

# State Government of Victoria

Submission to the House of  
Representatives Standing Committee on  
Infrastructure, Transport, Regional  
Development and Local Government's  
Inquiry into a  
New Regional Development  
Funding Program

July 2008

# 1. Introduction

The Victorian Government welcomes the opportunity to provide a submission to the House of Representatives' Inquiry into a new regional development funding program, being conducted by the House Standing Committee on Infrastructure, Transport, Regional Development and Local Government.

It supports the Federal Government's commitment to developing genuine regional economic development and community infrastructure and encourages the Commonwealth to consider the recommendations outlined in this submission in the design of the new regional development funding program. To achieve this, the Victorian Government suggests a governance framework which is flexible and responsive to the rapidly changing landscapes of regions, robust in its assessment and evaluation methodology, focused on outcomes to underpin the liveability and sustainability of regions and transparent in the decision making process.

The focus of this submission is the first two Terms of Reference (Appendix A) for the Inquiry, by providing advice on future funding of regional programs drawing upon our experience in developing and delivering comparable programs. It provides general principles on the benefits, potential scope, investment principles and program design to inform the Committee's advice on the structure of the new program to the Federal Government.

A key benefit of the new program will be that future Commonwealth funding will capitalise on existing resources and act as a catalyst for further investment which would not otherwise have been realised without its support.

The Victorian Government stresses the importance of alignment between local, state and federal governments of regional priorities and that the Commonwealth involvement is structured to be the least burdensome for communities in terms of administrative arrangements.

To aid this alignment it is proposed that Area Consultative Committee boundaries be reconfigured around the State's eight administrative regions (five regional and three metropolitan-based) in Victoria. This will enhance the determination of a common set of regional priorities and goals. These regions will each develop regional and sub-regional plans, under a new regional planning focus of the government.

Sustainable growth for all regions (metropolitan, rural, regional and interface) of the State is a key aim of the Victorian Government. This is supported by the Government's commitment to regional development by:

- investing in vital infrastructure, initiatives and programs to support communities;
- developing new industries and supporting existing industries to expand;
- promoting the regions to attract more people; and
- facilitating the creation of new jobs in regional and rural Victoria.

The Victorian Government established a statutory body in 2002, *Regional Development Victoria*, with the primary purpose of facilitating economic, infrastructure and community development in regional and rural Victoria. The Government has also developed several key funds – the *Regional Infrastructure Development Fund (RIDF)*, the *Small Towns Development Fund (STDF)* and the *Victorian Community Support Grants (VCSG)* programs. The RIDF is the centrepiece of the Victorian Government's commitment to reviving regional and rural Victoria through supporting infrastructure development to enhance the competitive capacity of regions with a total to date of \$585 million appropriated to the Fund. Details of these funds are provided in Appendix B upon which the Committee may draw.

These funds have been established as Trust Funds of the Public Account. Infrastructure development typically has lengthy lead-in times to construction phase. Using a trust fund enables infrastructure commitments to be quarantined from the restrictions of budget carrying forward provisions. In this way, communities will be afforded the assurance of government support to better accommodate their funding needs.

Investment by the Federal Government alongside these funds will maximise regional development opportunities for economic and social growth. The importance of clear objectives of the program is stressed in this submission, which suggests that the areas of focus of the former *Regional Partnerships Program (RPP)* - strengthening growth and opportunities; improving access to services; supporting planning; and assisting structural adjustment - be maintained.

The last objective of structural adjustment is particularly important given the introduction of this new funding program will coincide with the phasing in of the Emissions Trading Scheme (ETS) – *Carbon Pollution Reduction Scheme (CPRS)*.

Essential elements of the scheme will be to support strategies and policies designed to assist communities to adapt, provide education and training (or retraining) relevant to emerging opportunities, and provide essential community and economic infrastructure. If this new regional development funding program is a key component of such support strategies, the development of clear national principles for adjustment support and a greater level of funding will be required. Clarity is therefore required about the new program in this context and its relationship to the proposed Electricity Sector Adjustment Scheme and Climate Change Action Fund.

## 2. Regional Partnerships Program

The *Regional Partnerships Program* was a major funding source to partner projects across the nation. RPP supported many projects in Victoria and its abolition has had a negative impact on many more.

The largest source of Commonwealth matched funding with the *Victorian Community Support Grants* program was the *Regional Partnerships Program*. Over the last two years *Victorian Community Support Grants* has partnered with *Regional Partnerships Program* on projects with a total value of almost \$50 million. The *Regional Partnerships Program* and *Victorian Community Support Grants* contributions totalled more than \$20 million, with the remaining funding being provided by other partners. The RPP also partnered significant infrastructure projects in rural and regional Victoria under the *Regional Infrastructure Development Fund* and *Small Towns Development Fund*.

Whilst Victoria wishes to highlight in this submission the importance of flexibility in the new program, accountability and transparency in the decision making process in accordance with the Australian National Audit Office's (ANAO) Performance Audit of the Regional Partnerships Program, are crucial. Victoria therefore recommends structures built into the new program to ensure equitable access to funding across the States and Territories. This could be achieved through clearly articulated program objectives in the program guidelines, such as building the productivity, sustainability and liveability of the nation. This is necessary to avoid distortion of funding distribution potentially interpreted as party-political bias, as witnessed under the RPP and acknowledged in the ANAO's Audit Report.<sup>1</sup>

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<sup>1</sup> ANAO Audit Report No. 14 2007-08 Volume 1 – Summary and Recommendations, pp107-108. This section highlights the distortion of grants approved across different political electorates.

## 3. General Principles

### 3.1. Benefits

#### ***3.1.1. Investment by the Commonwealth has the potential to capitalise on existing resources and act as a catalyst for further investment***

The involvement by the Federal Government is extremely important as a catalyst to assist communities to leverage funding and realise benefits that would not have been possible otherwise.

The Commonwealth working collaboratively with state government, local government and other stakeholders can develop and fund infrastructure initiatives that may not otherwise have been funded. The involvement of the Commonwealth gives community-based projects a standing that enables communities to attract, retain and build on existing investments and arrangements

The involvement of the Commonwealth along with other levels of government and other parties can contribute to more innovative outcomes and more robust governance arrangements with responsibility shared by multiple parties.

In realising these benefits however, it is important that investments are aligned and coordinated for shared purposes and greater impact, and that Commonwealth involvement is structured so as to reduce red tape, transaction costs and other burdens.

The Victorian Government is undertaking a number of initiatives to improve the efficiency of investments including streamlining funding arrangements across departments and reducing the administrative burden associated with funding to Indigenous organisations through the Victorian Indigenous Funding Agreement initiative. To support this, Victorian Government agencies and departments are changing the way they work by:

- using a standard set of terms and conditions for all funding to Indigenous organisations;
- investigating the use of the same schedules or sections in funding agreements to document what is being funded, reporting requirements, the timing of payments and so on; and
- using a range of tools, processes and guidelines that can build greater consistency in the way funding departments approach the funding relationship and do business with Indigenous organisations.

The introduction of single funding agreements provides an opportunity not only to reduce the red tape associated with funding administration for Indigenous organisations and make better use of their finite capacity, but also to improve funding coordination across departments.

The Victorian Government is also implementing best practice grants administration across all government departments to increase the efficiency of grants programs and improve transparency and accountability.

### 3.2. Scope

#### ***3.2.1. Funding of both economic infrastructure and community infrastructure***

This could be achieved through the adoption of two categories for funding support:

- Economic infrastructure, including business and industry development, transport improvement, improved tourism facilities and projects promoting job creation and

better linkages of non-metropolitan regions to new opportunities in education and information and communication technologies (ICT) infrastructure; and

- Community infrastructure, which could include community centres, halls, libraries, sport and recreation, and arts facilities.

The program could support community identified projects including:

- Projects that enhance the economic capacity and competitiveness of local communities;
- Support for new industry development;
- Projects that link transport infrastructure or improve tourism facilities;
- Education and ICT infrastructure
- Projects that give consideration to the goals of the Commonwealth's social inclusion agenda;
- Projects that recognise the effectiveness of place-based approaches in tackling disadvantage and creating economic opportunities;
- Projects that align with local and regional infrastructure planning priorities;
- Physical infrastructure that encourages social connectedness and physical activity;
- Activities that enhance skills development, volunteering, mentoring and leadership;
- Community hubs in the most disadvantaged communities; and
- Support for recently arrived migrants, refugees and asylum seekers.

### ***3.2.2. Effective infrastructure provision also requires supporting planning, project management and governance arrangements***

Sound planning, supported by capacity building which involves community members in governance arrangements, must form the basis of investment in community infrastructure to ensure that sustainable community outcomes are achieved. Ideally, a new program should provide funding to support planning, project management and governance arrangements, along with infrastructure. This notion supports both the social inclusion agenda and the priority to maximise the multi-use and co-location opportunities of community facilities.

Details of the *Provincial Victoria Growth Fund (PVGF)* are also provided in Appendix B as it is a complementary fund to the RIDF providing support to regions to manage and plan for change.

## **3.3. Investment Principles**

### ***3.3.1. A clear investment framework reflecting government priorities***

Conceptualising grants as investments with clearly defined logic underpinning investment enables government to:

- maximise the value of its investments;
- build on community assets and opportunities; and
- facilitate communities to attract and retain resources to engender sustainability.

The principles that underpin an investment approach include:

*Sustainability* - using government resources to enable communities to attract, retain and build on existing investments and arrangements.

*Strategic* – aligning and coordinating investments for shared priorities and purposes and greater impact.

*Outcomes* - measuring investments by the benefits achieved and leveraged.

*Efficient* - reducing red tape, transaction costs and burdens.

*Assets* - identifying, mobilising and building on existing community assets.

*Innovation* - encouraging innovation and harnessing the innovation potential of communities.

*Shared accountability* – sharing responsibility for investment performance and decision-making.

*Leveraging* - capitalising on existing resources and acting as a catalyst for further investment over the shorter and/or longer term.

*Return on Investment* - investment delivering a net economic, social and environmental benefit for communities. In the development of a new regional development funding program, consideration should be given to the articulation of a clear investment logic for the program.

The Victorian Government considers that the investment logic underpinning a regional development program should reflect broader government priorities, including the Commonwealth's social inclusion agenda.

To maximise social inclusion outcomes it is important that any program:

- Covers disadvantaged communities in both regional areas and metropolitan LGAs, where pockets of severe disadvantage exist;
- Supports initiatives designed to ensure all Victorians can participate in economic and social life especially those that involve all levels of government working together with communities, as well as collaboration between the public and private sectors.

Examples could include:

- infrastructure encouraging social connectedness, physical activity;
- one-stop shops for delivery of government and community services; and
- community hubs in the most disadvantaged communities.

### **3.3.2. *Investment consistent with regional planning***

Investment in community infrastructure leads to sustainable outcomes when it is built on sound planning. It is therefore important that a new regional development funding program supports existing planning work being undertaken by communities.

In Victoria, regions and sub-regions have undertaken extensive community planning exercises, and it is important that initiatives supported by any new program are consistent with the outcomes of this process.

Regional groupings of local governments in Victoria are working collaboratively with state government departments to develop comprehensive, integrated regional and sub-regional plans. Through regional planning, there is an opportunity to integrate a myriad of existing social, economic and environmental plans to form a comprehensive view of the investment required in provincial Victoria.

This process is being supported by Regional Management Forums<sup>2</sup> in each of Victoria's five non-metropolitan regions and overseen by a new Ministerial Taskforce reporting to the Premier and chaired by the Minister for Regional and Rural Development. Regional Development Victoria (RDV) is leading the establishment of this Taskforce to coordinate the development of regional plans. This will see RDV playing a strategic role in the development of a Regional Strategic Planning Framework to guide the creation and delivery of policy and programs around future planning.

### **3.3.3. Buy-in from local government**

Buy-in from local government is crucial to ensure all projects are consistent with council, community and regional planning activities, and have the institutional support necessary to ensure sustainable outcomes. This can be realised either through council acting as the auspice body of the funding application, contributing to funding thereby demonstrating its commitment to the project, or by providing in-kind or other means of support. It may be of interest to note that a requirement of all applications to the RIDF is that they be accompanied by a letter of support from the local council/s.

### **3.3.4. Collaboration across all three tiers of government**

Community infrastructure is funded by local government, state government and the Commonwealth through multiple funding programs. It is therefore absolutely crucial that there is extensive collaboration across all three tiers of government. Ideally, there should be consistency in selection criteria, plans and priorities across the three tiers of government. In-built collaboration structures could possibly take the shape of the Interdepartmental Committee (IDC) model with representation from all three tiers of government that could, for example, provide initial assessment against regional plans and priorities, assess delivery agents and regional partnerships, and assess applications against selection criteria.

### **3.3.5. Redefining the ACC boundaries to facilitate collaboration**

The involvement of the Commonwealth in the regional planning process would be beneficial. To facilitate this, Regional Development Australia (RDA) boundaries should be aligned with existing Victorian Government defined boundaries, not the former Area Consultative Committee (ACC) boundaries. Victoria recognises three metropolitan boundaries for administrative purposes and five non-metropolitan regions across the state. Movement to the new structures should aim to leverage continued community, business and council engagement in the process.

The mandate of RDA<sup>3</sup> is principally to advise the Commonwealth on community infrastructure, regional issues and opportunities, adequacy of service delivery and social inclusion. It is therefore vital that RDA works collaboratively with state and local governments to develop shared regional priorities built on sound regional plans.

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<sup>2</sup> Regional Management Forums were established in 2005 and have proven to be an effective mechanism for constructive, regular dialogue between state government and local governments. They are chaired by departmental Secretaries, and comprise the chief executive officers of local government as well as senior representatives from state government departments.

<sup>3</sup> As articulated by the Minister for Infrastructure, Transport, Regional Development and Local Government in his statement on Regional Development Australia dated 20 March 2008.

### 3.4. Program Design

#### 3.4.1. *An independent advisory group to improve program governance and transparency*

Consideration could be given to an independent advisory group or board with expertise in community and economic infrastructure to comment on projects.

#### 3.4.2. *A flexible and responsive governance framework*

The desire for 'genuine' regional development and community infrastructure is supported. To achieve this, a governance framework needs to achieve the following:

- flexibility and responsiveness to the rapidly changing landscapes of regions;
- robustness in its assessment and evaluation methodology;
- focus on outcomes to underpin the liveability, productivity and sustainability of regions; and
- transparency in the decision-making process.

#### 3.4.3. *A multi-tiered program, with funding for both small and large projects and for regional (non-metropolitan) and metropolitan regions*

Consideration could be given to the establishment of a two-tier program that makes funding available for both small and large projects, with small grants including those up to \$50,000 for example, and large grants including those over this amount. This would ensure that a balance of grant sizes is achieved and neither small nor large projects are excluded. It would also be useful in differentiating application, approval, monitoring, reporting, acquittal and other administrative processes for both categories, with small grants involving considerably simpler processes to reduce the administrative burden on community organisations and local government.

With improved communications, increased international trade, and increased inter-connectedness of economies, global connectivity is now more critical than ever before. However, while globalisation is increasing, localisation is also increasing, resulting in increased inter-regional divergence. It is recommended that the new regional development funding program recognise this greater divergence and interdependency between metropolitan and regional economies by incorporating priority funding into the program guidelines to secure crucial regional connectivity, such as through transport and communications infrastructure as well as infrastructure that stimulates economic development and enhances liveability in the regions (non-metropolitan). Infrastructure is the key to this integration.

In addition, given the manifestation of issues are often very different in a metropolitan and non-metropolitan landscape, a significant proportion of the new program should be guaranteed to support projects in regional (non-metropolitan) Australia. This differentiation is expected to become more pronounced in a carbon constrained economy. How regions deal with shocks and risks to their economy will be dependant on how well they are integrated with the national and global economies.

Therefore, the new fund could be structured into two streams, a regional stream (non-metropolitan) and a metropolitan stream with tailored guidelines reflecting the priorities for infrastructure development to support economic outcomes and wellbeing in these respective,



and increasingly divergent landscapes. The Committee may wish to draw upon the Victorian Government's experience which has a commitment to developing the whole of the state but has a dedicated fund, the *Regional Infrastructure Development Fund* and statutory body, Regional Development Victoria, with mandated responsibilities to promote and support economic and community development in regional Victoria (refer to Appendix B for further details on the RIDF and how 'regional Victoria' is defined). RDV's focus is therefore on building stronger economies, communities and infrastructure to create a prosperous and growing regional Victoria (refer Appendix C on the mandated functions and powers of Regional Development Victoria).

#### **3.4.4. Funding mix**

It is recommended that all successful projects be required to contribute matched funding. Matched funding is not only essential to secure necessary project funds but also demonstrates the strength of a partnership, and ensures ownership and accountability is shared.

Matched funding could potentially be sourced from the State Government, other parts of the Federal Government, local government, philanthropy, business or community.

The ratio of matched funding should be flexible and take into account the capacity of the organisation, the geographic location and socio-economic disadvantage. For example, the level of matched funding for the *Victorian Community Support Grants* ranges from a maximum of Department of Planning Community Development (DPCD) \$4 to applicant \$1 for a planning project under \$30,000 in value to a minimum of DPCD \$1 applicant \$1 for a large infrastructure project in a metropolitan area. The *Small Towns Development Fund* funding mix recognises the limited funding ability of smaller rural municipalities and the required funding ratio of 2:1 was recently increased to 3:1 (government: rural council).

#### **3.4.5. Role of regionally-based staff in project development**

Experience in Victoria has shown that it is beneficial for local, regionally-based government officers to collaborate with councils and community groups to identify key project opportunities, priorities and related partnerships. A key role is to ensure that all parties are supported to share their priorities and agree on the most effective approach to addressing community needs.

#### **3.4.6. Establishing funds as Trust Funds of the Public Account**

The benefits of establishing the new regional development fund as a Trust Fund of the Public Account achieves the major benefit of quarantining commitments to infrastructure development which typically have lengthy lead-in times to construction phase. This thereby protects them from the restrictions of budget carrying forward provisions. Hence, communities will be afforded the assurance of government support and better accommodate their funding profiles. This is further highlighted in Appendix B which details the *Regional Infrastructure Development Fund*.

#### **3.4.7. Simplified grant processes**

The Victorian Department of Planning and Community Development has undertaken a number of activities to improve its grant making practice, which could be emulated in the new program. Some highlights include:

- alignment of DPCD's grant programs under the three grant categories of 'planning', 'strengthening communities', and 'building community infrastructure';

- holding of grants' expos to showcase funding opportunities;
- design of a grants website - Grants@DPCD - as a single entry place for navigating, applying for and acquitting DPCD grants;
- establishment of the grants unit to centralise, streamline and improve grant processes and procedures across the department;
- delivery of a web-based eGrants system to meet the emerging and longer-term grant management requirements of the department and potentially of whole of Victorian Government. eGrants provides an integrated back of house system for managing all grants through a single financial system;
- development of simplified, flexible grant guidelines for the *Victorian Community Support Grants* and simplified application processes for small grants;
- establishment of a coordination mechanism for application and assessment of community infrastructure grants; and
- development of a set of core standardised grant activity data items for collection across the whole department's grant programs including location of activities and project benefit, number of participants, financial and in-kind contributions, and allocations to activities targeted at priority groups.

### **3.5. Eligibility**

#### **3.5.1. *The program should be accessible to all areas of the country***

Sustainable economic growth for the whole state is a key aim of the Victorian Government, articulated through the overarching policy statement guiding all Victorian Government activity, *Growing Victoria Together*. Further to the Commonwealth and State Government commitments to sustainability, productivity, social inclusion, growth and liveability, the new regional development funding program should be accessible to projects in any part of the country (metropolitan, rural, regional and interface areas) that meet program guidelines. However, a weighted selection process or through the use of a more favourable funding mix ratio should be used to prioritise regional Australia (non-metropolitan) and also for areas that are poorly resourced or have significant social disadvantage.

#### **3.5.2. *Interface areas***

Victoria has nine interface LGAs facing rapid population growth. In Wyndham City for example, an audit of existing infrastructure and future growth in mid-2007 estimated that approximately \$20 million from external sources was required to support new and upgraded facilities to meet this demand.

In order to accommodate population growth whilst maintaining liveability, the Victorian Government recommends that the new funding program incorporates scope to fund metropolitan and interface areas, together with projects in rural and regional areas.

#### **3.5.3. *For-profit businesses***

To be sure that funded projects have the broad support of the community, and that the project is genuinely in the community interest, it is preferable that funding is allocated to not-for-profit community organisations or local government. If a for-profit organisation has

community support to deliver an initiative then they should be encouraged to work with a not-for-profit organization or local government.

It may be of interest to note that the *Regional Infrastructure Development Fund* permits applications from the private sector and considers them through a lens of identifying the broader strategic regional benefits from the proposal – that is, clear public benefit being demonstrated.

#### **3.5.4. Supporting project planning**

Funding support should be extended to incorporate the development of proposals for consideration. This has been adopted in Victoria by the *Provincial Victoria Growth Fund*, outlined in further detail in Appendix B, which is provided as an illustration of the ‘twin’ fund to the Regional Infrastructure Development Fund and provides support to regions to manage and plan for change.

## **4. Infrastructure Australia**

The establishment of Infrastructure Australia, and its stated purpose of recommending major infrastructure programs, highlights the importance of ensuring a suitable local level funding program exists. Constructing links between Infrastructure Australia, which has oversight of national coordination of infrastructure, and the new regional development funding program, could create benefits in terms of effective administration, accountability, transparency and local level planning.

## 5. Key Recommendations

### ***Benefits***

- Investment by the Commonwealth has the potential to capitalise on existing resources and act as a catalyst for further investment.

### ***Scope***

- The program should fund both economic and social infrastructure.
- Planning and governance arrangements should also be supported.

### ***Investment principles***

- A clear investment framework should reflect government priorities.
- Investment should be consistent with regional planning.
- Buy-in from local government is vital.
- There must be collaboration across all three tiers of government.
- The ACC boundaries should be redefined in line with existing Victorian administrative boundaries to facilitate collaboration.
- The four areas of focus of the former RPP be maintained – strengthening growth and opportunities, improving access to services, supporting planning and assisting structural adjustment.
- Matched funding is important.

### ***Program design***

- An independent advisory group can improve program governance and transparency.
- A flexible and responsive governance framework should be incorporated.
- A multi-tiered program should be considered, with separate funding streams for both small and large projects and for regional (non-metropolitan) and metropolitan regions.
- The application and reporting process for small grants should be kept simple.
- Local regionally-based staff play a vital role in project development.
- The Fund could be established as a Trust Fund of the Public Account.
- Grant processes should be simplified.
- Clarity between the new program and the Electricity Sector Adjustment Scheme.

### ***Eligibility***

- The program should be accessible to all areas of the country, with a more favourable funding mix ratio for projects from regional areas with less capacity to contribute.
- For-profit businesses may be eligible for funding.
- Project planning phases should be supported.

**APPENDIX A****Inquiry Terms of Reference**

The Committee is to report on the Australian National Audit Office's Performance Audit of the Regional Partnerships Program and 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.

The Committee's report is to:

1. Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects;
2. Examine ways to minimise administrative costs and duplication for taxpayers;
3. Examine the former government's practices and grants outlined in the Australian National Audit Office report on Regional Partnerships with the aim of providing advice on future funding of regional programs; and
4. Examine the former government's practices and grants in the Regional Partnerships Program after the audit period of 2003-2006 with the aim of providing advice on future funding of regional programs.

**APPENDIX B****Lessons from Victorian Government Funding Programs**

RDV was established with the primary purpose of facilitating economic, infrastructure and community development in provincial Victoria. In order to facilitate this, as well as supporting regional planning, strengthening communities and building community infrastructure, the Victorian Government has developed several key funds, outlined below. For the purpose of this Submission, these funds will be used as case studies to demonstrate best practice principles.

**1.1. Regional Infrastructure Development Fund (RIDF)****1.1.1. Establishment of Program**

The *Regional Infrastructure Development Fund (RIDF)* is a key platform of the Victorian Government's regional development agenda. Operational from 1 July 2000, the RIDF aims to support the competitiveness of rural and regional Victoria and enhance its growth and development through the provision of funding for capital works projects.

The RIDF was created by the Victorian Government under the *Regional Infrastructure Development Fund Act 1999* as a Trust Fund in the Public Account. The Government's objective in creating the Fund was to provide leadership and opportunity through working partnerships with regional communities and other spheres of Government to attract investment and create jobs across the whole State.

The Victorian Government has allocated over \$585 million to the RIDF over a ten year period since July 2000.

**1.1.2. Governance and Reporting Structures**

The Department of Innovation, Industry and Regional Development (DIIRD) administered the RIDF between 2000 and 2003. In July 2003, the administration was transferred to RDV, a statutory authority created under the *Regional Development Victoria Act 2002*.

The RIDF is open for applications year round, with all applications for funding assessed against published eligibility guidelines.

Project proposals are referred for appraisal to an Interdepartmental Committee (the RIDC), chaired by RDV, and comprising broad representation from Victorian Government departments.

All recommendations for project funding are made to the Minister for Rural and Regional Development for endorsement (and the Minister for Finance for secondary approval when grants are in excess of \$2 million).

Since the establishment of the RIDF and as at July 2008, the Government has provided over \$412.8 million to 197 projects worth \$1.25 billion across Provincial Victoria.

Further information on the RIDF can be found at: [www.business.vic.gov.au/RIDF](http://www.business.vic.gov.au/RIDF)

### **1.1.3. Key Features of the RIDF**

#### ***The flexible & responsive nature of the RIDF***

The RIDF considers applications from a broad cross section of regional Victoria including, but not limited to, from local government authorities, regional infrastructure providers, regional organizations, business groups, educational institutions and the private sector.

This consideration ensures that regional communities are able to access funds for projects that clearly demonstrate broad regional strategic benefits, irrespective of the “type of business” seeking to deliver the outcomes.

In addition, whilst RIDF grants are provided under the one main program banner to deliver specific infrastructure outputs, RDV has delivered targeted sub-programs across the lifetime of the Fund to further benefit or support regional development. Moreover and reflecting the continued evolution of the RIDF, some sub-programs introduced at inception remain active, while others have been completed or replaced. This has ensured that current key Government policy objectives for regional Victoria (which now includes outcomes that focus on liveability and the sustainability of regions) along with the more traditional economic drivers continue to underpin the RIDF framework. Hence, a number of new sub-programs have been announced with subsequent government allocations to the Fund.

Examples of current RIDF priority initiatives include specific funding allocations for arts and cultural facilities infrastructure; aviation infrastructure; water for industry infrastructure; and pathways infrastructure. A complete list of current RIDF priority areas can be found at: [www.business.vic.gov.au/RIDF](http://www.business.vic.gov.au/RIDF).

The flexible nature of the RIDF is also reflected in the absence of any publicly stated funding mix requirements. RIDF published criteria require, *inter alia*, applicants to leverage/maximize funding from other sources, however the RIDF does not prescribe a certain “formula”. In essence, RDV recognises it needs to ensure that it remains flexible in being able to respond to a variety of projects in regional Victoria, including smaller projects that also have valid government policy outcomes albeit at a more localised level.

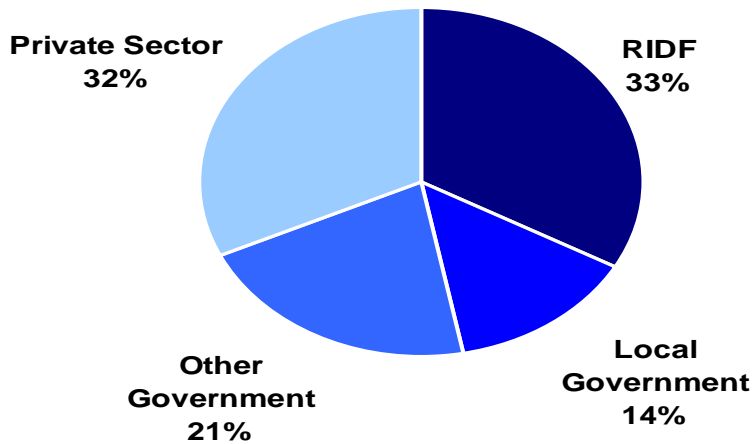
#### ***The robust & transparent nature of the RIDF***

The Victorian Auditor General has reviewed the administration of the RIDF on three separate occasions and found that the implementation and administration of the RIDF by RDV is sound. Moreover and as part of the Government’s ongoing monitoring and evaluation of the Fund and in order to identify whether it has achieved its key objectives, RDV has commissioned a number of reviews of the RIDF, and its various sub-programs. Information on the outcomes of these reviews can be found at [www.business.vic.gov.au/RIDF](http://www.business.vic.gov.au/RIDF)

#### ***Outcomes achieved by the RIDF***

The RIDF aims to maximise funding from other sources and in this regard has been highly successful. The commitment so far of \$412.8 million (of the total funds appropriated) for 197 projects has been matched with commitments of approximately \$837.7 million from other sources. This equates to a direct leverage ratio (from other sources) of \$2.04 for every dollar committed by RIDF.

In regard to other funding partners, the largest proportion (approx 32 per cent) of project costs has been committed from the private sector, as the following chart illustrates.

**Chart – Direct leverage from RIDF funding**

At a broad level, an economic analysis of the completed projects indicates that completed projects have greatly boosted employment across the regions around 4,000 full-time equivalent jobs created on average per year during the operational phase of projects.

In addition, social capital outcomes such as enhanced civic, economic and social participation have also been a positive result of investment with communities enjoying great diversity and collaboration. Moreover, the Government's aim to provide leadership and opportunity through working partnerships with regional communities and other spheres of government to attract investment and create jobs has been realised through a number of RIDF projects funded.

### ***Defining 'regional Victoria'***

Under the Regional Infrastructure Development Fund Act 1999, 'regional Victoria' means the 48 municipal districts of the municipal councils as defined in the *Local Government Act 1989*. It also includes the alpine resorts within the meaning of the *Alpine Resorts Act 1983* as listed in Schedule One of the RIDF Act.

In establishing the RIDF as a Trust Fund, the Government chose to legislate, although such funds can be established outside an Act of Parliament. This was the first tabled Bill of the incoming Bracks Government and symbolized the Government's commitment to reviving regional and rural Victoria. The definition of 'regional Victoria' was adopted because it has legislative backing by reference to the *Local Government Act 1989*. In contrast, definitions such as the ABS defined areas outside the Melbourne statistical division, do not have legislative backing therefore could not be used. As a result, interface areas that sit at the outer edges of suburban Melbourne, bordering regional areas, are excluded from the definition of 'regional Victoria'.



## 1.2. Small Towns Development Fund (STDF)

### 1.2.1. Establishing the Fund

The *Small Towns Development Fund (STDF)* was a 2002 election commitment to deliver on the Government's objectives of growing the smaller communities in regional Victoria. Funding of \$20 million was provided through the RIDF to help small towns fund practical economic development infrastructure initiatives.

The STDF targets projects that:-

- enhance the appeal of rural communities;
- contribute to economic development, such as tourism infrastructure;
- provide for the improvement of community and business facilities;
- assist small towns suffering from adverse economic conditions.

An additional \$25 million over five years was provided in the *Moving Forward* provincial Victoria economic statement announced by the Government in 2005 at the behest of local government which had been extensively consulted.

Almost \$38 million in grants has so far been provided from the STDF. This represents more than 400 projects approved by the Minister, with a total project value of nearly \$90 million.

### 1.2.2. Governance and Reporting Structures

The Regional Infrastructure Development Committee comprises senior representatives of RDV and the Departments of Transport, Premier and Cabinet, and Treasury and Finance. All STDF projects endorsed by this committee are then forwarded to the Minister for consideration and approval.

Upon the Minister's approval contracts are prepared between RDV and the successful applicant specifying grant conditions including compliance and promotion conditions. Once signed these contracts are monitored by the local case officer to ensure projects are implemented and completed in accordance with the agreed conditions. The specifics of reporting require individual projects to provide implementation reports to ensure projects are on track.

### 1.2.3. Role of On-The-Ground Officers in Supporting, Facilitating and Brokering Projects

All proposals seeking STDF funding are initiated through regionally based case officers who prepare a project proposal. The project proposal is submitted for endorsement by a senior management group within Regional Development Victoria chaired by the Chief Executive. If endorsed by this group the council applying for the grant is then required to work with the relevant local RDV case officer, who guides the applicant through the process to ensure all application issues are resolved. Upon completion of the application the document is then considered by the case officer and Regional Manager prior to submitting the final documents for consideration by the Regional Infrastructure Development Committee.

## 1.3. Provincial Victoria Growth Fund (PVGf)

### 1.3.1. Establishing the Fund

Regional Development Victoria's provincial economic statement, *'Moving Forward: Making provincial Victoria the best place to live work and invest'* is one of the key tools RDV uses to deliver its mandated function to build stronger economies, communities and infrastructure to create a prosperous and growing provincial Victoria. The *Provincial Victoria Growth Fund (PVGf)* is a \$100 million fund contained within the \$500 million *Moving Forward* package.

It was established to provide support for programs and projects to help regional communities market provincial Victoria; capture new business and investment opportunities; tackle skills shortages; and manage and plan for growth. It also has a simpler aim 'to drive economic and population growth across provincial Victoria'.

The PVGF is the partner to the successful *Regional Infrastructure Development Fund (RIDF)*, and as such, they have been named the 'Twin Funds for Growth'. The twin funds stand alongside RDV in helping communities to attract people, jobs, investment and business opportunities. The alignment of the funds with a regional development agency (RDV) has been critical to the coordination of opportunities and promoting the 'identity' of provincial Victoria.

RDV is the lead delivery agency for many programs and projects under the PVGF. There are also a range of programs and projects that are delivered by a mix of other state agencies and representative organisations, with progress and outcomes centrally reported to government via RDV.

The funds support initiatives to maintain the lifestyle qualities that attract people to regional areas and deliver support to small towns and regions that need extra help to manage growth and change.

Apart from the mix of funding programs and projects and delivery agents under the PVGF banner, a key aspect of the design of the PVGF was keeping a portion of the \$100 million 'unallocated' to specific programs or projects, with a view to being able to respond to emerging issues and second stage projects within the five year life of the *Moving Forward* Statement.

In June 2008, the Premier and Minister for Regional and Rural Development launched the *Moving Forward: Update, The Next Two Years 2008 to 2010*. This followed a series of regional forums undertaken by the Minister to each regional and rural local government area, as well as a range of other informal information gathering exercises.

The purpose of the forums and consultations was to, at the mid point of *Moving Forward* review activity and achievement so far; identify new priorities for provincial Victoria, and implement new and refocussed programs responding to the identified new priorities

### 1.3.2. Governance and Reporting Structures

The PVGF is overseen by an Interdepartmental Committee, but individual programs and projects are delivered and governed at a local agency level, often with multi agency involvement in a partnership approach. As mentioned above, RDV manages reporting to Government on the progress of the PVGF, in the context of *Moving Forward* as the overarching policy. This is reported to the Economic and Sustainable Development Committee of Cabinet.

### **1.3.3. Role of On-The-Ground Officers in Supporting, Facilitating and Brokering Projects**

Built on strong foundations of partnership, the development of the PVGF recognises that there are strong links between the development of infrastructure and program/service delivery and capacity building of business/community.

The role of the on-the ground officers in supporting, facilitating and brokering projects is paramount to the success of the PVGF, as there are often leveraged opportunities realised by connecting programs or agencies with core responsibilities that add value to activities and projects, that otherwise may not have been engaged. Similarly, the role of co-producers, or non government agencies and other government agencies with supporting portfolio responsibilities in delivering PVGF programs and projects is critical to sharing responsibility for delivering on the objective of making provincial Victoria the best place to live, work and invest.

## **1.4. Victorian Community Support Grants**

### **1.4.1. Establishing the Fund**

*Victorian Community Support Grants (VCSG)* are funded from the Community Support Fund (CSF), a trust fund established under the *Gambling Regulation Act 2003* that receives a portion of the taxes levied on the profits from electronic gaming machines in hotels throughout Victoria.

*Victorian Community Support Grants* provide funding for three categories of grants – Planning, Strengthening Communities and Building Community Infrastructure.

These categories are defined as follows -

- Planning - recognising that sound planning, consultation, partnership development, governance and management arrangements underpin lasting community strengthening
- Strengthening communities - supporting organisations, networks and partnerships to implement projects that advance the interests of their communities
- Building community infrastructure - supporting the development of new facilities and making better use of existing facilities to meet current community requirements or respond to changes over time;

VCSG support projects that:

- create more opportunities for people to get involved in community activities;
- encourage greater community participation in local planning and decision making;
- invest in locally based projects that address the impacts of disadvantage;
- bring communities together around common goals or issues, such as population growth or drought and develop local responses;
- encourage local leadership to drive community projects;
- improve community facilities and spaces to increase participation and diversity of use;
- develop new community infrastructure in areas experiencing growth;

- increase social connectedness and reduce isolation; and
- encourage the involvement of volunteers.

Since the establishment of the program in April 2004, over 400 Victorian Community Support Grants have been approved with a total value of \$70 million. This includes 164 grants that have supported community infrastructure activities to a value of \$47 million.

More information on the Victorian Community Support Grants is available at <http://www.grants.dpcd.vic.gov.au>.

#### **1.4.2. Governance and Reporting Structures**

The *Victorian Community Support Grants* program is administered by the Department of Planning and Community Development (DPCD). Grant applications are received by DPCD and assessed centrally with input from local staff.

Separate guidelines and selection criteria have been developed for each of the three components of the program, namely, Planning, Community Strengthening and Community Infrastructure.

The assessment process for each application involves alignment with the program selection criteria, financial and project risk assessments and consultation with key stakeholders and funding partners, local Governments, other state agencies, federal agencies and not for profit organisations.

Following detailed assessment, DPCD makes recommendations which are then submitted to the Community Support Fund Advisory Council. The Council consists of community representatives selected by the Minister. These representatives come from diverse backgrounds, including ethnic, community, welfare, sport, tourism, arts, local government and private sector. It then makes comment on the recommendations, which are submitted to a Cabinet committee.

Applicants whose projects are either not eligible or not successful are supported to either reconsider or re-scope their project through staff from the Community Development Group.

#### **1.4.3. Role of On-The-Ground Officers in Supporting, Facilitating and Brokering Projects**

Regionally based teams working in communities and within a strategic framework collaborate with councils and community groups to identify key project opportunities and related partnerships. A key role of these teams is to ensure that all parties are supported to share their priorities and agree on the most effective approaches to addressing community needs.

**APPENDIX C****FUNCTIONS AND POWERS OF REGIONAL DEVELOPMENT VICTORIA****(s.5 *Regional Development Victoria Act (2002)*)**

s.5(1) Regional Development Victoria has the following functions:

- a) facilitate new investment in rural and regional Victoria;
- b) facilitate the operation and growth of existing businesses in rural and regional Victoria;
- c) facilitate the creation of jobs within the private and public sector in rural and regional Victoria;
- d) propose rural and regional infrastructure development opportunities;
- e) facilitate the co-ordinated delivery of government programs, services and resources in rural and regional Victoria;
- f) facilitate consultation between the public and private sector and communities about economic and community development in rural and regional Victoria;
- g) administer money paid out of the Regional Infrastructure Development Fund in accordance with the *Regional Infrastructure Development Fund Act 1999*;
- h) promote rural and regional Victoria as a place to invest, work and live in;
- i) report to the Minister about the state of rural and regional Victoria having regard to economic, social and environmental factors;
- j) advise the Minister generally about matters relating to development in rural and regional Victoria and about any particular matters referred to the body by the Minister;
- k) any other function that the Minister directs it in writing to perform;
- l) any other function under this or any other Act.