

7<sup>th</sup> July 2008

The Secretary  
Standing Committee on Infrastructure, Transport,  
Regional Development and Local Government  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

### **Inquiry into a new regional development funding program**

I am writing on behalf of the Central Murray Area Consultative Committee (Central Murray ACC) to make a submission for the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government's inquiry into a new regional development funding program.

The Central Murray ACC, based in Echuca (Victoria), is responsible for the region which stretches across the Murray River and encompasses areas of northern Victoria and southern New South Wales. The region covers ten local government areas including Campaspe, Gannawarra and Swan Hill in Victoria, and Balranald, Berrigan, Conargo, Deniliquin, Jerilderie, Murray and Wakool in New South Wales.

Central Murray ACC is a community based organisation that has been in operation for over 10 years. Over the past 4 years the committee has worked tirelessly with community groups and local councils in the Central Murray region in assisting them gain access to over \$3.6 million in Regional Partnerships funding, resulting in projects to value of over \$11.2 million being able to be completed in the region. Regional funding programs such as the Regional Partnerships program provide a significant boost to the development and wellbeing of our region, both economically and socially.

Through our close working knowledge of the Regional Partnerships program and the various other Federal, State and philanthropic grant programs that we have helped communities utilise over a number of years, we have been able to gain a firsthand knowledge of the benefits, both social and economic, that regional funding programs can bring to a community.

In providing our views, it is important to note that the Board of Central Murray ACC has used the definition of a "Sustainable Community" as one that is able to prosper from generation to generation because it is healthy; environmentally, socially and economically.

The following points seek to address the terms of reference in relation to, "*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*".

▪ ***New Regional Funding program to be well resourced***

The proposed new program needs to be adequately funded to ensure all regions receive or have access to a level of potential funding that is going to be meaningful. If the program is underfunded, our experience is that the integrity and best intentions of the program and its administrators is severely undermined in the eyes of those communities it is designed to assist.

In addition, the level of available funds for the program can dictate its structure, types of community infrastructure to be funded and those groups eligible for funding. If the program is underfunded then it will limit the number and size of projects that can be funded, thus limiting its potential impact on regional economic development.

▪ ***Suggested new RLCIP structure.***

The new Regional and Local Community Development Program could consist of several sub-Funds that are specifically targeted to areas identified as objectives of the overall program. This will help to improve the clarity and simplicity of each set of guidelines as well as the outcomes targeted by the specific sub-fund.

By having a number of sub-funds the overall administration of the program will become a lot more streamlined as the application forms can be simplified hence applicants will be more likely to provide the required information as it will be less onerous. In addition, the department will be better positioned to manage staff workload by having dedicated teams of trained assessors. Examples of possible sub-funds could include, but not limited to the following:

- Community Building Fund: Under \$50,000 small community building grants aimed at small community facility upgrades, equipment purchases and funds to organise community events (those primarily with clearly identifiable economic and/or social benefits. Applicants can be community non-profit groups and/or LGA's.
- Small Town Infrastructure Fund: Funds available to LGA's to be between \$50,000 and \$250,000 (2:1 funding) could be broken into Small Town Development. These grants will focus primarily on street scaping, parks, playgrounds, public amenity upgrades, heritage works, tourism related infrastructure etc. *LGA to be applicant.*
- Major Community Infrastructure Fund: For infrastructure works that are between \$250,000 and \$1,000,000. These funds targeted at major works to benefit the long term health of the community through improvements to the triple bottom line (economic, social and environment) of the community and region. Applicants could include: LGAs, community non-profits and state based regional development bodies.

▪ ***Who should be able to apply?***

As outlined in the point above, it is proposed that the local governments (LGAs) should be the primary applicant for the majority amounts over \$50,000 and be consulted on all non-profit applications under \$50,000. The program is not to be open to private groups as it is to be a pure community based program.

The reasoning behind requiring the LGA to be the applicant for the majority of amounts over \$50,000 is that most, if not all community based projects will involve the LGA in some form; whether it be that the project is situated on LGA land, is operated by the LGA; the non-profit community group requires the LGA to auspice the application as it is not incorporated or GST registered or doesn't have the skill or capacity to undertake the project; and, the council is often required to contribute financially to all community related projects and provide various approvals.

This process, which currently operates very well in Victoria through Regional Development Victoria (RDV), allows LGA's to have stronger control over community infrastructure projects as all funds can be administered in a central location. The LGA's in most cases are better equipped to manage and acquit government funding as it one of their core roles, whereas community groups often don't have the resources or experience to adequately undertake these requirements. That said, smaller LGA's will need to be compensated in some form for project management and administrative costs as this extra workload can put considerable strain on finances and staff.

- ***Reducing administrative burden for grants under \$50,000.***

Another way of reducing administrative costs whilst improving efficiencies would be to consider the option of outsourcing the administration of all small grants under \$50,000 to a philanthropic organisation such as FRRR, which the Department already has a relationship with. Small grants can make a significant difference to small communities and should not be discouraged.

FRRR has demonstrated over the years that it has the ability to efficiently administer small grant programs to rural and regional Australia. Community groups in the Central Murray region are comfortable with the FRRR application process which includes funding rounds and a simple and straight forward application form which doesn't cause community groups too many concerns when filling it out. Recipients of the FRRR grants are also notified in a timely manner and constructive feedback is supplied to those not successful on request.

By isolating small grants under \$50,000 to either a sub-fund or outsourcing them to FRRR would be potentially very cost effective as small grants tend to receive a high number of applications which are often poorly filled out due to the skills and lack of resources common with many non-profit community groups. A continued focus on grant writing workshops for the non-profit community groups will assist in improving the level of skills in this area over time thus reducing the administrative burden.

If not outsourced, the Deputy Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government could be given the powers to approve grants under \$50,000. This would free up considerable Ministerial time and allow the Minister and/or Parliamentary Secretary to focus on approving the larger infrastructure projects, thus making more efficient use of their limited time. This would also greatly assist in reducing the time associated with the approval process.

- ***Provide a more streamlined application process for both non-profit groups and LGA's.***

The application process for the new RLCIP needs to be streamlined and simplified as many LGA's and community groups are often overawed by sheer volume of information that is required for even the simplest of projects.

The overly complex and detailed application for the Regional Partnerships Program was very daunting for many community groups and without the ACCs assistance many applications would have been of poor standard or not submitted at all, despite the project being a good one. The applications for small grants should follow the formula used by many of the philanthropic funds, FRRR 's format is very straightforward and understood by small community groups.

Similarly, LGA's shouldn't be required to provide the level of detail that was requested by the Regional Partnership Program, such as; applicant viability, ability to carry out the project, financial history and project viability assessment. Some of these questions are about what LGA's do as part of their core business. Reducing some of these application requirements would provide cost savings and efficiency gains for both the applicant (LGA)



and the department. Using the example of RDV in Victoria, their application process is very straight forward, an expression of interest is first assessed and on approval a more detailed application is produced. As only LGA's can apply the process is very clear and easy to understand and the applications easy to fill out.

We also believe that applicants should have the ability to submit applications either online or in a hardcopy format (email or post) as not all community groups have access to internet services capable of accessing online applications such as the "e-grants" online application that was launched in late 2007 for the Regional Partnerships program. This online application was all good in theory but in practice caused more problems than it solved. Any online application needs to be very straight forward and be easy to access and use, even for those with limited computer skills.

- ***Funding rounds versus continuous funding***

We believe that both options have merit. The implementation of funding rounds (3-4 per year) has many benefits as it; helps to promote a fair merit based assessment process; ensures the department is better able to match resources with the workflows; allows set amounts of funding to be allocated to each funding round; and, will allow for more timely assessment of applications and notification to applicants within set timeframes.

- ***Funding ratios to be considered***

The ratio of community contribution (includes LGA) needs to be clearly defined at either 1:1 or 2:1 as this is how most communities have grown to understand grant funding. In the case of smaller LGA's (those under 10,000 people) it is often difficult to carry out any community infrastructure projects of size as they don't not have the resources to match funding, this is especially the case in the fast growing small LGA's and those with very small rate bases (under 5,000 residents) or experiencing the impacts of the ongoing drought where populations are declining.

- ***Timing of Partnership funding***

We believe partnership funding is an important ingredient in any successful funding application. It would be advantageous for many small community groups and LGA's if they were able to apply to the new Regional Funding Program without all funding partners committed first. In many cases it is difficult to leverage funds efficiently when the Federal grant monies are the last to be received. Many funding bodies (State, Federal and philanthropic) are more likely to commit funds to the project if they see the Federal government funds have been committed subject to all funding being committed.

- ***On the ground assistance***

The great fear of communities in the Central Murray region is that the current ACC model of assisting communities and LGA's develop projects is not planned to be carried forward to the new Regional Development Australia (RDA) role.

Over the years Central Murray ACC has built up a high level of expertise in the area of project development and the relationships that surround the development of funding partnerships at both State and Federal levels. The strategy and planning required to attain adequate partnership funding for a project, as was required by the Regional Partnerships program, was often quite complex and required a detailed knowledge of the potential partnerships funds, their availability, key contacts and the dates of funding rounds. Most community groups and small LGA's just don't have the resources and/or available skills to carry out important element of project development.

This knowledge and resource is not readily available to small communities as most LGA's in our region don't have the resources to provide dedicated staff focus specifically in this

area. The most likely outcome is that community groups and LGA's will be forced to employ people to apply for grants on their behalf. This is generally a costly exercise (payment is usually a % of the grant on top of an hourly rate) and often fraught with danger. Projects will not always be developed in the best interest of the applicant.

Another benefit of the ACCs on the ground assistance is that they can ensure that good ideas and best practice on one project can be used to assist another like project at the other end of the region. The ACCs are able to promote knowledge transfer within the region.

- ***Timing of notification of grant recipients***

The turn-a-round from the time the application is received or the funding round closes, to the time that grant recipients are notified needs to be kept to a minimum (no longer than 12 weeks and preferably 8 weeks). These timelines must be adhered to as this causes a number of problems, most importantly cost blow outs as quotes become outdated and prices rise.

The notification process also needs to be consistent and informative. Constructive feedback provided to unsuccessful applicants will allow them to be better prepared the next time and therefore the whole process will not be seen as a waste of time or a negative experience. A move to a merit based funding round assessment process will greatly assist this notification and feedback process.

- ***Working closer with State Government programs***

An area that would help expedite the application process and reduce duplication would be via the closer contact between the federal and state funding bodies. In many cases both the State and Federal funding is sought for a project, but they are assessed independently, essentially duplicating processes and information. This is often time consuming for all parties involved and frustrating for the applicant.

Central Murray ACC believes that regional funding programs such as the Regional Partnerships program, provides significant benefits to sustainability and livability of Australia's regions. That said, any new regional funding programs need to take into serious consideration the recommendations outlined in the ANAO report to ensure that the positive outcomes that such a program brings to regional Australia is not tarnished by administrative shortcomings.

The desired outcomes of the proposed new regional program need to be clearly articulated and, importantly, adequate funds need to be made available to ensure that these outcomes can be achieved in a fair and timely manner. Communities and LGA's should not be disadvantaged due to their remote location or size.

Regards



Graeme Gledhill  
Chair  
Central Murray Area Consultative Committee Inc