



PO Box 786 – Broken Hill – NSW – 2880
T: (08) 8088 0103 – F: (08) 8088 5100 – E: fwrdb@business.nsw.gov.au

14 July 2008

Committee Secretary
Standing Committee on Infrastructure,
Transport, Regional Development &
Local Government
PO Box 6021
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Sir,

Please find attached a submission from the Far Western Regional Development Board for the Inquiry into a New Regional Development Funding Program.

We would appreciate your consideration of the points raised in this submission.

Yours sincerely

(original signed)

Neville Gasmier
CHAIR
FAR WESTERN REGIONAL DEVELOPMENT BOARD



PO Box 786 – Broken Hill – NSW – 2880
T: (08) 8088 0103 – F: (08) 8088 5100 – E: fwrdb@business.nsw.gov.au

**INQUIRY INTO A
NEW REGIONAL DEVELOPMENT
FUNDING PROGRAM**

Organisation: Far Western Regional Development Board

Name: Neville Gasmier

Position: Chair

Mobile: 0407 487 752



PO Box 786 – Broken Hill – NSW – 2880
T: (08) 8088 0103 – F: (08) 8088 5100 – E: fwrdb@business.nsw.gov.au

Background

The Far Western Regional Development Board (FWRDB) is one of thirteen Regional Development Boards in New South Wales. The Board is funded by the New South Wales Department of State and Regional Development and is charged with:

- Promoting regional economic development initiatives
- Providing advice to the NSW Government and the Minister for Regional Development on important regional development issues
- Involving local Councils in regional economic development
- Developing local leadership
- Championing major investment projects
- Promoting key initiatives to improve the region's business climate, including infrastructure
- Hosting other NSW Government business related initiatives

The information contained within this submission are key recommendations within the scope of the terms of reference pertaining to regional development and the funding needs for key regional and infrastructure projects.



PO Box 786 – Broken Hill – NSW – 2880
T: (08) 8088 0103 – F: (08) 8088 5100 – E: fwrdb@business.nsw.gov.au

Shortfalls of previous funding program – ‘Regional Partnerships’

In the opinion of the FWRDB, the key shortfalls of the former Regional Partnerships were:

- a) A disconnect between the local and regional offices and the Canberra head office and a lack of delegation of responsibility to the local ACC's.
- b) Unsatisfactory timeframes for the approval of submissions.

a) A disconnect between the local and regional offices and the Canberra head office and a lack of delegation of responsibility to the local ACC's.

In 2006 the Board was involved in the application process for Regional Partnerships funding for a key regional project. The local Area Consultative Committee was supportive of the project and assisted in terms of providing advice on the application. However, despite the support of the local office there were significant time lags in obtaining feedback from a regional level. Some feedback was contradictory to the Regional Partnerships guidelines in terms of word counts and general advice as to what should be included under each criteria resulting in further delays in the application moving to the next level. Unfortunately, the application was then denied at the Canberra head



PO Box 786 – Broken Hill – NSW – 2880
T: (08) 8088 0103 – F: (08) 8088 5100 – E: fwrdb@business.nsw.gov.au

office level despite the approval of both the local ACC and their regional office.

The FWRDB completely understands that not all projects are able to be funded, however, the fact that the board had revised the application numerous times based upon the feedback received, and had the approval, and apparent strong backing of both the local office and the regional office, the process of seeking this Federal funding wasted some six months of the board's time and efforts.

This disconnection between local ACC recommendations and the approvals process is a major issue. Local ACC's need to be provided with greater authority and delegation to identify and support major regional projects. The local offices are in the best position to identify regionally important projects and as such their recommendations need to be listened to and supported at the Federal level.

There also needs to be a shared understanding of the funding program guidelines and criteria across local, regional and the head office in Canberra to ensure a consistent approach in providing advice on applications.



PO Box 786 – Broken Hill – NSW – 2880
T: (08) 8088 0103 – F: (08) 8088 5100 – E: fwrdb@business.nsw.gov.au

b) Unsatisfactory timeframes for the approval of submissions.

The time lags involved in obtaining feedback on applications as identified above is further compounded by a lengthy approvals process. The Federal Government needs to develop a more flexible approach to funding programs which allows regional communities to take advantage of current opportunities whilst still maintaining a rigorous and transparent approvals process. This may be assisted by providing the local and/or regional offices with greater authority and delegation of responsibility.

The impact of not having a current Federal funding program

Currently the Far West Region of New South Wales has very little avenue for funding for capital expenditure for regionally significant projects due to the cancellation of the Regional Partnerships program.

The FWRDB obtains project funding from the NSW Department of State & Regional Development for regional development projects but this is largely on a 'matching funds' basis. The FWRDB's ability to source matching funds has been greatly diminished due to the cancellation of the Regional Partnerships program. Whilst this may be an issue for all communities across Australia,



PO Box 786 – Broken Hill – NSW – 2880
T: (08) 8088 0103 – F: (08) 8088 5100 – E: fwrdb@business.nsw.gov.au

our region covers approximately 18.4% of the state of NSW but has only two local government areas and a relatively small population. This significantly limits the Boards ability to engage financial partners in regional development initiatives and projects.

Key recommendations for a new regional development funding program:

Looking forward, the FWRDB has identified the following as key recommendations for a new regional development funding program from the Federal Government. The new regional funding program must:

1. Cover a broad range of regional and economic development projects
2. Allow for capital expenditure projects

This is extremely important as most other regional development funding programs do not cover investment in capital infrastructure and this is an absolute necessity for regional communities across the nation.



PO Box 786 – Broken Hill – NSW – 2880
T: (08) 8088 0103 – F: (08) 8088 5100 – E: fwrdb@business.nsw.gov.au

3. Provide more responsibility/delegation to the local Regional Development

Australia office

This is essential to avoid the circumstances detailed above.

4. Include simplified criteria and guidelines

Simplified criteria and clear guidelines will encourage a shared understanding across all levels of approvals within the Department and also across the community.

5. Include a commitment to cut timeframes for approvals significantly when compared to the Regional Partnerships process.

This may be alleviated through the increased delegation of authority and responsibility to the local and regional offices as detailed above.

6. Provide greater consideration of milestone payments and the effect that this has on cash flow for projects.

It is understood that most, if not all, funding programs provide some form of upfront payment, staged milestone payments and a final payment at the conclusion of the project. This is not an issue in itself, however, for some Federal Government funding contracts the amount withheld until the



PO Box 786 – Broken Hill – NSW – 2880
T: (08) 8088 0103 – F: (08) 8088 5100 – E: fwrdb@business.nsw.gov.au

completion of the project (which can take up to 3 months *after* the completion of the project to be paid) can be up to around 20% of the overall project expenditure. For large projects, the withholding of this amount can make an enormous impact on the cashflow of applicant organisations as they need to physically pay for the goods and services associated with the project and in many cases cannot afford to wait for reimbursement.