

Dissenting comments

Mr Paul Neville MP

- 1.1 It is with some regret that I feel I must dissent from my Government colleagues in several parts of this report into Funding Regional and Local Community Infrastructure.¹ As a member of this Committee – and its predecessors – for almost fifteen and a half years, it is the first time I have dissented and I believe it is the first time an Opposition member of the Committee has dissented from a report during that period.
- 1.2 In the Minister's preamble to the Terms of Reference, he invited the Committee to:

...make recommendations on ways to invest funding in genuine regional economic development and community infrastructure with the aim of enhancing the sustainability and livability of Australia's regions.
- 1.3 I contend that for 'genuine regional economic development' not to consider commercial development is a denial of the stated role of the Department itself, Regional Development Australia, and ultimately, the Ministry's influence.

¹ As my colleague Ms Gash in on assignment at the UN and two of my other Opposition colleagues have left the Committee for new portfolio duties, these are essentially my thoughts, for that reason I have spoken in first person.

- 1.4 In essence, it reduces the Regional and Local Community Infrastructure Program (RLCIP) to a focus on community and social infrastructure. While these two areas are important in themselves, they become insignificant when there is no driving force in regional communities to develop new industries or draw industries back to regional Australia. Deprived of the commercial and private element of a fully integrated regional development program, the operations aren't likely to attract the calibre of directors who would be able to counsel, assess and promote such commercial projects, and also deprives the program of quality local promoters and assessors within the RDAs.
- 1.5 Prior entering Federal Parliament I spent more than 20 years on the board of a substantial regional development organisation as Deputy Chair and later CEO. This experience leads me to believe that you cannot genuinely enhance the quality of life in any regional or rural community unless you can give it an economic *raison d'être*. Community and social infrastructure are important, but in the absence of business and economic programs, it might be seen as 'papering over the cracks'.
- 1.6 Ultimately, regional development must be holistic.
- 1.7 One of the most important ingredients to successful regional development is a sense of community involvement and ownership. It is also critically important that such organisations be well led. It is no less so for RDAs.
- 1.8 I believe in the report of the Government members, there is too heavy an emphasis on Federal, State and Local Government administration of the processes and a role less important for the RDAs than their predecessors, the ACCs.
- 1.9 Regional development in the Australian states has risen and fallen over the years largely because boards and programs have been run as bureaucracies. Programs are changed, re-badged, subsumed and moved to other departments in a vain attempt at generating economic development in the regions.
- 1.10 On the other hand, the most successful boards have been those where local government and private subscription membership have combined to promote a region and attract industries. The new model for the RDAs gives them little authority – which I believe flies in the face of the overwhelming body of evidence derived at our regional hearings.

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- 1.11 The report also calls for state-based Assessment Panels to be made up of Federal, State and Local Government representatives. There is little mention of business, the professions or representatives of RDAs themselves. The danger in this is that decisions will be coloured by a bureaucratic outlook. In evidence given at Bundaberg, former Isis Shire Mayor Bill Trevor pointed out that the RDAs would fail unless they had a level of involvement and responsibility.²
- 1.12 It comes to its high point in Recommendation 12 where it is recommended that, if created, Assessment Panels should be chaired by a Departmental delegate as a representative of the Federal Government, and the Chair must then advise the Assessment Panel whether to support or not support individual submissions.
- 1.13 This could quite easily negate any genuine input at a professional or grassroots level. It is very much a 'Caesar judging Caesar' model.
- 1.14 While at first I objected to the idea of an Assessment Panel, I would support the concept if the representation was more broadly based, stood at arms length from departmental influence, and removed a layer of the assessment process.
- 1.15 The report has a strong emphasis on local government and while I am a strong supporter of local government, I believe a genuine regional development policy must allow for the capacity of other competent players to make applications to the scheme. This might include development bureaux, Chambers of Commerce, non-profit tourism organisations, service clubs, welfare organisations, environmental management bodies etc.
- 1.16 However, there should be a capacity within the program to allow local government to act in an umbrella or mentoring role for organisations which don't have the financial or organisational capacity to craft a submission themselves.
- 1.17 The overwhelming body of evidence at all the hearings wasn't critical of the ACCs themselves and I believe it is important that the RDAs have a similar if not enhanced role – albeit with the proper checks and balances.
- 1.18 I support the concept of regional offices and field officers, although I do not believe they should be located simply in a central office. A lot of the failure of the Regional Partnership program came down to a
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2 Mr Trevor, Wide Bay Burnett ACC, *Proof Committee Hansard*, Wednesday 8 October 2008, pp.22-23.

lack of understanding of the regions and how programs related to and enhanced rural communities. Small Regional Offices with a Manager, assessors and dedicated field officers would create a new and relevant conduit to the Department's Head office.

- 1.19 While the report describes a role for field officers, I believe it is too wide and duplicates the role of the RDAs CEO.
- 1.20 In dealing with the process, it was clear from the evidence that there was little faith amongst the proponents in the Department's engagements with, and understanding of, applications. There was frustration on the part of the proponents in transparency, delays, certainty around approvals and timelines. Questions from the Department showed a lack of knowledge of the regions and understanding of the projects.
- 1.21 As the Wide Bay Burnett ACC (WBBACC) said in a recent submission to the Department on the future of the ACC/RDA program:
- ...that any chance to make the Regional Partnerships program more effective in the regions was lost at this point. The Department's communication about grant applications became characterised by:
- misunderstanding about the complex place-based issues facing communities;
 - unrealistic expectations of the capacity of community organisations to prepare complex grant applications;
 - unrealistic expectations about the capacity of community organisations to raise funds for local projects;
 - unrealistic expectations about the duration of funding required for projects to become sustainable;
 - a lack of understanding about the damaging impact on community organisations and private sector applicants of delays in decision-making.
- 1.22 For this reason I favour a three-pronged pre-assessment process for applications under the new process, all involving greater understanding of projects:
- (i) Enlargement of the ACC/RDA role
 - (ii) Strategically placed Regional offices
 - (iii) A program of skilled Field Officers

1.23 With regard to (i) it is not within the terms of reference to examine the total structure of ACC/RDAs, other than to say that – as the first rung on the new RLCIP ladder – the quality of these organisations will be critical to the success of the overall programs. In turn, the calibre, skills and leadership quality of directors of the RDAs will be seminal to a successful outcome of the program

1.24 With regard to (ii) evidence at many of the Committee’s hearings favoured strategically placed Regional offices of the Department rather than State offices. In the current circumstance, the retention of Townsville is to be commended.

Queensland – 3

- Covering North Queensland
- Covering Central Queensland/Wide Bay
- Covering South East and South West Queensland

*Possible locations being Townsville, Gladstone, Hervey Bay, Toowoomba or Roma

New South Wales – 3

- Covering the North Coast, Northern Rivers, New England and North West
- Covering North and South of Sydney, and Central West
- Covering the South Coast, Riverina and South West

*Possible locations being Coffs Harbour or Tamworth, Bathurst or Dubbo, Nowra or Wagga Wagga

Victoria – 2

- Covering non-metropolitan west of the State
- Covering non-metropolitan east of the State

*Possible locations being Ballarat or Bendigo, Shepparton or Sale

Western Australia – 2

- Covering non-metropolitan south west
- Covering the rest of the State

*Possible locations being Bunbury, Kalgoorlie or Geraldton

South Australia – 1

- All State

Northern Territory – 1

- All Territory

Tasmania – 1

- All State

1.25 These offices should not be bureaucracies but small responsive units of say, six people, with local knowledge of the RDA regions and skills in financial and social capital assessment. Each office should have one Field Officer (perhaps two for larger geographic areas).

1.26 With regard to (iii) Field Officers would need to be articulate with a good understanding of country Australia, demography and social capital building. Assessment and mentoring skills would be essential. The ANAO and evidence at public hearings both indicate this capacity was lacking in the Department.

1.27 It would be vastly more effective if Field Officers were located in the regions rather than in a central National Office (ref Recommendations 16 and 17). For that reason, I'd delete the first dot point in Recommendation 16 of the report (i.e. referring to DITRDLG staff in central office from the text).

1.28 I see the role of the Field Officer as a conduit between the proponents and the RDAs on the one side, and the Regional and Central Offices on the other. They should coordinate the marketing of the RLCIP to the regions. The cities I've suggested as regional office locations are the hubs of regional TV stations and regional papers covering up to three RDA areas. They should advise, report on and mentor difficult proponent applications. They should carry out investigations on behalf of the Regional and Central Offices. They should also act as the liaison point for such other programs that the Parliament Secretary might delegate to the RDAs.

1.29 However, they should not usurp the ACC-type role of the RDAs.

Chain of command

1.30 In evidence at most hearings, participants saw the assessment role of the ACC/RDA as two-fold:

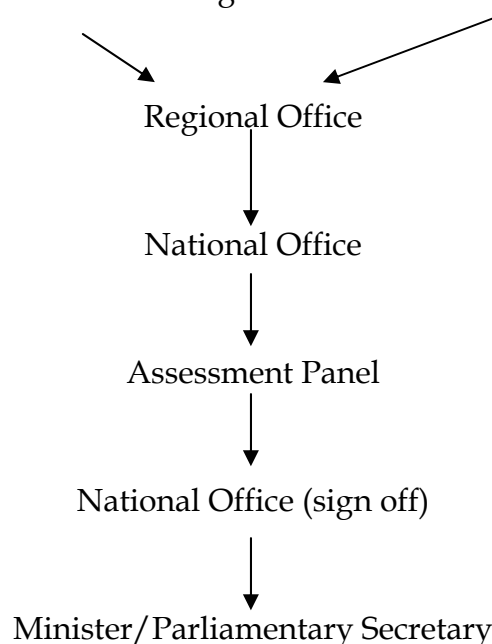
- to act as a promoter, adviser and mentor of applications; and
- upon lodgement, to recommend, caution or advise on applications going forward

1.31 For that reason, I am ambivalent to the need for 'Expressions of Interest'. I see them as adding another unnecessary layer of process and bureaucracy to a potential application. By their very nature, they add to the application's volume of paperwork whereas the evidence called for a simplified process. Any competent application with the vision of a project and knowledge of the application guidelines should not need to be tested further. That role, if required, should remain with the RDA. An RDA, given its knowledge of the guidelines, its appreciation of the community and its expectations, and its unique insight into the 'hard' infrastructure likely to work in the area, is better placed to make the initial pre-assessment. If contentious matters outside, or on the fringes of 'hard' infrastructure were to arise, the Field Officer should be involved for a second level of scrutiny.

1.32 I believe the chain of command (or process) should be:

(i) RDA - (Expression of Interest and Pre-assessment)

(ii) RDA-Advice on lodgement Field Office



- 1.33 If the Regional Office or Central Office have need of a query, objection or further financial advice, this role should be handled promptly by the Field Officer so that the overall process is not slowed down.

Funding

- 1.34 I agree to a multi-layered approach to funding (ref Recommendation 19), but believe that evidence from the public hearing supported four (or five) categories. While my colleagues agree with 'sub-programs' (ref Recommendation 2), I feel the principal sub-program discussed by participants at public hearings revolved around a model similar to the old Sustainable Regions program – one that recognised several economic problems in the regions (eg prolonged drought, entrenched unemployment, social dislocation etc).
- 1.35 I believe these categories should be:
- 3-monthly rounds to a maximum of \$50,000;
 - 6-monthly rounds from \$50,000 to \$500,000;
 - a rolling round from \$50,000 to \$2.5 million for deprived regions or areas within regions;
 - a rolling round from \$500,000 to \$7.5 million for major projects;
 - a fifth sub-set should be considered;
 - an emergency announcement by the Minister or Parliamentary Secretary - up to \$500,000 for an emerging event (eg Childers Backpacker Fire) - on the proviso that an identified proponent completes a formal application with 3 months of the announcement.

Assessment Panels

- 1.36 While I originally did not warm to the idea of an Assessment Panel, I must concede some ACCs requested an independent assessment process. Despite some misgivings, I would support the concept providing there was an Assessment Panel for each regional office.
- 1.37 Why? One central panel or one panel per State runs the risk of the panel(s) suffering the same fate as the original departmental analysis – its remoteness from the ACC/RDA areas and its lack of understanding of local dynamics and expectations.

- 1.38 This is less likely to happen if each Regional Office has an assessment team with local knowledge of its RDA area and say of adjoining RDA areas.
- 1.39 I reiterate my view that the Assessment Panel personnel should come from a wider experience than the three tiers of government (Federal, State and Local).
- 1.40 The panels should include representatives of the RDAs, business, profession (eg accountants or engineers) a service club and a union representative. In strongly rural areas, an agricultural peak body representative could add more depth on potential project impacts.
- 1.41 It should also be borne in mind, that just one central panel would only have the time to give a plethora of applications a cursory 'once over'.
- 1.42 It achieves nothing if the panel(s):
- Lack local knowledge
 - Create their own assessment bottlenecks
- 1.43 This would only repeat the problems inherent in the department's ACC process.

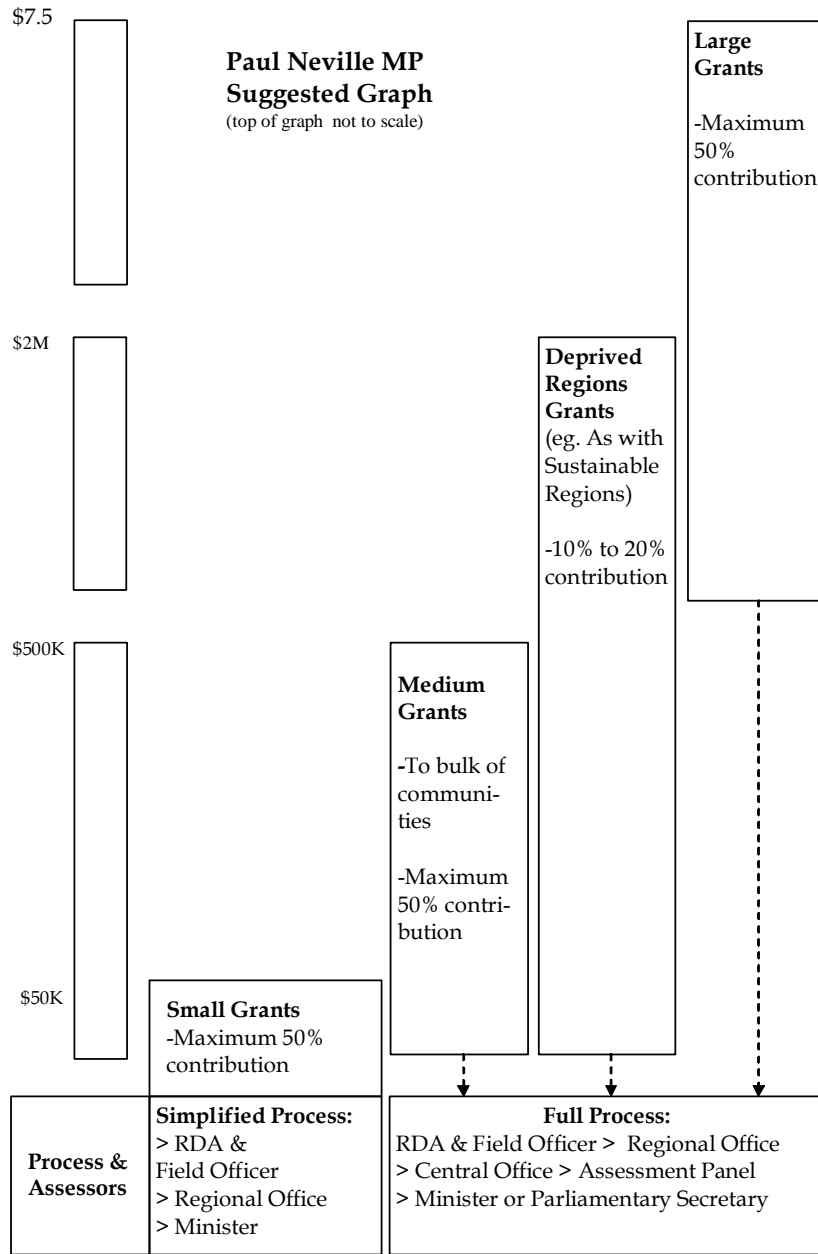
Assessment Responsibility

- 1.44 A common theme at all public hearings was the complexity of allocations and acquittals for small grants (eg up to \$50,000).
- 1.45 In Toowoomba we received evidence that the State Department of Sport and Recreation Regional offices had authority to allocate grants up to \$50,000.
- 1.46 For this reason I believe the small grants should be assessed and paid by the Department's Regional (or State) offices on the recommendation of the RDA and the Department's resident Field Officer.
- 1.47 Subjecting all small applications to an assessment panel seems unnecessarily complicated. Not having the rank these small applications, the worth of which should be self-evident, would release the assessment panels to spend their valuable time on the medium, large and deprived regions' applications where greater and valuable government resources are at stake.
- 1.48 With the medium range of grants - which the bulk of them will be - and the larger grants (which will contain projects like civic centres,

cultural buildings, community centres, grandstands, pools etc) - all should be subjected to the full process of RDA and Field Officer recommendations, preliminary assessments by Regional Office, final assessment by Central Office and ranking and comments by the Assessment Panel.

- 1.49 There was strong support at regional hearings for a sub-program to mirror the old Sustainable Regions program. The rationale was to give the RLCIP the capacity to deal with regions, or specific areas of regions (on Ministerial declaration) the ability to deal with social infrastructure where there was drought, embedded unemployment or social dysfunction - and where, for these reasons, Local Government or proponents could not fund projects to 50%. In this instance, I'd recommend a contribution of 10% or 20%. The Chairman of the Central Queensland ACC, at the Bundaberg public hearing, felt the measure should be even lower for deprived regions.³
- 1.50 I've outlined the grant limits, a suggested process and the assessment operations in the chart that follows:

3 Mr Mobbs, Central Queensland ACC, *Proof Committee Hansard*, Wednesday 8 October 2008, p.28.



Paul Neville MP

Deputy Chair