



NIMBIN NEIGHBOURHOOD & INFORMATION CENTRE INC.

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Catherine King, MP, Chairperson
Standing Committee on Infrastructure, Transport, Regional Development and
Local Government Committee
House of Representatives
PO Box 6021
Parliament House
Canberra ACT 2600
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Dear Ms King MP

**RE: INQUIRY INTO A NEW REGIONAL DEVELOPMENT FUNDING
PROGRAM – SUBMISSION FROM NIMBIN NEIGHBOURHOOD AND
INFORMATION CENTRE INC**

Thank you for your invitation to make a submission to the abovementioned Inquiry.

As you will be aware, Nimbin Neighbourhood and Information Centre received over \$50,000 in funds from the former Regional Partnerships funding programme which we used (together with matched funds), to carry out extensions to our premises to facilitate the commencement of two new services at NNIC.

Our Project was a relatively simple, straight forward and low cost project compared with many of the projects mentioned in the Audit Report, and our Project is not referred to in that report.

Our Project came in on time and almost on budget (we carried a small Project deficit of around \$300 into our general operations budget).

NNIC operates on the basis of a one-stop-shop model and is the primary service provider and community development organisation in Nimbin.

The two new services we have been able to bring on board as a result of the extensions to our Centre are the (NSW DoCS funded) Brighter Futures Early Intervention program for vulnerable children and families (delivered by the Consortium of Neighbourhood Centres Far North Coast) and a ground-breaking clinical service involving a partnership with North Coast Area Health Service. The latter is delivered by a Nurse Practitioner with 25 years experience in mental health and provides crisis care and some ongoing case management for clients with multi-diagnosis, particularly mental health and substance abuse issues.

At the outset I wish to point out that securing funds for capital works and capital infrastructure is very difficult and there are very few sources of funds available for this purpose at any level of Government. Often community organisations are unable to increase or improve capacity due to a lack of infrastructure and in particular poor accommodation and office space.

Thus the role of the Federal Government in providing a source of capital and infrastructure funds is crucial and essential.

I make the following submissions based on the dot points set out in the invitation to participate:

1. Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects.

The Process as we experienced it:

The process of applying for the Regional Partnerships funding was rigorous in our experience and involved the obtaining of letters of support from a significant number of referees as well as the support of the local Area Consultative Committee. The process we undertook ensured that the Project put forward was genuine, otherwise we would have been unable to obtain such widespread support for it from all levels of Government, NSW Police, NSW Premiers Dept and the community itself. Our Project was also the result of a protracted process of community consultations over a period of some 3 years, the details and minutes of which we provided to the Department at the time of application for funds.

We were required to account back to the Department at regular intervals in the form of Progress Reports and we provided Profit and Loss Statements and Balance Sheets each time we reported back.

Whole Of Government Approach:

Ideally, the desired results/outcomes to be achieved in each region would be developed and agreed upon in a consistent manner between all levels of Government in consultation with on-the-ground service providers, along the lines of the Friedman model of Results Based Accountability, so that all funding programs could be aimed at the same set of results/outcomes. Thus all accountability could be streamed into the same set of data in order to track the trends and progress in a consistent and cohesive fashion. This would also

simplify funding applications and accountability and reporting mechanisms, in that all funding programs would have the same requirements, which would in turn reduce the unnecessary workload upon organisations applying for funding and having to deal with multiple Departments' differing application and accountability requirements. Further, this would increase the value obtained per dollar at community organisations for the taxpayer, as less time would be spent on applying for and accounting for grants funding, and more time would be spent on actually delivering the services!

I refer you to the LCSA/NCOSS/YAPA Results Based Accountability Implementation Group recently established in New South Wales for the purpose of encouraging an aligned approach between all levels of Government, in consultation with community organisations and service providers who deliver the outcomes on the ground, in relation to results/outcomes based planning and reporting. I would invite you to contact the EO of LCSA (The Peak for Neighbourhood Centres in NSW – Local Community Services Association), Mr Brian Smith, on (02) 9660 2044, info@lcsa.org.au, for more information regarding this issue.

2. Examine ways to minimise administrative costs and duplication for taxpayers.

As stated above, in relation to capital works, the risk of duplication for taxpayers is in my experience minimal as there are very few State Government funds available (in NSW at least) to apply to infrastructure or capital works projects.

In relation to regional development projects other than those involving capital expenditure such a renovations or purchase of buildings etc, the effect of funds would be maximised if all levels of Government worked more closely together in relation to the results/outcomes which are desired for any particular region, so that efforts to achieve those results are more cohesive and integrated, as set out above in 1.

In relation to administrative costs, in the case of our funding, we provided all the administrative work on an In Kind basis. This involved myself personally making considerable sacrifices including working on most weekends in order to ensure the Project met its deadlines. This is probably not a realistic nor reasonable expectation to be placed upon community organisations, and it is important to allow for an administrative component in **all grants funding at a minimum of 10%, to ensure that projects are completed satisfactorily and on time.**

One of the main issues we experienced with the funding programme was the length of time which lapsed between submitting the application and the actual receipt of the funds. Due to the time lapse our costs rose considerably and of course all the quotes we provided for the job had expired. We were then advised by the Department that we had to obtain new and current quotes which involved additional work for all, and then we were told that the

Department would not provide the funds until we had raised the additional funds to cover the increased costs.

By that time we had already invested significant sums of our own funds and at our own substantial and significant risk, in order to bring the Project up to the Construction Certificate Stage, which was required by the RP Programme. Had we not been able to secure additional funds, the time, energy and funds applied to the Project to bring it to the stage where we were eligible to apply for Regional Partnerships funding, would have been wasted and accordingly this would have been a waste of taxpayers funds.

We were very fortunate to be able to raise the additional funds. However, given the dearth of funds available for capital works for community organisations, this would normally be unachievable for most community organisations, and creates a risk of a project being compromised or indeed never even commenced, in spite of hours of work as well as money having been applied to the process by the community organisation and also the Department to reach this stage in the application process.

I recommend that the Department consider allowing for a rate of contingency funds to be attached to all capital grants, eg at a rate of 10-20%, which would only be released to the funded agency if certain contingencies actually rose, such as increase in costs of material due to fuel costs. This would prevent many hours of administrative time being wasted by all parties on a process which eventually comes to nought. It would also cover the potential risk of a project remaining incomplete in spite of time energy and funds having been applied to it.

I further recommend that the Department improves the time lapse between the application and the receipt of funds by the funded agency, to minimise the risks of costs blowing out.

I further recommend that the Department consider establishing a small Start Up Fund which can be used to support organisations to carry out the initial development work required in order to bring the project up to eg Construction Certificate stage. In our case, initial funds of around \$5000 or less would have assisted us in this regard and would have minimised the risk that we placed upon our organisation (and subsequently to taxpayers) and the funds we applied to the initial process.

3. Examine the former government's practices and grants outlined in the national Audit Office report on regional Partnerships with the aim of providing advice on future funding of regional programs.

Unfortunately, time prevents me from being able to thoroughly read all 640 pages of the Audit Report No 14. I have however skimmed through the report and make the following general comments:

- 3.1 There was no apparent expedition of the provision of funds to us and in fact the process of obtaining the funds was in our case protracted and complex;
- 3.2 Managing Risk and Viability of Projects: as discussed above at 2, providing start up and contingency costs would facilitate the viability of projects for not-for-profit community organisations;
- 3.3 We were provide with significant and ongoing support by the Northern Rivers ACC via Ellen Jurd and Ann Carkery, and the area DOTARS office via Stuart Clarke, in relation to reporting requirements and so forth;
- 3.4 The flexibility around the funding programme should be **retained** as far as possible to allow for innovation and access to funding for a wide rage of projects, provide they are aimed at achieving the desired results/outcomes.
- 3.5 It should be recognised that there is a severe limit upon funding grants available to community organisations for the purpose of capital works and infrastructure. In our case, Regional Partnerships was the **ONLY** source of funds available, and had we not been able to access these funds the Project would not have been able to go ahead at all.
- 3.6 The financial reporting templates provided by the Department, were confusing and somewhat meaningless, and I would describe them as one of the poorer reporting tools that I have come across to date. As a result I resorted to providing actual Profit and Loss Statements and Balance Sheets in place of the templates (although I did attempt to complete the templates), in order to provide meaningful financial information about the progress of the Project. When I showed the reporting templates to our Company Auditor for the purpose of acquitting the grant, he agreed that the templates were of an overall poor quality.
- 3.7 Funding For Profit organisations. I accept that there is a role for Government in providing funding for For-Profit organisations. However, given the potential of For-Profits to generate profit for shareholders etc, which is not the case with not-for profits I would be interested to see the Government investigate a **no-cost or low-cost loan system** similar to eg the HECS system, whereby a For-Profit organisation could repay the funds provided by Government over a period of time on a percentage basis as against the profits of the organisation. This would, over time, save taxpayers funds as well as remove the obvious questions around providing funds to an organisation which leads to profits being generated for shareholders. There could be special allowances made for organisations where the overall benefit to society is strong, such as alternative energy providers, for example.

I hope my comments are of some assistance to you. Please do not hesitate to telephone me with any queries.

Yours faithfully

Natalie Meyer
Team Leader

