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# **Loyalty for Regions: Governance Reform in the Pilbara**

**Report to the Pilbara Development  
Commission**

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## Executive Summary

This Pilbara report is a companion report to the remoteFOCUS report titled 'Fixing the Hole in Australia's Heartland: How Government needs to work in remote Australia'. It is specific to the Pilbara region in Western Australia, however, it draws on the national conversation, analysis and findings of the remoteFOCUS project. (see box following this executive summary for a brief summary of the national project findings.

In short the remoteFOCUS report confirms the initial diagnosis outlined in the remoteFOCUS Prospectus '*remoteFOCUS: Revitalising Remote Australia*' that remote Australia is in dire trouble, and that the way governments engage with, administer and govern remote Australia is at the heart of the problem. The plethora of programs, plans and interventions, the disconnection and uncoordination between the tiers of government and the dissatisfaction and disengagement of remote citizens, attest to this reality.

The Pilbara on first glance appears to be at the other end of the remote Australia spectrum being unique in its environment and economic features and the scale and nature of the challenges and change it faces. Yet it shares much in common with all of remote Australia when it comes to matters of governance

The remoteFOCUS report clearly shows that there is a uniformity of diagnosis from the community, government and academe that change is needed and despite well intentioned attempts to respond to this concern, efforts have continually fallen short. The public service has responded by working harder and endeavouring to respond in a more coordinated way. And while the focus of considerable effort across remote Australia has been to address Aboriginal disadvantage, the diagnosis is not unique to them, and affects all residents of remote Australia. This is an issue of about how governments work – not something caused by the people of remote Australia. Systemic change is needed.

The remoteFOCUS report outlines a new approach to governing remote Australia based on establishing structures with a capacity to mediate and develop partnerships between the various tiers of government and community and Aboriginal governance structures. It establishes principles for effective long-term governance and outlines them in a practical framework for governance reforms so that the tough problems that bedevil remote regions can begin to be addressed effectively. It asserts that centralised executive responses will not address the underlying governance dysfunctions that drive government failure to meet the needs and aspirations of remote Australians.

The Pilbara on first glance can appear to be unrelated to this diagnosis being unique in its environment and economic features and the scale and nature of the challenges and change it faces. Yet it shares much in common with all of remote Australia when it comes to matters of governance.

This remoteFOCUS Pilbara report sets out a brief overview of the changes taking place across the Pilbara and the work of government and the community in addressing the consequences of that change.

In the Pilbara a valuable start has been made by the WA Government. Royalties for Regions is a unilateral (that is, state) policy which addresses the traditional failure to provide financial resources to regions sufficient to meet their legitimate needs and aspirations. Pilbara Cities is again a decision by the state to establish unilaterally a unifying vision going beyond ad hoc responses to particular issues. The next step is to build loyalty to the region - to ensure each level of government and the different Pilbara communities are on the same page - but this cannot be done unilaterally. It needs the political leadership of all levels of government and the various elements of community in the Pilbara to agree to the need for the sort of approach set out above. Of particular concern is the incorporation of Aboriginal interests into this process through their established representative structures.

The report investigates in some detail the issues surrounding Aboriginal opportunities for partnership and their need to engage and be engaged by the changes that are taking place and outlines the challenges involved in developing a governance model that works for all residents of the Pilbara.

Planning processes cannot be regarded as legitimately 'settled' without achieving satisfactory inclusion of Aboriginal perspectives and interests.

The principles and framework for effective long term governance in remote Australia, as developed and set out in the remoteFOCUS report, are explored in a preliminary way by working through the six primary steps to establish the context; design parameters; principles, scope and mandate; functions; form; and accountabilities required to establish a governance design for the Pilbara.

The report finds there needs to be a regional governance authority, though many details about its precise role and functioning require more work than has been possible within the scope of this study. These details will be critical to the effectiveness of any agency – and the design needs to be consonant with the views of a complex array of stakeholders.

The test of whether new arrangements will improve governance in the Pilbara is that a newly created body has the **authority**, **effectiveness**, and **legitimacy** that allow

it to respond to the nature and pace of change in the Pilbara and the contest of positions in response to change.

Such a body would need, by its composition and legal structure, to be above the contest and endure over time and be mandated to:

- Establish a shared vision between government and community for the Pilbara region,
- Negotiate compacts that provide clear mandate of responsibilities and a common platform for accountability at all levels of governance across the Pilbara,
- Foster place-centred solutions and regional innovations, and
- Ensure resourcing for functional capacity.

It may be possible to achieve this outcome through an adjustment of some existing structures, however, we argue that the mandate and function proposed for such a governance body suggest a fresh start should be made.

One approach would be high level political support to establish a Pilbara trial where the principles and approach outlined in the report are applied, with the specific aim of developing an on-going process of learning, consensus and regional capacity building - a starting point with a defined scale and scope. This will build momentum for change as required and potentially provide “proof by good example” of the efficacy of such change.

The voices of community legitimise concerns for politicians to respond to. In their own way community concerns provide the mandate for political leadership.

Continuing community articulation of why their concerns persist and how the current system of governance appears unable to resolve these concerns is a fundamental condition precedent to establishing a mood and appetite for positive reform in the Pilbara.

It is now not a case of not knowing what to do, rather a case of having the collective will to do it. Only political and civic leadership will drive the necessary reforms.

## **‘Fixing the Hole in Australia’s Heartland: How Government needs to work in remote Australia’.**

The report titled ‘Fixing the Hole in Australia’s Heartland: How government needs to work in remote Australia’ advances five propositions, responding to two primary questions:

(a) What is going wrong in remote Australia?

1. Remote Australia is confronted by common issues and these issues are globally familiar though extraordinarily diverse and complex local challenges. They are common to regions where people reside remotely from centres of economic and political power but are facing rapid social and economic change.
2. While it is important to recognise the limited influence that public policy can have on some aspects of these issues, present governance arrangements which have developed incrementally over 20 years or more are not well attuned to the current circumstances and emerging trends in remote Australia.
3. In the absence of a nationally accepted narrative that embraces micro-economic reform and establishes the national interest in remote Australia and a settlement pattern that supports that national interest, little is going to change, as initiatives will tend to be ad hoc rather than systemic.

(b) How can it be fixed?

4. There are many potential ways of remedying these structural governance problems, but the more promising prospects involve greater degrees - and varying patterns - of community engagement and decentralised governance. While this will inevitably take time, it is imperative that a start – a substantive start - be made. The general framework within which particular designs can be developed requires wide ranging regional engagement to resolve the specific application of these principles in particular locations. Application and details of the approach will differ from place to place and from time to time.
5. While there is some spasmodic attention on remote Australia (particularly on “crises” such as Aboriginal disadvantage, or as the social and personal fall-out of fly-in-fly-out workplace practices), normal politics and public administration are unlikely to achieve the structural reforms needed to

address these issues, and others. Special purpose initiatives will be required, and these will need cross-party political commitment and support from business, professional and community organisations.

We conclude that:

- Governance arrangements are a threshold cause of policy failure, and
- Policy for remote Australia needs to be separately conceived and framed, and “custom-built” to meet its specific circumstances and needs.
- The challenge in designing new approaches to governing and administering remote Australia is that a paradigm shift in policy is required - one that addresses and changes structurally embedded habits, practices, and approaches - and this cannot come from within the present governance framework.

The sense of disconnect and discontent with governance recorded in our extensive consultations across remote Australia is captured in the five things people have told us they want but don't get:

1. A say in decisions which affect them.
2. Equitable and sustainable financial flows.
3. Better services and a locally responsive public service.
4. Local control and accountability where possible.
5. Inclusion in a greater Australian narrative.

Accordingly, structural response to these concerns is required for successful governance.

The key outcome of the developing of new governance principles should be the creation of locally appropriate institutions that have sufficient authority, legitimacy and effectiveness to fulfil their functions. The current three-tiered system of government fails to do this adequately in remote Australia. In large parts of remote Australia Aboriginal organisations including Land Councils and Native Title Bodies provide effectively a fourth tier of governance adding to the complexity of arrangements.

The nature and pace of economic, social and technological change in remote Australia and the deep and consistent concerns expressed in our consultations with the people of remote Australia - and acknowledged in many government reports - necessitates creation of governance responses that meet the following principles:

- A structure or institution with the authority and legitimacy to create and sustain a vision for a region is needed.
- For solutions to dysfunctional governance problems in remote Australia to be lasting, they should incorporate '**negotiated compacts**' which adequately mandate institutions to mediate contests and reach durable agreements.
- Solutions are also likely to invoke **place centred responses and regional innovations**.
- '**Resourcing must follow function**'. This principle is less contentious, but is typically acknowledged only in the breach in Australian public policy.

Accordingly, it is proposed that with intense regional engagement, a governance reform process should be established, in six primary steps summarised by the following terms: context; design parameters; principles, scope and mandate; functions; form; and accountabilities.

- Only political leadership, such as that which produced an initiative and policy shift like Royalties for Regions in WA or mandated the NTER, but – importantly - aimed at systemic change to the way governments make decisions, operate and are accountable, will take us beyond a 'we-must-try-harder' mantra without regard to the efficacy of the system itself. This cannot be driven from within the bureaucracy, which is constituted within the status quo and bound by its rules. Political leadership needs to come to the conclusion that there is a system problem not a policy problem.
- Reform will be problematic unless the incorporation of Aboriginal perspectives is a non-negotiable condition precedent.
- Another significant opportunity would be for the Productivity Commission to investigate the capacity for such a governance reform to act as a micro-economic stimulant for remote Australia.
- The voices of community legitimise concerns for politicians to respond to. In their own way community concerns provide the mandate for political leadership. Continuing community articulation of these concerns is a fundamental condition precedent to establishing a mood and appetite for positive reform.

It is now not a case of not knowing what to do, rather a case of having the collective will to do it. The market will not define the national interest in remote Australia and its peoples. Only political and civic leadership will drive the necessary reforms.



It is easy politics to hide behind concepts of representational democracy and market economics and waive the needs of remote Australia in favour of the weight of public opinion and numbers in the serviced suburbs. For it is here where the majority of political leaders derive their authority and maintain their relevance. This type of neglectful inequality is corrosive for the nation and rots Australia from within.

The economic cost of deferring action or denial of reform is nationally significant. Investment now with a view to avoiding vastly higher costs both in terms of addressing disadvantage and relocation is prudent judgement in the national interest. There are aspects of our national interest and identity that we lose by making the wrong decisions over and over again or by neglecting to make a decision at all.

We know what this might cost but we don't yet know what this is worth as a nation.

What is the cost of this hole in Australia's heartland?

Is the current condition of governance in remote Australia good, fair and just? Is it right?

## The remoteFOCUS Pilbara Project

The purpose of the remoteFOCUS Pilbara project is to position the Pilbara as a leader in the reform of government governance, administration and engagement with the aim of significantly advancing regional development through a more strategic, systemic and sustainable process. Growing loyalty for regions.

It was commissioned by the Pilbara Development Commission to initiate an urgent dialogue between the Pilbara communities, relevant government agencies and industry stakeholders to develop reforms that could improve the way governments interact with the region.

The remoteFOCUS Pilbara Project was established on the widely held assumption that comprehensive reform of governance was urgently required in order to improve economic outcomes, infrastructure and service delivery.

The need for special measures such as the Pilbara Plan and Royalties for Regions were taken as proof that ordinary systems of government were in need of reform in the Pilbara.

The project aims to develop reasonable alternatives and reform proposals that will enable the PDC to continue its efforts to provide well informed, coordinated advice to State government on Pilbara futures.

A number of initiatives have been made in the region since 2008 to co-ordinate various government, non-government, industry and Aboriginal stakeholders. The political environment has also changed somewhat. The Australian Government is pursuing the localisation of decision making through RDA's and in WA the advent of Royalties for Regions has provided opportunities to respond to regional issues with real money albeit within existing structures. However, it remains that the underpinning government legal and financial arrangements are such that co-ordination is too often impeded by competing or conflicting governance and administrative arrangements.

RemoteFOCUS was tasked to contribute to the PDC's Pilbara Dialogue to enable well informed, co-ordinated advice to State Government and other stakeholders on Pilbara futures. Broad ranging questions discussed included:

### **Where does the Pilbara story come from?**

- Is the vision broader than being a region that produces wealth for the nation and the state?
- Who is responsible for creating and telling the story?

- Who are the community of interest?
- Should we view the Pilbara as a colony of the SW and SE of the country run primarily for the benefit of stakeholders elsewhere?

**Is a new localism/regionalism realistic?**

- Given the global, national and state significance of the Pilbara, what decisions can we expect to be made in the Pilbara?
- Are there ways that accountability for local outcomes can be localised?

**How inclusive is the planning of the Pilbara?**

- How do Aboriginal people tell their story of the Pilbara?
- How can they be included in the vision, services, accountabilities and cash flows of the region?



## The Pilbara

Situated in the north west of Western Australia, the Pilbara is a mineral rich region of spectacular scenery thought to be around 2.8 billion years old. Often described as the engine room of the nation because of its immense reserves of natural resources, the Pilbara is also blessed with stunning natural beauty boasting striking landscapes and a rich and diverse cultural heritage.

The Pilbara covers a total area of 507,896 square kilometres extending from the Indian Ocean to the Northern Territory border (including offshore islands). The region comprises four local government authorities - the Shires of Ashburton, East Pilbara, Roebourne and the Town of Port Hedland and the established ports of Dampier, Cape Lambert, Onslow, and Port Hedland. Two further ports, at Anketell Point and Cape Preston, are under construction. The ports are some of the most significant national gateways to the global economy.

The recent 2011 census reports 59,894 people live in the Pilbara<sup>1</sup> comprising 36,882 males and 23,012 females. The median age is just 32 years and the population is made up of just under 10,000 families. In addition, this resident population is subject to the unique pressures generated by an extremely large Fly-In Fly-Out (FIFO) workforce. Already, in just two Local Government Areas (LGA's) (Ashburton and East Pilbara) the annual FIFO population is estimated at 29,000. Based on building licence approvals, there are presently 55,000 FIFO beds in the region as a whole and this will grow by at least another 33,000 in the next two to three years<sup>2</sup>. At the same time a study by an Edith Cowan University School of Management research team estimates a 25 per cent annual turnover rate for the 50,000 fly-in, fly-out (FIFO) workers in Western Australia<sup>3</sup>.

Meantime, the LGA's argue that their rate bases do not allow the generation of funds necessary to deal with community pressures because of early commercial agreements between the State government and the major resource companies which preclude local government from effectively rating many of the major resource developments.<sup>4</sup> For their part, the resource companies argue that the introduction of the Fringe Benefits Tax (FBT) made it uneconomical to locate workers at or near their operations.

The region can be separated into three distinct geographical formations, a vast coastal plain, breathtaking inland ranges and an arid desert region extending into Australia's dry centre. The Pilbara is a semi arid region characterised by high temperatures, low and variable rainfall and high evaporation. Temperature ranges are generally greater in inland districts away from the moderating effects of onshore winds common to the coastal districts.

Some of the Pilbara's most popular natural attractions are the Karijini and Millstream/Chichester National Parks with its spectacular gorges and waterfalls, Marble Bar and Cossack with their historical features, and the Dampier Archipelago for those interested in aquatic pursuits such as fishing, diving and other boating activities.

The region is also well known for its heritage assets and especially for Aboriginal rock art, of which there are spectacular examples throughout the Pilbara.

The Pilbara is of great economic significance to the nation with an economy dominated by the extraction, processing and export of minerals and hydrocarbons. The region has significant geostrategic importance to WA and national interests. It produces approximately<sup>5</sup>:

- 95% of Australia's iron ore
- 70% Australia's natural gas
- 85% of Australia's crude oil and condensate

The Pilbara Development Commission estimates the Gross Regional Product (GRP) of the Pilbara at 14 billion in 2011<sup>6</sup>. The mining sector accounts for 74.6 per cent of economic activity in the Pilbara<sup>7</sup>. The 2011 production value of Pilbara minerals and petroleum exports was AU\$86.2b. This figure has increased massively since 1999/2000 when exports were AU\$4.1b. The Pilbara also services the offshore Carnarvon Basin, Australia's largest known oil and gas reserve (21% WA total mineral's and petroleum value) in 2010.

The Pilbara accounts for 59% of WA's mineral and petroleum production value<sup>8</sup>.

Projects under construction are led by the \$43 billion Gorgon LNG project and iron ore developments in the Pilbara and the Mid West. Major iron ore projects include Hancock Prospecting's Roy Hill mine (\$6.7 billion), Sino Iron Project (\$6.2 billion), BHP Billiton's Rapid Growth Project 5 (\$4.9 billion), Rio Tinto's Pilbara expansion (\$3.4 billion), Gindalbie Metals Karara Magnetite Project (\$2.6 billion) and Fortescue Metals Group Solomon Hub Stage 1 Project (\$2.5 billion).

Outputs of other sectors in the Pilbara regional economy are led by sectors with strong links to mining. Mining and construction employ 49 per cent of all people employed in the Pilbara<sup>9</sup>

## Commodity Values -Pilbara Region \$86.2b

### Production Value of Minerals and Petroleum by Commodities – 2011

#### **PILBARA REGION**

Iron Ore	\$60.29b
Gold and Silver	\$1.006b
Copper	\$643m
Manganese and Salt	\$585m
Other	\$130m
<b>TOTAL</b>	<b>\$62.66 Billion</b>

#### **PILBARA OFFSHORE**

Crude Oil and Condensate	\$12.004b
Liquefied Natural Gas	\$9.344b
Natural Gas	\$1.400b
LPG Butane and Propane	\$745m
<b>TOTAL</b>	<b>\$23.49 Billion</b>

*Source : WA Department of Mines and Petroleum 2011 WA Mineral and Petroleum Statistics Digest, June 2012.*

## Commodity Value – by Shire

#### **PILBARA REGION**

East Pilbara	40,131b
Ashburton	21,654b
Roebourne and Karratha	135m
Port Hedland and Marble Bar	743m
<b>TOTAL</b>	<b>\$62,66b</b>
<b>Offshore Petroleum</b>	<b>\$23,49b</b>

*Source : WA Department of Mines and Petroleum 2011 WA Mineral and Petroleum Statistics Digest, June 2012.*

Expansion in the resources, agricultural, tourism and fisheries sectors, along with complementary developments in the provision of services, are planned to transform the region from a 'residential quarry' to a desirable and resilient population centre.<sup>10</sup>



In an effort to expand the resident population and diversify the economic base, the West Australian Government has developed the Pilbara Cities vision. Government and industry have committed significant financial and political outlays largely through the state government Royalties for Regions program and the many resource developments mentioned above.

For the Pilbara Cities vision to be realised solutions to current and forecast challenges must be negotiated. To support the region's continued economic prosperity, a population policy that provides incentives to settle in the Pilbara is urgently required. The complex issues of Indigenous affairs and Native Title require continued focus and dialogue. Finally, current deficiencies in critical infrastructure, water and governance structures must be resolved<sup>11</sup>.

A key question for the people of the Pilbara is whether the current governance arrangements are capable and fit for purpose in resolving the challenges and contests that arise from the compounding growth that both Pilbara Cities and the resource extraction industries will bring to the region.

## **Population, Development and Investment**

The Pilbara is Australia's most important economic zone providing the most significant national gateways to the global economy. This region occupies 20% of the WA land area and produces more than 59% of the state minerals and petroleum revenue with the value of exports exceeding \$86.2 billion in 2011. 78% of royalties and taxes in WA are derived from these activities. The Pilbara is now home for just on 59,894 residents<sup>12</sup> or just on 2.1% of the WA population. Of this total around 6 000 or 16.9 % are Indigenous Australians (10.5 per cent of the WA Aboriginal population).

In the 2006 census, the resident population of the Pilbara was around 41,000. The Indigenous population – that also includes some Torres Strait Islanders – was 5,632 or 13.7%. Estimates of the total resident population for 2008 indicated a rise in the two years after the 2006 census of around 5,000 to nearly 46,000 and another 5,000 for 2010 to 51,000. Hence population increased by 15% over the seven years to 2008 an annualised growth rate of just over 2%.

In the recent 2011 census the Pilbara was the second fastest-growing Statistical District (SD) in the state, increasing by 2.7% (or 1,300 people) in 2010-11. Roebourne (S) was the LGA with the largest growth in this SD, increasing by 640 people (3.3%), while Ashburton (S) was the fastest-growing with an increase of 3.7%.<sup>13</sup>

The Pilbara Industry's Community Council (PICC) 2010 employment and population projections estimate that the resident population will increase from 51,000 in 2010 to 62,500 in 2020, although with FIFO this would rise to a total of 66,530 in 2010 and to 96,200 in 2020.<sup>14</sup> The PICC report also forecasts FIFO to increase 83%



between 2010 and 2015 and a further 23% by 2020. Pilbara Regional Planning Committee (PRPC) estimates that FIFO and construction work could inflate resident population estimates by 20-40% in peak times. These figures sit on top of resident workforce growth of 28% between 2010 and 2015 with a further 16,000 extra workers in Karratha alone. The Pilbara Cities vision calls for the population to expand to over 120,000 by 2035.

**This will require a sustained average population growth rate of more than 4% per annum for 25 years.**

Current planned projects suggest an additional 34,000 workers in 2012 in the region, declining to an additional 21,000 in 2015 (above 2009). This increase implies a doubling of the workforce over the short term to a total of 67,000 in 2012 and settling back to 54,000 in 2015. An intense period of construction drives the peaked profile, with a construction workforce of 27,000 required in 2012, reducing to an additional 15,000 above 2009 construction workforce by 2015.

The operations workforce in the region will steadily increase over the period, with the region likely to require an additional 19,000 operations workers by 2015.

These changes will have substantial impacts on the relative proportion of the Indigenous population. If these projections are realised – and the PICC figures for 2010 indicate that they may well be – then the proportion of Aboriginal to non-Aboriginal people may well decrease. This is despite the fact that the Indigenous population itself has grown steadily over the past couple of decades and continues to do so<sup>15</sup> (Taylor and Scambary 2005: 13); and that, in 2006, the Pilbara Aboriginal population represented the third highest proportion of Aboriginal people in Western Australia<sup>16</sup> (Western Australian Government, Department of Aboriginal Affairs 2011). In addition, the spread of Aboriginal people is varied, with towns like Roebourne, Marble Bar, South Hedland, Onslow with much higher Aboriginal populations than in, for example, Karratha or Dampier; and other areas such as parts of the East Pilbara where the proportion of Aboriginal people is much higher than the regional average. As Taylor and Scambary observe (2005: 13):

The simple point is that, over vast tracts of the Pilbara region, the 16 per cent global Indigenous share statistic<sup>17</sup> can be misleading as large parts of the country away from the demographic influence of urban centres and mine sites remain essentially Indigenous domains where Indigenous people and their institutions predominate.

A large variation occurs even within towns. In South Hedland, for example, the 2006 census figures show a spread of Aboriginal residents across the town from eight to nine per cent in some areas to twenty-eight to thirty-three per cent in others. (These papers are accessible in chapters 10-15 of the remoteFOCUS Compendium).

Government and Industry have done some excellent work documenting the scale of the changes proposed for the Pilbara and the following snapshot provides a sense of the governance challenge that lies ahead.

## **Pilbara Cities**

Over the next two decades the Pilbara residential population is expected to grow significantly, exceeding 140,000 by 2035. This growth will be largely driven by the State government's Pilbara Cities initiative, which aims to secure the long term sustainability of the Pilbara through the development of a robust and diverse regional economy. It is planned under Pilbara Cities that Karratha and Port Hedland will be developed into cities with populations of 50,000, supported by Newman as a sub regional centre with a population of 15,000.

This vision was timely and projected a positive future for the Pilbara which at the same time could redress a number of issues that had developed as a result of the rapid change in the regional profile.

Despite the wealth generated in the Pilbara, in common with the resource industry worldwide, the challenge is to achieve significant economic flow-on effect in the immediate region. That is, despite increased activity the region is still peripheral or marginal to the main economic impact of the resources developments.

A snapshot of the Pilbara in 2006<sup>18</sup> set out the scale of the challenges to be tackled:

## **Resource Challenges**

- The mines are effectively mining the social capital of the region as well as the mineral resources
- Non resource industries accounted for much less than 1% of GRP.
- Expansion in resources sector but no evidence of corresponding expansion in other sectors
- The resource sector accounts for most of the employment.
- Staff fly directly from the east coast to Karratha and Hedland
- The productivity cost of labour turnover (around 40%) is in the order of 175% of annual salary for the 6months after resignation.

## **Local Business Challenges**

- Decline in Small Medium Enterprises (SME's) in 2001 compared with 1995 by more than 20 %.
- Most of the payments to suppliers of goods and services are made outside the region; Significant online shopping taking place.
- Overall cost of living is 49% higher than in Perth.

## Demographic Challenges

- The average age of Pilbara residents is 31 though 26% of the Pilbara population is under 14 years of age.
- Number of families in Pilbara decreased by 4.2% 1996-2006 despite an overall population increase.
- The ratio of males to females is 140:100.
- The non-indigenous population is skewed to the 25 – 45 year age bracket;
- The majority are not long-term residents and are grouped in the larger towns of Port Hedland and Karratha. Yet some people have lived in the Pilbara more than 30 years.

## Aboriginal Challenges

- Indigenous people currently account for 17.5% of the resident Pilbara population. Over 5700 Aboriginal and Torres Strait Islander people live in the Pilbara
- More than one-third of Indigenous residents are under 15 years of age.
- A relatively smaller number live in Indigenous communities and on pastoral stations.
- 50% of working age Indigenous people in the Pilbara were not in the workforce. (2001 Census)
- Approximately 60% of arrests in the Pilbara in 2003 were of Indigenous people.
- Aboriginal people do not figure prominently in the many planning reports.

## Housing Challenges

- High housing costs and difficulties in attracting and retaining employees are two key impediments for small business.
- Savings generated are mainly invested outside the region (including residential housing)
- A house in Hedland costs up to \$1m to build, houses are rented for \$2000 per week. In Port Hedland and Newman median house prices have risen over 800% since 2001 and rents are approaching \$1500-\$2500 per week.
- Unmet housing demand currently 3878 projected to rise to 8614 in 2015.
- Will need additional 40,900 dwellings by 2035 to meet population growth from Pilbara Cities.

## Citizenship Challenges

- Average participation rate for registered voters across the Pilbara is 21.1%.

In summary the region had a lack of economic and industry diversity with,

- an over-reliance on the resources and energy industry;
- a lack of long-term population growth;
- high costs of infrastructure and services;
- a lack of clarity over towns service provision; and
- an Indigenous community that is effectively marginalised from the mainstream economy.

The main reasons people left the region was:

- cost of living,
- lack of educational opportunities for children and
- lack of community facilities.

In response to this emerging regional profile and the significant growth of resource investments, and to counter the negative impacts on the social front, the Pilbara Cities initiative was announced by the Premier and the Minister for Regional Development in November 2009. This is the central component of a broader plan to normalise living conditions and cost of living, to enrich the quality of life, and to diversify economic opportunities: to use some of the vast wealth produced in the region for the social benefit of the people who live there and to make newcomers want to stay. The objective is to have two cities, Karratha (Karratha and Dampier) and Port Hedland (Port Hedland and South Hedland), each with a population of 50,000. Newman would become a sub-regional centre; Tom Price, Onslow, and Wickham 'major towns'; Paraburdoo, Roebourne, and Pannawonica 'towns'; Point Samson, Marble Bar, Nullagine, Cossack, and Shellborough 'villages'.<sup>19</sup>. Aboriginal 'communities' – unnamed – sit outside this particular planning hierarchy, in a discreetly acknowledged too hard – 'challenging' – basket

## The present governance structure

This report explores issues surrounding the design of governance arrangements for the Pilbara. Because of its singular circumstances, this region presents a unique challenge. No other spatial zone in Australia will experience such commercial investment and development. No other region is of remotely equivalent significance for the entire Australian (much less Western Australian) economy. No other region will experience such a conjunction of social pressures: including a disproportionate fly-in-fly out work force; extremely ambitious local developmental plans; and an Aboriginal population that remains marginalised and largely disconnected from the surrounding bonanza.

In response, both state and national government have embraced regional strategies. Initiatives under the auspices of the Western Australian government include Royalties for Regions, the Pilbara Cities vision, Pilbara Development Commission. Following the 2011 review of Regional Development Commissions, the government has decided to retain the Regional Development Commissions but to strengthen their links to the Department of Regional Development and Lands in Perth and to assess needs for extra capabilities.<sup>20</sup> At the national level an office (Regional Development Australia – Pilbara) has been established at Karratha and an Advisory Council constituted. These initiatives demonstrate the concern of governments for prosperity and global linkage to march in step with local community development and settlement, not the opposite.

This remoteFOCUS report suggests that present governance arrangements will ultimately need to be augmented. There are few developmental projects in Australian history that match (in scale and significance) what is now unfolding in the Pilbara – the Snowy Mountain scheme is perhaps an analogue although this was largely an engineering project whereas the Pilbara involves social and economic considerations of unusual complexity. Despite the essential role of place based capabilities, these are now under-developed and incapable of addressing contextualised needs.<sup>21</sup> Moreover, commitments to engagement, consultation and buy-in require much greater capacities for linkage and choice at the regional level. This is in a context in which many extra-regional interests and considerations also need to be accommodated.

There has been significant activity in developing forward plans for the Pilbara over the life of this remoteFOCUS project and already the Pilbara Plan has been superseded by two generations of plans although each version carries some element of earlier planning.

Many attempts have been made to coordinate and sustain efforts—by state and local governments, the mining sector—to diversify the economy, enrich the quality of life and reduce the cost of living. But the rate of change and the underpinning government legal and financial arrangements are such that competing or conflicting

governance and administrative arrangements too often impede co-ordination, let alone cooperation.

How do you establish sound governance in such a complex and changing environment?

How do you plan new cities and operate a business in a region like the Pilbara when the reality is that there are probably thousands of people not in this region who are making decisions every day that have a direct impact on this region?

All levels of government—commonwealth, state, and local—as well as industry bodies, are taking an active role in planning for the Pilbara and the management of current, proposed, and expansion projects. This has resulted in frenetic activity levels of some complexity. In addition to normal departmental responsibilities for their various portfolios –the State government has largely, as a result of the Royalties for Regions program introduced in 2008, established or redefined a number of specialist bodies to oversee Pilbara matters.

From its inception in 2008 till December 2011 Royalties for regions had expended \$361,610 m in the Pilbara

## Local Government

Local government plays a significant role in community governance, while the local government sector recognises that the State Government is responsible for strategic issues of State interest and for providing a coordinated approach to issues affecting all Western Australians. Four local government bodies provide a range of local government functions across the Pilbara.

The **Shire of Ashburton**, at nearly half the size of Victoria (105 647 square km), boasts some of the world's largest open cut mines, largest pastoral leases and cattle stations and a thriving fishing industry all set against a beautiful and ancient arid tropical landscape.

The region's 7,000 residents are employed in a variety of industries including oil, gas, mining, cattle, fishing and tourism. The supporting infrastructure also provides employment and career opportunities.

The Shire has four towns Tom Price, Paraburdoo, Onslow and Pannawonica.

The **Shire of East Pilbara** has an area of approximately 380,000 square kilometers and is the third largest municipality in the world. The main townships are Newman, Marble Bar and Nullagine. The town of Newman is home to about half of the shire's population and is seen as a modern mining town with suburban-style homes, which provide a stark contrast to its surroundings of red and desert landscapes. Newman has some of Australia's most beautiful country with spectacular flora and fauna. The 2011 census identified a resident population for the Shire of 8100. Amongst the natural beauty of the Shire is one of the world's biggest

open cut mines being BHP Billiton's Mt Whaleback Mine. It was discovered in 1957 by veteran prospector Stan Hilditch and was named "Whaleback" because the hill resembled the shape of the humpback whale. There are many Aboriginal communities in the East Pilbara such as Jigalong, Punmu, Parngurr, Irrungadji, Pipunya and Goodabinya.

**Port Hedland** is a town of 15,046 people where life is relaxed and being situated along the ocean provides a variety of aquatic leisure activities and a home for whales and nesting flatback turtles. Port Hedland is an anglers' paradise with a variety of fish such as whiting, mullet, bream and kingfish. Port Hedland lies on an inlet fringed with mangroves and a number of hand shaped tidal creeks which come off its shallow natural harbor.

Port Hedland was originally known by the indigenous Kariyarra and Nyamal people as Marrapikurrinya which means "place of good water". The BHP Iron Ore Mill at Nelson Point is the industrial centre which focuses on the extraction, processing and export of iron ore. The port handles the largest tonnage of any port around Australia. Here the iron ore is unloaded, screened, crushed, stockpiled and exported.

Of the 59,894 people that call the Pilbara home about 19,800 local residents live in the **Shire of Roebourne** located 1,557 kilometres north of Perth on the spectacular Pilbara coast. The Shire of Roebourne consists of five major towns including Karratha, Dampier, Roebourne, Wickham, Point Samson and the historic settlement of Cossack.

Karratha, its thriving regional centre. 42 kilometres north east of Karratha is Roebourne a community with a strong and proud Aboriginal culture.

The Shire of Roebourne is the western gateway to the Millstream-Chichester National Park and the spectacular Dampier Archipelago is just off the coast. Some of the most popular and easily accessible beaches in and around the Central Pilbara Coast are Hearson's Cove, the Dampier Foreshore, Point Samson, Honeymoon Cove and Cossack. There are also numerous beaches on the Dampier Archipelago and the Montebello Islands.

Each Shire has developed a number of strategic plans over recent years in an attempt to fulfil their statutory responsibilities and maintain pace with the changes that are occurring in their regions. Most recently these are:

- Town of Hedland – has developed 'Hedland Futures Today'
- Shire of Roebourne – has developed 'Karratha 2020' which is about to be superseded by 'Karratha City of the North'
- Shire of Ashburton - currently only have a strategic plan to 2012 but are about to release a new plan early next year.

- East Pilbara Shire – has a plan titled ‘Newman Tomorrow’.

It is arguable that none of the four Shires has a current rate base that would enable them to deliver a full range of services expected by ratepayers nor could they sustain the recurrent operational costs of the significant infrastructure investments currently being made without ongoing subsidy.

**The Pilbara Regional Council** is a statutory body established under the *Western Australian Local Government Act 1995*. It was formed in 2000 and is made up of representatives from the four Pilbara shires: Ashburton, East Pilbara, Roebourne, and the Town of Port Hedland. It was established to take a regional approach to service delivery and to act as a collective voice to government and industry. In 2010, it received funding for three projects to be carried out in the following twelve months: improvement of local government services to Aboriginal communities (\$180,000); the preparation of a Regional Business Plan to investigate shared service delivery between the four local governments (\$170,000); and the promotion of larger strategic infrastructure development and asset preservation and renewal (\$2,275,067 from the Country Local Government Fund).<sup>22</sup>

The Pilbara Regional Council governance model recognises that each member council brings specific expertise to the table, and that there is already a spirit of collaboration in the Pilbara. The governance model is neither top down nor bottom up; rather it acknowledges the mutual interdependence of all for the benefit of the region. For a considerable time the PRC was not particularly active.

The Pilbara Regional Council seeks to deliver a voice and attract a financial return commensurate with the Region's contribution to the Australian economy.<sup>23</sup>

## State Government Bodies

**The Pilbara Development Commission** is one of nine Regional Development Commissions established under the *Regional Commissions Act 1993* and supported by the Department of Regional Development and Lands. The role of the Commissions is to facilitate and coordinate the development of the region in which each one is based<sup>24</sup>. The 2010 *Review of RDC's* commented that ‘if regional governance in Western Australia were to be measured against jurisdictions elsewhere in Australia, then the RDC model, with its local staff, CEO and board, would stand out against all other systems, which are broadly centralist in nature’<sup>25</sup>.

The PDC mission is to empower Pilbara communities to direct their own future as diversified and sustainable centres that are attractive to visit, live, work and invest in.

PDC seeks to shape the future of the Pilbara such that:

- It is a vibrant and sustainable place to live, work, visit and invest.
- Investment is leveraged many times over



- We can attract and retain a strong workforce
- There is prosperity and benefit for everyone

The PDC office in Karratha is now co-located with Pilbara Cities and Landcorp at the Karratha Business Centre.

The Commission undertakes and engages with stakeholders in increasing the knowledge of the region in order to provide policy and decision makers with quality information. Recent and current studies undertaken include a study into the situation of Aged Care in the Pilbara, Demand/Needs analysis for short stay accommodation, requirements for small business support and feasibility of establishing business incubators. PDC is currently undertaking a demand/needs analysis of short term accommodation and feasibility studies for business incubators in Karratha, Onslow and Tom Price.

The Pilbara Dialogue is a high level forum facilitated by PDC for information exchange about development in the Pilbara, agency updates and presentation of guest speakers. Also the e-Pilbara website is an initiative of the PDC to facilitate the ability of local business and industry to share opportunity. It has also set up REMPLAN, an economic modeling program made available to interested parties to model the potential economic impacts of projects in the region. It has the capabilities to identify opportunities for economic development, provide quantifiable regional data for studies and grant applications.

**The WA Regional Development Council** consists of the chairpersons of the nine Regional Development Commissions, two local government representatives, and the Director General of the Department of Regional Development and Lands. It is the peak advisory body to the Western Australian Government on regional development issues.

In 2010 the WA government commissioned a review of regional development arrangements to undertake a comprehensive examination of regional development and the Regional Development Commissions.

This review chaired by the Hon Wendy Duncan MLC reported in November 2010. Cabinet noted the report on 13 December 2010 and on 11 July 2011 endorsed the Government response.

**The Regional Development Council (Council) jointly working with and supported by the Department of Regional Development and Lands (RDL) will be responsible for Legislative changes including:**

- **the roles and responsibilities of the Regional Development Commissions (RDC) and the Council being updated through amended legislation to create a new operating model. Such updating will reflect for the Council the direction set by the review committee through recommendations 7 and for RDCs recommendation 8.**

- gaining agreement from the Western Australian Planning Commission (WAPC) on the development of Regional Investment Blueprints to avoid any potential for confusion and role conflict with the development of regional planning frameworks and strategies. The WAPC has asked for a clear distinction between roles and functions, recognising the emphasis in the review recommendations on regional economic and community development, and industry attraction responsibilities. In developing such preeminent blueprints Regional Development Commissions will have mandated authority to bring together stakeholders.

From 1 July 2011 the Council will be provided with additional dedicated and ongoing support, to be located in RDL, as it will have a key role in setting strategic directions, policy prioritisation and strategies common to all RDCs for regional economic and community development responsibilities, including industry attraction. To further strengthen the Council an Executive Chair will also be appointed on a contract for services arrangement from 1 September 2011, providing full-time leadership.<sup>26</sup>

### **Recommendation 9.6**

*Government proposed for recommendation 9.6 that the Department of Regional Development and Lands (RDL) and the Department of Indigenous Affairs (DIA) identify solutions to enhance Aboriginal partnership and governance, to realise human capital for the state, and develop a policy position for the Minister and the Minister for Indigenous Affairs, and Cabinet;*

The Aboriginal Affairs Coordinating Committee will progress recommendation 9.6.

### **Recommendation 10**

*Establish a Ministerially endorsed and mandated working party to strengthen the integration and alignment of statutory land use planning, regional development, and local government service delivery within existing legislative planning frameworks for the Pilbara region. (This accords with Economic Audit Committee recommendations 6 and 10.)*

Government directed that RDL lead in implementing Recommendation 10 as Government will establish a Ministerially endorsed and mandated working party to strengthen the integration and alignment of statutory land use planning, regional development, and local government service delivery within existing legislative planning frameworks for the Pilbara region. There is great potential in having the Commonwealth, through the Regional Development Australia organisations, join this partnership. If successful, the model could be applied to other regions.

This transition is currently taking place.

### **The Pilbara Cities Office.**

In November 2009 Premier Colin Barnett announced the Pilbara Cities Vision and May 2010 the State Budget allocated resources for the establishment of a Pilbara Cities office.

The Western Australian State Government established the Pilbara Cities Office in August 2010 to oversee implementation of the Pilbara Cities Vision and initiate a new governance structure function in the region. It was envisaged the Pilbara Cities Office would evolve over time and it was most important that this would be overlaid with Federal and Local Government functions and organisation:

The Pilbara Cities Office is active in promoting the Pilbara Cities vision and the projects supporting its realisation

The Key Focus areas to achieve the Pilbara Cities Vision are:

- Infrastructure Coordination
- Land Availability and Development
- Community Projects and Engagement
- Economic Diversification

Key challenges arise from the massive growth in recent years and as a direct consequence:

- Housing is less affordable due to unmet demand
- Infrastructure upgrades/expansion are not keeping pace with growth
- Small business numbers have declined partly due to rising costs
- Education and Health services are below expectations
- Community services facilities are aging and inadequate
- Sense of community is in decline, adversely impacted by workforce Fly-in-Fly-Out rosters and 12 hour shifts.

**The WA Planning Commission** is a statutory authority with state-wide responsibilities for urban, rural, and regional land use planning and land development matters. The WAPC maintains a number of committees, including the Statutory Planning Committee which covers a wider remit than physical planning activity and the Pilbara Regional Planning Committee. The Statutory Planning Committee is the WAPC's regulatory decision-making body. Its functions include approval of the subdivision of land, approval of leases and licences, approval of strata schemes, advice to the Minister on local government planning schemes and scheme amendments.

**The Pilbara Regional Planning Committee** is one of six regional planning committees set up to advise the WAPC on planning for the region, or part of the region and makes recommendations on the extent and content of region planning schemes. The Commission is supported by the Department of Planning (Department of Planning web site).

The Pilbara Regional Planning Committee 2011 draft *Pilbara planning and infrastructure framework* was released in February 2011 and endorsed by the WAPC in September 2011 as the latest, and only one but perhaps the most ambitious, of a number of regional plans that have emerged in recent years. Many of the latter focus on funding for selected local or regional projects. The Pilbara Planning Framework seeks to ensure that development and change in the Pilbara is achieved in a way that improves people's lives and enhances the character and environment of the region. It addresses the scale and distribution of future population growth and housing development as well as identifying strategies for dealing with economic growth, environmental issues, transport, infrastructure, water resources, tourism and emerging impacts of climate change.

The WAPC has published a range of plans and policies relevant to planning for the Pilbara, including:

- Shire of East Pilbara Local Planning Strategy
- Onslow Regional Hotspots Land Supply Update (2008)
- Pilbara Planning and Infrastructure Framework
- Port Hedland Area Planning Study (2004)
- Port Hedland Regional Hotspots Land Supply Update (2011)
- Karratha Regional Hotspots Land Supply (2010)
- Karratha Area Development Strategy (2007)
- Newman Regional Hotspots Land Supply Update (2008)

There are local planning schemes operative in the Pilbara:

- Shire of Ashburton Town Planning Scheme No 7
- Shire of East Pilbara Town Planning Scheme No 4 District Zoning Scheme
- Town of Port Hedland Town Planning Scheme No 5
- Shire of Roebourne Town Planning Scheme No 8

In 2009, the Pilbara Development Commission published its *Strategic Plan 2010-2053*. Also in 2009, the State Government announced the Pilbara Cities blueprint; the Pilbara Regional Council finalised its *Plan for the future 2010-2014*; and the Minister for Regional Development, Brendan Grylls, set out the Royalties for

Regions Pilbara Revitalisation Plan (Ministerial media statement 11/5/09). The Pilbara Revitalisation Plan was established as a four year program to support the development of the region with an initial allocation of \$300m, which has grown to \$456.8m with additional monies allocated in the 2010/11 State Budget.

Phase two of the plan is being led by the Pilbara Development Commission and the Department of Regional Development and Lands. A strategic directions group established as a sub committee of the Commission's Board, determines the strategic priority areas for the region and recommends projects for funding to the Pilbara Revitalisation Plan Steering Committee and the Minister for regional Development.

## Industry Bodies

**The Pilbara Industry's Community Council (PICC)** is a unique concept set up in 2006 with member companies BHP Billiton Iron Ore, Chevron Australia, North West shelf venture, Rio Tinto Iron Ore, Woodside. Fortescue Metals Groups (FMG) is also a member. Although PICC has become less active as other programs have been put in place, its key commitments were twofold: to increase Indigenous participation in employment in the Pilbara and the sustainability of Pilbara towns. PICC saw collaboration with government as vital to ensure that both sectors work together <sup>27</sup>.

PICC has undertaken a number of innovative projects over the past several years including the development of the Pilbara Health Initiative, a review of education in the Pilbara, and forecasting for employment and population projections in the region.

When first established PICC provided a forum for members to co-ordinate existing and proposed industry, community and Government sponsored programmes designed to address their two core objectives to:

- Identify the key drivers of the Pilbara economy and provide a forum for collaboration and co-ordination between industry, community and Government to maximise opportunities for positive change in the region.
- Consult with Local, State and Commonwealth agencies concerning programs, plans and financial arrangements relating to PICC's objectives, and
- Increase key stakeholder and community awareness of industry and government initiatives through effective and timely communication.

In 2008 and 2010, the Pilbara Industry's Community Council commissioned reports, *Planning for resources growth in the Pilbara*, focusing on employment and population projections to 2020<sup>28</sup> (Heuris Partners 2008; Waller 2010).

## National Bodies

The Council of Australian Governments (COAG) **National Partnership Agreement on Remote Service Delivery** came into effect in January 2009 as part of the Closing the Gap commitments. None of the priority locations in Western Australia is in the Pilbara. The 2009 Report by the Coordinator General for Remote Indigenous Services therefore deals only with the priority locations, which are all in the Kimberley. Despite the economic activity in the Pilbara the range of planning activity in the Pilbara is largely silent on how it links with the Remote Service Delivery objectives.

**Regional Development Australia** (RDA) was established in 2008 to bring together all levels of government to support the growth and development of regional Australia (Regional Development Australia web site). It is supported by the Department of Regional Australia, Regional Development and Local Government and is made up of a network of 55 non-profit, community-based locally managed committees serving rural, regional, remote and urban communities across Australia. The RDA's are derived from the previous Area Consultative Committees (ACCs).

**Regional Development Australia Pilbara Committee** (**RDA Pilbara**) was previously the Pilbara Area Consultative Committee. In 2008, the Pilbara Area Consultative Committee – now RDA Pilbara – produced The Pilbara Plan, identifying 43 'essential projects' in conjunction with the Pilbara Development Commission and the Pilbara Regional Council. This formed the basis of RDA Pilbara's August 2010 *Preliminary Pilbara Regional Plan*.

RDA Pilbara works in partnership with all levels of government, industry and the non-government sector, to help build and strengthen communities in the Pilbara region through leadership, collaboration and the provision of responsive and innovative services.

Their most recent strategic plan claims a clear mandate to deliver tangible and ongoing value to the Pilbara region in 5 key result areas.

- Leadership, Inclusive Planning And Decision Making
- Strong Communities
- Environment Sustainability
- Resilient Economies
- Getting Better At What We Do

Given the RDA Pilbara budget is a mere \$353,000 per annum it is difficult for it to be a serious partner in the activities that are taking place in the Pilbara and its contribution is overshadowed by the PDC.

**The Office of Northern Australia** was also established in 2008 to provide policy advice to the Australian Government on sustainable development issues in, or affecting, northern Australia. One of its immediate priorities was the establishment of the Northern Australia Ministerial Forum, which held its inaugural meeting in December 2010. One of its five key themes is Indigenous employment and skills shortages (Northern Australia Ministerial Forum joint communiqué, 13 December 2010).

## **Pilbara Governance in a Nutshell**

The focus on diversifying the economy has now introduced a number of newer economic development regions that are not geographically aligned with the local government areas.

This is a cyclone of activity with global, national, state, local government, community, aboriginal and industry interests represented, overlapping and duplicated though not all necessarily aligned or understood. Fifteen committees, commissions and Boards with overlapping mandates and some with limited authority or resources, all in a region with a resident population of 46,000 people.

It is clear that the Pilbara is served by range of State, Commonwealth, community, Aboriginal and industry bodies. What is less clear is the extent to which the proliferation of bodies, policies, plans, amounts to a coherent and effective approach to regional issues. Neither is it clear whether it has created the policy turbulence of multiple lines of authority, ever changing policy and funding guidelines and the churning of different levels of territorial authority we refer to among the governance dysfunctions identified in the remoteFOCUS report.

Discussions with local councils and other interests suggests the collaborative arrangement amongst regional councils is not working as well as it could. The prime reason suggested is that, in the absence of a comprehensive development vision based around the local political economy, it is difficult to frame propositions about gains from collaboration. This is compounded by individual arrangements between particular councils and resource companies.

This evidence points to a need for systemic structural reform rather than executive management solutions and streamlining reforms that merely seek to tidy up current arrangements.

## **Aboriginal: Communities, partnership, interest and perspectives.**

In early discussions with the Pilbara Development Commission and the four local government bodies providing services across the Pilbara, it was made clear they all felt there were difficulties in taking account of the interests and engagement of Aboriginal people of the region.

In the recent flurry of planning for the region, including the WA Planning Commission's Pilbara Planning and Infrastructure Framework (2011) and the establishment of Pilbara Cities, the focus has been on attracting more long-term residents from outside and working towards building a more sustainable community. This may be an alternative "vision splendid" but, in its elaboration, Pilbara Aboriginal people—a key group of long-term residents—have been all but invisible.

How the multiple and, as the papers show, important Pilbara Aboriginal organisations meshed with the existing planned or proposed Pilbara governance or administrative structures is not established.

In view of these deficits and, with support from the PDC, the remoteFOCUS project commissioned Dr Mary Edmunds to prepare a series of papers:

- to compile a socio-political overview of Aboriginal people in the Pilbara and report on the dynamics of engagement between Aboriginal people and the institutions of the Pilbara including State and Commonwealth, local government, industry and other Aboriginal organisations;
- to undertake specific targeted studies in the Pilbara that will inform the remoteFOCUS project on ways of Aboriginal people being able to draw the greatest benefit from developments in the Pilbara and the establishment of the Pilbara Cities agenda; and
- to distil from the overview and case studies evidence-based learnings and recommendations as a basis for strategic and positive ways for Aboriginal people to pursue their aspirations through engagement/involvement in governance reforms in the Pilbara and the associated investments occurring in that region.

There are six papers that address these objectives. These papers individually and collectively, vividly illustrate the resultant effects of the governance dysfunctions of current governance structures and practices affecting remote Australia and identified as part of the broader remoteFOCUS project. (These papers are accessible in chapters 10-15 of the remoteFOCUS Compendium).

They point to another critical and unresolved tension for governments: that is, how to achieve greater clarity of national purpose and realisation of appropriate living conditions and opportunities for Aboriginal citizens while at the same time accepting the right of Aboriginal people to cultural distinctiveness and identity.

In addressing this tension the authors hold to the premise that the future of Aboriginal Australia is inextricably bound up with the future of the descendants of the nation's settlers and immigrants.



We rely on the concept of consolidation (a dynamic, interactive, intercultural, two way partnership between equals) as a key component of our forward direction as distinct from concepts of integration or assimilation.

The notion of consolidation emerges strongly from the Pilbara studies as 'partnership'.

## **The Nature of Rapid Economic and Social Change in Remote Places**

Despite new initiatives of government and the private sector, the evidence points to the vulnerability of Aboriginal governance structures trying to deal with the growing demands of resources boom, land negotiations, and very significant streams of new revenue from agreements with resource companies.

Our wider remoteFOCUS findings would suggest that the nature and rapid pace of change will inevitably always have people and groups in tension with ongoing contests.

The pressure to reach agreements can be a cause of divisiveness within and between groups in itself. Research has demonstrated the damaging impact of stress on Aboriginal health. The good intentions of resource company personnel are not a panacea for good health.

In this context the findings of the Indigenous Implementation Board are pertinent when they suggested that it was 'considered premature to seek to define a regional governance model at this time for the Pilbara'<sup>29</sup>. Their view was based not on incapacity but on an assessment of the high levels of pressure affecting Pilbara Aboriginal groups.

## **Aboriginal Concept of the Pilbara as a Region**

The question of the Pilbara as a single region for Aboriginal people is not self-evident.

Given past displacement and movement, the meanings of 'local' and 'community', in the present social and economic context, are related but not the same.

For Aboriginal people, 'local' refers to two principal domains that underpin and define social connectedness: traditional country, which is larger than native title but now includes that; and place of residence, the town or settlement often referred to as 'community', that is sometimes, but very often not, on traditional country.

For Aboriginal people, then, attachment to 'place' is layered; so that 'place-based' concerns and decisions encapsulate this multiplicity.

For Aboriginal people a region is a network, connecting people across place (locality) and community. And it was always thus, through songlines, ancestral dreaming tracks, marriage exchange, and ceremony, with clear ownership of defined territories but, particularly in the desert, permeability of boundaries. Demarcation of boundaries became clearer towards the coastal areas, but economic and ceremonial exchange extended inland for those groups as well.

The idea of the Pilbara as a single region is therefore not alien to its Aboriginal people, though the fit is not so neatly defined.

Whatever the artificialities from an Aboriginal perspective of the definition of the Pilbara as a region, there is a general acceptance, including from Aboriginal people themselves, that this is the level at which Aboriginal people are required to engage if they are to shift the 'institutional asymmetry' that exists between themselves and government, not only at the State and Commonwealth levels but also at the level of local and regional government.

Two themes offer the basis of a way forward for achieving greater Aboriginal participation and inclusion in the governance of the Pilbara. They are:

- Aboriginal principles of regionalism.
- The critical place of Aboriginal organisations as providing 'the institutional framework of Aboriginal civil society and, at the same time, the principal means of Aboriginal civic engagement with the wider world'<sup>30</sup>.

## **Aboriginal principles of regionalism**

### **'Relational Autonomy'**

Within Aboriginal social and political domains there is a preference, on the one hand, for autonomy, that is marked by a tendency towards localism and high value accorded to local control at the level of small, kin-based congeries of people attached to particular geographic locales.

But this momentum towards atomism, fission and small-scaled autonomy is systemically balanced, on the other hand, by an equally compelling strain towards relatedness.

This ability to scale up or down according to need, capacity, availability of resources, seasonal variation is an important characteristic of Aboriginal organisation.

The tension in Aboriginal groups between atomism and collectivism that has been described as 'relational autonomy'<sup>31</sup> underlies classical forms of Aboriginal regionalism.

## Subsidiarity

Instead of assuming that governance must be centred, bounded and unitary, the Aboriginal principle of subsidiarity, when meshed with the principle of relational autonomy, poses the possibility that federal systems of Indigenous governance can be decentred and accommodate inter-dependent layers.

An important characteristic of traditional subsidiarity is its negotiated division and allocation of roles, rights and responsibilities across different groups and classes of people.

The Indigenous Community Governance Project<sup>32</sup> case studies highlighted a ‘two-way’ trajectory for Indigenous governance: namely, a desire for residential decentralisation and localism on the one hand, alongside political centralisation and service regionalism on the other.

Sullivan<sup>33</sup> argues the concept of subsidiarity to include culture as well as governance...It seeks to allocate to central authorities decisions that transcend local particularities, yet at the same time guarantees to regions the right to set policies that reflect regional priorities.

The Pilbara studies make clear that achieving this is not straightforward but it is possible. (These papers are accessible in chapters 10-15 of the remoteFOCUS Compendium).

The studies provide examples of regional movements evolving regional structures, with ‘the creation of connected autonomy where there are tiers of authority, responsibility and entitlement, together with tiers of accountability – down to local constituents, and up to higher organisational levels’

## Aboriginal organisations as the institutional framework of Aboriginal civil society

The development of Indigenous sector organisations since the early 1970s has been instrumental in providing Aboriginal cultures with a contemporary institutional framework for building wider networks and taking control of their own modernisation. These are drivers of positive social change, the foundation of Aboriginal modernisation, and the principal means of Aboriginal civic engagement with the wider world.

Aboriginal people, particularly in regional and remote areas, do not achieve their understanding of civic engagement with the wider society from schools or through the media, but through engagement with their local organisations.

Aboriginal organisations provide a visible ‘point of articulation between external agencies and an Aboriginal domain’<sup>34</sup>.

It has been through active negotiations and hard-won agreements that Pilbara Aboriginal people have carved out for themselves some spaces for the exercise of self-determination.

The Pilbara Development Commission's 2007 Directory of Pilbara Indigenous communities and organisations lists nine regional Aboriginal organisations and 32 local organisations across the four shires.

There is a future scenario whereby in order to achieve Aboriginal employment outcomes from a limited population base Aboriginal people introduced to the region from elsewhere will dilute local voices or confuse the messaging leading to the potential for future conflicts between Indigenous outsiders thus causing deeper division. Aboriginal identity may be a growing issue in the region.

Proportionally the number of Aboriginal people to total population will also decrease as a result of the estimated in-migration of populations to fulfil the Pilbara Cities vision, further weakening local Aboriginal voice. And there will be growing divisions between the richer and poorer groups as a result of the resource carve up and the uneven outcomes of the native title process.

The Pilbara has many examples of effective Aboriginal organisations that demonstrate cultural legitimacy even in the face of the governance dysfunctions of government and the distracting pace of development. Others have failed to achieve such cultural legitimacy and have withered as a result.

## **Role of Families**

There is a danger in family-centric societies that immediate family interests inhibit the ability to work together to solve common social problems or to act for the common good. One of the reasons for this is the absence of community building institutions or, in terms of the present discussion, of any kind of civil society.

The development of good governance models in Aboriginal organisations must, in the immediate term at least, accommodate the principle that 'the familial and genealogical parameters of Indigenous community and regional governance are critical to the success of any policy implementation and capacity development initiatives around governance'<sup>35</sup>.

Consequently, Aboriginal organisations do not constitute just another corporation readily amenable to the usual corporate governance norms.

## **Cultural legitimacy within a region**

Aboriginal organisations have proven capable, legitimate, and accountable institutions that can manage the evolving nature of social contestation, which is an inherent part of any changing society. However sometimes this process requires a network of organisations rather than any single one.

## **The role of ‘trusted outsiders’**

The most successful Aboriginal organisations operate with a combination of local Aboriginal and non-Aboriginal employees, working to and with an effective Aboriginal board. In these instances, the key elements for the non-Aboriginal staff are trust – we are back to the relational model – and competence.

There is another category of trusted outsider which has proved effective in other situations, that of independent community mentors or brokers – often the funded broker – to enable effective community-government interactions.

## **The place of Pilbara Aboriginal people in decision-making for the region**

The Pilbara studies make clear that the current government intervention in planning for the future of the Pilbara has failed to include Pilbara Aboriginal people in any comprehensive way.

In current Pilbara planning Aboriginal people figure as a separate and subordinate rather than integral consideration in the broader regional vision for the future - as contributors to rather than participants in the region, with much of that contribution designated as playing a role in the protection of cultural heritage.

This is a fundamental disconnect from the way that Aboriginal people see themselves and their place in the region, and the equality that they seek in partnership with both industry and government.

The Indigenous Implementation Board’s experience is that with each new conversation the need for unity has been increasingly affirmed by participants and that plans to develop workable regional processes are becoming the main determination of conversation outcomes.

There remains little evidence – despite best intentioned efforts - that government, whether Commonwealth or State, is delivering a more coordinated and sustained approach to engagement with Aboriginal people or to service delivery. If anything, the bewildering array of programs has increased, while longer-term programs like CDEP – pooled unemployment benefits supplemented with amounts for capital and administration - have been extensively revised or withdrawn altogether. This has been despite the fact that individuals and organisations had come to rely on CDEP for essential funding and income. Nevertheless, organisations have shown remarkable resilience in dealing with these changes.

There is positive and important engagement through the Royalties for Regions and collaboration between the Department of Indigenous Affairs and Pilbara Cities; but the principal focus is not on integrating or consolidating Aboriginal residents with a broader population. Rather, it is on encouraging long-term migration to the Pilbara

of outsiders, who will not just live but die there, with a key performance indicator for the success of sustainability being 'when the cemeteries are full'<sup>36</sup>.

What the Pilbara studies also make clear is that, despite this marginalisation from the broader planning, there is vigorous and sustained Aboriginal activity happening across the region, mainly through organisations, and that Aboriginal people want to be included as equal partners in making decisions about the future of their country, at both local and regional levels.

What is required from government is the development of an enabling, collaborative environment that, in working towards the establishment of regional Pilbara Aboriginal voices, provides appropriate support but also ensures the creation of structured and effective pathways between this voice – in whatever form it takes – and the established Pilbara bodies: the shires, the Pilbara Development Commission, Pilbara Cities, and any other regional organisations.

## Conclusions

The Department of Indigenous Affairs (DIA) and Yamatji Marlpa Aboriginal Corporation, the Native Title Representative Body, are working together to develop a longer term and sustainable model for partnership. However, given the multiple responsibilities of DIA and Yamatji Marlpa, their current resourcing will not be sufficient to achieve a satisfactory outcome in time for Aboriginal inclusion in current processes of planning by Pilbara Cities, the Pilbara Development Commission, or the Shires.

Planning processes cannot be regarded as legitimately 'settled' without achieving satisfactory inclusion of Aboriginal perspectives and interests.

A more urgent process is needed in order to take account of the rapid pace of resource development, its impact on Aboriginal people in the region, and the absence in the WA Planning Commission's 2011 *Pilbara Planning and Infrastructure Framework* of any detail at all about where Aboriginal people fit within the overall Pilbara Cities agenda, whether as Aboriginal communities or in the planning for the hierarchy of 'cities', 'major towns', 'towns', or villages. The planning documents are all silent on issues of regional connectivity, a concept highlighted in international development literature.

There is an urgent need, therefore, for additional dedicated resources and people to undertake this task.

There is as yet no organisation or body in the Pilbara undertaking a regional governance role. There are, however, a number of successfully aggregated community-based organisations, including native title prescribed bodies corporate that operate across the region or parts of the region or across more than one language group.

These offer the prospect of a network of grass-roots bodies that, as one possible model, might be linked in some form of regional governance that responds to the culturally-based preference for *both* local autonomy and wider forms of collective interdependence.

A particular advantage of the model is that it distributes different forms and degrees of accountability across layers, thereby spreading the workload entailed in devolution, and enables 'two-way' accountability to be reinforced (i.e. internal or vertical accountability to Indigenous constituents at different structural levels, and external or horizontal accountability across to public and private sector institutions and levels of government).

This is in line with the concept of place-centred governance proposed in the report *'Fixing the Hole in Australia's Heartland: How government needs to work in remote Australia.'*

A challenge to both government and Aboriginal people is to explore whether the creation of one voice is more important than establishing how the diversity of voices fit together. The wider remoteFOCUS analysis concludes that in peripheral places subject to rapid economic change the nature of the process and the contest that is ongoing between stakeholders mitigates against single voice arrangements. It might be useful to explore a connected autonomy model as an alternative to the unified model that could be advanced as an option.

'New governance institutions must be initiated by Aboriginal people themselves on the basis of their informed consent' – the collaboration model – and 'external coercion and the imposition of governance institutions have little traction in changing behaviour or building commitment and responsibility'.<sup>143</sup>

The message from Aboriginal people, repeated so consistently as to be almost trite, is partnership: people wish to act, not be acted on. And there are two main channels through which they express this: affirmation of place, and engagement through organisations. Here, the challenge is to align them with current overall Pilbara planning and development, particularly with government investment in Pilbara Cities.

Pilbara Aboriginal people already have what the Pilbara Cities initiative is attempting to achieve: a sense of belonging based on relationships and the permanence of home.

What Pilbara Aboriginal people want is equal partnership with government and with industry.<sup>143</sup>

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<sup>143</sup> The same very strong message was given by national Indigenous leaders in a Governance Workshop organised by the Attorney-General's Social Inclusion Division in Canberra in April 2010.

## **Next Steps: Towards Governance Reform in the Pilbara**

The resources boom currently unfolding in Australia is potentially the most significant in our history. Because of the time lines projected for export it is technically a growth development rather than a boom. No other resource based growth phase – from the gold rushes of the 1850s on – has promised such a large or sustained contribution to the national economy. This development will touch all Australians, economically, socially and ultimately politically. Employment, migration and residential patterns will also be deeply affected as will the distribution of wealth between states and regions. Amazingly, there is no one comprehensive authoritative document that synthesises the available data or that explores these possibilities.

Some caveats are also in order. Many hold that the international finance system is chronically prone to bubbles and that present resource price inflation may represent in large part its latest version. If this proved to be the case, there could be a sudden and uncomfortable end to Australia's purple patch.

These qualifications aside, the long-term outlook must be judged to be positive – as confirmed in the foreshadowed investments.

The national interest in sustainable communities and in informed Aboriginal choices is overwhelming. To facilitate these outcomes this report envisages the development of a place centred authority with powers that exceed substantially that of the existing regional actors. The existing diverse array of agencies and authorities need to be consolidated and/or placed in relationship to such a unitary structure. The latter of course would need appropriate resources and standing. Moreover other financial arrangements, including importantly personal and corporate taxation incentives, need to be consistent with community development ambitions. The major resource companies have, through their sponsorship of local amenities, displayed considerable enlightened self-interest. But corporate benevolence is no substitute for democratic control and appropriate taxation structures.

An authority with comprehensive responsibilities for matching national purposes and local aspirations and for leading and coordinating governance and administration seems essential if shared stakes in the development of this extraordinary region are to be realised.

The next section of this report describes in a preliminary way how the principles and framework discussed in the remoteFOCUS report might be applied in developing governance options for the Pilbara. The following provisional example works through the six primary steps to establish the context; design parameters; principles, scope and mandate; functions; form; and accountabilities required to establish a governance design for the Pilbara.



We stress that the following proposal represents a tentative response. While we are totally committed to the finding that there needs to be a regional governance authority, many details about its precise role and functioning require more work than has been possible within the scope of this study. These details will be critical to the effectiveness of any agency – and the design needs to be consonant with the views of a complex array of stakeholders. That said, the following indicates the factors that we believe are essential and some suggestions about how these factors might be met.

We have drawn on understandings gained from the many reports written about the Pilbara and the numerous Pilbara Dialogues and community consultations to demonstrate the logic that flows from the remoteFOCUS analysis. Clearly this option is subject to the caveat that further refinement would require a clear mandate and significantly more consultation with a wide range of stakeholders.

It is important to note that the framework and the principles that underpin it should be the focus of further discussion rather than the specific items used in this example.

# The Pilbara: An Option for Governance Reform

## Context

**What are the issues in the region? This covers the key social, economic, demographic, governance or other features which underwrite the need for focused regional action and which need to inform the governance design.**

The Pilbara has been historically and now almost entirely driven by economic imperatives rather than government imperatives and currently it is fair to say that government is in catch-up mode.

There is overwhelming community concern that rapid resource development, and in particular FIFO/DIDO workplace practices, has changed the nature of these communities and changed local community outcomes some of which are unsatisfactory.

In recognition of the pace of change, the longevity of the resources boom and the impact of that growth the WA Government, with some Commonwealth support has made significant commitments to community development including a revitalised vision for the Pilbara and intervention in the market. It has proclaimed two twin cities in the Pilbara together with other towns further inland. This vision is the first clear statement of a desired settlement pattern in the north by government since Premier Charles Court many years ago.

- The WA government has completed a planning framework and has locked in budget and a limited amount of legal commitment through the Land Administration Act and Land Development Act.
- The good intentions of the government are further evidenced by the investment in the Royalties for Regions funding in the Pilbara and is now evident in a range of infrastructure and social programs in the Pilbara. Most parties, however, would agree that the pace of change and the depth of demand for services and housing, particularly, mean there is a significant degree of catch-up required. This process is expected to finish in 2035. We infer that in order to achieve this outcome, institutional structures of a similar commitment and longevity will need to be in place to accompany this vision.
- Local authority has been developed, albeit on a limited scale, through the appointment of a general manager to Pilbara Cities, the development of the WA Planning Framework and the work of the Pilbara Development Commission.

- The Commonwealth government relies on RDA Pilbara to plan and engage on a regional basis, while Infrastructure Australia examines opportunities to contribute to major strategic infrastructure projects.

Consistent advice from people living in the region and working in regional institutions is that outside of the negotiations between resource companies, native-title holding groups and the WA Government on land issues there has been a failure to bring Aboriginal people into meaningful partnerships that will ensure they receive the full benefit of the Pilbara vision and opportunity. This is potentially a serious and chronic problem for all the parties. Changes cannot just be dictated by government. How the people of the Pilbara resolve the coexisting realities of Aboriginal people with entrenched legal and communal rights (and income streams and land holdings) and specific identities determined by culture and contract, and the desire of these same groups of people wishing to derive normal citizenship benefits as individuals from services provided by government will be an ongoing challenge. Whether the people of the Pilbara have a governance structure that enables them to meet this challenge is also an open question. (These issues are discussed in much more detail in chapters 10-15 of the remoteFOCUS Compendium).

- Aboriginal people have a significant role to play if the vision is to be achieved. They hold substantial native title rights to land across the Pilbara, and they will lock in substantial income in the form of communal royalty equivalents from these rights.
- Our earlier analysis has shown that in areas where there is a contest for resources, the agreement and negotiating process actually reinforces individual and communal identities and rivalries. In a context of continuing economic change, there will be conflicts between and within Aboriginal groups and between Aboriginal groups, resource companies and government which will need to be resolved in a permanent and relatively workable way.
- There are examples of workable structures in which Aboriginal people have worked their way through analogous issues. This is exemplified in the formation of the Pilbara Indigenous Marine Reference Group in the Pilbara.<sup>38</sup> The RPA development on Groote Eylandt<sup>39</sup> is a more systematic and long term example of a workable outcome. In both cases, people and governments have been united through finding common objectives and purpose, defined responsibilities, defined resource commitments for all parties and defined timelines for action.
- Agreements that involve directed compensation or royalty equivalent payments to restricted outcomes can ultimately be detrimental to the quality of governance arrangements which will be necessary to sustain a Pilbara Cities vision. Agreements that restrict or reduce capacity to decide what to do potentially limit the growth of good governance among Aboriginal people.

Local government is under-resourced for the challenges that it faces. Its capacity to generate revenue through property taxes is limited. This is because the resource companies engage through a state agreement process currently leaving local shires unable to rate the land resource companies develop for their operations. In this context, local shires must seek support from individual resource companies by 'grace and favour', not by right.

Current institutional structures are not effective or legitimate in either containing or resolving a productive contest on the geographic scale of the Pilbara because no single existing authority is mandated to act in the best interests of the Pilbara as a whole.

## **Design Parameters**

**Which agencies currently are/or are not responsible? Based on the present governance arrangements and other specific features set forth in the context, these express the key conditions which need to be met if a regional governance design is to be effective.**

Given the various stakeholders who need to be engaged and the likely form that key pressures will take, any governance response in the Pilbara will need the capacity to:

- Establish a shared vision between governments and communities,
- Negotiate compacts that provide clear mandate of responsibilities and a common platform for accountability at all levels of governance,
- Foster place-centred solutions and regional innovations, and
- Ensure resourcing for functional capacity.

## **Principles, Scope and Mandate**

**What is agreed as the benchmarks for success? These describe the broad outcomes for the region that need to be realized through the governance design.**

The governance body should endure over time and beyond political cycles. It should have a specific charter which empowers it to pursue:

- Social and economic benefits for the people of the Pilbara in balance with both the national and wider state-based interest,
- Social inclusion and equity across the Pilbara where Aboriginal people are integral not an add-on,
- Coordinated multi sector responses to economic and social change,
- Mechanisms to ensure transparency and accountability both 'upwards' and 'downwards',

- Coordinated multi-level responses to the contest of interests within and between government, business and Aboriginal interests,
- Environmentally and socially sustainable strategies for the Pilbara, and
- Practice subsidiarity to the optimum obtainable degree.

## Functions

**Function refers to the specific role(s) that need to be assigned to realise these outcomes.**

There are six main functions that should be undertaken by such a body.

- Maintaining and promoting the Pilbara narrative,
- Brokering and settling agreements (peace-making where agreement is not possible),
- Clarifying the mandates of all levels of government and communities,
- Clarifying outcomes and service standards appropriate to place and scale,
- Matters on notice—anticipating, researching, monitoring, planning and developing strategy, and
- Conducting reviews and reporting, ongoing governance review and action learning.

An important unresolved issue concerns the role of this putative organisation in managing funding (or pooled funding) in relation to ongoing operations. Our view would be that operational delivery and funding disputes will undermine the legitimacy of the body to achieve its five main functions. The functions undertaken by this body should not be in competition with other institutions with specific service delivery requirements.

Through its strategic, synthesising and coordinating role, it would however have an authority that would enable it to shape the nature of the funding recommendations and the delivery of those services by external agencies in the interests of the Pilbara.

## Form

**This covers the specific governance design, the shape, jurisdiction, powers, responsibilities and resources available to an institution.**

The two key aspects of the form of this body relate to how it is constituted legally and who owns it. The overriding condition that must be met is that the people (board members/trustees/directors) who govern the body are ‘above the contest’.

It would be up to the various stakeholders to determine whether this could best be achieved through a legislated **commission or authority** or through a **company**

established under the *Corporations Act* as a company wholly owned by the members along the lines of the RAPAD example, or through some other legal mechanism.

The **term** of people appointed to the ‘board’ of the new body should be for a longer period than the normal political cycle and the characteristics of the board members should align closely with the functions and mandate of the body.

The **number** of people appointed to the body should be smaller rather than being fully representative of a range of Pilbara interest, possibly 5-7 people.

In addition to the people who reside in the Pilbara, the natural interest groups who might comprise the membership are the federal, state, and local government structures that already exist. We have also argued that the Aboriginal interest in the region is deserving of its own recognition and will require appropriate negotiated processes to achieve full participation.

If these groups formed the natural **constituency** of interest in a new governance body to achieve an above-the-contest outcome, it is essential that the people appointed to run the body who are not representative of their direct interests but charged to serve the interests of the Pilbara plus other wider interests.

The governance of the body would be driven by a **charter** or set of rules that constrained the board or trustees to act only in the best interests of the Pilbara and its peoples. We acknowledge that at times this would leave this body in conflict with one or a number of its members and their accountabilities, however, resolving contests would be a principal role of the new body.

The body would be serviced by a **secretariat** and access to a network that would facilitate tasking and engagement of other actors in the region.

**Budget and resources** to fund the governance body could well be found within existing arrangements, noting, again, that resourcing *must* follow function and a level of funding certainty will be essential for success.

In order to be legitimate the body needs to be **located in the Pilbara** although in the early years it will no doubt be necessary to have a node in *Perth* (this has significant human and financial resource implications).

## **Authorities and Accountabilities**

**This covers the specific authority that is assigned to the coordinating organisation. For example, does it have political standing or is it a composite of other authorities, albeit one with independent standing, mission and roles.**

Both ‘upwards’ and ‘downwards’ accountability arrangements need to be defined. ‘Upwards’ accountabilities will be to various federal and state political and administrative authorities and agencies; ‘downwards’ accountabilities will be

between the existing and/or putative regional structures and relevant local government, community and other representative bodies and organisations and to local people.

With the overriding charter to act in the best interests of the Pilbara, the body will be required to influence Commonwealth agencies having interests and programs in the region, state agencies operating in the region and local and regional shires and regional authorities including Aboriginal organisations responsible for local outcomes.

In addition to the four shire institutions, the Pilbara Regional Council, Pilbara Development Commission, Office of Pilbara Cities, RDA Pilbara, share an interest and would require a relationship with the new body.

A critical issue is that a new governance body would require mandated authority to act and an ability to achieve the outcomes in the best interests of the Pilbara.

Accountability, ideally, might be through a reporting mechanism such as a joint (federal-state) parliamentary committee or through an auditor-general model. This would ensure that the body was accountable to the public in general but only when judged against its Charter or mandate.

To be effective this body must be capable of influencing the direction of expenditure and performance outcomes across each level of government and at local government level. It must also be capable of negotiating with the private sector to obtain an optimal alignment of interests. Unless the body can hold those responsible for expenditure of such funds accountable through some mechanism then it will not be able to achieve the mandate it has been set.

## The Pilbara Challenge

The test of whether new arrangements will improve governance in the Pilbara is that any newly created body has the **authority**, **effectiveness**, and **legitimacy** that allow it to respond to the nature and pace of change in the Pilbara and the contest of positions in response to change.

Political leadership at all levels will have to mandate change based on:

1. Acceptance that the standard concerns set out in the report are based on reality and that more of the same will produce more of the same and therefore a changed approach to how government operates is needed.
2. Acceptance that
  - if the three levels of government and the communities (Aboriginal and non-Aboriginal alike) are working at cross purposes success is impossible because goals are different,

- if members of the communities disagree with or do not support what governments are trying to do wicked problems (health education employment) will not be solved
- in remote Australia government is the main provider of an economy (as against having some industries and particularly mining which do not of themselves ensure an economy as against having an industry), and
- different rules may need to be established for application in the Pilbara, recognising the market distortion and other unique operational realities
- Acceptance that there is a need to have;
- shared goals (vision) based on a shared understanding of context and shared or agreed outcomes
- clarity of mandates, ie an acknowledgement of roles and responsibilities of each level of government and key community elements including Aboriginal communities.
- funding and capability which matches mandates
- ability to adjust mandates and settle disputes over time as no arrangements will be perfect and circumstances will change.
- an ability to look after all the above across the political cycle and according to agreed principles.
- a body or agency authorised by the different levels of government and the community to keep the ring on all of the above otherwise left to themselves the different levels of government will revert to the norm and act in their separate interests and in the interest of regions beyond the Pilbara.
- appointments to lead such a body or agency that are authoritative by nature of those appointed rather than representative. Such appointments should extend beyond the political cycle and be accountable to the stakeholders against the criteria laid down by them.
- Acceptance that to work through these issues in the Pilbara requires a resourced, skilled and independent process to be put in train, and an action/learning/innovation framework to be established.

In the Pilbara a valuable start has been made by the WA Government. Royalties for Regions is a unilateral (that is, State) policy which addresses the traditional failure to provide financial resources to regions sufficient to meet their legitimate needs and aspirations. Pilbara Cities is again a decision by the State to establish unilaterally a unifying vision going beyond ad hoc responses to particular issues.

**The next step is to build loyalty to the region** - to ensure state and local governments and the different Pilbara communities are on the same page - but this



cannot be done unilaterally. It needs the political leadership of each level of government and the various elements of community in the Pilbara to agree to the need for the sort of approach set out above. Of particular concern is the incorporation of Aboriginal interests into this process through their established representative structures.

Such a body would need, by its composition and legal structure, to be above the contest and endure over time.

It may be possible to achieve this outcome through an adjustment of some existing structures, however, we would argue that the mandate and function proposed for such a governance body suggest a fresh start should be made.

An appropriate discussion of possible new governance arrangements which are sufficiently open to new evidence and new concepts, are serial and sufficiently sustained, and are not immediately politicised is, to say the least, very difficult in the present government policy system.

The integration of legitimate national, state and local interests through structural reform is unlikely to emerge from the public sector or conventional legislative processes. In fact, we argue, such efforts are negated by present governance arrangements.

The reality is that without a mandate for change from senior office holders in the Western Australia and potentially the Commonwealth, such reform will be difficult to achieve. Also, a reasonable level of cross party support in the early stages of development will be necessary to ensure the durability of the body.

**Only political leadership, such as that which produced an initiative and policy shift like Royalties for Regions in WA aimed at systemic change to the way government makes decisions, operates and is accountable, will take us beyond a ‘we-must-try-harder’ mantra without regard to the efficacy of the system itself. This cannot be driven from within the bureaucracy, which is constituted within the status quo and bound by its rules. Political leadership needs to come to the conclusion that there is a system problem not a policy problem.**

Reform of this nature and scope will not be easy, nor will it be uniform. In some situations people will have to use existing legislation and organisational resources to initiate a start to reform.

Reform will be problematic unless the incorporation of Aboriginal perspectives is a non-negotiable condition precedent. Inadequate and inconsistent resourcing of Aboriginal organisations and government agencies tasked with engaging in partnership with Aboriginal people will hinder attempts to improve governance design in the Pilbara. A prerequisite would be resourcing both government and Aboriginal organisations and communities of Aboriginal people were resourced to

enable them to pursue partnership and greater understanding of the benefits and requirements of governance reform.

One approach would be high-level political support to establish a Pilbara trial where the principles and approach outlined in the report are applied, with the specific aim of developing an on-going process of learning, consensus and regional capacity building - a starting point with a defined scale and scope. This will build momentum for change as required and potentially provide “proof by good example” of the efficacy of such change.

Irrespective of the starting point, the remoteFOCUS report establishes a number of clear criteria, including vision, authority, legitimacy and effectiveness against which reforms at any level can be evaluated.

- Is there a capacity to have a guiding vision or narrative that gives direction and explains the actions of all levels of government, that is, a shared vision?
- Is there a capacity to settle mandates?
- Is there a capacity to match mandates with funding and resources?
- Is there local accountability within the various administrative structures?
- Is there a capacity to review and adapt mandates as experience accumulates and learnings develop?
- Is there a body that is above the contest, authorised by the players to be responsible to oversee all of the above?

At the level of community the concerns expressed in this report need to be articulated in localised contexts across the Pilbara. The voices of community legitimise concerns for politicians to respond to. In their own way community concerns provide the mandate for political leadership.

Continuing community articulation of why their concerns persist and how the current system of governance appears unable to resolve these concerns is a fundamental condition precedent to establishing a mood and appetite for positive reform.

It is now not a case of not knowing what to do, rather a case of having the collective will to do it. Only political and civic leadership will drive the necessary reforms.

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