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## Senate Economics Reference Committee

### FRRR Response to Inquiry into the indicators, and impact of, regional inequality in Australia

The Foundation for Rural and Regional Renewal is pleased to provide the following response to the Inquiry into the indicators, and impact of, regional inequality in Australia.

#### Overview

Over the last 18 years the Foundation for Rural and Regional Renewal (FRRR) has provided more than \$70M in charitable grants to community organisations across rural, regional and remote (RRR) Australia. FRRR sees firsthand the inequities affecting RRR communities through our grant programs and capacity building; working to address the very broad range of issues facing communities across RRR Australia.

In making grants to community identified and led initiatives, FRRR is able to work across the community fabric, filling gaps and facilitating a range of small but significant step-changes that enable RRR communities to move from *surviving* to *thriving*. FRRR encourages the Senate Economics Reference Committee to consider the important role that Government has in responding to a broad spectrum of grassroots and community identified needs and opportunities, at scale.

#### About FRRR

The FRRR was established in 2000 by the Australian Government and the Sidney Myer Fund, to meet the needs of rural and regional Australia. Its **vision** is '*vibrant and adaptive rural, regional and remote communities*' and its **mission** is '*to champion the economic and social strength of Australia's regional, rural & remote communities through partnerships with the private sectors, philanthropy and governments.*'

The Foundation's **objective** is to promote, for the public benefit, rural and regional renewal, regeneration and development in Australia in social, economic, environment and cultural areas.

The establishment of FRRR arose out of concern about the economic and social decline that was taking place in many rural areas during what was a period of extended drought. The creation of the Foundation recognised the inherent resilience and importance of our regional and rural communities, their critical role in the Australian economy as agricultural and resource centres, and the specific needs that they face associated with issues of declining population, remoteness and equitable access to services, and the social and economic stresses associated with natural disaster and drought.

The factors that led to the establishment of FRRR in 2000 remain unchanged, as does the need for fit for purpose funding support to meet the unique needs of rural, regional and remote Australian

communities. It is imperative that we continue to support these communities to address issues of remoteness, population and liveability.

FRRR harnesses the collective investment of government, business and philanthropic organisations to support rural, regional and remote communities. The organisation was established with a \$10M corpus from Federal Government, plus seed funds from a number of philanthropic bodies to support FRRR’s granting activity. This has grown to \$26M under management, whilst distributing over \$70M in grants. FRRR endeavours to cover the majority of its operating costs through investing the corpus; enabling us to be a low -cost partner; on average, each dollar administered costs 5-10 cents.

FRRR’s approach is rooted in the tenet that local people are best-placed to know what will make the greatest difference in their community. For this reason, our focus is on helping communities meet the needs and aspirations of their **people, place and prosperity**.

**Our goal** is to enable rural and regional communities to respond to the needs of:

- their **PEOPLE** - to develop healthy, connected, skilled communities and individuals;
- their **PLACE** - to build vibrant cultures, healthy environments, sustainable social and physical infrastructure; **and**
- their **PROSPERITY** - to support sustainable, viable and adaptive local economies that are inclusive and provide opportunities for economic participation and financial wellbeing.

Our role has been to help FACILITATE community engagement and planning, REMEDIATE and MAINTAIN community assets, RESOURCE and SCAFFOLD community action and help communities to INNOVATE. Analysis of those functions indicates that just under 60 percent of the funds that FRRR has distributed since 2000 has helped resource / scaffold the provision of activity at a community level (\$37M); just under a quarter has been used to help remediate / maintain community assets and infrastructure (\$15M); and just over 10 percent (\$7M) has helped facilitate planning and community engagement activities.

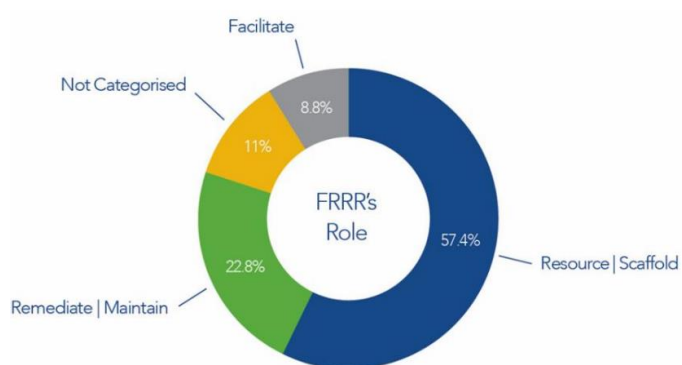


Figure 1: The role played by FRRR FY2000/01 – FY2016/17 (\$ distributed)

Most grants that we make are small – over the lifetime of the organisation the median grant is approximately \$4,000. However, in our experience communities leverage grants in cash and / or in kind at least three times.

FRRR works across the full spectrum of issues and approaches within communities, illustrated in Figure 2 below.



Figure 2: The FRRR Theory of Change

### 1. Experiences of individuals and localities of unequal access to opportunities and unequal outcomes in non-metropolitan areas

FRRR sees firsthand, through our grant programs and capacity building support, the very broad range of issues facing communities across Australia. The issues are immense, diverse, complicated and interconnected. Rural, regional and remote communities have challenges in all areas – they have limited access to services and goods (technology, transport and health, education, income/employment opportunities, cultural activities), face issues of social isolation, racism and cultural diversity, bear the burden of the country’s natural resource management, agriculture and food production, environmental and sustainability issues, and have the added challenges of responding to population decline, industrial transition and inward/outward migration.

In many circumstances, FRRR’s grants act to ‘fill gaps’ that in the past have been provided by Local, State or Federal Government support. In this way, FRRR is acting as a backbone of community support, one that has relied on philanthropic generosity, and one that carries significant ongoing risk as many philanthropic partners transition their support to focusing on piloting, innovating, and investing in proof of concept initiatives. This represents an opportunity for Governments to redouble their efforts in financially resourcing the needs of communities, in order to allow philanthropic funding to focus on funding innovative or higher risk responses that enable communities to thrive. However it is acknowledged that this may not be an efficient use of Government resources and as such there needs to be coordinated and complimentary effort and appreciation of the role that the non-government sector can play in working with Governments to address service inequity.

### Filling gaps - Access to Activities or Services

Since 2000, FRRR has allocated 60 percent or \$39M of FRRR's funds to charitable projects aiming to improve regional and remote community access to activities or services. This indicates that FRRR's funding has contributed to filling a significant gap in access to locally available services and programs / activities that enable people to live well in their communities.

It also reinforces the observation that for many rural, regional and remote communities, **the greatest focus of effort is on ensuring that the fundamental service needs of their communities are met and that new activities are available as need and opportunities arise.**

It is important to note that this includes cultural and place-making activities, as well as core services such as education, health and wellbeing, and support for vulnerable members within communities. It speaks too, to the strength of local leadership and the importance of funds being available for programs and services that are locally led and delivered.

### Filling gaps - Sufficiency of Community Infrastructure

FRRR has invested heavily in community assets / infrastructure, representing 26 percent, or \$17M of FRRR's grants. There is a clear linkage between the provision of services and activities and the availability of adequate and fit for purpose community infrastructure. The emphasis on maintenance of infrastructure also reflects that this is a responsibility that has fallen to community committees and indicates just how challenging it is to raise the funds for the upkeep locally.

*When the community is responsible for the upkeep of their community hall it becomes quite a financial burden at times. It is very difficult to obtain funding for projects for these halls as they are seen as a poor investment. Luckily the communities don't see it this way and they strive to make their halls a very proud place in their community.*

*Without organisations such as FRRR offering these grants, I doubt it would be possible for town groups to be able to continue the upkeep of these community halls to a standard that is safe for everyone to use. What I have found when researching is that FRRR is really the only organisation that supports grants for historical halls. Your process to apply for the FRRR grants is easy and very simple to follow. To the FRRR - thank you for your support, not only to allow us to improve our hall, but for the many other community halls that you must support over the years. It is reassuring that there are organisations that understand that all communities - large, small and remote - rely on a meeting place for the township and their surrounding areas to access*

- Representative, Banana & District Community Association

### Filling gaps - Access to Education

FRRR believes a good education system is at the heart of strong, vibrant rural, regional and remote communities and has directed support intentionally toward communities that experience disadvantage due to geography and scale, for projects that assist in redressing the challenges faced by those communities in resourcing equitable educational opportunities.

Between 2000 and 2016, FRRR made more than 2,400 grants and distributed approximately \$16M to support lifelong learning, education and training initiatives. The Foundation has supported projects in each state and territory, although there has been a bias in funding towards the eastern seaboard. However, the Foundation has made grants in a number of remote communities in Queensland, New South Wales, South Australia, Western Australia and the Northern Territory.

Approximately 20 percent of the funds (21 percent, \$3.3M) that have been distributed by FRRR have been allocated to support early childhood learning and development. Most of those funds were used

to support the provision of quality, well-resourced learning environments (\$2M) and to supporting the development of foundation literacy and numeracy skills (\$1M).

Just over 70 percent has been allocated to support engagement in school and learning (71 percent, \$11.2M). A significant portion of these funds supported parents and families to help their children to engage at school and to learn (\$5.3M), including both financial support to assist families to set their children up to attend school as well as initiatives supporting parents to support their child(ren)'s learning. The funding also supported the provision of quality, well-resourced learning environments (\$4M).

In terms of the change mechanism employed, 85 percent of the funds distributed in this area went to providing equitable access to services / activities (\$13.5M). Almost all of the remaining funds were used to purchase infrastructure or equipment (15 percent, \$2.4M). The remaining funds (\$5,000) were allocated to support a small number of school / educator-based skill development initiatives.

### **Filling gaps – Community and organisational resilience**

Approximately a third of all funds distributed supported community and organisational resilience and capacity building (27 and 6 percent of FRRR's grants respectively). Just under 20 percent (18 percent) supported projects promoting individual and community health. Smaller allocations were made to support economic (re)development (11 percent), cultural vibrancy (7 percent) and environmental sustainability (3 percent). This breakdown has been fairly consistent across the life of FRRR.

### **Filling gaps – unmet need**

Since 2000, FRRR has received more than 26,000 applications, and granted to just over 8,200 projects. Of the more than 17,800 applications FRRR was unable to fund, the most common activity for which funds were requested was developing organisation resilience & capacity, with more than 6,440 (or 37%) unmet requests. This was closely followed by requests to support promoting individual and community health & social wellbeing (3270 applications or 18.8 percent), then supporting lifelong learning and education (14.6 percent). This is in contrast to the grants awarded, where the majority went toward education and lifelong learning. These figures reflect the critical role and deficiency in resourcing of small, mostly volunteer run non-profit organisations in rural communities. Much of the assistance requested relates to increasing human resourcing capacity, equipment to support operations and infrastructure, to enable improved services and accessibility. In many cases projects were not funded simply because there were insufficient funds rather than the strength or merit of the projects.

## **2. Views on the causes of inequality between regions, especially between capital cities and other areas**

Regional Australia is experiencing considerable proportional change in population levels, with many examples of both growth and decline, both creating needs. Many regional centres, particularly in resource-rich or high-amenity states, regions and towns, are growing rapidly leading to increased community demand, stemming from lack of sufficient physical and social infrastructure development. Conversely, many rural, regional and remote communities have been managing the challenges of slow rural decline, exacerbated by long term drought and high impact natural disasters. The social fabric is stretched as individuals struggle to repair their own homes, businesses and communities. Amidst all of this, technological and economic changes are influencing rural industries, resulting in large rural adjustment. This has a significant impact on students in rural,

regional and remote areas, with many schools unable to make adjustments and keep up with the changing needs of students and the community.

The level of socio-economic disadvantage of rural and regional families can also be higher than in major cities. The negative impacts on youth and family development, levels of community connectedness and wellbeing, can become intergenerational if not proactively and locally addressed. Initiatives that support the ideas of youth to be implemented and which engage children and families in early learning can have long-term educational benefits and help to retain youth in rural communities. Programs and activities that create opportunities for social connection, mental health and wellbeing, positive peer relationships, education and meaningful engagement in the future of a person's community can have a significant impact on increasing levels of engagement, sense of belonging and social inclusion, and ultimately prosperity.

### **Community Context – size and remoteness**

FRRR is unique in that we focus our work to support communities who experience disadvantage due to geography and scale. A challenge for small and/or rural, regional and remote communities is that due to their very nature of being small and/or non-metropolitan, they have a lower capacity to raise funds and resources to undertake projects that will benefit them and address the issues they are facing.

There is no typical community, nor is there a standard profile of what communities of a particular size are likely to need. Anecdotally, FRRR believes the needs and requests of communities are driven less by their size and more by factors such as their remoteness, the impact of weather and climate, the effect of natural disasters and the local economy. However, the Foundation knows that smaller communities have less fundraising capacity due to their size, and as such their need for philanthropic support is related to this factor as well as the importance of the issue they are responding to.

Consequently, FRRR's funding preferences smaller communities. A proportion of FRRR's grant programs have only been open to communities with a population under 10,000 people. On average, from FY2012-FY2016, just 8 percent of FRRR's grants went to communities of greater than 10,000 people. Where funds are granted to larger regional centres, the people who benefit from the grants tend to be within a discrete community within that larger centre. Occasionally grants are administered from a larger regional centre but deliver benefit to a number of smaller communities.

FRRR is aware that remote communities have different needs than communities that are peri-urban or rural centres. For example, in Central Australian communities or outback Queensland, car hire, fuel and accommodation can add \$5,000 to a budget before anything is even delivered. In Fly In-Fly Out (FIFO) communities, fewer than average long-term local residents results in fewer volunteers, so groups may seek funding for staff. Therefore, a considered investment in one or two people can have strong ripple effects, delivering wide benefit.

FRRR believes that considering the deeper context of each community is paramount when making funding decisions. Even in what may seem to be less remote areas, there can be challenges. For example, limited public transport is a major issue impacting on people's access to employment and educational opportunities in Tasmania and in western Victoria.

### Disaster preparedness, response and recovery

The Foundation has also played a significant role in helping regional and rural communities to prepare for, respond to and recover from emergency and disaster. Since responding to Cyclone Larry in 2006, FRRR has provided support to more than 418 communities responding to drought, flood, cyclone and bushfire. This includes support provided for the 2009 Victorian Bushfires, Cyclone Yasi and the floods that followed it and the Victorian floods, both in 2011, the 2013 Tasmanian and Blue Mountains bushfires and 2013 Queensland and NSW floods and cyclones, as well as extended drought relief.

In many places FRRR has provided ongoing support to communities responding to an emergency / disaster by helping them to address immediate needs post-disaster, as well as longer-term recovery requirements over time. The Foundation has intentionally done this, as there is often a gap in the longer-term provision of funding and support, making this an area where philanthropy can play a significant and strategic role. A key area of support has been the resourcing of services that have been absent in the longer term recovery such as youth services, soft-edge mental health supports, and infrastructure improvements to enable better services and community connectedness.

### 3. Analysis of the economics of regional inequality, including wider impacts

A survey undertaken by FRRR in 2017 of 48 respondent organisations receiving FRRR funding for economic (re)development related projects affirms the benefits that small amounts of philanthropic funding can provide in terms of supporting community revitalisation and renewal. Survey respondents identified a number of direct and indirect benefits flowing from those projects including:

- Improved liveability of rural towns to retain and attract residents;
- New business / enterprises established and jobs generated;
- Increased industry / business activity and capability;
- New and invigorated events attracting more visitors and promoting tourism;
- Increased community optimism and wellbeing;
- Increased financial earning capability of youth, women and people with disabilities;
- Reduced barriers and increased access to services and learning; and
- Increased community safety and emergency response capacity (in the case of projects supporting post-emergency / disaster economic recovery).

The economics of regional inequality is a complex and multi-dimensional area for analysis, however the points above highlight the experience of FRRR that for smaller communities, major economic adjustment policies and associated resourcing are not always felt or indeed of great benefit to smaller communities if not linked closely with ensuring that the foundations of economic development capacity at every level of a community are strengthened. The role of the Regional Development Australia bodies has great potential as do integrated approaches at the local and regional level between economic and social indicators such as health, affordable housing, education, environment, and arts and culture. Integrated approaches have the potential to address challenges of inequality experienced by those living in rural, regional and remote communities, and drive economic prosperity.

### 4. Examples of solutions: what has caused some regions to prosper?

It is FRRR's opinion, based on 18 years of working with RRR communities, that there are two key pillars which are requirements if a community is to be in a position to grow. These are: 1) Quality local infrastructure; and 2) Quality education.

FRRR hears from its grantees that having quality local community infrastructure contributes to a stronger sense of community pride and identity and plays a key role in attracting new residents, businesses and visitors. Likewise, quality education is also a pre-requisite for a community to attract and retain the next generation of residents. Without infrastructure and education strength, a community faces further inequity.

Importantly, FRRR's experience has shown that **smaller communities can adapt to changing contexts and thrive, despite the barriers and limitations they experience. However, to do this, a range of conditions are required and funding support that helps to seed and grow those conditions is essential.** FRRR's theory of change and focus areas of funding are deliberately directed in this way, and FRRR's recent Impact review has generated insights that confirm and encourage this approach.

## Case Study – Boyup Brook, WA

Boyup Brook is a small Western Australian community located 269 kilometres south-southeast of Perth and 31 kilometres northeast of Bridgetown, with a population of 532 (Shire: 1738). The town's economy is primarily agricultural, including employment at the local grain handling depot.

In recent years Boyup Brook has become a tree change choice for families, particularly those where the main breadwinner operates on a Fly In-Fly Out (FIFO) mining roster. This has created a strong need for services and infrastructure to support families (especially mothers) and school aged children.

### FRRR's support of Boyup Brook

Between 2005 and 2015, the Boyup Brook community received over \$48,624 via 13 FRRR grants.

- **21 Requests**, totalling of \$130,758.
- **13 Grants**, totalling of \$48,624 granted.
- **Via 5 FRRR programs:** Back to School, Small Grants for Rural Communities, ANZ Seeds of Renewal, REAPing Rewards, and Caring for Ageing Rural Australians.
- **8 organisations received funding:** Boyup Brook District High School Parents & Citizens Association; Country Music Club of Boyup Brook WA; Boyup Brook Community Resource Centre; Boyup Brook Youth Advisory Council; Blackwood Valley Wine Industry Association; Shire of Boyup Brook; Upper Blackwood Agricultural Society; and Boyup Brook Arts and Craft Club.
- **Projects funded** ranged from bush poetry events, expanding the Greenbush Discovery Theatre, craft clubs, fitness, supporting teens and the Boyup Brook Country Music Festival.
- **Beneficiaries:** Projects benefited all parts of the community, from school children to seniors, local businesses to tourists.

Providing grants to the same community over a decade has shown that continued support across different issues, organisations, and change mechanisms leads to greater sustainability and vibrancy of those communities. In Boyup Brook, there is now greater confidence and capability to generate funds from within and beyond the community, and the ripple effect of projects means that the benefits continue to multiply over time across different parts of the community. Related to this, a likely contributor to sustainability is also providing funding to different organisations within the community, rather than only one lead or backbone organisation.



## 5. Policy settings which could help address inequality between regions

FRRR has distributed grants across a range of social, economic, and environmental areas. The majority of its grants are focused on helping communities to address local opportunities and challenges and to deal with factors of distance, service access and to maintain and build community cohesion and strength.

Policy settings should incorporate a response to the differing scales and focus of investment required and a more joined up approach to delivering social and economic investment that doesn't call on excessive Government resources but which capitalises on the existing mechanisms for regional development. Strategic consideration could be given to integration of social and economic policy through, for example, adjustment of procurement processes to favour either regional businesses where materials are sourced from regions or suppliers which offer social benefits to regions such as construction of new housing being inclusive of affordable housing. We understand that there are such measures in place however this could be strengthened and developed through an innovation lens.

### Conclusion

FRRR's response to the Senate Economics Reference Committee Inquiry provides information relating to the level and nature of demand and responses led by rural, regional and remote communities.

The issues facing RRR communities will continue to be complex and multi-faceted. FRRR remains the only national philanthropic vehicle dedicated to strengthening rural Australia. Our connection with communities, our ability to lean in and listen to needs, priorities and issues; and respond with relevant and fit for purpose grants is incredibly valuable. But, the demand is much, *much* greater than FRRR is able to meet.

FRRR would be pleased to discuss any of the information in our response. I can be contacted on 

Yours sincerely,



Natalie Egleton  
Chief Executive Officer