independent organisations, government business policy does have some lessons for the Network.

The development of competitive neutrality principles resulted from a need for government businesses to be seen to compete fairly with the private sector.

An outcome of the competitive neutrality policy²⁵⁵ is that government businesses should not enjoy any net competitive advantage simply as a result of their public sector ownership.

One of the competition principles was to ensure that the prices charged for goods and services were, *where appropriate*, to reflect full cost attribution for these activities.

Competitive neutrality does not imply that government businesses cannot be successful in competition with private businesses. It means that government businesses can achieve success as a result of their own merits and intrinsic strengths, but not as a consequence of unfair advantages flowing from government ownership.

Because CRCs are not government businesses, the CRCs do not have to conform to the principles of competitive neutrality when engaging in business activities.

It could be suggested however that it would be prudent for CRCs to ensure that their pricing is developed in a competitively neutral fashion to avoid:

- undercutting existing businesses providing the same or similar service to the market;
- closing the market to potential new service providers who cannot compete with subsidised pricing; and
- building a sense of community expectation that CRCs will subsidise what should be commercial service costs through accessing grant funds.

254 Australian Tax Office publication – *Tax basics for non-profit organisations*.

255 *Competition Policy Reform Act 1995* (Commonwealth). The Competition Principles Agreement was executed at the Council of Australian Governments' meeting in April 1995. In this Agreement, the Commonwealth and all the States and Territories undertook to introduce: (iii) competitive neutrality between government and private business activities.

Currently, CRCs engagement in competitive behaviour is guided by a statement from RDL's CRC Operational Support Guidelines, which specify the conditions for their Operational Grant funding:

[RDL FAA Grant Conditions for CRCs] Condition 10 - When seeking to carry out activities similar to those that are already available within a community, grant recipients must do so on a full cost recovery basis and after full deliberation by the Management Committee to determine if any local agreement with local business is required.²⁵⁶

This implementation of this condition has caused friction between RDL, CRCs and local businesses in some communities.

The fact is that both in law and in practice RDL cannot prevent what are independent CRCs, from engaging in competitive activity. It can only advise the CRC to consider the implications for themselves (and the wider Network) of competing with other businesses on what is viewed by some businesses as an unfair footing.

Complicating the issue is the RDL direction to the CRC Management Committees to consider if an agreement with any local businesses is required. Apart from the implication that agreements with other businesses on pricing might be lawful, which under trade practices law it is not, this statement is not helpful.

This RDL statement indicates the CRC needs only to offer services on a full cost recovery basis - immediately positioning them as a cheaper alternative if they do not need to account for RforR staffing and equipment funding, local government premises subsidies, and with no requirement for a profit margin.

Because the cost accounting calculations would be complex, the quickest and simplest way to engage in fair competition when benefiting from government funding is not to undercut those commercial providers' rates that are readily assessable.

In order to help counter the perception that the CRCs are competing unfairly against private business, RDL and/or AWACRC might consider developing a pricing formula or mechanism which mimics costing relevant services as if they were not subsidised, to obtain a reasonably accurate estimation of what prices the CRCs should charge under 'a level playing field'. In deciding on 'relevant services' they would need to conduct a sample survey of the sorts of services CRCs provide that are or might also be provided by other for-profit or not-for-profit businesses.

Once this information is known a notional price structure could be imputed to assist, but not to dictate to, CRCs setting prices. In any case the use of proper set of costing by CRCs will be of benefit to the Network.

There would also be merit in developing a training program for CRC coordinators and possibly committee members to assist them in implementing a defensible pricing policy.

256 Information provided by RDL

Subsidisation of Services, Revenue Foregone and The Third Party Buyer Effect

During consultations, it became apparent to the Trust that it was not uncommon for CRCs to be discounting services to some cost-recovery or loss making levels because of perceptions that either clients would not be able to access the service at commercial rates, or that they would not be interested in accessing the service if it was priced at a commercial rate.

When subsidising services, it is important that CRCs consider why they are subsidising and what the implications are for their business and clients in doing so. Consideration should be given to:

- why the service might need to be subsidised;
- whether all clients require the service to be subsidised
- who will cover the shortfall in revenue caused by subsidising the service
- whether the service is sustainable if it is subsidised.

Subsidisation and Revenue Foregone

Case Study One

XYZ CRC provides a photocopying service. The CRC currently charges 20 cents per copy.

Notional costing on a single sided mono A4 print – rounded cost 13.8 cents per copy

- 0.8 cents per copy on service contract
- 1 cent per sheet of paper
- 12 cents per copy towards replacement of machine (based on yearly copies and replacement in 5 years)

Mrs Maloney is a retiree who has been writing up her family history to share with her children and grandchildren. She has often been in the CRC to use the computers to type up her findings. She is ready to print her work and distribute it to her family. The document is 85 pages and she would like 20 copies. When the Coordinator finishes the print job and comes to charge Mrs Maloney, she realises she should be charging her \$340 but she is really embarrassed to be charging this amount to a customer who no longer works. Instead she hastily pushes aside her calculator and asks for only \$150. Mrs Maloney remarks how economical the service is and that she will mention it to her friends.

Standard pricing			Discounted service			
Price	Cost	Profit	Price	Cost	Subsidy	Profit forgone
\$340	\$234.60	\$105.40	\$150	\$234.60	\$84.60	\$105.40

By not charging for the service in this instance, revenue was forgone, other clients' purchases or grant funding will essentially need to cover the shortfall and a culture of undercharging is perpetuated (and possibly expected). If one such decision were made on a monthly basis, the CRC would be costing itself \$2281.20 every year in subsidisation and profit forgone.

Case Study Two

ABC CRC has an 'outdoor cinema' facility. The initial outlay for purchasing the equipment was covered by a grant so did not cost the CRC.

Costing for an event - \$662

- Promotion and preparation – 1 staff x 3 hours - \$75
- Set up and screening time – 2 staff x 4 hours - \$200
- Venue hire (Shire recreation grounds) - \$40
- Film screening licence - \$250
- Purchase of film - \$30
- Trailer rego and insurance (\$620 per annum – with 12 screening per annum) screening cost - \$52
- Kilometric reimbursement for staff transportation of screen - \$15

The ABC CRC believes that local people will only be willing to pay \$2 to come see a new release film at their outdoor cinema. Assuming 80 people from their community of 400 attend, they will only recoup \$160 out of the \$662 that it cost to present the event. If these events were held monthly, the CRC's grants and/or other revenue would be subsidising them to the tune of \$6,024 over the course of the year.

Pricing for similar outdoor film screens in Perth are \$14 for adults, seniors and students \$10 and children (5-15) \$7. This could be used as a basis for pricing this regional event, with the following hypothetical market make up.

40 Adults	10 Children	20 Seniors
\$560	\$70	\$200

If this pricing structure were to be utilised, the event would bring in \$830 and cover the costs, with a small profit of \$168 that can be reinvested into the cinema program with a view to equipment replacement over time, with \$2,016 being profit if the event was held once a month.

Third Party Buyer Effect

A common comment in consultation sessions with CRCs was that if CRCs were to charge at cost recovery or profit making rates, their clients would be unwilling to pay them as they perceived the services of the CRC should be free or low cost.

Many of the services discussed were discretionary - those which are 'nice to have' but by no means a critical need (as with the two case studies provided). In both case studies, it would be extremely unlikely that someone residing in the metropolitan area would be able to access these services for free, yet there was a fairly common perception amongst CRCs that they should be providing them at a free or subsidised rate.

It seems possible that there are instances of the 'third party buyer effect' in operation. The following scenario highlights this effect in simple terms.

'Madam, would you like an XYX?'

'No thank you, I don't need one'

'They are FREE Madam,'

'Oh, well I'll take three then.'

If clients are not interested in taking advantage of CRC services unless someone else (namely, the government), is willing to cover the bulk of the cost, it is questionable as to whether the services are needed. Further to that, it also bears considering whether CRCs perception that discounting to attract customers is necessary, is actually accurate or whether CRCs are discounting without being aware of their market's ability to purchase at a fully costed rate, possibly with a profit margin built in.

Community Group Service Provision – An innovative approach

During consultations, the Trust heard from a CRC who described their process for providing 'sponsorship' to local community groups.

The CRC identified key groups in the local area to target with sponsorship – ensuring they selected organisations in need of their services, and willing to provide recognition of their support in the same way they would acknowledge a commercial business offering sponsorship. In addition to displaying their logo as sponsors, the CRC was invited to sponsor's dinners and events (providing networking opportunities).

Rather than providing the sponsorship in actual cash, the organisation is given a credit with the CRC. Each month invoices are sent to the sponsored organisations, highlighting services rendered and the amount offset by sponsorship.

This has multiple benefits. The CRC is seen to be supporting local groups. The CRC is able to network with other businesses as an equal at events. The CRC develops a client-customer relationship that, provided work is done to a high standard, is likely to continue after the sponsored amount has been exhausted. The local groups receive what is likely much-needed support, while clearly seeing that the services provided by the CRC have a real financial value; and they develop a culture of paying for services provided by the CRC.

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Chapter 10: Terms of Reference 6

Investigate whether measures relating to the performance of the Network can be quantified or are available or can be delivered that indicate the extent to which the Network is contributing to regional development, individual communities, and the regions as a whole.

10.1 Evidence

CRCs are not government entities, and are independent not-for-profit non-government organisations. CRCs therefore need to be persuaded of the value of performance measurement. For performance measurement to be successful it requires good cooperation between RDL and CRCs. However, it is not entirely a voluntary matter, as RDL does include specific reporting as an FAA requirement.

Many CRCs keep additional statistics related to their service delivery:

[Bridgetown CRC South West] ... maintains and retains a large volume of statistical data which it uses to identify how best to deploy its resources and this is required by contractors to justify their investment in doing business with the CRC.²⁵⁷

RDL states that it has focussed more on process and inputs, and not outcomes, to date:

[RDL] ... a greater focus needs to be developed on outcome measures. ... RDL is in the process of developing a series of indices that could be useful of themselves or in their component parts to measure the contribution of CRCs to regional development. ... Measures of social development are much more difficult to construct and to collect.²⁵⁸

RDL reports an ongoing evaluation and assessment program that includes:

[RDL] *Community Development Division Business Planning*

The Community Development Division undergoes a comprehensive annual business planning process. Monthly reviews of the plan help monitor the effectiveness of the Community Development Division in supporting regional Western Australian communities through CRCs.

Mandatory FAA reporting by all CRCs every six months

CRCs are required to provide a comprehensive report twice a year to RDL on the use of their funding and the activities and services it provides to their community. This enables RDL to evaluate the use of funding and benefits to regional communities.

Regional Coordinator Visits

RDL Regional Coordinators regularly visit CRCs to meet with staff and management committee members to provide support and guidance. These visits enable a practical assessment of CRCs.

Network Surveys

A regular survey of the WACRN is undertaken to monitor the range of services provided by CRCs, the level of usage and to determine anomalies and gaps in services provided.

Marketing evaluation

A media register is updated daily recording State-wide media coverage of CRCs.

257 Bridgetown CRC South West submission, page 6.

258 RDL submission, page 33 and 34.

Event participation

To monitor popularity of social programs the number of attendees at CRC events is recorded and provided to RDL.²⁵⁹

The DLG felt that RDL had a key role to play:

[DLG] It is important to recognise and seek to measure the significant multiplier effects (skills, well-being and health, infrastructure projects, local traineeships etc.) of CRC funding on community development. ... Local governments, however, have a considerable reporting burden, and cannot be expected to measure the performance of CRCs in their district ... The Department of Regional Development and Lands is best placed to undertake the sector-wide performance measurement of CRCs in relation to the State's regional development objectives.²⁶⁰

The 2012 CRN Survey, based on responses from an online questionnaire answered by 96 CRC's, stated:

- The average number of hours a CRC was open to the public increased by 4 hours from 2009 to 37 hours.
- Poor internet speed is the main barrier for CRCs not offering video conferencing.
- Approximately 49,000 customers used the CRC network in February 2012.
- In February 2012, the CRC network was used by approximately 7.7% of the total regional population of Western Australia.
- The internet is used by over 75% of customers attending CRCs in the Kimberley.
- 25% of all customers are seniors, with the Wheatbelt, Goldfields-Esperance, Mid West and the South West being the most popular.
- Indigenous customers dominate in the Kimberley and Pilbara.
- 60% of CRCs are involved with their communities newsletter/newspaper.
- Westnet's share of being the CRCs' internet service provider has fallen 24% in 3 years to 55%.²⁶¹

DAFWA reported satisfaction with CRC performance:

[DAFWA] ... positive DAFWA project outcomes. ...Small Landholder Information Service utilise the CRCs to cross-promote events ... proven to be an effective mechanism ... National Livestock Identification Scheme ... the CRCs were an effective mechanism to promote the NLIS, and many co-hosted a number of NLS awareness and training events ...²⁶²

259 RDL submission, page 33.

260 Department of Local Government submission, pages 6 and 7.

261 RDL submission Appendix: March 2012 WA Community Resource Network Survey, page 2.

262 Department of Agriculture and Food WA submission, pages 3 and 4.

Others suggested ways to improve performance measurement:

[DIA] User surveys: These could be optional surveys for users to complete after utilising the CRC to indicate what they were using the CRC for, whether it met expectations and suggestions for improvements. Workshop assessments: ... a user survey to indicate how useful and relevant the workshop was ... Quantifying of users: This would determine the level of use ...²⁶³

[Merredin CRC Wheatbelt] ... the inclusion of the CRCs in the Local Government Community consultation process for the development of their Community Strategic Plans, is an excellent method of surveying, as it is in conjunction with other services within the community.²⁶⁴

[Mount Barker CRC Great Southern] In many ways the data available is largely anecdotal and to provide quantifiable data one would need to operate on a user pays system or collate data on the value of service. ... Maybe the CRC Level Review template ... or the six monthly CRC acquittals or the annual CRC business plans could be adapted to contain degrees of success measurement. I do not see any point in either reinventing the wheel or over complicating the process.²⁶⁵

[Sport and Rec] Certain quantifiable measures relating to access and usage of CRCs are available, and of use, such as how many through the door, use of services and information and the number of courses provided to community members. Other useful measures would include amount of additional revenue generated and level of satisfaction with service delivery. The number and nature of partnerships established should also be something that is measured, to ensure the centres are collaborating with relevant stakeholders ... it would be beneficial to see an annual [RDL] report that highlights achievements of CRCs. This would also be a great tool to show potential partners/stakeholders for future investment opportunities.²⁶⁶

[Williams CRC Wheatbelt] Believe that with careful performance indicator analysis and alignment with other planning processes locally, regionally, state and federal, these can be achieved – as long as these other planning levels can identify strategically appropriate PIs.²⁶⁷

Most CRCs report performance in service terms – meaning that they consider that if CRCs are providing the service or event then they are performing, and most feel they measure performance because they record usage or patronage of the services and events offered:

[Shire of Boyup Brook South West] The BBCRC, as a not-for-profit organisation, has its financial records audited annually which provide evidence of the value of services offered to the community. The BBCRC also records user statistics which can be utilised in funding applications and supporting documents for reports.²⁶⁸

[City of Albany Great Southern] The Wellstead CRC provides residents with a range of services in their community saving them from the 200 kilometre round trip to access similar services in the Albany CBD.²⁶⁹

263 Department of Indigenous Affairs submission, pages 4 and 5.

264 Merredin CRC Wheatbelt submission, page 10.

265 Mount Barker CRC Great Southern submission, page 10.

266 Department of Sport and Recreation submission, pages 4 and 5.

267 Williams CRC Wheatbelt submission, pages 4 and 5.

268 Shire of Boyup Brook South West submission, page 4.

269 City of Albany Great Southern submission, page 1.

[Shire of Goomalling Wheatbelt] The Goomalling CRC achieves its objectives through the ... initiatives and existing partnerships, which are reviewed and developed through community response and feedback.²⁷⁰

[Mowanjum CRC Kimberley] Since most Aboriginal Communities are well defined and monitored, it is possible to quantify: a. Number of children in school; b. Number of youth getting jobs or going onto TAFE; c. Number of adults using services and learning to use computers; d. Reduced level of suicide and anti-social behaviour; e. Reduced number involved in the criminal justice system; f. Healthy lifestyles and growing of vegetables and fruits; g. Number of indigenous businesses developed.²⁷¹

[West Arthur CRC Wheatbelt] CRC contribution can be quantified by measuring: Increased number and availability of services; Community participation in services; Number of community projects and participants; Number of community training and skills development opportunities (via the CRC); An independently organised survey of randomly chosen community members from around the State to ascertain community perception of CRCs, and use of CRC services; Measure of population growth and health factors – comparing communities of similar size with and without CRCs or recent vs long run CRCs.²⁷²

Performance is not just affected by premises, staffing, and services provided but by location:

[Horizon] In some of the towns in Horizon Power's service area, CRCs are, in some cases, not particularly accessible. For example, they are not always located near existing Family Community Centres or Youth Centres, where core clients might be expected to be using complementary services.²⁷³

Some CRCs wrote of the benefits to be derived from benchmarking:

[Beverley CRC Wheatbelt] ... this can be quantified by the compilation of programs throughout the CRCs as outlined in their business plans ... would be a fantastic tool for all other CRCs to see what other CRCs are doing ... and give inspiration to one another ... However quantifying the social benefits within and collaboratively between communities is subjective.²⁷⁴

The difficulty of performance measurement was well understood:

[Dalwallinu CRC Wheatbelt] It is extremely difficult to quantify how much impact the Network and/or individual CRCs have on regional development. ... Maintaining and/or increasing population within a rural community would be a measure of regional development. Within our own community feedback from customers indicates the satisfaction of having a CRC located in Dalwallinu, as well as satisfaction with the range and quality of services provided. More local businesses are looking for the Dalwallinu CRC to facilitate training events ... an increase in services provided is an indication of development within the community.²⁷⁵

270 Shire of Goomalling Wheatbelt submission, page 3.

271 Mowanjum CRC Kimberley submission, page 5.

272 West Arthur CRC Wheatbelt submission, pages 9 and 10.

273 Horizon Power submission, page 2.

274 Beverley CRC Wheatbelt submission, page 3.

275 Dalwallinu CRC Wheatbelt submission, page 9.

[Kimberley Development Commission] It is suggested that the diverse range of services delivered by CRCs within regions and across the State will complicate any attempt to use quantitative data to measure and/or compare performance. However, an activities analysis of each CRC would be useful as a first step. ... It will be important in any revised CRC model to set Key Performance indicators, aligned with specific objectives and establish clear, user friendly, performance measures.²⁷⁶

[Yongergnow-Ongerup CRC Great Southern] A reasonable proportion of our performance cannot be quantified (how do you measure increased community resilience? How do you measure appreciation?) However, in our reports, we provide a vast array of figures, we describe our activities and their outcomes, we honestly report things that went wrong and why, so there is a huge amount of data to measure the extent the network contributes to regional development, communities and the regions.²⁷⁷

There was also comment on the danger of adding to the reporting burden:

[Nannup CRC South West] Caution should be given to increasing the number of statistics collected from the CRN to prevent it becoming too onerous at the expense of continued contribution to community development initiatives.²⁷⁸

As did other CRCs, Boddington CRC in the Peel Region thought performance could be measured by the numbers of employees, trainees and volunteers.²⁷⁹

Ravensthorpe CRC hosts a large number of organisations and events and also thought membership an important indicator:

[Ravensthorpe CRC Goldfields-Esperance] ... [We] have over 1000 library members with 500 active library users. RCRC has various categories of paid members. There are 12 community groups, 11 local businesses, 33 families and 13 toy library members.²⁸⁰

Mount Barker CRC probably reflected a common view on CRCs and regional development:

[Mount Barker CRC Great Southern] CRCs are more of a bit part player when it comes to regional development but are usually very strong on the individual community level.²⁸¹

276 Kimberley Development Commission submission, page 7.

277 Yongergnow-Ongerup CRC Great Southern submission, page 5.

278 Nannup CRC South West submission, page 4.

279 Boddington CRC Peel submission. page 6.

280 Ravensthorpe CRC Goldfields-Esperance submission, page 4.

281 Mount Barker CRC Great Southern submission, page 10.

10.2 Trust comment

The Terms of Reference required the Trust to: *Investigate whether measures relating to the performance of the Network can be quantified or are available or can be delivered that indicate the extent to which the Network is contributing to regional development, individual communities, and the regions as a whole.*

RDL's 3-tier segmentation of CRCs is a realistic recognition of the fact that CRCs vary in their capacity to perform. Performance measurement is made more difficult when the services delivered vary between CRCs and different standards of service apply. One submission put it well:

[GEDC] The Network's capacity to effectively and efficiently deliver services within the Regions is, at best, patchy given the differing operational models, vast distances and regional differences.²⁸²

It is apparent from the submissions and consultation that the CRCs see themselves as primarily a service network and not as a development network. However, as an extension of their community service, and as a consequence of some of their programs, CRCs do see themselves as contributing to community development.

To be fair to CRCs, while RforR is certainly 'front-of-mind' to them, the Act's emphasis on regional development and the CRCs consequent role in regional development has not been a prominent feature of RDL's interaction with the Network.

CRCs do not see themselves as contributing to regional development, and see regional development as a local, state or federal government function. This perspective applies even when CRCs are contributing to regional development outcomes, as in providing tourist services or training services.

Unless CRCs are given specific development outcomes and KPIs to achieve, which not only they will be capable of achieving, but have the means to achieve them, then this situation will not change.

It is a managerial axiom that it is difficult to measure performance if the performance required is unclear, unspecified, or under-resourced.

Performance measurement is a capability and value for money device. It requires the collection, analysing, reporting, and most importantly, *the use* of statistics and data concerning the performance of an organisation.

For the best results, statistics and data should be derived both internally from the organisation, as well as externally and independently.

Performance measurement criteria have to be meaningful and relevant. That is why objectives and targets, benchmarking, milestones, intended outcomes, key performance indicators and the like matter.

Performance measurement is pointless unless it is not only necessary and used, but understood to be necessary, and seen to be used.

282 Goldfields-Esperance Development Commission supplementary submission, page 1.

The object of performance measurement is firstly to satisfy funders, contractees, customers, management or members that the organisation is functioning effectively and meeting its objectives and obligations; and secondly, to provide information that enables the organisation to improve and to grow.

Therefore the first step in performance measurement is to establish why the measure is chosen, and what its reporting will achieve.

Overkill is always a danger. It is essential to keep the process as simple and easy as possible, and to minimise the compliance burden. This is a key point, given the heavy use of volunteers in CRCs.

RDL's evidence is that it is presently engaged in identifying some KPIs.

Overall, the evidence to the Review indicates that measures relating to the performance of the Network with respect to individual communities can be quantified and are available, but that at present analysis by CRC segment or for the Network as a whole is weak.

It is apparent that RDL is the only body that can address this weakness. No other agency is appropriate, and AWACRC is not equipped to do so.

The evidence indicates that performance measurement for individual CRCs is quite well developed, and is in general use, but is not assisted by standard templates and methodologies for the Network or segments of the Network.

The difficulty of measuring performance with respect to social outcomes is picked up in the evidence to the Review. The Trust has previously discussed and reported on this problem in the CLGF Review report.²⁸³

The evidence indicates that measures relating to the performance of the Network with respect to regional development and the regions has not been quantified and is not available, and measurement might be difficult.

283 Western Australian Regional Development Trust: Review of the Royalties for Regions Country Local Government Fund, January 2012, pages 226-229.

Chapter 10: Terms of Reference 6

Review the community representation and engagement of CRCs and community regard for them.

11.1 Evidence

Community representation and engagement does not necessarily come easily, and is sometimes difficult. Regular and consistent service over a range of needs is important in generating community support:

[Bidyadanga CRC Kimberley] Speaking for the Bidyadanga CRC (and probably other remote Kimberley CRCs) where a consistent operation and service for the community only happened for the last 11 months, the community struggles to understand its involvement and engagement in this important service hub because it has not been managed and pointed out in the right way in the past. ... There is no volunteering culture within the community. ... Community representation and engagement mostly go towards the aboriginal corporation that stands behind the CRC.²⁸⁴

[Kimberley Development Commission] The level of engagement of CRCs in Kimberley town based and remote communities is dependent on: the range and relevance of services offered; the availability of other service providers and venues in a given community; CRC presentation; availability/opening hours; CRC staff skills and knowledge; level of household access to the internet; ability of CRC to respond to contemporary demand.²⁸⁵

This particular Term of Reference was described as “the most esoteric of issues” by Mount Barker CRC in the Great Southern Region, who made the point that community regard is not only affected by individual use of and experience of the CRC’s services but by the diversity of people and opinion in any community.²⁸⁶

Given that observation, it would not be surprising to find some community disregard for CRCs. An antipathy to a particular Wheatbelt CRC was expressed in two confidential submissions from the same town, but this disregard was not repeated elsewhere in submissions to the Review.

Many CRCs pride themselves on their community engagement:

[Boddington CRC Peel] The representation of community within our local CRC is extremely wide-ranging and covers a wide spectrum of interests ...²⁸⁷

[Goomalling CRC Wheatbelt] We have a wonderful relationship with the community ...²⁸⁸

[West Arthur CRC Wheatbelt] CRCs have become a very important part of the fabric or regional communities. ... The community would be quite bereft without the CRC ...²⁸⁹

[Wickepin CRC Wheatbelt] The Wickepin CRC engages the community on many levels, foremost by employing its staff from within the community, sponsorships of community groups and involvement with other organisations and business.²⁹⁰

284 Bidyadanga CRC Kimberley submission, page 6.

285 Kimberley Development Commission submission, page 7.

286 Mount Barker CRC Great Southern submission, pages 11 and 12.

287 Boddington CRC Peel submission, page 6.

288 Goomalling CRC Wheatbelt submission, page 5.

289 West Arthur CRC Wheatbelt submission, page 10.

290 Wickepin CRC Wheatbelt submission, page 2.

Third party endorsement is important to gauging community regard for the CRC:

[Country Women's Association Moora Wheatbelt] The Community Centre with its wonderful, knowledgeable and efficient staff provides valuable and essential services to the Moora community and residents in surrounding areas.²⁹¹

[Shire of Denmark and Denmark Chamber of Commerce Great Southern] Whilst not directly involved with the Denmark Community Resource Centre, the Shire of Denmark recognises and appreciates the role which this organisation plays in supporting the Denmark community. ... The Denmark Chamber of Commerce would like to record its support for the Denmark CRC and the invaluable partnership it has provided for the Denmark Chamber over the years.²⁹²

[Shire of Goomalling Wheatbelt] The Network management committee are prominent community members involved with multiple organisations; they convene educational and social events on a regular basis which increases morale and awareness. ... Many local community members have a vested interest in keeping our community vibrant and sustainable; CRC is seen as an integral support in achieving this goal.²⁹³

[Mowanjum CRC Kimberley] Community comments heard following the establishment of the Community Resource Centre at Mowanjum ... "The CRC has enabled me to turn my life around; this little boy who was so destructive breaking car windows has now become kind and polite within the CRC, helping other kids solve their problems ..."²⁹⁴

[South West Development Commission] In our experience the CRCs are generally held in high regard by their respective communities.²⁹⁵

The DLG conducted a survey:

[DLG] Of the [nine] local governments surveyed, the majority conducted client satisfaction surveys relating to community regard for their CRC, in an effort to identify community needs and aspirations. Where CRCs are seen as the 'community hub' in the local government district, with strong community representation and engagement, community regard for the CRC is, without exception, highly positive. This is exemplified by a 2011 survey of the Yilgarn community. Of the six specific local government services listed, the CRC received the highest score for community satisfaction; it was the only local government service not to receive any negative comments.²⁹⁶

Such 'satisfaction' surveys can be integrated into existing processes:

[Merredin CRC Wheatbelt] ... the inclusion of the CRCs in the Local Government Community consultation process for the development of their Community Strategic Plans, is an excellent method of surveying, as it is in conjunction with other services within the community.²⁹⁷

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- 291 Letter from the Country Women's Association of Western Australia, Moora Branch, attached to the Moora CRC Wheatbelt submission.
- 292 Letters from the Shire of Denmark and the Denmark Chamber of Commerce attached to the Denmark CRC Great Southern submission.
- 293 Shire of Goomalling Wheatbelt submission, page 5.
- 294 Mowanjum CRC Kimberley submission, page 6.
- 295 South West Development Commission submission, page 1.
- 296 Department of Local Government submission, page 7.
- 297 Merredin CRC Wheatbelt submission, page 10.

Patronage is a key indicator of community support:

[Confidential submission] ... new customers are accessing the CRCs. For example, 12.9% of tourists and 15.4% of unemployed people (RDL annual report) are now accessing CRCs. The use of existing technologies and the expansion of these facilities can greatly assist in developing the communities' use of social media and technologies ... Greater support is required for the WACRN Network in their engagement with their community to obtain data and broaden their user groups ...²⁹⁸

[CRN Survey]: ... Approximately 49,000 customers used the CRC network in February 2012; in February 2012, the CRC network was used by approximately 7.7% of the total regional population of Western Australia; 25% of all customers are seniors ...²⁹⁹

[Dalwallinu CRC Wheatbelt] Statistics by the Dalwallinu CRC indicate strong local support for the organisation.³⁰⁰

[Moora CRC Wheatbelt] Since the rebranding of the Telecentres to CRCs, community regard for them has grown. The extra funding has allowed us to provide a number of new services and allowed us to increase the level of professionalism within the network. ... Our statistics ... demonstrate that the uptake of CRC services has more than doubled in the last 3 years.³⁰¹

The nature of the CRC affects community regard and interaction:

[AWACRC] The CRCs which are most highly regarded in their communities are those which are representative of their communities – i.e. have high community buy-in and interaction for projects and management.³⁰²

[RDL] Anecdotal evidence collected through discussions with communities in the regions indicates that most CRCs are well regarded in their community. Higher functioning CRCs tend to be well connected in their community, have a better understanding of the community demographics, a stronger relationship with the Local Government, and have consulted with their community to understand service gaps and needs. These CRCs often have competent staff and a Management Committee that represents the community.

However, most CRCs are not this high functioning. Many have a good knowledge of the people and the large issues in their communities but have less developed understanding of the issues within sub-sections of their community. In particular, many CRCs lack staff with a comprehensive grounding in the demographics and basic statistical information available in their region.³⁰³

298 Confidential submission, page 9.

299 RDL submission Appendix: March 2012 WA Community Resource Network Survey, page 2.

300 Dalwallinu CRC Wheatbelt submission, page 9.

301 Moora CRC Wheatbelt submission, page 3.

302 AWACRC submission, page 13.

303 RDL submission, page 32.

Community engagement with CRCs is evidenced by the numbers of 'walk-ins' of locals and visitors; by telephone and electronic contacts; the CRC services provided and used by individuals, government agencies, and by for-profit and not-for-profit organisations; and the events hosted. External community engagement is brought to the CRCs by staff and committee members. CRC local newspaper production is an important means of community engagement and interaction.

[Boyup Brook CRC South West] CRCs are governed by volunteer management committees who represent various sectors of their communities and bring knowledge and experience from all walks of life. Partnerships between CRCs and community organisations and businesses are important for engagement with local communities.³⁰⁴

[CRN Survey] 60% of CRCs are involved with their communities' newsletter/newspaper. ... 29% are responsible for coordinating the community portal or town website. ... 87% provide tourist information.³⁰⁵

[Kununurra CRC Kimberley] The use of social media to communicate and stay in touch with our community has been a great step forward for the CRC to be able to engage community members and stay in touch with community trends and focus.³⁰⁶

[Ravensthorpe CRC Goldfields-Esperance] RCRC provides video-conferencing services ... daily weather readings ... works closely with Ravensthorpe Regional Arts and Country Arts WA ... is a registered Exam Supervision Centre for Universities and also hosts a school activity holiday programme ... working closely with teachers and the RDHS principal ... The RCRC has become a community hub and a one stop shop for local residents, visitors and travellers.³⁰⁷

It does seem likely that the smaller the community, the greater the CRC integration into that community:

[DAFWA] The CRCs form an integral part of the social network fabric – particularly in smaller communities.³⁰⁸

One agency thought the very nature of CRCs made engagement 'a given':

[Sport and Rec] As CRCs are run by a volunteer management committee, community representation and engagement is a given.³⁰⁹

304 Boyup Brook CRC South West submission, page 7.

305 RDL submission Appendix: March 2012 WA Community Resource Network Survey, pages 2, 47 and 48.

306 Kununurra CRC Kimberley submission, page 11.

307 Ravensthorpe CRC Goldfields-Esperance submission, pages 4 and 5.

308 Department of Agriculture and Food WA submission, page 4.

309 Department of Sport and Recreation submission, page 5.

11.2 Trust comment

The Terms of Reference required the Trust to: *Review the community representation and engagement of CRCs and community regard for them.*

For the purposes of this Review, the Trust did not conduct a survey of community attitudes, nor did it interview a wide representative sample of regional Western Australia. In responding to this Term of Reference 7, the Trust relied on evidence in submissions, including surveys quoted in the evidence above, and on consultation.

Community representation is not to be confused with representing the community. It is local government that represents the community through the democratic process.

Community representation in CRCs is best described as 'connectedness'. This varies in the CRCs, but judging from the evidence and the consultations, in general, community representation in CRCs does appear to be good, and in a few CRCs it is exceptional.

It would be surprising if over 100 independent not-for-profit non-government organisations like the CRCs, operating in diverse communities in markedly different geographic, social and economic circumstances, would have similar levels of community representation and engagement and community regard. The Trust is attracted to RDL's view:

[RDL] Higher functioning CRCs tend to be well connected in their community, have a better understanding of the community demographics, a stronger relationship with the Local Government, and have consulted with their community to understand service gaps and needs. These CRCs often have competent staff and a Management Committee that represents the community.

However, most CRCs are not this high functioning. Many have a good knowledge of the people and the large issues in their communities but have less developed understanding of the issues within sub-sections of their community. In particular, many CRCs lack staff with a comprehensive grounding in the demographics and basic statistical information available in their region.³¹⁰

The evidence is that community representation is likely to be poor in communities where there is no volunteering culture, or a weak one.

The evidence is that community engagement will not occur if CRCs have irregular or short opening hours, or are closed for long periods. Regular consistent and skilled service over a range of needs is important in generating community support.

The key to whether a CRC is needed and relevant is its patronage by members of the community and by visitors to the community. Low patronage can be a signal of low community regard.

Such data and statistics will invariably be internally generated. This data is essential for performance measurement. However, internal data does need to be periodically independently assessed for its accuracy.

310 RDL submission, page 32.

The submissions from CRCs almost universally exhibit a strong commitment to community service, which attitudinally should translate into good customer relations. That coupled with the range of services provided and events hosted means there is a likelihood that the CRCs in general are both appreciated and well regarded.

This appreciation and regard seems to be borne out by such surveys as have been done of user satisfaction, by third party endorsements of CRCs, and by the statistics of use.

The Merredin CRC suggestion that CRCs should be routinely included in the local government community consultation process for the development of their Community Strategic Plans is a good one. Such a method of surveying will independently compare CRCs with other services within the community.

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Chapter 12: Terms of Reference 8

Any other relevant matters

12.1 The role of RDL

During the Trust's consultations, it was apparent that there is some confusion and some sensitivity over the role of RDL with respect to the Network.

RDL's CDD is responsible for providing support to the Network through the provision of funding, training, capacity building activities, and support for CRCs management, committees and staff.

CDD also supports the Westlink satellite network, which provides interactive one-way video and two-way audio communication to remote communities throughout WA, including CRCs.

RDL's CDD has two basic functions – to administer RforR funding to CRCs (monitoring compliance with grant guidelines and FAAs and the achievement of agreed outcomes); and to provide support to CRCs (in the form of operational support to staff and committees, as well as training and development opportunities).

In any line management role, managers have to direct, support and at times discipline staff. These different management tasks are not mutually exclusive. However, when a funding government agency like RDL interacts with a private independent association, both to enforce compliance and simultaneously to provide support, it can lead to tensions.

RDL's 'enforcer' and 'supporter' functions have led to expressions of confusion and dissatisfaction from some CRCs.

This is particularly the case with respect to RDL's four Regional Coordinators, who liaise directly with CRCs. They are expected to provide CRCs with operational support and guidance, and at the same time ensure compliance with grant conditions. In a few reported instances these contrasting roles seem to have resulted in conflict, mistrust and poor relationships.

Conflict, mistrust and poor relationships do not appear true of RDL's relationships with most CRCs. On the whole, most submissions and consultations were complimentary of RDL staff and the level of support they provided. Merredin CRC captures the attitude of the majority of CRCs:

[Merredin CRC Wheatbelt] ...the current number of Regional Coordinators, although [they] offer fantastic support to the CRCs, are limited by the distance and number of CRCs they cover.³¹¹ ...The support from the Regional Coordinators with these reporting requirements [business plans and acquittals] is excellent.³¹²

The Trust's consultations and observations highlighted a number of situation where RDL and the Regional Coordinators needed to take a far more proactive role in resolving acquittal and reporting issues. In the submissions, a number of CRCs made helpful suggestions as to how RDL processes and operations could improve, but two submissions made stronger criticisms:

[Katanning CRC Great Southern] The role of Regional Coordinator is an ambiguous one and is interpreted differently by different RCs. Some see their role as one of supporting CRCs and other see themselves as enforcers of the department. This makes life difficult for CRCs. We need them to support us and help us to navigate the department and paperwork, but sometimes we are treated like recalcitrants, or nuisances, and sometimes we are just ignored or obstacles are put in our way.³¹³

311 Merredin CRC Wheatbelt submission pages 3-4 and page 7.

312 Merredin CRC Wheatbelt submission page 7.

313 Katanning CRC submission, page 3.

[Bidyadanga CRC Kimberley] Lack of support by Regional Coordinator to complete these documents [business plans and acquittals]. ... Regional Coordinator need to take more responsibilities for CRCs facing circumstances mentioned above [staffing] and spend more time on drafting a manageable Business Plan and Acquittal template.³¹⁴

It was notable that at two separate consultations, some CRCs suggested they would like to see Regional Coordinators provide CRCs with an outline of their schedules, justifying how they spent their time in order to satisfy CRCs that their time was utilised appropriately. One CRC reiterated this in their submission:

[Boyup Brook CRC South West] The roles and responsibilities of the RDL Regional Coordinators (RC) should be clearly outlined and distributed amongst the WACRN. The current communication lines between CRCs and RDL, through the RC, are not as effective or efficient as they potentially could be. Perhaps regular updates from the RCs could be provided to their CRC to demonstrate activities they have undertaken, including a calendar of RDL staff meetings.³¹⁵

At other consultation sessions, some CRCs indicated dissatisfaction with RDL staff who had visited their centres and then made suggestions for improvements to or expansion of services. As entities independent of government, these centres felt that it was not RDL's role to comment on what services they offered or on the level of professionalism with which they were delivered. However, others appreciated the feedback of RDL in relation to improvements:

[Boyup Brook CRC South West] It would also be useful for RDL to provide more feedback to CRCs on how effectively the Network is performing and where possible improvements could be made.³¹⁶

Other CRCs consulted, in contrast, appeared to be very satisfied with the level of service and support offered by RDL, and understood the various different interactions RDL was obliged to undertake as a significant funder, including compliance functions, supporting centres, and evaluating performance.

As a result of submissions, consultation, and regional visits, it is the Trust's view that even although the relationship is generally a good one, the relationship between RDL and CRCs is not clearly defined and this lack of definition can lead to unrealistic expectations, negative interactions and dissatisfaction with RDL at some CRCs.

As a result of the Review, it may be timely for RDL to review the job descriptions of those Perth-based staff that mostly deal with CRCs and the front-line Regional Coordinators to ensure that job descriptions and roles are clear, relevant and outcomes-based.

It would be advisable for RDL as a whole to make clear in its agreements and interactions the nature of their relationship with CRCs, to avoid the sorts of misunderstandings we observed or heard about.

314 Bidyadanga CRC Kimberly submission, page 4.

315 Boyup Brook CRC South West submission, page 5.

316 Boyup Brook CRC South West submission, page 5.

In addressing this issue, it is important to revisit the nature of the funding and business models to be adopted.

A grant-based funding model produces a different relationship to a fee-for-service contract.

As to the business model, at present, RDL is heavily engaged in CRC decisions on branding and marketing, human resource (HR) matters, premises decisions, systems design, planning, and sometimes management advice. RDL is hands-on, and at times acts as an owner or franchisor might.

RDL is not operating at arms-length as a pure funder might, nor is it operating using the advisory model, and neither does its hands-on approach have the strengths or entitlement of an owner-model or a franchisor/franchisee model.

The reality is that CRCs are entirely autonomous independent non-government entities, and that has to be reflected in the relationship. Equally needing reflection in the relationship is the obligation on RDL, as the external majority-funder, to get value-for-money.

There are times when the Trust considers RDL's close engagement with CRCs unwise. During consultations, the Trust was advised that there have been instances where RDL has either itself contracted legal advice on award and other personnel matters for the Network, or with respect to specific human resource (HR) disputes, has provided financial assistance to management committees.

Frankly, RDL should stay out of such matters. Sector-level issues like awards are a peak body AWACRC responsibility, but if RDL believes the reality is that these issues are not being addressed and need to be, it is open to RDL to consider increasing AWACRC's funding to improve its operating capacity.

At the individual CRC level, industrial relations issues are entirely the CRC's own responsibility, just as they would be for any other independent not-for-profit entity.

It seems too that the CDD is also often too closely involved in supporting CRCs in HR processes, particularly staff recruitment, meaning that RDL is engaging in recruitment practices for independent entities outside the authority of the *Public Sector Management Act 1994*, with no safeguards as to risk and liability.

This blurring of lines as to RDL's level of involvement complicates the relationship between CRCs and RDL.

RDL is not the employer of CRC staff and CRCs are completely independent of RDL in ownership and management terms. RDL should separate itself from CRC HR matters. The financial and reputational risks of becoming involved in HR disputes are too great.

12.2 The role of the AWACRC

The AWACRC was established in March 2010, with the inaugural board being elected in September 2010. The AWACRC represents both committee members and the staff of those CRCs in the Network that are members.

The AWACRC defines its objectives as

- To provide advice and assistance to regional member Community Resource Centres.
- To provide group or individual representation for all our regional member Community Resource Centres.
- To facilitate the provision of an ongoing comprehensive communication strategy and systems for our regional member Community Resource Centres.
- To promote the value of the regional Western Australia Community Resource Centre Network by consulting with our member Community Resource Centres and other stakeholders.
- To develop partnerships with other organisations, businesses and government to further promote, support and develop regional Community Resource Centres.³¹⁷

Despite these laudable objectives, the Trust saw little evidence of the AWACRC successfully tackling these objectives, a view which was further supported by the high level of involvement in these areas by RDL. Achieving such objectives will require better resourcing of AWACRC.

By their admission the AWACRC is:

[AWACRC] Hampered by insufficient membership funds to employ suitable staff to get projects happening effectively and source alternative sources of income. ... The AWACRC needs operational funding to get projects up and running across the WACRN to support and enhance the common outcomes of AWACRC, WACRN and RDL.³¹⁸

It would seem to the Trust that the importance of having an effective peak body makes it imperative that the RDL and the AWACRC engage in frank dialogue as to where the organisation is at (and intends to be) and what is required to move it forward to achieve its objectives. Based on the current situation, it seems likely that RDL will have to assist AWACRC in determining and finding the resources it will need – and then provide resources and support accordingly.

317 AWACRC website <http://www.awacrc.org.au>

318 AWACRC submission, page 1

12.3 Marketing and branding of the Network

Effective branding and marketing of the CRCs is a precondition of RforR funding, although it is inadequately executed. It has not been done to commercial standards. Getting value for RforR money requires maximising patronage. It does not help at all if location, signage, websites, and marketing are weak.

Submissions and consultations suggested that the marketing and branding of the Network is contributing to public perceptions that the CRC network is in fact a government organisation, rather than an independent organisation.

The aggressive co-branding of the CRC logo with the RDL and RforR logos seem to condition some clients to a perception that CRCs are in fact an arm of government, rather than an independent business. As such, clients develop an expectation of discounted or free services when utilising the CRC.

The heavy co-branding of the CRC logo with the RDL and RforR logos needs to be re-evaluated by RDL. This high visibility linkage impacts on the perception of the CRC Network and impedes the Network's ability to move into the space of an independent business.

Other organisations that receive significant funding through RDL (such as CLGs through the CLGF) are not required to meet the same heavy co-branding requirements as CRCs, which verge on being over-zealous.

Further compounding the issue of branding is the inconsistent manner in which it is utilised. During the Trust's visits to 20 CRC sites as part of the consultation process (and observing a number of others), note was made of the branding and promotion of the CRCs on a local level.

Logos were not used in a consistent manner, with visibility from the road not always taken into consideration. Although all centres used the logo, the signs were not of a consistent quality or design and did not always enhance the concept of a 'network', as each centre has developed its own signage.

Directional signage was often poor. On two occasions where the Trust members were unfamiliar with the location and had to rely on signage to locate the CRC, they were forced to 'give up' after a protracted period of driving around the communities looking for any directional signage, and resort to using the navigation feature on a phone.

Whilst locals may be well aware of the centre's location, the absence of effective directional signage impacts upon the number of visitors likely to locate the centre.

It was also noted that it was possible to still see 'Telecentre' finger-signs on street corners as well as Telecentre signs on a small number of centres that had not yet removed 'Telecentre' signs from their buildings. As the transition to CRCs was finalised three years ago, it is surprising that these details have not been attended to.

Whilst many CRCs develop their own advertising material to promote services and events, there is not a consistent level of professionalism across the Network. Some newsletters and promotional material was of a high standard and reflected the individual CRC's perception of itself as a business entity. Other material was poorly designed and produced, reinforcing community perceptions of the 'non-professional' status of the organisation.

In some instances staff do not have a business attitude to marketing and are unaware that an inability or lack of capacity to develop effective marketing and promotional materials of a professional standard means less business.

Modern communication is very heavily oriented to electronic means. It is essential that the Network is highly conscious of performance in this area. CRC websites are of a variable standard. The PDC observes that:

[PDC] A suggestion is for community resource centres to provide easy to find, credible information on their websites, and although a template is provided by the Directorate [RDL], the information at times is sketchy and uninformed.³¹⁹

While CRCs do have a uniform template for their websites (provided through RDL at the crc.net.au domain) the level of content and consistency is highly varied.

A potential client accessing a number of different CRC's websites would be unlikely to develop an awareness of a consistent level of professionalism and competence, as websites vary from highly professional well developed sites, to informal and poorly worded sites with out-dated information and mediocre photos, to websites with virtually no information beyond contact details.

If the Network is truly a network, then more attention needs to be given to consistently presenting CRCs at a professional standard and this certainly includes their websites.

Further complicating the website issue is the operation of 'parallel sites' run by the CRC. The Trust noted at least two centres that seemed to have two sites and the ones at the crc.net.au domain had less information than at the 'non-standard' domain (in fact, in the case of one of the centres, its 'non-standard' domain had its current physical address, whereas the crc.net.au site had the old premises listed as the location, even though they had left there nearly 6 months earlier). This further highlights the fragmentation of the Network, with individual CRCs' actions detracting from the strength of the brand as a whole.

During consultation, the Trust was made aware of how other CRCs managed the content on their town's Community Geographic Domain Names (CGDNs). CGDNs are domain names based around an intuitive, locality-based address using the formula www.townname.state.au, for example www.broome.wa.au or www.denmark.wa.au

Any community group, which is a not-for-profit legal entity or a special committee of local council and broadly representative of the local community, can apply for the domain. Also available is a 'website in a box' to allow non-technical community groups to easily and economically set up their site.³²⁰

The three 'CGDN sites' the Trust was advised of (Broome, Denmark and Augusta) seem to be utilised effectively to communicate information with the local community. Denmark CRC's use of the website was primarily as a community calendar, whereas Broome and Augusta had a more extensively developed site, including a searchable business database.

319 Peel Development Commission submission, page 1.

320 Community Geographic Domain Names <http://www.cgdn.org.au>

The Trust was pleased with the level of entrepreneurial and community focused thinking demonstrated with the Broome CRC who had developed the domain site as an additional income stream (albeit a small one but with potential to develop).

CRCs themselves also need to take more responsibility for ensuring their branding and marketing is implemented to a professional standard. If CRCs are not-for-profit businesses, then it is imperative that they present themselves in a business-like fashion.

It seems likely that most centres would need significant support in developing more effective marketing and promotion strategies and materials. The Trust notes that the CDD has developed a range of marketing and promotion support materials, which are available to CRCs, but it is suggested that further support is needed from RDL or AWACRC to assist them in implementing effective marketing strategies. Greater assistance needs to be provided with regards to the development of appropriate website content.

RDL will need to consider whether this is an appropriate function for them to carry out, as a means of ensuring greater patronage, and therefore securing a better return on RforR funding, or whether it should be an AWACRC function.

12.4 Accounting standards and systems

The Review was interested to learn about the accounting standards and systems in CRCs because the expenditure, performance, and governance of the CRC program is materially affected by the CRCs' accounting standards and systems.

Among other things, assessing performance and outcomes for the CRCs would be greatly assisted by a common system for comparability of organisations. Common systems do not exist.

There are basic building blocks to any effective accounting system for a significant organisation:

- The applicable accounting standards that determine the content of the financial statements, and the applicable audit standards that validate them;
- A chart of accounts that support the information lying behind a) the financial statements, and b) the management reporting system;
- A consequent set of manual or computerised accounting ledgers;
- An effective audit process, both internal and external, preferably covering both financial and performance audits;
- A data system linked to the financial system that facilitates planning, budgeting, performance reporting, risk management, asset management, and procurement; and
- Suitably skilled and knowledgeable permanent staff.³²¹

321 See the Western Australian Regional Development Trust's Review of the Royalties for Regions Country Local Government Fund January 2012, page 163.

The Economic Audit took an interest in standardised systems for the community sector:

[EAC] Specifically, the Committee recommends that agencies revisit the way they manage service agreements, facilitated by the development of centralised systems and support mechanisms, including:

... a standard chart of accounts (SCOA) for community sector financial reporting. Work on a SCOA has already advanced under the Human Services Industry Taskforce and the COAG Business Regulation and Competition Working Group ... [Recommendation 14 Milestones] Implement a Standard Chart of Accounts for community sector financial reporting [June 2010] ...³²²

The CRC network has no sector specific accounting manual. Outside of complying with Australian Accounting Standards and the *Associations Incorporations Act 1987 (WA)*, the only other key obligations CRCs have in relation to accounting is a requirement under their FAA with RDL to have an annual audit completed of their financials, which is submitted to RDL for further analysis.

In relation to compliance with these requirements, RDL notes:

[RDL] While the requirements are not onerous, where committees have limited experience, understanding or capacity, there is resistance to comply with all the basic legislative requirements.³²³

CRCs are not complex organisations and advanced accounting skills and systems are not needed. Nevertheless, consultations and site visits made it apparent that while CRCs often had an adequate grasp of their financials, many CRCs had only a basic grasp of accounting practices and principles.

Many CRCs had therefore availed themselves of the services of a bookkeeper but sometimes this person also only had basic skills and limited experience.

It was also clear that CRCs did not have a consistent understanding of how to set up an effective accounting system, nor how to undertake annual or longer term budgeting.

322 *Putting the Public First – Partnering with the Community and Business to Deliver outcomes*, Economic Audit Committee, Final Report, October 2009, pages 69-70.

323 RDL submission, page 26.

In relation to government's role in ensuring effective financial management systems are put in place by service providers receiving public funds, the Delivering Community Services in Partnership Policy 2011 stipulates that:

[DPC] Public Authorities have a role in developing the capacity of the community sector to meet the needs of the community. For their part, service providers need to recognise that they have a duty of due diligence in the deployment of public funds. There are two important elements to this.

Firstly, it involves the parties recognising that they are accountable to each other and to the stakeholders and service users they serve. Having said that, it is nevertheless important that accountability requirements placed on the funded service providers are relevant, achievable and consistent, and to that end, Public Authorities will work together to achieve greater consistency of approach to practice. Public Authorities are expected to adopt consistent accountability requirements that flow from the standardised documentation, and structure the content to meet these aims.

The second aspect, corporate governance, relates to community sector capacity building. ... It is in the interests of Public Authorities, service providers and service users that Organisations large and small are well managed, deliver effective and efficient services, commit to continuous improvement and exercise appropriate stewardship of public monies.³²⁴

It would be important for RDL and/or the AWACRC to investigate whether it would be valuable to develop an accounting manual or system for the Network to improve consistency. It would also be valuable for further training around financial management and performance measurement to be made available.

CRCs also need to accept responsibility for the development of this area of their business. As a business it is imperative to know what the organisation's financial position is, what its financial and performance goals are, have strategies in place to achieve them, and measures in place to identify when they have been achieved, and to what level and effect.

324 Department of Premier and Cabinet – Delivering Community Services in Partnership Policy 2011, pages 13-14.

Chapter 13: Trust Views and Conclusions

13.1 Introduction

Earlier chapters have addressed the history of over two decades of government support for the first-generation Telecentres and their successor second-generation Community Resource Centres, and each of the terms of reference. This chapter captures the Trust's views and conclusions as a result of the Review.

CRCs are distinguished as either belonging to the large RDL sponsored and supported³²⁵ and RforR funded³²⁶ Western Australian Community Resource Network, or as being part of a small group of Resource Centres that are not RDL sponsored and that are not RforR funded.

Despite always being sustained by government funding, Telecentres and their successor CRCs were not centrally planned; to a large degree their siting was determined locally.

There are very large networks that deliver specific services to regional WA, such as post offices, police stations, libraries, schools and health facilities, but with respect to general community services there are only two large networks.

Although there is a very great difference between the two in terms of capacity, responsibilities, assets, and budgets, nevertheless, after country local government, the CRC network of premises, technology and people is the only other large network in regional WA.

At the time of the Review there were 115 Network CRCs in the nine regions of country WA, 109 of them operating. Not every country local government area had a CRC within its boundaries. 29 (27%) of the 109 CLGs do not have CRCs within their boundaries.

In rounded figures, in five years to June 2013 RDL and RforR have invested \$51 million in the non-government not-for-profit CRC network, and over the next three years expects to invest a further \$45 million.

This review was motivated by the Minister's need to appraise the outcomes from this funding, and a need to assess the future potential of CRCs.

In terms of the future, the potential plainly lies with a next (third) generation of CRCs which must see CRCs engaged more strongly in the regional development space, with a focus on community, economic and business development outcomes, and with a clear role in providing increased and broader access to, and in many instances delivery of, government services.

The introduction to the eight sections in the terms of reference for this review of CRCs establishes the overall intention of the Review. It asked the Trust to assess the Network's:

... current and potential contribution to regional service delivery and regional development in Western Australia.

325 RDL's Community Development Division is responsible for providing support to the CRC network through the provision of funding, training, capacity building activities and support for CRC management committees and staff.

326 *The Royalties for Regions Act 2009* establishes the Royalties for Regions Fund, and the Regional Community Services Fund (RCSF) is a subsidiary account of that Fund. The RforR funding of the CRC network is drawn from the RCSF.

This assessment requirement is primarily expanded on in terms of reference 1, 2, 3 and 6 and that assessment then informs three threshold questions that the Trust must answer:

- Have CRCs contributed to regional service delivery and regional development?
- Is there a continuing need for the CRC network?
- If there is a continuing need for the CRC network, with what funding arrangements?

The third of these threshold questions adds terms of reference 5 to the mix.

Terms of reference items 2, 3, 4, 5, 7 and 8 all pick up matters that will improve CRC performance and viability.

Pulling all that together, in this chapter the Review will address four key questions:

- Should government support the CRC network?
- What contribution do and can CRCs make to the regions?
- How should CRCs be funded?
- What will deliver the best outcomes?

13.2 Should government support the CRC network?

The question of whether the State government should support the CRC network should be influenced by four views: an RforR view; an overall WA State Government view; a view that will be taken by individual Commonwealth and State agencies, and by country local governments; and a view on 'social capital'.

13.2.1 Should RforR support the CRC network?³²⁷

RDL states that:

CRCs were established for a purpose and their distribution should reflect that purpose. ... Key Outcomes ... are:

- To build the capacity of the local community
- To deliver services and information on behalf of government and other agencies relevant to local needs
- To develop partnerships and negotiate business opportunities for the benefit of the local community
- Increase the profile of the CRC and the Network
- Develop and maintain high standards of management and governance.³²⁸

327 Some of the material in this section of the chapter can also be found in the Western Australian Regional Development Trust's Review of the Royalties for Regions Country Local Government Fund January 2012, pages 184 onwards.

328 RDL submission, page 15.

Nowhere in these key outcomes does RDL refer directly to the object of RforR, which is the economic business and social development of regional WA, although aspects of these RDL CRC outcomes do relate to the object of the Act.

RDL has recognised that alignment with the Act is implied but not stated as a present feature of RforR funding, and has recommended that the Trust consider whether RforR funding should be allocated to CRCs on the basis of economic business and social development outcomes being required.³²⁹

All CRCs are likely to be doing good things in and for their community. However, the question for the Minister is not whether these independent not-for-profit non-government organisations are adding value to their community, which in the great majority they are, but whether they should qualify for funding by RforR under the Act.

The Trust has often stated in matters of RforR that funding must accord with the object of the Act. That means that RforR cannot provide funding to CRCs unless overall that object is met in a meaningful manner.

The RforR funding for CRCs is drawn from the RforR subsidiary account, the RCSF.

The Act sets up the Royalties for Regions Fund. Section 5(1) of the Act describes the subsidiary accounts of the Fund and s5(1)(b) constitutes the RCSF:

5(1) The Fund is to consist of the following subsidiary accounts-

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

The purpose of the Fund and its subsidiary fund the RCSF is dictated and determined firstly by the object of the Act, and secondly by a prescribed application.

Section 4 of the Act states that:

The object of this Act is to promote and facilitate economic, business and social development in regional Western Australia through the operation of the Fund.

Section 9(1) of the Act states that the application of the Fund will be:

... for the following purposes -

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

329 RDL submission, page 19.

These are broad prescriptions. Nevertheless, they are prescriptions. Any funding from RforR therefore requires a direct line of sight to the purposes of the legislation.

Overall, the purpose of the Act is that the Fund must promote and facilitate economic, business and social development in regional WA.

The Act does not define what the word 'development' means. Since 'development' is not defined in the Act, the broadest definition of 'development' would be that development is intended to broaden deepen promote and facilitate the economic and social well-being of regional WA in aggregate.

Practically, this can only be done by providing the services and amenities necessary for a productive and fulfilled society; by maintaining sustainable jobs and economic activity in the regions; and by providing additional sustainable jobs and economic activity in specific local and regional areas; in so doing raising the prospects, standard of living and wealth of individuals communities and the regions³³⁰ overall.

The large object of the Act and its necessarily broad interpretation does not imply that 'anything goes'. To assess whether regional development has been achieved requires performance standards to be set and the ability to measure outcomes.

There is also an inbuilt public-sector obligation on RforR to be accountable and transparent, to get value for money, and to achieve the significant outcomes intended by the Act and its originating policy.

As a constituent part of the RforR Fund therefore, RCSF investment must promote facilitate or support the existing economic and social base and significant and sustainable development and growth in WA country towns and cities and in WA's rural areas.

Because the Fund, and therefore the RCSF, is governed by the object of the Act (s4), the RCSF and within it the CRCs must contribute to regional economic business and social development.

The consequence of this conclusion is that to be RforR funded in future, CRCs have to have development prospects and projects with any or all of economic business and social development outcomes, and they have to meet some, but certainly not all, of the prescriptions in section 9(1) of the Act.

On the face of it, CRCs do meet the prescriptions of the Act because of their function and role. Further, by their very name and function, community resource centres are appropriately placed within RforR's RCSF.

The question is whether CRCs do or will contribute to regional development in the manner required under the Act, and if they do, whether they do so in sufficient of a meaningful or significant manner to attract RforR funding of this quantum, which otherwise could be directed elsewhere.

In Chapter 7, the Trust came to the view that overall, submissions, consultation and regional visits incline the Trust to the view that the Network's contribution to economic and business regional development and/or community development varies. This variation, depending on the CRC, is on a spectrum from negligible to minor to modest.

330 There are nine defined regions in Western Australia established by the *Regional Development Commissions Act 1993*. These are the Gascoyne, Goldfields-Esperance, Great Southern, Kimberley, Mid West, Peel, Pilbara, South West and Wheatbelt regions.

It is a different matter with respect to social development, where the Network's contribution to social regional development and/or community development varies, depending on the CRC, on a spectrum from negligible to modest to significant.

In some cases the evidence is that some CRCs have made a consistent and sustained difference to the communities in which they are situated.

In summary, on this judgment the case for the past funding of the CRC network for RforR purposes is made, primarily because of the CRCs' social contribution. With strong competing claims for RforR funds, the case for continued funding will be assisted by improving performance.

From the earlier chapters, the evidence is that the potential for much better performance is apparent, and if that better performance occurs over the 2013-2016 budget cycle, then CRCs will have a good case for securing RforR funding over the following 2017-2020 budget cycle.

While the findings and recommendations of the Review are being addressed, the work of the CRC network will go on. It is important that the Network is disrupted as little as possible until all the necessary changes are in place and their implementation can be well-managed.

The Trust recommends that no material change in CRC allocation systems (unless generally welcomed by the Network) occur earlier than 1 July 2014, to allow present CRC budgets, plans and projects to be realised.

Recommendation 1

The Trust recommends that the Minister, subject to Recommendation 2:

- Does not commence any material changes to the RforR funded CRC program until 1 July 2014 (unless earlier changes are generally welcomed by the Network);
- Continue the CRC program at least at currently proposed budget levels for 2013-14;
- After any reforms, give certainty to the Network by assuring RforR funding over the 2013-2016 budget cycle; and
- That the effect of changes to the CRC program arising from this Review be assessed at any time prior to the 2017 budget round.

13.2.2 Should the WA State Government support the CRC network?

There are two responses needed to the question of whether the WA State Government should support the CRC network. First is a policy response, and second is a mechanism response, namely which agency should be the chosen agency or agencies for carrying out that policy.

With respect to policy, without quoting extensively from the Economic Audit report and other announcements, as stated in Chapter 4 it is quite apparent that it is the declared ambition of WA's Government to support a much upgraded use of the community sector to deliver services to the community.

This ambition was spelt out by the Government's Economic Audit team. Recommendation 12 of *Putting the Public First*, the WA report developed by the Economic Audit Committee in 2009, advised that government should move to:

Negotiate with the community sector a set of principles to facilitate the government/community sector partnership in delivering human services in order to:

- a) build trust;
- b) foster collaboration;
- c) drive social innovation; and
- d) ensure sustainable service delivery.³³¹

The Economic Audit report wrote:

The public sector will increasingly act as a facilitator of services, rather than a direct provider, with all areas of service delivery opened up to competition. ... An increasing number of Western Australia's community sector organisations will have the opportunity to develop as social enterprises,³³² run along business lines and become financially sustainable. ... The outsourcing of government delivery to community based, not-for-profit organisations should be significantly expanded, while the administrative dead weight costs that often reduce its potential benefits should be removed.³³³

Although state government has accepted this clear advice to better utilise not-for-profits to facilitate more effective and sustainable service delivery, and has invested policy and budget resources in its realisation, there has been no attempt to drive this process through CRCs.

There is no coordinated and certainly no planned approach by government as a whole, to utilise the CRC network across all relevant agencies for government service delivery, even though the intent of the Network is specifically to fulfil this purpose.³³⁴

This is surprising, when it is apparent that (outside of local government) the 109 strong CRC network is the next biggest non-government regional network available for the purposes spelt out in the Economic Audit.

As WA's Government supports a much upgraded use of the community sector, should it include the CRCs in that ambition, how would CRCs fit into the policy, and what should be the chosen agency or agencies for carrying out that policy?

It is quite apparent that fitting the CRCs into that policy has not occurred. It needs to, but it will require an accompanying increase in the Network's human and physical capacity.

331 Economic Audit Report - *Putting the Public First – Partnering with the Community and Business to Deliver outcomes*, Economic Audit Committee, Final Report, October 2009, page vi.

332 See Recommendation 16 Economic Audit Report, page vii.

333 Economic Audit Report, pages 1 and 47.

334 There is a Funding and Contracting Unit within WA's Department of Finance whose role is to oversee the implementation of the Governments *Delivering Community Services in Partnership Policy*.

There does need to be a lead agency in such matters. With respect to the CRCs their nature and function means two departments could fit the bill – Local Government and Communities, and Regional Development.

The Trust supports the lead agency remaining RDL, because the CRCs are regional and fall into the policy fields that RDL has responsibility for. RDL also now has great experience in and understanding of the Network, and useful expertise in dealing with it.

With respect to the RDL and RforR, any government policy can be a secondary part of the purpose of the RCSF, provided that policy is in accord with the Act, and provided the Minister and then the Cabinet agree to RforR expenditure on that policy.

On these terms, increased government service delivery in the regions through CRCs would be a valid use of RforR RCSF funds.

With respect to the current CRC program, a broader government objective encouraged by the EAC report, namely the promotion of subsidiarity (the principle encouraging local decision-making), is supported by government.

The promotion of the subsidiarity principle does not conflict with s4 and s9(1) of the Act, and indeed is intended to enhance regional development outcomes and to enhance the development of human capacity in the regions.

In advice elsewhere to RDL and the Minister, the Trust has recommended the adoption of other Economic Audit objectives in RforR, such as an outcomes-based approach, the advancement of productivity, and more regional decision-making as well as regional service delivery. These clearly comply with the purpose of the Act.

A further policy consideration relates to Aboriginal communities. There are specific particular and special needs relating to government service delivery in rural and remote areas populated by Aboriginal communities.

There are also ongoing Commonwealth-State negotiations over the transfer of responsibility for the provision of municipal services to remote Aboriginal communities.³³⁵

State and Commonwealth Governments had previously agreed to work towards the increased involvement of local governments in providing normalised municipal services to Aboriginal communities in Western Australia from 1 July 2012 (existing Council of Australian Governments' National Partnership Agreements).

The National Principles for Investment in Remote Locations state:

Remote Indigenous communities and remote communities with significant Indigenous populations are entitled to standards of services and infrastructure broadly comparable with that in non-Indigenous communities of similar size, location and need, elsewhere in Australia.

RDL has previously advised the Trust that there are 248 Aboriginal communities in 22 local government areas across 5 regions of WA and that under current Commonwealth, State and local government funding arrangements most of these Aboriginal communities receive relatively few, if any, local government services.

335 See also the Western Australian Regional Development Trust's Review of the Royalties for Regions Country Local Government Fund January 2012, pages 203-204.

Of the 109 CRCs funded by RforR across regional WA; RDL advises that 28 of them are sited “in remote regions”.

The question is whether some existing CRCs or new CRCs could be used in a larger role for these communities in selected circumstances where the relevant local government would be supportive, and where the CRC premises, staff and funding allow this to happen.

The Trust sought advice from the WA Government’s Aboriginal Affairs Co-ordinating Committee (AACC), who responded in part:

... currently there are varying degrees of service delivery across the CRCs ... It should be ensured that the scope of government services delivered by the CRC’s are aligned to the social and economic demands of the community e.g. licencing, birth and death registration, Centrelink and online banking. ... there are several key activities that will leverage the economic and social participation of Aboriginal people. In particular:

- i) Further integrate the delivery of employment and training services/programs for Aboriginal people including:
 - work readiness and up-skilling in order to transition into employment ...
 - literacy and numeracy programs for community members, particularly ... adults.
 - business and governance training to improve the ability for Aboriginal people to participate in the delivery of services.
- ii) Delivery of health, community and life skill programs/services to improve the healthy lifestyle for Aboriginal people within regional and remote Western Australia.

In considering the above, ... in order to improve the effectiveness and appropriateness of service delivery to Aboriginal people through the CRCs:

- i) Scoping of services: appropriate consultation with community members should be undertaken to identify the services required. ... [ensure] that an appropriate scoping of services is undertaken to reduce duplication and improve comprehensiveness of service. Where services may not be economically viable ... consideration should be given to establishing a mobile CRC or rotational service delivery across multiple locations.
- ii) Service delivery: increasing ... Aboriginal people engaged by CRCs as either employees or service providers ...
- iii) Co-location of services: co-locating the CRC with other key services within regional and remote locations will increase the holistic and streamlined processing and access to government and key non-government services. This will reduce the barriers ... such as traveling long distances without appropriate transport, limited communication and transition between complementary services. Where a CRC is not currently situated in a key regional or remote location ... consideration should be given to establishing satellite CRC s (i.e. core service delivery) with similar service deliverers within the location (e.g. library, Community office).³³⁶

Recommendation 2

1. The Trust recommends that the Minister and Premier, taking into account the report of the Economic Audit Committee, and taking into account evidence to the Review and the Trust's findings, take steps to identify:
 - a) what role CRCs should play in enabling regional development through:
 - i. enhancing access to, and delivering, government services; and
 - ii. building human capacity to support local development initiatives.
 - b) how government policy should be adjusted to support these roles.
2. Further, the Trust recommends that RDL continue to be the lead agency in delivering the CRC program, and in so doing investing RforR funds.

Recommendation 3

The Trust recommends that the Minister, the Minister for Aboriginal Affairs, the Minister for Local Government and Communities, and the Premier, taking into account evidence to the Review and the Trust's findings, over and above the matters identified in Recommendation 2:

- identify what additional support role CRCs could and should play in enhanced government service delivery for indigenous and non-indigenous remote communities; and,
- what government support and resources should be provided with respect to those CRC premises (including consideration of fixed, mobile, satellite and hub and spoke CRC models), staff, governance and funding.

13.2.3 Commonwealth, State agencies, local government and the CRC network

As discussed in Chapter 5, in general there is widespread delivery of selected State and Federal Government services, with 90% of CRCs offering at least one service for this level of government.

Delivery of services for local government is less prevalent, with 56% of CRCs offering at least one service on behalf of their CLG.

However, there is not a significant spread of federal state and local government services at most CRCs, with individual CRCs usually offering one or two contracted services, rather than a significant range.

Therefore, while the level of service provision is wide, in that most CRCs offer at least one State or Federal Government service and many CRCs offer at least one CLG service, it is not deep.

CRCs and CLGs need to be working more in partnership. The most effective CRCs very often have a positive relationship with their CLG.

This relationship typically relies upon a common understanding and respect in relation to roles and responsibilities, and upon there being a financial relationship, as well as a mutual public acknowledgement of the positive nature of the relationship.

There are significant opportunities for CRCs and CLGs to develop a more enmeshed relationship for the benefit of both organisations, as well as the local communities.

In instances where the CLG does not have a physical presence or when the CLG would find it more cost effective and appropriate to outsource a service, CRCs would seem well placed to undertake many non-core CLG functions.

A number of CRCs already offer CLG services such as library services, rates and dog licence payments, and community information, on a fee-for-service arrangement.

There is scope for greater CLG service delivery by CRCs; examples, some of which are already taking place in some locations, include:

- 'front office' service delivery (payment processing and information provision), especially where the CLG does not have a physical presence in the community;
- provision of fee-for-service roles in community development, club development, economic development, events management and facilities management;
- provision of contractual support services on an 'as needs' basis to support CLG staff in the implementation of community development, club development, economic development, events management and facilities management;
- provision of a community liaison service for the CLG – sourcing information and opinion from the local community to feed back to the CLG, as well as disseminating information from the CLG and building community understanding and appreciation of CLG projects and projects.

If CLGs and CRCs were to become more effectively intertwined, their planning and activities will need to be complementary and compatible, with common goals identified for the growth and development of their community.

The potential for CRCs in the government service delivery space could be significant. For this potential to be reached as a Network, it is important that:

- Relationships between the Network as a whole and government agencies are developed and strengthened.
- Relationships between individual CRCs and CLGs are fostered, with support provided by RDL and/or AWACRC where there are challenges.
- Synchronisation of delivery modes across government agencies to minimise incompatibilities with technological infrastructure.
- Communication across Commonwealth and State government agencies to avoid duplication of services to regional and remote locations.

There is also an opportunity for CRCs to fill gaps in presence and service for CLGs. The Trust considers there to be two examples of what may be regarded as a 'blended CLG/CRC model', but there may be others.

The first example relates to the possible amalgamation of some CLGs. Inevitably that will result in the rationalisation of CLG premises and staff. In those CLGs where the previous CLG administration presence may be lost, it may be appropriate for the local CRC to become the new CLG's shop-front in that settlement.

The second example is in remote indigenous areas, where (as is discussed elsewhere in this Review) local government service delivery is weak, and the CLG would benefit from the CRC taking payments for CLG charges, and providing essential CLG information and services.

As things stand, a view as to what extent the CRC network will continue to be used to deliver government services will be taken by individual Commonwealth agencies, individual State agencies, and individual local governments.

Such a view could be much better assisted than at present by RDL and/or AWACRC acting as a broker, coordinator and facilitator in that regard.

This situation exposes a core weakness in the CRC network – a failure to date by RDL and/or AWACRC to energise and facilitate the comprehensive take-up of Network service delivery by government agencies.

Individual CRCs are not equipped and are never going to be equipped to negotiate Network-wide contracts.

However, RDL and/or AWACRC's role in such activity in future will be affected by the WA Government's response to Recommendation 2, and other Review recommendations.

Local government's views on and relations with CRCs is far from consistent. While at one end 25 of the 109 operational CRCs are run by independent Aboriginal corporations or local governments, at the other end 29 CLGs have no CRCs at all within their boundaries.

Some CRCs are dependent on local government, but the relationship is not as productive as it might be. Other CRCs are both dependent and have a productive relationship. Some CRCs find local government an impediment in their lives, others find them simply neutral, others very helpful indeed.

While it is not possible to solve these issues – relationship-building is after all a local matter – it is possible to provide a better framework for the CRC/local government relationship to be respected and to become more productive.

That framework requires RDL, AWACRC, and WALGA to sit down together and work out a practical way forward. The Trust believes that items for consideration should include:

- Local government planning including CRCs in its scope, particularly as part of integrated community hubs or community precincts (a SuperTowns alignment is an obvious priority)
- Local government and Network support for improving the prospects for selected CRCs, opening up RforR-backed new CRCs in unrepresented areas
- What should be done with or for poorly performing CRCs.

Arising from the submissions and consultation, it is the Trust's view that within RDL itself, and within the Regional Development Commissions, the CRCs are not appropriately integrated into the planning that surrounds regional development in general, and specific programs like SuperTowns and Pilbara City in particular.

Recommendation 4

That the Minister task RDL to take into account evidence to the Review and the Trust's findings, and then consult with the Department of Local Government and Communities, RDCo, WALGA, AWACRC, and any other relevant bodies to prepare a plan for the Minister's approval which will better integrate the CRC network into local government and RforR programs and plans, including specific consideration of whether local governments might work in partnership with RDL to establish CRCs in those parts of Western Australia where CRCs are currently under-represented.

13.2.4 Social capital

Important threshold questions are assisted by an understanding of social capital:

- What is the point of the Network?
- Is there an unmet need?
- If CRCs disappear, what would be lost?

These are important questions. It is therefore critical that they are not only answered within the construct of the services and financial capital outcomes the CRC organisations create, but to answer these questions within the construct of the social capital that the CRCs create, both collectively and as individual not-for-profits within their local community context.

The broader context within which many if not all of the CRCs operate is that they are located and operating within communities that are subject to change processes, which greatly affect the livelihoods, wealth and health of their places. The health and wealth of localities in turn affect the financial and social capacity of the regions in which they are located.

RforR's core goal is to improve the financial and social well-being of regions. Hence the capacity of local community organisations such as CRCs to impact the capacity of a local community to manage change, can directly impact the economic and social outcomes for a region.

The CRC network is a core mechanism by which RforR investment can impact the capacity of local communities' ability to manage change, and by doing that impact regional development outcomes.

Kilpatrick and Falk³³⁷ outline the meaning of social capital:

There is a large body of research into social capital, much of which examines outcomes for families, communities, regions or nations. The research attempts to establish a link between the quality of the outcomes and the networks and levels of trust that can be observed. It is clear from this work that networks and trust are significant components of social capital. Networks and trust are operationalized in interactions between people. Put another way, social capital is embedded in relationships between people.

Social capital however is not restricted to the knowledge available within a community. External interactions are essential if communities are to adapt and change. A community which has access to knowledge and resources from a broader society has a wider pool of social capital upon which to draw, and potentially better outcomes. This also prevents communities perpetuating local prejudices and other anti-social values.

A key component or infrastructure of community level social capital is 'relational networks'. They include formal or informal groups within a community or organisation, and networks that extend beyond the boundaries of the community or organisation.

In regional Australia, networks have been shown to be very important in supporting an interest in learning. Networks such as the WA Grower Group network of organisations, that support farming businesses to manage more profitably, are centres of learning and an extension for a community of interest.

In the same way, the CRC network has built an interest in learning in communities and built participation in training activities.

The community is not just learning new skills in these group learning formats, they are learning together and building social capital. This then should build a culture of enquiry and thirst for knowledge that helps the local community to grow its self-awareness, its capacity to work together, and its ownership over the issues/challenges that impact its well-being.

This is often described as 'transformational learning' by academics, and is usually embedded or generated by a network or community of interest as the basic underlying architecture.

This understanding contributes to an answer to the question 'what is the point of the Network'. The answer to the question has a functional dimension and is easily answered by pointing to the potential of the Network to provide access and service delivery for government.

That is very important, as the CRC network is based in many communities where access or service delivery from Government is non-existent, or only available on the end of a telephone. The cost of accessing services is prohibitive for many people within more rural and remote communities so the CRC does become a vital link between individuals and government.

337 *Benefits for All; How learning for farming can build social capital in communities*; Sue Kilpatrick and Ian Falk, Centre for Research and Learning in Regional Australia, University of Tasmania; Paper D6/1999 in the *CRLRA Discussion Paper Series*.

However the question 'what is the point of the Network' has another important dimension. The point of the Network is that it is fundamental social infrastructure that enables local communities to build their capacity. The CRCs collectively provide the space and place to generate a culture of transformational learning within communities, which is the foundational investment in building capacity to manage change.

The CRCs also have a key advantage that they provide their local community, and that is an external link that crosses the boundary of the community. This ensures that community level social capital interacts with societal level social capital.

They are therefore a key link between the local community and government objectives at a regional level. Superior regional development outcomes can be generated by leveraging the social capital within the local community level, and the CRC network can be a key network to achieve that.

The answer to the question 'what would be lost' is therefore abundantly clear. An investment would be lost, and that investment is a solid foundation upon which regional/local development links can be built. It is not the only local network, and that should be acknowledged, but it is the best positioned in common core values, vision, mission and key goals to be the link to local development capacity and agendas.

Already there are some very positive examples of the added value and leveraged outcomes that can be achieved when the CRC is seen as a competent local partner in regional development outcomes.

The skills set that can be built within CRCs to further develop this link and capacity, is able to be learnt. This has been demonstrated in hundreds of different community development and building programs run across Australia over many decades. Where the capacity does not yet exist, it can be built; where it exists, it can be enhanced; where it has eroded, it can be rebuilt.

A 2001 Commonwealth report³³⁸ wrote of the link to managing change:

In 1999 the then Deputy Prime Minister, Mr John Anderson asked "what is that makes some regional, rural and remote communities 'work' while others struggle?" and "how can government support communities". The Minister asked the Regional Women's Advisory Council to identify and advise on the characteristics of communities that successfully deal with change. The Council commissioned an action research project in 2000-01 to answer these questions. The project occurred in seven diverse communities across Australia and in six states of Australia.

The major finding of the study was that the way people feel about their communities makes the largest direct contribution to ratings of success at managing change. In essence, positive feelings helped to create a sense of community which lead to success. They positively spiral upwards together to produce more success. The only other factor that made an additional contribution to success was trust. The statistical analyses found that the factors that made the greatest contribution to 'positive feelings' are volunteering and a set of factors that lead to more ideal communities.

338 *The Success Factors, managing change in regional and rural Australia*; 2001 Report commissioned by the Regional Women's Advisory Council, Commonwealth Department of Transport and Regional Services.

Those ideals were identified as:

- A sense of belonging
- Caring for and cultivating growth
- Doing good for all people
- Appreciating beauty and the natural environment.

The factors that generated the ideals were:

- Working in responsible, democratic groups
- Trust and an environment that encourages this trust
- Strong community leaders, and
- Creativity

What this study tells us is that all communities possess the knowledge and resources to work together successfully to deal with change. Their capacity to do so will be affected by the feelings people have towards their community and hence, their participation and willingness to give their resources (time, money, energy) to work together to tackle problems or harness opportunities.

This is a foundational aspect of capacity to manage change. CRCs are key community organisations that both generate volunteerism and help to form a positive feeling toward each local community. They are therefore contributing toward the community's capacity to manage change.

The Review process is not sophisticated enough to analyse or sufficiently understand this impact in WA. However there is more than sufficient evidence in the local interviews, stories and examples that have been given by the CRCs and other government bodies as to the value of the Network, and its contribution to the process of change management.

The Review notes that this capacity can and should be further built and has recommended key investments to achieve that (CRCs need help with capacity building, business modelling and development, community engagement, developing local learning programs, and how to build teams and community).

That then leads to the third question 'is there an unmet need'. The answer is 'yes'. The unmet need is the need to support the capacity of local communities to better manage change, to optimally contribute to regional development and growth. That directly answers the question as to whether the Network contributes towards delivery of RforR outcomes, and the answer is 'yes, it does but it can do more'.

13.3 What contribution do and can CRCs make to the regions?

The Act establishes RforR as a fund for regional development. The Trust is obliged to consider whether the CRC network is a legitimate destination for RforR expenditure in terms of both the object of the Act and the purposes for which monies can be expended (sections 4 and 9(1)).

The Cabinet, the Minister, RDL and the Trust have rightly understood that regional development in the context of the Act does not mean investment in projects which materially affect the whole of one of the nine defined regions of WA.

Local development is a valid constituent part of regional development, so that state-building projects like the Ord expansion sit as well within RforR as does CLG investment in improving town centres.

The determining principle has been that local development must sit within an overall integrated set of projects and programs that in aggregate develop the regions.

The evidence to the Review has been that the contribution CRCs and their predecessor Telecentres have made to their local communities over the last two decades has, in aggregate, been considerable.

There is wide agreement that the essence of the CRC network is its community foundation.

A common sentiment expressed to the Trust is that the CRC network is a vitally important, grass roots, community owned and driven network that provides valuable, wide ranging and diverse services (to various levels of success) through much of the State.

It is considered by many to be a valuable asset which adds to the social fabric, social capital and civil society of remote rural and regional communities.

Submissions and consultations assert that CRCs do play a role in developing regional communities in a social and economic sense at the local level. This role varies from location to location, with some centres playing a significant role, but with some weakly engaged.

RDL's 3-tier segmentation of CRCs is a realistic recognition of the fact that CRCs vary in their capacity to perform. Performance measurement is made more difficult when the services delivered vary between CRCs and different standards of service apply.

It is apparent from the submissions and consultation that the CRCs see themselves as primarily a service network and not as a development network. To be fair to CRCs, while RforR is certainly 'front-of-mind' to them, the Act's emphasis on regional development and the CRCs consequent role in regional development has not been a prominent feature of RDL's interaction with the Network.

Therefore CRCs do not see themselves as contributing to regional development in the large sense of that term, and have seen regional development rather as a local state or federal government function.

However, the fact is that CRCs do contribute to regional development outcomes when providing services such as tourist services or training services.

Based on the submissions and consultation, there is no doubt that many CRCs have contributed to the development of human capacity (primarily through access to services and training) and that they have, in many instances, provided economic development through the provision of services and additional employment.

However, this is not occurring in a strategic or consistent fashion and is largely dependent on the capacity of those operating the individual CRC.

None of the submissions or consultations suggested to the Review that the CRC network should be wound up, or that the CRC network no longer be funded by government or RforR.

Overall the conclusion of the Trust is that there is great value in a well-established experienced community sector network across the regions, particularly given that there are no other comparable regional networks, and particularly given government ambitions for greater service delivery through not-for-profit organisations and networks.

It is true that government does consider networks like chambers of commerce, recreation centres, and CLGs for particular service delivery, but they are either not suited or are opposed to delivering some services that CRCs could provide.

For instance, it is hard to see a regional citizens advice service which collects and updates information on local and government services, clubs, organisations, resources, aids and benefits and that provides information and referral for legal services and mediation services being housed in most country settlements anywhere other than a CRC.

Submissions and consultation did indicate a belief that there is a high level of community support for CRCs, and those state and local government agencies that made submissions gave strong support for the continuation of the CRC network.

Nevertheless, unlike many not-for-profits that do stand on their own two feet, very few CRCs can. Submissions and consultation make it apparent that without continued government funding support, few if any CRCs would be able to continue operating, and certainly not at their current level of service delivery and professionalism.

If CRCs cannot stand on their own two feet, is there really a continuing need for the CRC network?

At one level that is a matter for their communities. In a market sense, a community view is expressed by whether there is sufficient demand. Customer walk-in patronage in CRCs is not that high,³³⁹ but customer use of CRC services is also electronic.

On the financial side of things, the key question is whether there are sufficient paying customers to enable CRCs to pay their own way on a user-pays basis. The answer is that there are not. At the minimum RforR is contributing 50% of CRC gross income.

To alleviate this situation and reduce subsidisation will require increased patronage.

339 See Chapter 5 - as a result of a 2012 CRC survey, RDL found that approximately 49,000 customers (i.e. an average of 22 per CRC per working day) used the CRC network in February 2012, and the CRC network was used by approximately 7.7% of the total regional population of Western Australia. 25% of all customers were seniors, and indigenous customers dominated in the Kimberley and Pilbara.

At another level, whether there is really a continuing need for the CRC network is a matter for the three levels of government, which have an obligation to deliver services efficiently and effectively, including through the non-government sector.

In this case, the key question is whether there are sufficient agencies paying CRCs for service delivery, so that CRCs can earn sufficient income to fund themselves on a user-pays basis. The answer is that presently there are not, and RforR has to subsidise over 50% of CRC operating costs.

To alleviate this situation and reduce subsidisation will require increased agency engagement, which they will only consider if there is sufficient patronage. Their interest will be in outcomes, not in just having a presence.

Whether from the customer demand measure or the government obligation for service delivery, whichever way you look at it, if they cannot be improved, the lowest patronage CRCs may have to close.

To the question what contribution individual CRCs can make to WA's nine mostly vast regions, the answer is a limited one, as opposed to what contribution individual CRCs can make to their locality, which could be significant. On the other hand, in the Wheatbelt the density of CRCs enables them to make a useful contribution to the region as a whole.

If the spread of CRCs is increased, governments and the communities use them more, service delivery is considerably enhanced, and CRCs are included as an integral part of community precinct development in regional WA, then the CRC network can and will realise its potential to contribute significantly to all the regions of country WA.

To achieve that will need significant enhancement and investment, and a change in policy, attention and resourcing.

With regard to the current and potential contribution of the CRC network to regional service delivery, the Network currently has a broad but not a deep impact with respect to government service delivery across much of regional WA.

In addition to the fact that 30% of CLGs have no CRCs at all within their boundaries, the impact and effectiveness of the CRC contribution is not consistent across the state, with the range, depth and quality of services provided varying widely between locations - generally depending upon the local level of capacity to both source the service and implement its delivery.

The Trust considers that the Federal and State governments' sporadic and ad hoc relationship with the Network has been an impediment to the potential of the Network to increase and improve its capacity to deliver services to regional Western Australians. This has been mitigated to a considerable degree by RDL and RforR engagement and resourcing.

It is also important that when it is appropriate the Network is able to engage with government agencies (and other service providers) as a whole, rather than as individuals, to facilitate service delivery through all or a significant number of centres.

In its current stage of development, the CRCs peak body the AWACRC is weakly funded and staffed and does not have the capacity to carry out this role. To move the sector forward as a whole will need an able peak body to represent and negotiate for CRCs.

It seems unlikely that the creation of a much stronger peak body will happen organically. RDL will need to actively engage and assist if this is to happen. Strengthening the Network in this way will only be relevant if good outcomes result for government.

In thinking this through, it may be necessary for RDL to think 'outside the square'. Strengthening the state-wide CRC body adequately to facilitate outcomes may require it to represent other bodies and networks too.

Alternatively such a peak body might benefit from being 'bolted on' to an existing structure like RDCo or WALGA.

As with service delivery, any CRC foray into regional development is presently on an ad hoc basis. If community or regional development is to be a key area where CRCs are to be involved, a more strategic and coherent approach is required.

Once again, if this is to occur, RDL would need to take a lead role in engaging and assisting in CRCs becoming more effective in community development and regional development.

There is valuable advice in the submissions. Submissions indicate that better performance could result from:

- facilitating the development of relationships and joint projects with key regional development organisations;
- providing training packages and programs aimed at developing human capacity that CRCs can implement locally; or
- through the provision of support to develop CRCs capacity to develop business concepts to grow their organisations.

Given that despite weaknesses, the CRC network is the most widespread community and government focused service delivery network outside of local government in regional WA, and given high RforR investment in bringing CRC personnel, facilities and equipment up to the mark, it would be short sighted to cease funding this program if better performance and stronger outcomes are possible.

Ceasing funding the CRC network altogether would result in the loss of the social capital and infrastructure of a well-established and valued Network with the potential to deliver significant government and community services in regional WA.

On the other hand the CRC network should not be left as it is. Capability needs to be lifted across the sector if funding in the medium to longer term is to be assured.

It is important that if RforR funding is to continue to be provided to the Network, that careful consideration is given to:

- Better definition of the role of the Network, on an outcomes-basis;
- Better definition of the role of, and relationships between, the three levels of government and CRCs and the AWACRC ;
- A revised segmentation of CRCs by capacity, type, service, and potential;
- Alignment of the funding model to better reflect the CRC role, government roles and CRC segmentation;
- Development of strategies to measure performance, effectiveness, reach, and community need;
- Support of CRC development on a strategically planned basis to maximise impact and outcomes;
- Development of strategies to identify CRCs with potential, and increase support; and also identify those CRCs that are under-performing, and either support to improve, or cease funding; and
- Proposals to increase the number of CRCs in under-serviced areas and decrease the number of CRCs in over-serviced areas.

Recommendation 5

The Trust recommends that the Minister, subject to the outcome of recommendation 2, and taking into account evidence to the Review and the Trust's findings, task RDL to prepare for the Minister's approval:

- Better definition of the role of the Network, on an outcomes-basis;
- Better definition of the role of, and relationships between, the three levels of government and CRCs and the AWACRC;
- A revised segmentation of CRCs by capacity, type, service, and potential;
- Alignment of the funding model to better reflect the CRC role, government roles and CRC segmentation;
- Development of strategies to measure performance, effectiveness, reach, and community need;
- Support of CRC development on a strategically planned basis to maximise impact and outcomes;
- Development of strategies to identify CRCs with potential, and increase support; and also identify those CRCs that are under-performing, and either support to improve, or cease funding; and
- Proposals to increase the number of CRCs in under-serviced areas and decrease the number of CRCs in over-serviced areas.

13.4 How should CRCs be funded?

The terms of reference required the Trust to:

Report on the present and future financing and funding of the Network, paying particular attention to:

- a) the effectiveness of the current and any proposed additional Royalties for Regions Funding received by the Network, and
- b) whether some or most CRCs can become self-sufficient.

13.4.1 Present and future financing

Present financing

The first-generation Telecentre network and then the CRC network have been funded by Government for over two decades. This funding has increased significantly for the second generation CRCs.

As Chapter 3 indicates, in rounded figures RDL's figures show that \$51 million has been allocated to the CRC network over five years (roughly \$10 million a year), of which roughly 20% is drawn from RDL (non-RforR) and 80% from RforR. \$10 million a year is a significant funding and investment effort by the Government

The current RDL annual funding structure for each CRC incorporates:

Table 14: CRC FAA Annual Grant Funding

(Source: RDL)

	Level 1	\$40,000
Operational support	Level 2	\$50,000
	Level 3	\$60,000
ICT support and development		\$10,000
Equipment		\$10,000
Governance		\$10,000
Marketing		\$5,000
Professional Development		\$5,000

Additional funding is available to support the employment of trainees (up to two per CRC at any one time). This funding is set at \$20,000 per trainee, provided in \$10,000 increments at 6 month intervals. There is the capacity to fund a third trainee in high performing CRCs where a business case demonstrating capacity to manage this additional employee is provided to RDL for assessment.

Based on these figures, a minimum per annum base funding from RDL for a CRC should be around \$90,000 with a maximum of \$160,000.

Table 15: Indicative Annual Income and Expenditure of Sample of CRCs³⁴⁰

(Source: RDL)

Level	Indicative RDL RforR grants	Indicative Other Revenue	Total Income	% RforR of total income	Indicative Expenditure	Surplus	% Surplus of Income
1	\$84,231	\$63,728	\$147,959	57%	\$119,476	\$28,483	19%
2	\$106,150	\$92,239	\$198,389	54%	\$184,424	\$13,965	7%
3	\$123,460	\$118,532	\$241,992	51%	\$215,378	\$26,614	11%

The table above shows that without core funding support from RDL, most CRCs would be unlikely to remain viable, and certainly could not operate to the same standard most are currently operating at.

RforR funding is by far the greatest portion of CRC income. While the Trust has not had access to the books of CRCs, at a minimum RforR's contribution does not appear to be less than 50% of CRC gross income.

Subject to the annual budget process, at this point RDL expects the cost of the Network to it over the next three financial years (2013-14 to 2015-16) to be \$12.0 million, \$16.0 million and \$16.7 million respectively.

This lifts the average investment for the past five years from \$10 million a year to \$15 million a year, a significant jump that will need to be justified by better outcomes.

The increase of funding between 2013-14 and 2014-15 is to provide for expected growth of CRCs in the Network, the cost of additional CRC projects, and to accommodate co-location and building and infrastructure grants.

The question is if a continuing need for the CRC network is evident, what funding arrangements should CRCs have in future?

CRCs have income from membership and other fees and from the sale of services, funding in some cases from local governments, contractual fee-for-service funding from Commonwealth and State government agencies, and funding from RforR via RDL.

An FAA for a term of 3 years is currently in place between RDL and individual CRCs. This agreement expires in June 2013. CRCs are funded via a number of RDL grants, with the most significant contribution to their operating expenses being to staff wages.

Grant funding has made it difficult for some CRCs when operating in a business environment where conflicts have occurred when local businesses perceive them to be competing on an unfair footing owing to their significant government funding stream.

³⁴⁰ Data provided by RDL based on averaging of sample sets of CRCs over a two-year period.

The Trust identified early in consultations that from an RDL perspective a move from grant funding to a fee-for-service arrangement may further improve the performance of the Network. This was a concept generally well received by CRCs, provided the mechanisms for measurement were well defined. RDL also provided comment:

The [fee for service] model will give the CDD greater control over the performance and compliance of CRCs and ensure centres are being recompensed for the level of services they deliver. ... The proposed fee for service model is one way to clearly articulate the expected outcomes and put a value on the level of service delivery. ... The fee-for-service model will assist CRCs enter into the business development area as many CRCs have been overly cautious entering into this space so as not to appear to compete with small business. This perception will still need to be managed, but the model gives a clearer delineation of expectations and reasons for funding.³⁴¹

Future financing

The Trust was asked to report on the effectiveness of any proposed additional RforR Funding to be received by the Network.

The significant increase in funding the second-generation CRCs under RforR would have been anticipated to result in a significant lift in the standards and services offered by former underfunded Telecentres, and that was indeed the case overall.

It has been widely reported to the Review that, coupled with evidence of strong and competent RDL engagement and support, RforR funding has resulted in both a more professional Network and a notable acceleration of the CRC network's capacity, capability and services.

While the Trust is of the view that such reports and evidence of improvements are very likely to be true, there is little hard data available to quantify increased patronage and usage and better regional and community development outcomes.

As mentioned elsewhere in this Review, comparative historical data is not available and current data varies in type and quality. RDL has few formal mechanisms for measuring outcomes beyond the self-reporting provided by CRCs in their twice yearly acquittals.

As such, it is not possible for the Trust to make an informed comment on the effectiveness of the increased funding to date, other than to say that the Network appears to have increased its range of service offerings and levels of professionalism, but that overall there appears to still be significant opportunity for growth.

With respect to any proposed additional RforR funding to be received by the Network, the Trust is of the view that future funding must be framed to address outcomes under the Act.

An outcomes-based approach means that there is a case for increasing the CRC budget allocation to individual CRCs and groups of CRCs selected against defined criteria.

On the other hand, while it is vital to focus more on strategic outcomes than has been the case, there is still a need to continue to address relevant smaller local requirements that are valued by CRC communities.

³⁴¹ RDL supplementary submission, page 6.

While none would turn down additional funding, all CRCs appeared genuinely grateful for the RforR funding they receive, and the submissions and consultation indicate that most seem satisfied with the level of funding received. Their principal and common concern was for certainty that they would continue to be funded.

As ever, wages to attract and keep high-performers are an issue. Some CRCs indicate they are unable to pay staff costs reflective of the skills required to undertake the Coordinator/Manager position. Others, including RDL, point to a need for some increase to the governance grant component to ensure it covers the real cost of meeting RDL's governance requirements.

Financial stress was not evident in consultation or regional visits and it did not appear to the Trust that many CRCs were anxiously looking to increase prices or raise funds to allay costs. The Trust has only heard one report of a CRC being in deficit, although cash flow has been reported as an issue for some.

As to be expected, there was a clear understanding by all CRCs that better premises, additional services, more staff or more able staff, were beyond their means without a lift in funding.

Particularly with respect to premises, a number of CRCs were actively engaged in exploring site, building and funding options of their own accord, so there are CRCs in the Network that are exhibiting an entrepreneurial spirit.

RDL identifies co-location with other services providers as a way to achieve economies of scale and shared functions.³⁴² On its regional visits and consultations, the Trust took the opportunity to view a number of excellent co-located facilities where there was true integration of services and organisations, with resources being leveraged to great effect.

The Trust also noted a number of buildings which were intended as co-located facilities but in practice saw organisations and services located together but with a lack of integration, and a significant duplication of activities because the organisations and services were working in parallel rather than partnership, resulting in wasted resources and opportunities.

In both submissions and consultations there was a clear difference in attitude to Commonwealth and State agency contractual funding that is available on a fee-for-service basis and RforR project funding, as compared to RforR recurrent funding.

CRCs appear to the Trust to recognise they need to earn the right through performance and capacity to win contracts from Commonwealth and State agencies. They also recognise the importance of professionalism and a strong business case if they wish to gain approval for RforR project funding, such as building and infrastructure grants.

On the other hand, there is more a sense of entitlement with respect to the RforR operational funding, something of a welfare mentality, which is at odds with the fact that CRCs are independent non-government not-for-profit businesses.

342 RDL submission, page 31.

With exceptions, this is apparent in the pricing of CRC services on offer. There is no Network guide to pricing services, and no cost accounting guidelines available from RDL or the peak body AWACRC to assist CRCs in the most fundamental and vital of all business decisions – what services to offer at what price.

The Trust accepts that by their very function, CRCs need to offer free services and discounted services to fulfil their community service role, but that should not mean offering free or heavily discounted services in every case if it is not necessary.

While many CRCs have developed services price lists, these are seldom developed with a full analysis of costs. Events are often not costed effectively, with pricing based on the minimum the consumer is predicted to be willing to pay (and as a result, CRCs often end up significantly subsidising these activities).

As independent not-for-profit businesses, CRCs are entitled to price as they see fit, but as the major funder RDL is entitled to expect that free or discounted services are not over-subsidised.

There is an opportunity cost to such decisions.

Discounting of services and the provision of free services occur across the board, generally without consideration of revenue foregone as a result of these practices, nor in many instances about what should qualify someone to be eligible to access free or discounted services.

A basic business principle for CRCs should be to know the real cost of free services and of discounted services, and to know when full cost recovery or pricing at a profit is warranted, so that decisions to offer free, discounted, or fully priced services are made on as fully informed basis as possible.

Further, as a general principle, except where a sound case can be made for it, it would be inappropriate for RforR funds to subsidise access to services in the regions that those living in metropolitan areas or in areas without a CRC would normally pay a commercial rate for.

There are service areas that CRCs could not charge for. For instance, with respect to the 'shop front for government' concept mooted for CRCs to undertake (such as the provision of government information and services) it would seem unlikely that CRCs would be able to charge for most of those services.

In such a case, RDL would need to consider a fee-for-service arrangement from government for delivery of these services, rather than grant funding.

This may provide the additional benefit of focusing CRC attention on delivery of outcomes rather than potentially having the service available as an option that is not actively pursued, as it does not presently generate income for the centre.

Having this service tied to KPIs could focus the attention of many centres and improve the level of professionalism around this aspect of their business.

13.4.2 Prospects for self sufficiency

The Trust was asked to determine whether some or most CRCs can become self-sufficient.

WA's CRCs are not government entities, but are dependent on government funding from RDL's recurrent and project grants, fee-for-service income from government agencies, and for some, local government financial support.

This question is whether CRCs could do without RDL funding, and for those CRCs subsidised by local government and Aboriginal corporations, without their funding.

The short answer is no, not on present performance and prospects.

What the Trust does believe is that it is possible for some CRCs, perhaps many, to shift to greater self-sufficiency on three fronts:

- Firstly, to earning funding on a performance basis that elicits a contractual fee for service, so moving away from operating subsidies.
- Secondly, in developing services and pricing on a more professional business basis.
- Thirdly, in expanding the range of services they are either paid to deliver, or charge to deliver.

With respect to these options, much depends on future government policy.

Market segmentation will indicate which CRCs have the best chance of improving their financial viability. Remote low-income communities offer different income and cost challenges compared to those CRCs in well-developed settlements. CRCs in struggling farming communities have different income prospects to CRCs in farming communities doing well.

There are challenges to cost recovery in very small communities where there is a small customer base, and conversely finding chargeable services in larger communities where there are few gaps or market niches available that are not filled by commercial or government providers.

Because they are provided with significant RforR recurrent grant funding, CRCs are able to focus on service delivery to the community without consideration of how significant additional income can be generated.

Even with those services that CRCs do offer, these are mostly not priced on a commercial basis. In fact, many CRCs are reluctant to engage in commercial activities, either perceiving that is in conflict with their not-for-profit status, or because of concern that they may be in competition with another local business.

The current grant funding system does not encourage CRCs to invest in developing profitable income streams, nor does it necessitate CRCs charging for services where they can, at an appropriate rate.

A fee-for-service funding arrangement with clear KPIs may assist CRCs in focusing on outcomes based results for the organisations it enters into arrangements with.

The not-for-profit descriptor confuses many. Not-for-profit does not mean non-business.

Both for-profit organisations and not-for-profit organisations are conducting business if they sell goods and services for money. CRCs are independent businesses that earn their revenue by being paid to provide a service and by offering other services at a price.

A not-for-profit organisation is entitled in law to generate a profit (surplus of income over revenue), but with one over-riding proviso - this profit or surplus must be reinvested back into the organisation, and is not divested to shareholders.³⁴³

There is the issue of 'fair competition'. Most complaints concerning CRC business activity arise because CRCs are seen as subsidised and funded by government in one way or another. (Not forgetting that government support is also common in the for-profit sector too, with grants, subsidies and tax concessions.)

Government business policy does have some lessons for the sector. An outcome of the competitive neutrality policy³⁴⁴ is that government businesses should not enjoy any net competitive advantage simply as a result of their public sector ownership.

As private entities, the CRCs do not have to conform to the principles of competitive neutrality when engaging in business activities. It would nevertheless be prudent for CRCs to ensure that their pricing is developed in a competitively neutral fashion to avoid:

- their subsidised pricing undercutting existing businesses providing the same or similar service to the market;
- closing the market to potential new service providers who cannot compete with subsidised pricing; and
- building a sense of community expectation that CRCs will subsidise what should be commercial service costs.

Because the cost accounting calculations would be complex, the quickest and simplest way to engage in fair competition when benefiting from government funding is not to undercut those commercial providers' rates that are readily assessable.

RDL and/or AWACRC might consider developing a pricing formula or mechanism which mimics costing relevant services as if they were not subsidised. In deciding on 'relevant services' they would need to conduct a sample survey of the sorts of services CRCs provide that are or might also be provided by other for-profit or not-for-profit businesses.

343 See Australian Tax Office publication – *Tax basics for non-profit organisations*.

344 *Competition Policy Reform Act 1995 (Commonwealth)*. The Competition Principles Agreement was executed at the Council of Australian Governments' meeting in April 1995. In this Agreement, the Commonwealth and all the States and Territories undertook to introduce: (iii) competitive neutrality between government and private business activities.

Recommendation 6

Subject to the outcome of Recommendation 2, the Trust recommends that the Minister require RDL to take into account evidence to the Review and the Trust's findings, to prepare a proposal for his approval for CRC funding that moves RforR to fee-for-service funding, supported by an RforR grants pool for projects, premises and equipment. For purposes of funding, RDL should be required to segment CRCs on a capacity, prospects and outcomes basis, and indicate why some CRCs might be a case for special need. RDL should indicate the criteria under which CRCs will no longer be funded.

Recommendation 7

The Trust recommends that the Minister task RDL to ensure greater value for money from RforR funding of CRCs, by taking into account evidence to the Review and the Trust's findings, and supporting the Network in developing services, plans and pricing systems that will make it possible for CRCs to earn more income, and some CRCs to shift to greater self-sufficiency:

- Firstly, by earning funding on a performance basis that elicits a contractual fee for service, so moving away from operating subsidies.
- Secondly, by developing services and pricing on a more professional business basis.
- Thirdly, by expanding the range of services CRCs are either paid to deliver, or charge to deliver.

Recommendation 8

The Trust recommends that RDL ensure a tighter link between CRC funding and measurable RforR outcomes, and in addition better integrate CRCs into relevant RforR programs such as SuperTowns and Pilbara Cities.

13.5 What will deliver the best outcomes?

The Trust realises that to deliver meaningful regional and local development outcomes CRCs must have the revenue, location, premises, equipment, staff, committees, services, plans, governance, support, pricing and customer/client base that make them able to deliver.

Thanks to past investment, many CRCs have a good, sometimes very good, foundation on which to build, but CRCs do vary widely in capacity.

RDL's CDD has been and is responsible for providing support to the Network through the provision of funding, training, capacity building activities and support for CRCs' management committees and staff. CDD also supports the Westlink satellite network, which provides interactive one-way video and two-way audio communication to remote communities throughout WA including CRCs.

The purpose of the Review is to recommend improvements that will address fundamental weaknesses or shortcomings.

13.5.1 The spread of CRCs

The terms of reference required the Trust to review the numbers and spread of CRCs to determine if any geographic areas are under or over-serviced, and in doing so advise on a distribution of CRCs that would best facilitate the intended service delivery.

The Trust has found it difficult to identify individual CRCs for this purpose, but has been given advice on geographic gaps in CRC coverage.

There are two aspects to this question, the first being the question of servicing levels. Overall, the Trust is of the view that except for cases of service duplication, communities are often under-serviced by their local CRCs.

As to whether new CRCs should be created, and some existing CRCs no longer funded by RforR, evidence was forthcoming on the expansion of the CRC network, but almost entirely missing on whether particular CRCs should no longer be funded, although it should be noted, RDL has ceased funding some CRCs in the last few years.

The smaller or more isolated the community the more likely it will have need for assistance with the provision of federal, state and local government services, and for assistance with economic, business and social development. However, the smaller the community the less likely is the local capacity to support a CRC.

Some decisions do need to be made with respect to least-used CRCs. Over time they are allocated millions of dollars in RforR funding. On the face of it, these funds could be better used to facilitate regional development by supporting existing CRCs in regions of high need or in the development of new CRCs in areas of unmet need. However, if there are sound reasons to keep struggling CRCs open, they need to be articulated.

Earlier in this chapter was discussion concerning enhanced government service delivery and improved business practices in CRCs, both of which would change the servicing levels.

The Trust's starting point is that expansion of the Network should only be undertaken if it will be government policy to support that expansion, because to expand the Network significantly will call for a concomitant increase in public sector effort and investment.

The outcome of Recommendations 2 and 3 are therefore vital.

Recommendation 2 was for the Minister and Premier to take steps to identify what role CRCs could and should play in enhanced government service delivery for the whole of government, and how government policy should be adjusted.

Recommendation 3 was for the Government to take steps to identify what role CRCs could and should play in enhanced government service delivery for indigenous and non-indigenous remote communities; and what government support and resources should be provided with respect to CRC premises (including consideration of fixed, mobile, satellite and hub and spoke models), staff, governance and funding.

Turning to the distribution of CRCs, there are different considerations to take into account when trying to determine the numbers and spread of CRCs to determine if any geographic areas are under or over-serviced. Among the most important are:

- the objectives of the 89 CRCs that are independent entities running themselves (see Table 8, page 50)
- the objectives of the 26 CRCs that are independent entities run by Aboriginal corporations and shires (see Table 8, page 50)
- the objectives of local governments, WA state agencies, and Commonwealth agencies, when providing funding or resources to CRCs, or when contracting CRCs on a fee-for-service basis
- the objectives of RDL and RforR when providing funding or resources to CRCs, or when contracting CRCs on a fee-for-service basis
- the objectives of for-profit and not-for-profit businesses or organisations when providing funding or resources to CRCs, or contracting on a fee-for-service basis
- the needs of rural regional and remote communities in WA
- the obligations of federal state and local government to provide services to rural regional and remote communities
- the obligations of federal state and local government to develop regional WA

Plainly, the Trust is not equipped to assess all these. That does not mean they do not matter.

From the CRC perspective, the intended service delivery is mostly very clear in the CRC submissions, and the range of services offered can be impressive. On the development side, CRCs are engaged in the development of human capacity, and therefore in community development, and to an extent in social development, but are not engaged much in economic and business development.

From the perspective of the three tiers of government, federal state and local, the intended service delivery ranges from the relatively clear to the profoundly uncertain.

With respect to over-servicing, very low usage of CRC facilities should attract an automatic presumption of ceasing funding by RforR, unless there are very sound reasons not to.

Secondly, over-servicing tends to exhibit itself in the duplication of services, and a rationalisation of service delivery in selected areas on a hub and spoke basis, or within clusters of CRCs, should be considered.

RDL considers that certain localities and demographics are under-serviced. RDL has recommended that the Trust consider a possible role for CRCs in servicing specific groups within larger regional centres. They have also suggested ceasing funding if CRCs only provide limited benefits to their community.

RDL's 2012 CRC survey indicated that a number of CRC's (Kalbarri, Mullewa, Onslow, Pemberton, Pinjarra and Wellstead), whilst having outgrown their premises, were struggling to arrive at an alternative to their sites.

A survey recommendation was that consideration should be given to improving the CRC coverage in the Pilbara region, especially incorporating Paraburdoo and Pannawonica along with Aboriginal communities, including Yandeyarra, Jigalong, Punmu, Kunawarritji, Cotton Creek and Wakathuni.³⁴⁵

Under-servicing is suggested in recommendations quoted in the evidence for new CRCs in Kalumburu, the Lockyer suburb in Albany, the Carey Park and Withers suburbs in Bunbury, in the Pilbara, Gascoyne and Upper Mid West regions, the Town of Narrogin, Dwellingup and Preston Beach, Warburton, the Ngaanyatjarra Lands, the Western Desert and some communities in the Western Kimberley at Nullagunda (Gibb River), Dodun (Mt Elizabeth), Kupungarri (Mt Barnett) and Imintji.

Under-servicing is also suggested by there being no CRCs at all in 29 of WA's 109 CLGs.

Recommendation 9

The Trust recommends that, subject to the outcomes of Recommendations 2 and 3, the Minister task RDL to take into account evidence to the Review and the Trust's findings, and to prepare a proposal for the Minister's approval for the funding of new CRCs or the cessation of funding for some existing CRCs over the medium term, based on whether any geographic or population areas are under or over-serviced or not serviced at all, without regard to whether the population is below or above a set size.

13.5.2 The alignment of CRCs

The terms of reference required the Trust to assess the alignment of the Network with other government programs and Royalties for Regions programs, such as the Regional Centres Development Plan (SuperTowns), and where appropriate propose ways by which such alignment could be improved.

To qualify for RforR funding, the primary alignment from RDL's perspective should be with the Act. RDL has recognised this is implied but is not stated as a present feature of funding.

With respect to SuperTowns, as an example, consultation indicated that as at January 2013 RDL and the Great Southern Development Commission had done little to integrate the Katanning CRC into their SuperTown plans and strategies. Another SuperTown Collie was also criticised.³⁴⁶

The record shows that some CRCs have initiated negotiations to align contract for service delivery on behalf of federal or state agencies, but generally CRCs are not equipped to do so.

Seeking out such service delivery possibilities and taking up the opportunity for the alignment of government programs and services is more the responsibility of government agencies, hopefully accelerated and facilitated by RDL or AWACRC. CRCs are likely to be very receptive.

There are government agencies that use and align the CRC network with their programs, such as the Water Corporation and the Department of Water.³⁴⁷

As far as the Trust is able to see as a result of reviewing the submissions and engaging in consultation, the alignment of the CRC network with other government programs and RforR programs such as the

345 Attachment to RDL submission: Executive Summary from the 2012 Community Resource Network Survey: a snapshot into the CRC network based on responses from an online questionnaire answered by 96 CRC's in March 2012.

346 West Arthur CRC Wheatbelt submission, page 6, criticised Collie for its strategic plan focusing: ... *on increased housing estates and townscape and not on community development as we perceive it to be.*

347 Water Corporation submission, page 1; Department of Water submission, page 1.

Regional Centres Development Plan (SuperTowns), is generally patchy. There is great potential for such alignment to be improved.

The Recommendation 8 earlier in this chapter and the discussion leading up to, it address the alignment issue.

13.5.3 Impediments and opportunities

Chapter 7 addresses the term of reference which asked the Trust to determine how and to what extent the Network has contributed or could contribute further, to outcomes that enhance regional development in Western Australia, and in doing so:

- a) identify any impediments to the Network realising its full potential to contribute to regional development and propose ways to reduce or remove such impediment; and
- b) consider how the Network could better contribute to productivity and regional development outcomes such as through improved service delivery, leadership and capacity building; and
- c) consider how the Network and the Rural Remote and Regional Women's Network of Western Australia could mutually support and enhance their respective roles and activities.

Regional development and impediments

Issues concerning regional development have been discussed earlier, but to reiterate, it is not possible for the Trust to quantify to what extent the CRC network has contributed to outcomes that enhance regional development in Western Australia over the past two decades.

It is also apparent that the engagement in the Network from 2008 by RDL and RforR has seen a significant and sustained lift in performance and capacity.

Broadly speaking, the Trust considers regional development as falling into two main categories – the development of physical capacity and the development of human capacity. These are not mutually exclusive; the building of a school can satisfy both.

Over the last two decades, the CRC network has not contributed to the development of physical capacity in the regions in any meaningful way. Where it has contributed is in the development of human capacity.

The Trust has identified five subject heads under which regional and rural human capacity building could be considered:

- Leadership development
- Skills development and retention
- Entrepreneurial/innovation development
- Addressing unemployment and under-employment and excess capacity
- The needs of new regional populations resulting from regional development³⁴⁸

348 There is a discussion of these matters in the Trust's Annual Reports for 2010-11 and 2011-12.

These five heads of human capacity development are not covered off by CRC programs and services. The evidence is that human capacity development in the CRCs is limited varied and variable. The greatest attention in CRCs has been to training and skills development, and there are reports of good work on traineeships.

RDL's evidence is that 20% of CRC visitors are for business purposes and that government and non-government business activity is evident through business data storage facilities, MYOB hosting, business web site hosting, business referral services, video conferencing; community newsletters, and tourism information.

While undoubtedly there are staff and/or committees in some CRCs that are below par, the great majority of CRC staff, volunteers and committees are not only doing their best but are performing well under the constraints identified in the submissions.

The evidence is undoubtedly that they need help in developing human capacity if they are going to lift performance.

The challenge to both local and state government is that the impediments to better performance detailed in the evidence are often outside the control of the CRCs themselves. As discussed earlier, government policy is key to resolving such issues.

The evidence in Chapter 7 details impediments to achieving the performance and outcomes desired. The impediments mostly fall into the four pockets of revenue, premises, personnel and services, but there are other impediments, such as poor branding and marketing.

There is no shortage of good ideas to improve the contribution CRCs can make to better performance in community development, as exhibited in the RDL and AWACRC submissions, and in other submissions.

The DIA stressed the importance of up-to-date equipment, and staffing. They believe that CRCs could definitely better contribute to productivity and regional development outcomes for indigenous people.

However, deciding what to do with those ideas will take time, money and resources.

The Rural Remote and Regional Women's Network

The Trust was asked to consider how the CRC network and the RRR Network could mutually support and enhance their respective roles and activities.

The RRR Network is led by a Reference Group of 15 ministerially appointed regional women to provide a mechanism for networking, sharing and disseminating information relevant to the development of women and communities across regional Western Australia.

The key activities of the RRR Network include the production of a quarterly magazine highlighting the achievements and activities of women across regional WA, a monthly e-news email, and a regularly updated website providing relevant information and grant opportunities. The magazine is distributed to over 8,000 subscribers with further copies distributed through key stakeholders.

Responsibility for the RRR Network, including the management of the Executive Officer, resides with RDL's CDD.

The evidence indicates that CRCs have the potential to help deliver to RRR Network women needed information and opportunities.

In the other direction, with respect to the CRCs the RRR Network can be tapped as a source of CRC personnel and CRC committee membership, and as a mechanism for assessing need and demand for CRC services, and marketing those services.

The RRR Network is a large potential source for both helping develop rural women in professional leadership personal and business skills and for being trained in those skills.

The collaboration of the CRC and RRR Networks could provide both a virtual and a real networking forum for professional business women, events and more services.

13.5.4 Governance and administration

Chapter 8 covers the terms of reference requiring the Trust to review the governance and administration of CRCs across the Network, paying particular regard to efficiency, effectiveness and productivity; and the effects and results of RDL processes and systems.

The Trust has not done a sample test audit of the governance and administration of CRCs across the Network, and has relied for its views on submissions to the Review and on consultation, including visits to CRCs.

With that qualification, on the evidence before it, overall the Trust considers the governance and administration of the CRCs to be sound, and in some cases of a high standard.

Given the small and sometimes isolated organisations, and given the limitations of funding, resources, and of staff and volunteer numbers and capacity, this is no mean feat. It reflects well on the general calibre of CRC staff and committees, and on the support and training provided by RDL.

That said, there are CRCs in real difficulties on this front, and they need considerable assistance, both now and in the future. In governance and administration, segmentation on capacity grounds will identify a category of CRCs needing greater hands-on assistance.

RDL was complimented by a number of CRCs on its systems and processes and its governance funding; on its contribution to developing capacity and providing training; and on helping planning and IT development.

Nevertheless, the evidence does provide suggestions for further significant improvements. The overall aim of a continuous improvement regime is to make governance and administration more efficient effective and productive.

There is another imperative to introducing simpler easier and cheaper governance systems. As the evidence indicates, the use of volunteers offers CRCs a diversity of experience at low cost, but therefore disguises the real cost of management, administration, and service provision.

Where the community population is small or is in decline, the volunteering pool is small or in decline. There is talk of volunteer 'burn-out' in some communities where the same small group of people serve on a number of organisations.

There are also some communities that have never had much of a volunteering culture at all.

If volunteering reduces, is largely absent or becomes less of a community habit, it makes governance and administration more costly and harder; and so simpler easier cheaper and standardised governance accounting and reporting processes and systems will help.

Evidence and consultation indicates that there is a need for a review of the function and operation of RDL's Regional Coordinators. There is confusion over their present and future role and responsibilities, and a need for their role to be re-thought.

The evidence and consultation indicates that CRCs believe that, particularly in cases of inability and incapacity in a number of CRCs, the RDL's Regional Coordinators are needed to be hands-on in helping address opportunities, in compliance matters, resolving problems, ensuring delayed acquittals are sorted out, and ensuring that reporting queries that can be readily addressed do not result in funding stoppages and (in the words of one CRC) have "a dramatic and devastating effect on the financial viability of the CRC".

13.5.5 Community representation

The terms of reference required the Trust to review the community representation and engagement of CRCs and community regard for them.

The Trust did not conduct a survey of community attitudes, nor did it interview a wide representative sample of regional Western Australia. In responding to this term of reference 7 the Trust relied on evidence in submissions, including evidence of surveys, and on consultation.

Community representation is not to be confused with representing the community. It is local government that represents the community through the democratic process.

Community representation in CRCs is best described as 'connectedness'. This varies in the CRCs, but judging from the evidence and the consultations, in general community representation in CRCs does appear to be good, and in a few CRCs it is exceptional.

It would be surprising if over one hundred independent not-for-profit non-government organisations like the CRCs, operating in diverse communities in markedly different geographic, social and economic circumstances, would have similar levels of community representation and engagement and community regard. The Trust is attracted to RDL's view:

Higher functioning CRCs tend to be well connected in their community, have a better understanding of the community demographics, a stronger relationship with the Local Government, and have consulted with their community to understand service gaps and needs. These CRCs often have competent staff and a Management Committee that represents the community.

However, most CRCs are not this high functioning. Many have a good knowledge of the people and the large issues in their communities but have less developed understanding of the issues within sub-sections of their community. In particular, many CRCs lack staff with a comprehensive grounding in the demographics and basic statistical information available in their region.³⁴⁹

349 RDL submission, page 32.

The evidence is that community representation is likely to be poor in communities where there is no volunteering culture, or a weak one.

The evidence is that community engagement will not occur if CRCs have irregular or short opening hours, or are closed for long periods. Regular consistent and skilled service over a range of needs is important in generating community support.

The key to whether a CRC is needed and relevant is its patronage by members of the community and by visitors to the community. Such data and statistics will invariably be internally generated. This data is essential for performance measurement.

The submissions from CRCs almost universally exhibit a strong commitment to community service, which attitudinally should translate into good customer relations. That coupled with the range of services provided and events hosted means there is a likelihood that the CRCs in general are both appreciated and well regarded.

This appreciation and regard seems to be borne out by such surveys as have been done of user satisfaction, by third party endorsements of CRCs, and by the statistics of use.

13.5.6 Performance measurement

Term of reference 6 asked the Trust to examine performance measurement.

It is a managerial axiom that it is difficult to measure performance if the performance required is unclear, unspecified, or under-resourced.

RDL's 3-tier segmentation of CRCs is a realistic recognition of the fact that CRCs vary in their capacity to perform. Performance measurement is made more difficult when the services delivered vary between CRCs and different standards of service apply.

Performance measurement is a capability and value for money device. It requires the collection, analysing, reporting, and most importantly, *the use* of statistics and data concerning the performance of an organisation. Nothing is more annoying to any organisation than being required to collect and report on data that is either not used, or not useful.

For the best results, statistics and data should be derived both internally from the organisation, as well as externally and independently.

Performance measurement criteria have to be meaningful and relevant. That is why objectives and targets, benchmarking, milestones, intended outcomes, key performance indicators and the like matter.

Performance measurement is pointless unless it is not only necessary and used, but understood to be necessary, and seen to be used.

The object of performance measurement is firstly to satisfy funders, contractees, customers, management or members that the organisation is functioning effectively and meeting its objectives and obligations; and secondly, to provide information that enables the organisation to improve and to grow.

Therefore the first step in performance measurement is to establish why the measure is chosen, and what its reporting will achieve.

It is essential to keep the process as simple and easy as possible, and to minimise the compliance burden. This is a key point, given the heavy use of volunteers in CRCs.

RDL's evidence is that it is presently engaged in identifying some performance indicators.

Overall, the evidence to the Review indicates that measures relating to the performance of the Network with respect to individual communities can be quantified and are available, but that at present analysis by CRC segment or for the Network as a whole is weak.

It is apparent that RDL is the only body that can address this weakness. No other agency is appropriate, and AWACRC is not equipped to do so.

The evidence indicates that performance measurement for some individual CRCs is quite well developed, and used, but is not assisted by standard templates and methodologies for the Network or segments of the Network.

The difficulty of measuring performance with respect to social outcomes is picked up in the evidence to the Review. The Trust has previously reported on this problem, and discussed that problem in the CLGF Review report.³⁵⁰

The evidence indicates that measures relating to the performance of the Network with respect to regional development and the regions has not been quantified and is not available, and measurement might be difficult.

13.6 Other relevant matters

13.6.1 The role of RDL

During the Trust's consultations, it was apparent that there is some confusion and some sensitivity over the role of RDL with respect to the Network. This confusion is not limited to CRCs.

The RDL's CDD has two basic functions – to administer RforR funding to CRCs (monitoring compliance with grant guidelines and FAAs and the achievement of agreed outcomes), and to provide support to CRCs (in the form of operational support to staff and committees, as well as training and development opportunities).

In any line management role, managers have to direct, support and at times discipline staff. These different management tasks are not mutually exclusive. However, when a funding government agency like RDL interacts with a private independent association, both to enforce compliance and simultaneously to provide support, it can lead to tensions.

RDL's 'enforcer' and 'supporter' functions have led to expressions of confusion and dissatisfaction from some CRCs.

350 Western Australian Regional Development Trust: Review of the Royalties for Regions Country Local Government Fund, January 2012, pages 226-229.

This is particularly the case with respect to RDL's four Regional Coordinators, who liaise directly with CRCs. They are expected to provide CRCs with operational support and guidance and at the same time ensure compliance with grant conditions. In a few reported instances these contrasting roles seem to result in conflict, mistrust and poor relationships.

Conflict, mistrust and poor relationships do not appear true of RDL's relationships with most CRCs. On the whole, most submissions were complimentary of RDL staff and the level of support they provided.

As a result of submissions, consultation, and regional visits, it is the Trust's view that the relationship between RDL and CRCs is not clearly defined and this lack of definition can lead to unrealistic expectations, negative interaction and dissatisfaction with RDL at some CRCs. Realistically, redefining roles will not end the occasional likelihood of conflict, but it is worthwhile doing nevertheless.

As a result of the Review, it may be time for RDL to review the job descriptions of those Perth-based staff that mostly deal with CRCs and the front-line Regional Coordinators to ensure that job descriptions and roles are clear, relevant and outcomes-based.

In addressing this issue, it is important to revisit the nature of the funding and business models to be adopted.

A grant-based funding model produces a different relationship to a fee-for-service contract.

At present, RDL is heavily engaged in CRC decisions on branding and marketing, HR matters, premises decisions, systems design, planning and sometimes management advice. RDL is hands-on, and at times acts as an owner might.

RDL is not operating at arms-length as a pure funder might, nor is it operating using the advisory model, and neither does its hands-on approach have the strengths or entitlement of an owner-model or a franchisor/franchisee model.

The reality is that CRCs are entirely autonomous independent non-government entities, and that has to be reflected in the relationship. Equally needing reflection in the relationship is the obligation on RDL, as the external majority-funder, to get value-for-money.

There are times when the Trust considers RDL's close engagement with CRCs unwise. During consultations, the Trust was advised that there have been instances where RDL has either itself contracted legal advice on award and other personnel matters for the Network, or for specific HR disputes has provided financial assistance to management committees.

Frankly, RDL should stay out of such matters. Sector-level issues like awards are a peak body AWACRC responsibility, but if RDL believes the reality is that these issues are not being addressed and do have to be, it is open to RDL to consider increasing AWACRC's funding to improve its operating capacity.

At the individual CRC level IR issues are entirely the CRC's own responsibility, just as they would be for any other independent not-for-profit entity.

It seems too that the CDD is also often closely involved in supporting CRCs in HR processes, particularly staff recruitment, meaning that RDL is engaging in recruitment practices for independent entities outside the authority of the *Public Sector Management Act 1994*, with no safeguards as to risk and liability.

This blurring of lines as to RDL's level of involvement complicates the relationship between CRCs and RDL.

RDL is not the employer of CRC staff and CRCs are completely independent of RDL in ownership and management terms. RDL should have nothing to do with CRC HR matters. The financial and reputational risks of becoming involved in HR disputes are too great.

Recommendation 10

The Trust recommends that RDL, taking into account evidence to the Review and the Trust's findings, reviews:

- a) the CRN funding and business models to ensure they are outcomes-based;
- b) the role and function of RDL staff that deal directly with CRCs and AWACRC, to ensure these roles are clear, relevant and outcomes-based; and
- c) the support for and funding of the AWACRC, to strengthen its role as a peak body and source of professional advice to the Network.

13.6.2 The role of the AWACRC

The AWACRC was established in March 2010, with the inaugural board being elected in September 2010. The AWACRC represents both committee members and the staff of those CRCs in the Network that are members.

The AWACRC defines its objectives as:

- To provide advice and assistance to regional member CRCs.
- To provide group or individual representation for all regional member CRCs.
- To facilitate the provision of an ongoing comprehensive communication strategy and systems for regional member CRCs.
- To promote the value of the regional WACRN by consulting with member CRCs and other stakeholders.
- To develop partnerships with other organisations, businesses and government to further promote, support and develop regional CRCs.³⁵¹

There is still a high level of involvement in these areas by RDL. Achieving such objectives will require better resourcing of AWACRC. By their admission the AWACRC is:

Hampered by insufficient membership funds to employ suitable staff to get projects happening effectively and source alternative sources of income. ... The AWACRC needs operational funding to get projects up and running across the WACRN to support and enhance the common outcomes of AWACRC, WACRN and RDL.³⁵²

351 AWACRC website <http://www.awacrc.org.au>

352 AWACRC submission, page 1

It would seem to the Trust that the importance of having an effective peak body makes it imperative the RDL and the AWACRC engage in frank dialogue as to where the organisation is at (and intends to be) and what is required to move it forward to achieve its objectives.

Based on the current situation, it seems likely that RDL will have to assist AWACRC in working out and finding the resources it will need – and then provide resources and support accordingly. Recommendation 10 c) above address this need.

13.6.3 Marketing and branding of the Network

It might be assumed that CRC marketing and branding are none of RDL's business, since CRCs are independent private organisations. RDL is however entitled to take a close interest, because marketing affects patronage, and increased patronage represents better value for money for the heavy subsidisation of CRCs by RDL.

Effective branding and marketing of the CRCs is a precondition of RforR funding, although it is inadequately executed. It has not been done to commercial standards. Getting value for RforR money requires maximising patronage. It does not help at all if location, signage, websites, and marketing are weak.

Submissions and consultation suggested that the marketing and branding of the Network is contributing to public perceptions that the CRC network is a government organisation, rather than an independent organisation.

The aggressive co-branding of the CRC logo with the RDL and RforR logos seem to condition some clients to perceive that CRCs are in fact an arm of government, rather than an independent business.

The heavy co-branding of the CRC logo with the RDL and RforR logos needs to be re-evaluated by RDL. Other organisations that receive significant funding through RDL (such as CLGs through the CLGF) are not required to meet the same heavy co-branding requirements as CRCs.

During the Trust's visits to CRCs, note was made of the branding and promotion of individual CRCs. Logos were not used in a consistent manner, with visibility from the road not always taken into consideration. Although all centres used the logo, the signs were not of a consistent quality or design and did not always enhance the concept of a 'network' as each centre has developed its own signage. Directional signage was often poor.

Whilst locals may be well aware of the centre's location, the absence of effective directional signage impacts upon the number of visitors likely to locate the centre.

In some CRCs, managers do not have a business attitude to marketing and are unaware that an inability or lack of capacity to develop effective marketing and promotional materials of a professional standard, means less business.

Modern communication is very heavily oriented to electronic means. It is essential that the Network is highly conscious of performance in this area.

While CRC do have a uniform template for their websites (provided through RDL at the crc.net.au domain) the level of content and consistency is highly varied.

Websites vary from highly professional well developed sites, to informal and poorly worded sites with out-dated information and mediocre photos, to websites with virtually no information beyond contact details.

During consultations, the Trust was made aware of other CRCs managing the content on their town's Community Geographic Domain Names (CGDNs). CGDNs are domain names based around an intuitive, locality based address using the formula www.townname.state.au , for example www.broome.wa.au or www.denmark.wa.au

The three 'CGDN sites' the Trust was advised of (Broome, Denmark and Augusta) seem to be utilised effectively to communicate information with the local community. Denmark CRC's use of the website was primarily as a community calendar, whereas Broome and Augusta had a more extensively developed site, including a searchable business database.

The Trust noted the level of entrepreneurial and community focused thinking demonstrated with the Broome CRC who had developed the domain site as an additional income stream (albeit a small one but with potential to develop).

CRCs themselves need to take more responsibility for ensuring their branding and marketing is implemented to a professional standard. If CRCs are not-for-profit businesses, they need to present themselves in a business-like fashion.

CDD has developed a range of marketing and promotion support materials, which are available to CRCs. It seems likely that most centres would need significant support in developing more effective marketing and promotion strategies and materials. Greater assistance needs to be provided with regards to the development of appropriate website content. Again AWACRC should be taking the lead but are presently not equipped to do so.

RDL will need to consider whether this is an appropriate function for them to continue carrying out, as a means of ensuring greater patronage, and therefore securing a better return on RforR funding, or whether it should be an AWACRC function.

13.6.4 Accounting standards and systems

The performance governance and administration of the CRC program is materially affected by the quality of CRCs accounting standards and systems.

Among other things, assessing performance and outcomes for the CRCs would be greatly assisted by a common system for comparability of organisations. Common systems do not exist.

There are basic building blocks to any effective accounting system for a significant organisation:

- The applicable accounting standards that determine the content of the financial statements, and the applicable audit standards that validate them;
- A chart of accounts that support the information lying behind a) the financial statements, and b) the management reporting system;

- A consequent set of manual or computerised accounting ledgers;
- An effective audit process, both internal and external, preferably covering both financial and performance audits;
- A data system linked to the financial system that facilitates planning, budgeting, performance reporting, risk management, asset management, and procurement; and
- Suitably skilled and knowledgeable permanent staff.³⁵³

The Economic Audit took an interest in standardised systems for the community sector:

Specifically, the Committee recommends that agencies revisit the way they manage service agreements, facilitated by the development of centralised systems and support mechanisms, including:

... a standard chart of accounts (SCOA) for community sector financial reporting. Work on a SCOA has already advanced under the Human Services Industry Taskforce and the COAG Business Regulation and Competition Working Group ... [Recommendation 14 Milestones] Implement a Standard Chart of Accounts for community sector financial reporting [June 2010] ...³⁵⁴

The CRC network has no sector-specific accounting manual. Outside of complying with Australian Accounting Standards and the *Associations Incorporations Act 1987*, the only other key obligations CRCs have in relation to accounting is a requirement under their FAA with RDL to have an annual audit completed of their financials, which is submitted to RDL for further analysis.

In relation to compliance with these requirements, RDL notes:

While the requirements are not onerous, where committees have limited experience, understanding or capacity, there is resistance to comply with all the basic legislative requirements.³⁵⁵

As to be expected in small organisations, many CRCs have only a basic grasp of accounting practices and principles. Many had availed themselves of the services of a bookkeeper but sometimes this person also only had basic skills and limited experience. It was also clear that CRCs did not have a consistent understanding of how to set up an effective accounting system, nor how to undertake annual or longer term budgeting.

353 See the Western Australian Regional Development Trust's Review of the Royalties for Regions Country Local Government Fund January 2012, page 163.

354 *Putting the Public First – Partnering with the Community and Business to Deliver outcomes*, Economic Audit Committee, Final Report, October 2009, pages 69-70.

355 RDL submission, page 26.

In relation to government's role in ensuring effective financial management systems are put in place by service providers receiving public funds, the Delivering Community Services in Partnership Policy 2011 states that:

Public Authorities have a role in developing the capacity of the community sector to meet the needs of the community. For their part, service providers need to recognise that they have a duty of due diligence in the deployment of public funds. There are two important elements to this.

Firstly, it involves the parties recognising that they are accountable to each other and to the stakeholders and service users they serve. Having said that, it is nevertheless important that accountability requirements placed on the funded service providers are relevant, achievable and consistent, and to that end Public Authorities will work together to achieve greater consistency of approach to practice. Public Authorities are expected to adopt consistent accountability requirements that flow from the standardised documentation, and structure the content to meet these aims.

The second aspect, corporate governance, relates to community sector capacity building. ... It is in the interests of Public Authorities, service providers and service users that organisations large and small are well managed, deliver effective and efficient services, commit to continuous improvement and exercise appropriate stewardship of public monies.³⁵⁶

It would be important for RDL and/or the AWACRC to investigate whether it would be valuable to develop an accounting manual or system for the Network to improve consistency. It would also be valuable for further training around financial management and performance measurement to be made available.

CRCs also need to accept responsibility for the development of this area of their business. As a business it is imperative to know what the organisation's financial position is, what its financial and performance goals are, have strategies in place to achieve them and measures in place to identify when they have been achieved and to what level of effect.

356 Department of Premier and Cabinet – Delivering Community Services in Partnership Policy 2011, pages 13 -14.

APPENDICES

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Appendix 1: The Full Terms Of Reference

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Terms of Reference for the Review of the Western Australian Community Resource Network

Request to Trust

Pursuant to Section 12(b) of the *Royalties for Regions Act 2009* (Act) the Minister for Regional Development and Lands (Minister) refers a review of the Western Australian Community Resource Network (Network) to the Western Australia Regional Development Trust (Trust).

The Trust is established by the Act as an independent statutory body to provide advice and recommendations to the Minister on the allocation and management of funds from the Royalties for Regions Fund, and is therefore the appropriate body to conduct the review.

Background

The Network consists of incorporated not-for-profit Community Resource Centres (CRCs) that are locally owned and operated. These CRCs are located in more than 100 communities across regional Western Australia. The Network provides a wide array of information and community-based services to local people, local businesses and visitors in regional Western Australia, that includes information and services provided on behalf of country local government, the Government of Western Australia, and Australian Government agencies.

The Network is supported by the Department of Regional Development and Lands (RDL) Community Development Division, and significant funding is provided via the Royalties for Regions Regional Community Services Fund.

Issues for consideration in the Review

Overall, the Trust is to undertake a review of the Network in relation to its current and potential contribution to regional service delivery and regional development in Western Australia.

For the purposes of this review the Trust is to:

1. Assess the objectives, the performance, and the potential of the Network in enhancing service delivery by country local governments, the Government of Western Australia, and Australian Government agencies to their regional, rural and remote communities;
2. Review the numbers and spread of CRCs to determine if any geographic areas are under or over-serviced, and in doing so:
 - a. advise on a distribution of CRCs that would best facilitate the intended service delivery, and
 - b. assess the alignment of the Network with other government programs and Royalties for Regions programs, such as the Regional Centres Development Plan (SuperTowns), and where appropriate propose ways by which such alignment could be improved;

3. Determine how and to what extent the Network has contributed or could contribute further, to outcomes that enhance regional development in Western Australia, and in doing so:
 - a. identify any impediments to the Network realising its full potential to contribute to regional development and propose ways to reduce or remove such impediments, and
 - b. consider how the Network could better contribute to productivity and regional development outcomes such as through improved service delivery, leadership and capacity building; and
 - c. consider how the Network and the Rural Remote and Regional Women's Network of Western Australia could mutually support and enhance their respective roles and activities;
4. Review the governance and administration of CRCs across the Network, paying particular regard to:
 - a. efficiency, effectiveness and productivity, and
 - b. the effects and result of RDL processes and systems;
5. Report on the present and future financing and funding of the Network, paying particular attention to:
 - a. the effectiveness of the current and any proposed additional Royalties for Regions Funding received by the Network, and
 - b. whether some or most CRCs can become self-sufficient;
6. Investigate whether measures relating to the performance of the Network can be quantified or are available or can be derived that indicate the extent to which the Network is contributing to regional development, individual communities, and the regions as a whole;
7. Review the community representation and engagement of CRCs and community regard for them; and
8. Any other relevant matters.

Approach

In conducting the review the Trust will consult with relevant stakeholders, will undertake regional visits to selected CRCs, and will invite and take written submissions.

RDL will provide resources to support the Trust in undertaking this review.

Timeframe

The review is to be presented to the Minister by no later than 30 June 2013.

Appendix 2: Invitation to Make a Submission

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Invitation to provide submissions to the Review of the Western Australian Community Resource Network

You are invited to provide a submission to the Review of the Western Australian Community Resource Network (Network).

If you wish to make a submission, written submissions may be submitted at any time, but should be sent to the Western Australian Regional Development Trust (Trust) by no later than 20 December 2012.

The Trust will undertake as wide a consultation as possible, and will undertake regional visits to do so.

We very much look forward to hearing from you.

1. Key Dates

The Trust has to report by 30 June 2013.

To enable the Trust to consult with relevant stakeholders in 2013, it would be appreciated if written submissions could be sent in as early as practicable, but by no later than 20 December 2012.

2. Submissions

How to provide a submission

There is no particular style required for submissions.

Your submissions should address the Issues for consideration in the Review (see Attachment A: Terms of Reference).

Submissions do not have to cover every item in the terms of reference, but please note in your submission which particular issue you are responding to.

If you have any other issues you would like to raise in your submission that are not itemised in the terms of reference, but are relevant to the Network, you are welcome to raise them.

Short submissions do not need an executive summary, but please include an executive summary in longer submissions.

The Trust is interested in getting feedback from a variety of stakeholders who have been involved with the Network. If you represent a group or organisation please provide those details in your submission.

The Trust will have a particular interest in the future strategic direction of the Network, and its potential for an expanded role – the Trust asks that you take a strategic longer-term view in addressing these issues.

Submissions and any enquiries regarding the Review should be directed to the Trust's Executive Officer Di Biletic, whose details are at the end of this attachment.

Submissions can be emailed, mailed or faxed. The Trust asks that submissions be submitted as early as practicable, but by no later than 20 December 2012.

The email address for submissions is wacrnreview@rdl.wa.gov.au . Further contact details are in the last page of this document.

Responses to the Submissions and Consultation

In addition to taking evidence from written submissions, the Trust will be making regional visits, and will be consulting with as many stakeholders as is possible before it has to report. This will include meetings with individual stakeholders and meetings with groups, for example regional groups of CRCs.

You will understand however, that not all CRC's or other submitters can be consulted in this process.

Apart from an acknowledgement of receipt, the Trust will not be responding directly to individual submissions. However, where necessary the Trust may contact you with questions arising from your submissions.

Confidentiality and FOI for Submissions

Your feedback may be quoted in the final report. Please note that submissions could be made publically available at the conclusion of the Review on the Trust's website.

If you do not want your written evidence automatically made public, please mark your submission 'CONFIDENTIAL'. Please note however that even if marked confidential the requirements under the *Freedom of Information Act 1992* will apply.³⁵⁷

3. Provision of services to the Trust for the Review

The Trust is an independent statutory authority and this Review is independent of the Department of Regional Development and Lands (RDL). However, RDL will provide the Trust with assistance for the Review, which will include staff to assist with research, analysis and secretariat support.

357 The Western Australian Freedom of Information Act 1992 (the FOI Act) gives people the right to apply for access to documents held by State Public Sector agencies which includes: Government Departments; Local Authorities; Statutory Authorities and Ministers. The Trust is subject to FOI requirements. The FOI Act can be accessed at: http://www.slp.wa.gov.au/legislation/agency.nsf/foi_menu.htmlx

4. Contact Details for Review

Contact details for the Review of the Western Australian Community Resource Network are:

Email address for submissions: wacrnreview@rdl.wa.gov.au

Street Address:

Review of the Western Australian Community Resource Network
Western Australian Regional Development Trust
Level 2, 140 William Street, Perth WA 6000

Postal Address:

Review of the Western Australian Community Resource Network
Western Australian Regional Development Trust
PO Box 1143, West Perth WA 6872

Support for the Review:

Diane Biletic

Executive Officer, Western Australian Regional Development Trust

Direct phone: (08) 6552 4498

Fax: (08) 6552 4417

Freecall: 1800 735 784 (Country callers only)

Email: diane.biletic@rdl.wa.gov.au (*not for submissions*)

Trust website:

The Trust's website is located at:

<http://www.wardt.wa.gov.au>

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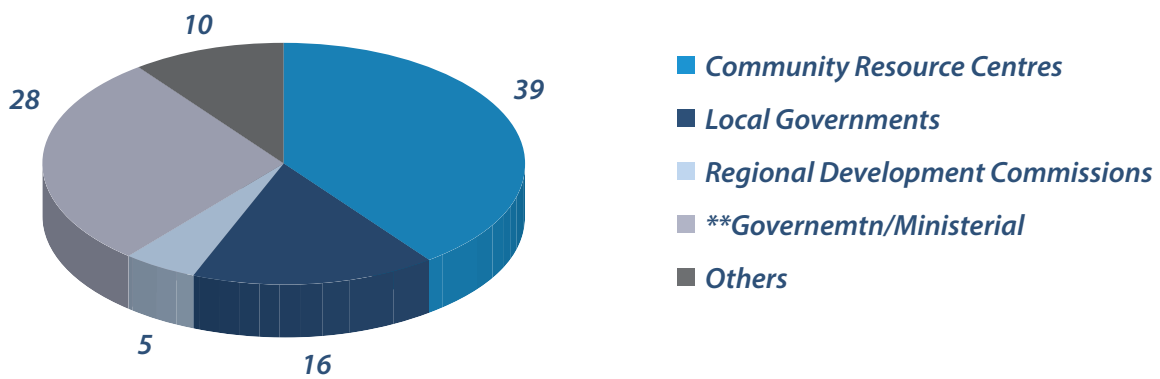
Appendix 3: List of Correspondence, Submissions and Consultations

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Number of stakeholders written to as part of the consultation process and the number of submission received as part of the Review into the CRN network

Organisation	Written to	Submissions received in	Response rate %
Community Resource Centres	115	39	34
Country Local Governments	109	16	15
Regional Development Commissions and Council	10	5	50
Government/Ministerial	38	28	74
Others	5	10	200
Total	281	98	34.88

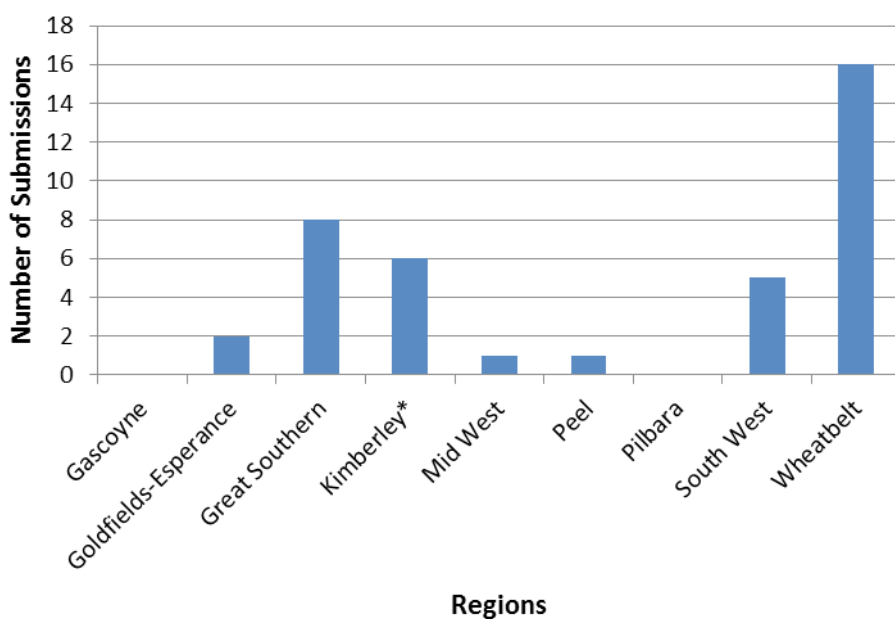
Submissions received as part of the WACRN Review



** Includes Department of Regional Development and Lands Mail Out to key government stakeholders encouraging them to make a submission.

Total number submissions received in from CRCs as part of the review into the CRC network and response rate of CRCs written to as part of the Review.

Country Regions	Submissions received in	Number of Community Resource Centres	Response Rate %
Gascoyne	0	2	0
Goldfields- Esperance	2	11	18
Great Southern	8	12	67
Kimberley*	6	13	46
Mid West	1	11	9
Peel	1	4	25
Pilbara	0	4	0
South West	5	12	42
Wheatbelt	16	40	40
Total	39	109	36



** Includes AWACRC Submission

- **Breakdown per Region of the submissions received in from Community Resource Centres as part of the review into the WA Community Resource Network**

CRC	Region
Hopetoun	Goldfields-Esperance
Ravensthorpe	Goldfields-Esperance
Bremer Bay	Great Southern
Denmark	Great Southern
Gnowangerup	Great Southern
Jerramungup	Great Southern
Katanning	Great Southern
Mount Barker	Great Southern
Tambellup	Great Southern
Yongergnow-Ongerup	Great Southern
AWACRC	Kimberley
Bidyadanga	Kimberley
Broome	Kimberley
Kununurra	Kimberley
Mowanjum	Kimberley
Wyndham	Kimberley
Dongara	Mid West
Boddington	Peel

CRC	Region
Boyup Brook	South West
Bridgetown	South West
Donnybrook	South West
Nannup	South West
Yarloop	South West
Beverley	Wheatbelt
Cunderdin	Wheatbelt
Dalwallinu	Wheatbelt
Gingin	Wheatbelt
Goomalling	Wheatbelt
Kalannie	Wheatbelt
Koorda	Wheatbelt
Lancelin	Wheatbelt
Merredin	Wheatbelt
Moora	Wheatbelt
Narembeen	Wheatbelt
Pingelly	Wheatbelt
Quairading	Wheatbelt
West Arthur	Wheatbelt
Wickepin	Wheatbelt
Williams	Wheatbelt

Full list of all submissions received as part of the Review of the Western Australian Community Resource Network

Organisation	Region	Organisation	Region
Association of Western Australian Community Resource Centres	Perth	Department for Communities	Perth
Beverley Community Resource Centre (Appendix Confidential)	Wheatbelt	Department of Commerce; Industry Science and Innovation	Perth
Bidyadanga Community Resource Centre	Kimberley	Department of Culture and the Arts	Perth
Boddington CRC	Peel	Department of Environment and Conservation	Perth
Boyup Brook Community Resource Centre	South West	Department of Indigenous Affairs	Perth
Bremer Bay Community Resource Centre	Great Southern	Department of Planning	Perth
Bridgetown Community Resource Centre	South West	Department of Premier and Cabinet	Perth
Broome Community Resource Centre	Kimberley	Department of Regional Australia, Local Government, Arts and Sport	Canberra
Central Midlands and Coastal Advocate	Wheatbelt	Department of Regional Development and Lands	Perth
City of Albany	Great Southern	Department of Sport and Recreation	Perth
City of Greater Geraldton Regional Library	Mid West	Department of Training and Workforce Development	Perth
Country Arts WA	Perth	Department of Transport	Perth
Confidential	Perth	Department of Water	Perth
Confidential	Wheatbelt	Dongara Community Resource Centre	Mid West
Confidential	Wheatbelt	Donnybrook CRC Management Committee	South West
Confidential	Wheatbelt	Gingin Community Resource Centre	Wheatbelt
Creating Communities	Perth	Gnowangerup Community Resource Centre	Great Southern
Cunderdin Community Resource Centre	Wheatbelt	Goldfields-Esperance Development Commission	Goldfields-Esperance
Department of Agriculture and Food WA	Perth	Goomalling Community Resource Centre	Wheatbelt

Organisation	Region
Dalwallinu Community Resource Centre	Wheatbelt
Denmark Community Resource Centre	Great Southern
Jerramungup Community Resource Centre	Great Southern
Kalannie Community Resource Centre	Wheatbelt
Katanning Community Resource Centre	Great Southern
Kimberley Development Commission	Kimberley
Koorda Community Resource Centre	Wheatbelt
Kununurra Community Resource Centre	Kimberley
Lancelin Community Resource Centre	Wheatbelt
Merredin Community Resource Centre	Wheatbelt
Mid West Development Commission	Mid West
Minister for Education; Energy; Indigenous Affairs	Perth
Minister for Families, Community Services and Indigenous Affairs; Disability Reform	Canberra
Minister for Local Government	Perth
Minister for Police; Road Safety	Perth
Moora Community Resource Centre	Wheatbelt
Mount Barker Community Resource Centre	Great Southern
Mowanjum Community Resource Centre	Kimberley
Nannup Community Resource Centre	South West
Narembeen Community Resource Centre	Wheatbelt

Organisation	Region
Hopetoun Community Resource Centre	Goldfields-Esperance
Horizon Power	Perth
Pollinators Inc	Mid West
Quairading Community Resource Centre	Wheatbelt
Ravensthorpe Community Resource Centre	Goldfields-Esperance
Regional Development Australia, Peel	Peel
RRR Network	Perth
Shadow Minister for Regional Development, Local Government and Water	Canberra
Shire of Boyup Brook	South West
Shire of Chittering	Wheatbelt
Shire of Denmark	Great Southern
Shire of Donnybrook - Balingup	South West
Shire of East Pilbara	Pilbara
Shire of Goomalling	Wheatbelt
Shire of Laverton	Goldfields-Esperance
Shire of Merredin	Wheatbelt
Shire of Nungarin	Wheatbelt
Shire of Ravensthorpe	Goldfields-Esperance
Shire of Roebourne	Pilbara
Shire of Williams	Wheatbelt

Organisation	Region
Minister for Training and Workforce Development	Perth
Peel Development Commission	Peel
Pingelly Community Resource Centre	Wheatbelt
Tourism WA	Perth
Town of Narrogin	Wheatbelt
Treasurer and Minister for Transport; Emergency Services	Perth
WA Country Health Service	Perth
Water Corporation	Perth
West Arthur Community Resource Centre	Wheatbelt
Wheatbelt Development Commission	Wheatbelt

Organisation	Region
Shire of Wyndham/East Kimberley	Kimberley
State Library of Western Australia	Perth
Tambellup Community Resource Centre	Great Southern
Wickepin Community Resource Centre	Wheatbelt
Williams Community Resource Centre	Wheatbelt
Wyndham Community Resource Centre	Kimberley
Yarloop Community Resource Centre	South West
Yongergnow-Ongerup Community Resource Centre	Great Southern
Wickepin Community Resource Centre	Wheatbelt

Number of Community Consultation Sessions attended as part of the Review into the WA Community Resource Network

Organisation	Region	Organisation: Other Attendees	Date
Mount Barker CRC	Great Southern	Franklin River CRC	17.01.13
Katanning CRC	Great Southern		17.01.13
Walpole CRC	Great Southern	Denmark CRC	18.01.13
Gingin CRC	Wheatbelt	Goomalling, Koorda and Lancelin CRCs	21.01.13
Moora CRC	Wheatbelt	Dalwallinu, Dandaragan, and Wongan Hills CRCs	23.01.13
Mingenew CRC	Mid West	Dongara, Morawa, and Perenjori CRCs	23.01.13
Jurien Bay CRC	Wheatbelt		24.01.13
Kellerberrin CRC	Wheatbelt	Merredin CRC	28.01.13
Corrigin CRC	Wheatbelt	Bruce Rock, Kondinin, Narembeen, Pingelly and Quairading CRCs	29.01.13
Boddington CRC	Peel	Pinjarra & Wandering CRCs	31.01.13
West Arthur CRC	Wheatbelt		31.01.13
Boyup Brook	South West	Bridgetown, Donnybrook, Manjimup, West Arthur, and Pemberton CRCs	31.01.13
Yarloop CRC	Peel/South West	Brunswick Junction, Harvey, Nannup and Waroona CRCs	01.02.13
Coolgardie CRC	Goldfields-Esperance		04.02.13
Norseman CRC	Goldfields-Esperance		04.02.13
Leonora CRC	Goldfields-Esperance	Leinster and Laverton CRCs	05.02.13
Broome CRC	Kimberley		18.02.13
Bidyadanga CRC	Kimberley		18.02.13
Kununurra CRC	Kimberley		18.02.13
Irrunytju CRC	Goldfields- Esperance	Via Teleconference Mr Chris Hobart NG Media	21.02.13
Total	20	30	

Number of one on one consultation meetings attended as part of the Review into the WA Community Resource Network

Organisation	Organisation Attendees	Date
Great Southern Development Commission	Mr Bruce Manning, Chairperson, Mr Russell Pritchard, Regional Manager - Industry and Infrastructure	17.01.13
Small Business Centre – Albany	Ms Vicky Brown	17.01.13
AWACRC	Ms Di Morgan, Chairperson	23.01.13
Pollinators	Mr Andrew Outhwaite, Executive Officer, Ms Ann Larson, Chairperson	23.01.13
Mid West Development Commission	Mr Gavin Treasure, Chief Executive Officer	24.01.13
Geraldton Regional Library	Ms Susan Smith, Manager Libraries and Heritage	24.01.13
Wheatbelt Development Commission	Ms Wendy Newman, Chief Executive Officer, Mr Grant Arthur, Director Regional Services, Ms Chelsea Mott, Research and Project Officer	29.01.13
South West Development Commission	Ms Anna Oades - Manager People and Place	01.02.13
Goldfields Esperance Development Commission	Mr Robert Hicks, Chief Executive Officer, Ms Janice Kendall, Manager – Policy and Projects	04.02.13
Country Arts WA	Ms Jessica Machin, Chief Executive Officer	14.02.13
Mowanjum Community Resource Centre	Dr Richard Smith	14.02.13
Tourism WA	Mr Justin Vaughan, Director Executive and Strategic Services	14.02.13
Department of Local Government	Mr Tony Dean, Manager Policy Mr Troy Daniels, Project Manager Mr Sybille Rogers, Policy & Research Officer	14.02.13
Kimberley Development Commission	Kelvin Bar, Deputy Director	19.02.13
WALGA	Ms Jodie Holbrook, WALGA Policy Manager	21.02.13
Department of Indigenous Affairs	Ms Anita Lee, Acting /Executive Manager Mr Aaron Raynor, A/Deputy Director General Mr James Curtis, Director Strategy & Performance	21.02.13
Department of Regional Development and Lands	Ms Deborah Rice, Director Community Development Mr Rob Leicester, Manager Business Development	21.02.13
Total	17	

Summary

- 281 Submission invitation letters sent out to organisations and individuals
- 98 Submissions received as follows:
 - 39 Community Resource Centres
 - 16 Local Governments
 - 5 Regional Development Commissions
 - 28 Government/Ministerial
 - 10 Other
- 37 Consultation meetings
 - 17 One to One
 - 20 CRC Groups (50 individual CRCs)

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Appendix 4: RDL - Background information to CRC Network funding

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Department of
Regional Development and Lands

Provided to: Western Australian Regional Development Trust: Review of the Western Australian Community Resource Network

Background information to CRC Network funding

13 March 2013

Section One – Overview

1.1 Background

In 2008 the State government invested \$40million over four years through the Royalties for Regions program to support the expansion and development of the WA Community Resource Network to help Community Resource Centres (CRCs). This is designed to address identified needs in regional Western Australia, support the delivery of other programs, empower communities in determining their own destiny, improve access to services, information and education and training, and to develop employment opportunities.

In recognition of CRCs' critical role in delivering the benefits of the Royalties for Regions program, the funding agreement, planning process and reporting requirements were extensively revised.

In August 2010, all CRCs entered into a Financial Assistance Agreement (FAA) with the Department for Regional Development and Lands (RDL). The FAA replaced the Memorandum of Understanding that traditionally underpinned funding arrangements between CRCs and RDL. The FAA is a legally binding contract that RDL enters into with all grant recipients. It covered a three year period and was designed to provide CRCs with certainty, independence and the capacity to strategically plan and deliver the services needed in their communities.

A review was conducted in 2010 of the operations provided by each individual CRC to determine their level of service, governance and management arrangements. As a result, CRCs have been classified as Level 1, Level 2 or Level 3 against four assessment criteria. The CRC base funding is linked to the classification level, with Level 1 CRCs receiving funding to support basic operations, and Level 2 and 3 CRCs receiving incrementally increased funding in recognition of their higher levels of operation. Additional funding is available to build the capacity of each CRC. The funding categories and values are:

CRC Support Funding	Grant \$ Value p/a	Six-monthly instalment
CRC Operational Support Level 1	\$40,000	\$20,000
Level 2	\$50,000	\$25,000
Level 3	\$60,000	\$30,000
CRC Governance Support (ALL Levels)	\$10,000	\$5,000

CRC Support Funding is paid to the CRCs in two six-monthly instalments – July and January. In addition, a 20% loading is applied to the Operational Support Grant payments for CRCs that are located North of the 26th Parallel or have an Accessibility / Remoteness Index of Australia (ARIA+) rating of 10.53 or higher.

Annual optional grants are also offered to CRCs through the Business Planning process. These include:

CRC Optional Grants	Grant \$ Value p/a	Six-monthly instalment
Marketing and Promotional Support	\$5,000	\$2,500
Professional Development and Training Support	\$5,000	\$2,500
Equipment, Fixtures and Fittings Support	\$10,000	\$5,000
ICT Support and Development Services Grant	\$10,000	\$5,000
Trainee Support Grant	\$20,000	\$10,000

In addition, a Building and Infrastructure grant is available to CRCs operating under an FAA to support the capital expansion activities of CRC's into larger or collocated buildings. Application for this grant is a stand alone process and dependant upon the availability of funds and an assessment of the need and benefits of the proposal.

1.2 Key changes in applying for funding

The Economic Audit Report "Putting the Public First" – October 2009 had some key recommendations that have assisted with the development of the CRC funding guidelines. These include:

- i) Recommendation 7 – Modify existing performance reporting regime
 - a. Ensure Key Performance Indicators for service delivery to citizens and the community are aligned with Outcome Areas
 - b. Ensure reporting requirements are commensurate with the scale and risk
- ii) Recommendation 14 – Reduce administrative burden associated with service agreements
 - a. Implement a single 3 year pre-qualification process for community sector organisations to be utilised by all government agencies
 - b. Move to longer term contractual arrangements when appropriate
- iii) Recommendation 15 – Streamline grants administration
 - a. Replace existing programs with a small number of broad-banded grant programs
 - b. Develop centralised systems and support for grants administration to facilitate online applications, monitoring and reporting

In line with the above recommendations, the rationale for funding was streamlined into an annual Business Plan outlining key activities, proposed expenditure and expected outcomes. The model for applying for funding relies heavily on the CRC Business Plans. These demonstrate the planned activities to build the capacity of the community, deliver information and services to the community, develop partnerships and promote the CRC services.

1.3 Annual Business Plan

The Business Plan is used to assess the CRC's proposed activities against the funding areas of general operations, governance, equipment, marketing and professional development. It is reviewed at the end of each year to assess performance against the funding areas.

This process encourages local decision making and flexibility whilst still adhering to

strong governance principles.

The Business Plan provides CRCs with the opportunity to plan for annual expenditure while the six monthly payment schedule allows CRCs to have certainty in cash flow. This enables a longer term view to delivering services and activities.

1.4 Reporting and Acquittals

The FAA requires a range of reporting requirements that need to be provided to RDL every six months throughout the three year life of the agreement. These have been designed to strike a balance between providing CRCs with flexibility and independent decision making while enabling RDL to meet its legal obligations to ensure government funding is applied and expended according to strict governance and accounting principles.

Under the FAA, CRCs need to report against the activities identified in their Business Plan as part of the acquittal process and show expenditure against each Funding Category. CRCs also need to provide RDL with key financial documents that demonstrate they are operating according to accounting standards. These are required every six months.

In addition, an audit of the CRC's operations must be carried out every year by a suitably qualified accountant or auditor and the results submitted to RDL in an Annual Report. The report must be accompanied by the minutes of the CRC Annual General meeting (AGM).

All financial reports are to be certified by the Treasurer or Accountable Officer plus co-signed by the Chairperson. The report against the activities identified in the Business Plan must be signed by the Chairperson.

As a risk management tool, RDL conducts a program of spot compliance checks throughout the life of the FAA. Some of these will be random and any CRC may be chosen under that scheme. Other audits will be undertaken in response to information received by RDL that indicates a check on the operations of the CRC is warranted. Regardless of the reason for the audit, CRCs are given guidelines and adequate notice prior to an audit.

Section Two – Funding Guidelines (that form part of the FAA)

2.1 CRC Operational Support

Operational support funding is provided to CRCs to support the delivery of services to the community and assist with the operations of the centre. CRCs are required to undertake the following activities as reflected in the Business Plan:

- Promote and provide access to State Government information, via a dedicated government information area, that is relevant to the community the CRC is located in and/or as requested by RDL.
- Achieve results in the following key areas as per the Business Plan:
 - build the capacity of the community;
 - deliver services and information on behalf of government and other agencies relevant to community needs;
 - develop partnerships and negotiate business opportunities for the benefit of the community;
 - increase the profile of the CRC and the Network; and
 - develop and maintain high standards of management and governance.
- Ensure the CRC premises and equipment is presented in a professional manner that encourages use by the community and that the CRC premises are easily accessible to the public.
- Ensure the words 'Community Resource Centre' and the Community Resource Network logo appear as part of the CRC's title in all references to the name and business of the CRC including printed material, promotional material and advertising, and that the CRC building displays clearly visible signage that incorporates the WA Community Resource Network Logo.
- Ensure a professional and current website is maintained for the CRC using the crc.net.au framework provided by RDL. As a minimum, the CRC must ensure their crc.net.au website contains details of the CRC location, contacts and opening hours.
- Ensure that any use of the WA Community Resource Network logo, Community Resource Centre logo and/or the brand will be in accordance with the *WA Community Resource Network Style Guide*.
- Wherever possible, give public recognition to the sources of funding that are provided to the CRC under this FAA (i.e. the *Department of Regional Development and Lands* and the *Royalties for Regions* program).
- Permit RDL to refer to the CRC and projects undertaken by the CRC in articles, publications and public forums.
- When seeking to carry out activities similar to those that are already available within a community, grant recipients must do so on a full cost recovery basis, without using funds provided under the agreement, and after full deliberation by the Management Committee to determine if any local agreement with local business(s) is required.
- Ensure that all contractual obligations and service delivery standards are observed when delivering services for private sector and/or government agencies. Ensure all personnel sign a confidentiality agreement in relation

to any information obtained about a client whilst conducting CRC business.

- Where possible, seek opportunities for successful business/partnership ventures for new services and pursue additional grant and revenue raising opportunities to help fund the CRC's operations and develop new services for the benefit of the wider community. If organisations or agencies expect service provision that is quite specific and over and above the scope of the RDL grant, they are encouraged to negotiate a payment that is fair and reasonable to provide that service.

2.2 CRC Governance Support

Governance funding is provided to CRCs to assist in developing and maintaining high standards of management and governance. All CRCs are required to:

- Ensure that the CRC/Incorporated Organisation is compliant with the provisions of the prevailing Associations Incorporation legislation applicable in Western Australia (refer to the Department of Commerce for current legislation).
- Register for GST.
- Register with the WA Government Office of Shared Services.
- Maintain a registered Constitution and ensure RDL is provided with a copy of this constitution.
- Engage a book-keeper (either as an employee of the CRC or as a contracted service provider) to undertake the CRC's financial transactions (e.g. invoice payments, BAS, superannuation and insurance management) and maintain adequate financial and administrative records and processes in accordance with prevailing legislative requirements.
- Ensure that an annual audit of the CRCs financial records is submitted to RDL on or before the 31st of December. The audit must be undertaken by a:
 - Certified Practising Accountant;
 - Qualified Chartered Accountant;
 - Member of the National Institute of Accountants in Australia; or
 - Registered Auditor.
- Maintain an inventory of all equipment in the CRC and establish insurance to recover lost or damaged property. Onsite and off-site insurance should be considered.
- Ensure all management committee members are provided with a copy of the CRC's Constitution, Business Plan and the RDL/CRC Financial Assistance Agreement.
- Maintain a CRC Operations Manual that outlines all administrative aspects of the CRC for present and future Committees of Management and employees
- Ensure all paid staff are employed in accordance with prevailing legislative requirements and maintain employee records for all staff (paid and voluntary).

- Participate in Network wide surveys that may be undertaken by RDL during the term of this FAA.

2.3 CRC Equipment, Fixtures and Fittings

Funding is provided to CRCs to assist with the purchase, repair or upgrade of CRC equipment, fixtures and fittings. The funding supports the purchase of:

- IT hardware and software;
- IT upgrades, repairs and technical support;
- cabling or system modifications;
- carpet, curtains and air-conditioning or other furnishings that need replacing;
- meeting/conference room fit-out;
- upgrading foyer or entry point presentation; and / or
- other items that directly relate to the provision of functional/current equipment and appropriately presented fixtures and fittings.

2.4 CRC Marketing and Promotional

Funding is provided to CRCs to support the promotion of the CRC's programs, services and products.

This funding supports the following activities:

- advertising (print and electronic media, flyers, newsletters etc.);
- market research (surveys etc.);
- community activities, including lobbying and advocating;
- promotional functions;
- showcasing at regional fairs;
- signage;
- development and production of promotional material (brochures, posters etc.);
- promotion of the CRC brand through items such as uniforms and name badges; and
- any other activity that directly relates to the promotion of the CRC's programs, services and products.

In all promotional activities, CRCs must ensure that any communication activity including presentations, publications, signage, articles, newsletters or other literary works are consistent with the requirements of the agreed "Western Australian Community Resource Network Brand Style Guide".

The respective role of RDL and the Royalties for Regions programme must be acknowledged at relevant forums, conferences and project launches.

2.5 CRC Professional Development and Training

Funding is provided to CRCs to assist with the participation in training and/or professional development activities for CRC personnel.

This grant supports the following activities:

- participation in training courses / seminars / conferences;
- Professional Development activities;
- engagement of relief staff whilst CRC personnel participate in training;
- any other activity that directly relates to the training and/or professional development of CRC personnel – including staff, Management Committee members and volunteers;
- travel and accommodation as approved by the CRC Management Committee;
- training and/or professional development activities undertaken must be relevant to the delivery of CRC services; and / or
- professional development activities must be approved/endorsed by the Management Committee prior to being undertaken

2.6 CRC ICT Support and Development Services

This optional fund must be used to support the following activities:

- development of an IT Plan for the CRC including:
 - clearly defined activities undertaken through the use of the CRC's ICT infrastructure;
 - detailed strategies for the development, implementation and/or maintenance of online information and services to the community; and
 - planned technology and equipment upgrades and/or replacement to support the delivery of services to the community.
- access to suitably qualified IT support services;
- development and maintenance of a professional and current website using the crc.net.au framework provided by RDL; and / or
- development of online business services for the CRC.

2.7 CRC Trainee Support

This optional fund is available to CRCs to assist with the employment of a trainee for the duration of their traineeship (generally 12 months) under national apprenticeship and traineeship employment based training arrangements. A registered WA training contract is required to access this grant funding.

Funding is available in two stages:

Stage 1 – \$10,000 is made available upon confirmation of the CRC's intention to employ a trainee by inclusion of details and planned activities in the CRC business

plan; and selection of the CRC Trainee Support Funding on the funding request summary sheet that is submitted to the RDL at six monthly intervals.

Stage 2 – \$10,000 is made available at the first RDL payment cycle (six monthly) that occurs at, or post, the mid-point of the training contract.

2.8 Special Project

Funding is available to support CRCs in undertaking innovative, creative projects that:

- Demonstrate that the project will deliver benefits to a community / the communities of regional Western Australia.
- Demonstrate innovation and creativity.
- Demonstrate that the project will achieve at least one of the following:
 - Add value to the operational and revenue raising capability of the Community Resource Centres;
 - Build the capacity of communities; or
 - Deliver a program not previously delivered by the Community Resource Centre(s).
- Provide a fully costed budget for all aspects of the proposal.
- In the case of an individual application demonstrate collaboration with other groups, the development of partnerships, or the ability for the project to have broader application across the Network.

In the case of a group application detail the collaboration involved and allocate one CRC to coordinate the project.

These projects, in most instances, will be described in the CRC's annual business plan.

2.9 Building and Infrastructure

This grant program provides funding to WA's Community Resource Centres (CRC's), or applicants in the process of establishing a CRC, to purchase or establish suitable premises from which to operate.

The scheme aims to support CRCs address their need for secure, affordable, appropriate and accessible accommodation. It is expected that the funded facilities would co-locate a significant range of community and government services.

Funds may be used to purchase a suitable building, assist in re-location to alternative premises, upgrade or extend existing premises, or construct a new facility.

Funding may be provided for:

2.9.1 Small Projects (grant up to \$50,000)

A grant of up to \$50,000 may be used for upgrades or extensions to existing premises, or to assist in the re-location to alternative premises. The grant can be used to fund up to 75% of the total project value.

This grant includes:

- Design and development costs (such as architectural, structural or engineering plans and project management fees).
- Enhancement or extension of existing premises.
- Costs associated with relocating to alternative premises.
- Purchase of fixtures that are normally an integral part of any building
- Extension (such as air conditioning, floor coverings, security systems etc).

2.9.2 Major Projects (grant over \$50,000)

A grant of up to \$250,000 may be used to purchase a building, assist in re-location to alternative premises, significantly upgrade or extend existing premises, or construct a new facility. The grant can be used to fund up to 25% of the total project value.

Applicants are expected to secure funding contributions from a range of funding sources and contribute from their own resources according to their capacity. Applicants have the opportunity to access this funding stream once every 10 years.

The grant includes:

- Design and development costs (such as architectural, structural or engineering plans and project management fees).
- Significant enhancement or extension of existing premises.
- Costs associated with relocating to alternative premises.
- Construction of a new building.
- Purchase of an existing building.
- Purchase of fixtures that are normally an integral part of any building
- Extension (such as air conditioning, floor coverings, security systems etc).

Funding will not be provided through this grant for:

- Recurrent costs such as maintenance or operating costs.
- Insurance or legal fees.
- To purchase, lease or hire Resource Centre equipment.

Requests for retrospective funding where projects have been completed or commenced prior to receiving approval will not be funded.

2.10 Network Support

Network Support includes the costs associated with cluster meetings, workshops and training.

This includes:

- Trainer and presenter costs
- Venue hire
- Catering
- Travel and accommodation support for participants
- CRC relief staff support
- Training materials

2.11 Network Marketing

This funding category captures whole of Network marketing (as distinct from individual CRC marketing) and includes:

- Displays, signage and posters
- Advertising design – logos, layout, power point templates
- Advertising - eg RAC Horizons, WALGA Directory, regional UBD, Caravan and Camping magazine, White Pages entries
- Publications - regional maps, brochures, CRC Network News magazine
- Merchandise – pens, conference journals, CD holders, notepads, mouse mats, bookmarks, bags

2.12. Administration

Administration includes:

- staff salaries plus on-costs (superannuation, leave entitlements)
- staff costs – travel and accommodation
- regional offices (Northam, Boddington and Bunbury) – rent, stationery, equipment, phone/internet
- professional development – training, workshops

Other Information

Westlink Services

The Westlink satellite network provides interactive one-way video and two-way audio communication to remote areas throughout Western Australia. Westlink is available seven days a week to deliver a range of satellite television programs to over 180 regional and remote communities throughout Western Australia. Westlink

covers education and training, professional development, seminars, public information and videoconference meetings for regional staff.

Westlink services are delivered through CRCs on a contractual basis. Under the contract, Westlink supplies and supports the satellite reception equipment and provides information on programs, technical support and advice. The CRCs receive a \$500 (+ \$50 GST) annual fee to provide the whole community with free, appropriate access to view and interact with programs delivered over the Westlink network.

***Western Australian
Regional Development Trust***

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