



MARY WALSH O.A.M.
 P.O. Box 139
 Bundaberg Q 4670
 P: (07) 4151 4178
 M: 0418 887 976
 E: marywalsh6@bigpond.com



8 July, 2008

House Standing Committee on Infrastructure, Transport
 and Regional Development.

SUBMISSION TO THE INQUIRY INTO A NEW REGIONAL DEVELOPMENT FUNDING PROGRAM

As a community advocate I submit this submission for consideration into the development of a new regional development funding program. This submission is based on 40 years of community involvement.

My comments should be accepted for what they are – a community perspective. *A brief overview of my capacity for community comment is attached as Appendix 1.* My comments are based, especially on the Wide Bay Burnett area – as an example of a region – but, every area, every region has similar or more complex issues, and the comments should be generalized and seen as relevant on a national perspective

TERMS OF REFERENCE

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

To provide the best, and most relevant advice, there should be an understanding of what previously existed, what the efficiencies and inefficiencies of the previous system were, and what the commitment and understanding is from the current Federal Government.

The previous system is dealt with, in an audit perspective, by ToR 3 and 4, so my comments on this section are limited to a business and community perspective, with the harsh reality that “the bush” – because that is how city-centric decision-makers perceive regional Australia – is really hurting because of:-

1. Inequities in services and resources from other levels of Government.
2. The sea-change” and “tree-change” phenomena.
3. The impact of climate change on the farming communities which are the food-source of the nation.
4. Inadequate technology and community infrastructure outside metropolitan and provincial areas.
5. Globalisation and inadequate recompense to, and understanding of, the communities bearing the brunt of Government economic policies (i.e. fuel, competitive subsidization, etc...).
6. The negative stereotyped perception of regional Australia held by big business and Government, alike

7. Inadequate planning, by all levels of Government, for the current growth, and an ageing of the in- situ population, further compromised by migrating retirees to preferred regions.
8. An ageing population, which is further compromised by the loss of the younger generation to metropolitan Australia.
9. A lack of co-ordination, regulation and legislation between the 3 levels of Government.
10. The fiscal inability of Local Government to deliver the expected community infrastructure because of continuing years of devolution of responsibility, without remuneration, by the other 2 levels of government.
11. Changing societal values and lifestyles.
12. Inadequate research and development programs
13. The current “fly-in:fly-out” phenomena now adopted by the mining giants, which is impacting greatly on regional infrastructure and social capacity.
14. A lack of integrated transport systems.

This is but a brief summary, with no intended order of priority, because priorities differ in individual regions. But, unequivocally, any future Regional Development funding programs must have this background as the foundation, must have community and business support as the momentum, use genuine partnerships (including private enterprise) to lessen impact on any one sector and must have a process that is accountable, has consistent guidelines, is cost sensitive (remembering time is money), must have input from a truly representative, local committee and serve the communities to which they apply.

If all of these ingredients are not in the mix of project selection and funding then there is a genuine risk that a new program could be “throwing the baby out with the bath-water – and not complementing the current Federal Government’s commitment to “*Regional Development for a Sustainable Future*” (www.kevin07.com.au) – Hon. Simon Crean MP – Election 2007. The cornerstone of this 11 page commitment was a commitment to **“generally empower local communities – resourcing their solutions and providing national leadership to deliver quality infrastructure and services to regional Australia”**.

2. “Examine ways to minimize administrative costs and duplication for taxpayers”.

In addressing this ToR the costs of introducing sweeping changes and closing area offices (if that is a consideration) must be weighed up with what Government is prepared to pay to get quality representative input into the program and its projects. Without being critical of Government officers I would suggest that a thorough perusal of the National 2020 Final Report (www.australia.2020.gov.au/final_report/index.cfm), and the 10 streams covered by the national consultation, confirms that public service positions are easily filled – but the positions are not easily retained, and this causes some significant staff turnover for various departments.

Costs are not contained, and efficiencies are not achieved if program and project guidelines are inconsistent, if time frames for decisions are well outside the commitments given, if the requirements for doing the paperwork for submissions is so complex that applicants have to employ highly priced consultants or the proposed submission has to be re-done so many times that local staff are bogged down doing repetitive make-overs of the earlier versions of submissions.

One RP application which I prepared as a member of an NFP community committee, required no less than 8 versions and then was one for which approval was given (in writing) in July, 2007, only to be withdrawn because the contracts had not been physically signed prior to the 2007 federal election. Although approval was withdrawn post-election, this was later restored following media coverage on “*Sunrise TV show*.. The project is still at a stand-still, with the play-ground equipment costs un-paid (This was the Federal contribution to a 4 way partnership between local, state, commonwealth and community) – and the site is now fenced off. It is 12 months, to the day, since we received formal approval, in writing, from the Federal Government, and the costs of delivering for all other partners has now risen. Time is money. .

Another facet of efficiency, which cannot be equated into dollar terms, is whether good outcomes are obtained (remembering the Federal Government’s commitment (www.kevin07.com.au) *Regional Development for a Sustainable Future*) by a perceived savings in dollars, which then inhibits good, representative input – from private enterprise, community and other levels of government – and a resultant outcome which doesn’t serve the best economic and social needs of particular communities.

A Federal Government commitment that they will “*work with regional communities to help them respond to the challenges they face*”, and that “*a one-size-fits-all approach to regional development will not work*”(*page 1 Regional Development for a Sustainable Future*) cannot be achieved if a determination to cut costs does not provide for local solutions by local people of their local problems, with “*Localism and local empowerment at the core of*” the Federal Government’s approach to regional development ((*page 1*)).

No one accepts unnecessary waste and/or duplication, but the current system of applications has in-built inefficiencies. The current process of approval, the inconsistency of stated time-frames, and the lack of understanding about how local communities work – and how hard they have to fight to get necessary resources, while precious time is wasted shifting proposals from point (a) to point (b) inside departmental, and inter-departmental-inter-governmental offices, has resulted in the bar having been set so high that unnecessary costs are being incurred – by all program participants.

Private enterprise must continue to be an important component of Regional Development because of the vital role they play in providing jobs, regionally, and economically proofing the community against economic and climate factors outside the community’s control

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”

An analysis of the ANAO Report confirms the identified weaknesses in the Regional Partnerships program, but does not report on some of the positive aspects and practices inherent to this program. The Report (*Vol 1, pages 19-20*) identified

(1) weaknesses in transparency, accountability, cost-effective administration and equitable treatment of applicants, which were exacerbated by the flexibility of the program, and

(2) an unacceptable standard of public administration in the assessment and management of Funding Agreements.

Evidence of any politicization within a program is also unacceptable when public funds are being expended.

The subsequent review by the current Federal Government is necessary and timely because – as a submitter over many years to various Federal and State funding programs - I have found this program unnecessarily burdensome for a submitter, ACC staff and those who would benefit from the requested grants.

Based on my community involvement, over many years to this, and other State and Federal programs, I enumerate the strengths and weaknesses that I can identify:-

Strengths:

- 1 The composition of the ACC is generally very reflective of the region, and the various needs of the region, with a representative Committee that encompasses community, business, Government, environment and social expertise
- 2 Good communication and partnerships exist between local community and business representation, with regional parochialism minimized by a process which encourages observers, not just the appointed representatives, to participate at the public meetings
- 3 A practice of reserving funding applications and considerations for a Sub-committee with specific business expertise has worked well. It also minimizes possible conflicts of interest.
- 4 Would- be applicants have received prompt – and helpful – feed-back, to Expressions of Interest, and been provided with a good overview of the Guidelines and processes
- 5 ACC committee members have a good understanding of regional needs, the objectives of the Region – as outlined in local Regional, Social, Cultural, Economic and Demographic Plans – and liaison with other levels of Government, and their professional and elected members, has been healthy, communicative and robust.

The weaknesses identified by the audit, and inherent to the problems seem to be with the processes of approval, the time frame inconsistencies, changing guidelines mid-stream and a general lack of understanding at higher levels about how regional Australia survives.

Weaknesses:

1. Political interference
2. Limited understanding at Government level of the lack of capacity of not-for-profit community organizations
3. Unacceptable time frames for the Government approval processes
4. Unacceptable time frames between the approval and public notification period and completion of the funding agreements
5. A lack of understanding within the submission-approval process of the length of time it takes for conformity with the requirements of other levels of Government - i.e. using community land, material changes of use, environmental, native title, conformity with the rights of others to provide input – and take action against proposals, if so desired. Regional areas often do not have access to local inter-governmental, inter-departmental expertise. It's usually city-centric – and they don't understand the regional issues.
6. Unrealistic expectations and requirements to achieve accountability – i.e. how high should the bar be set before we meet acceptable standards?
7. Unnecessary time delays cost money – especially for business and can compromise a business plan, which is usually based on projections within a time frame. An extension of the process time-frame increases costs of the project – this, in turn requires adjusted business plans. Time is money and the supply and demand issues for business create unacceptable outcomes for projects, especially as the costs of production – transport, fuel, water, power and raw material - increase at a disproportionate rate. A market source, available at time of application, will seek alternatives if agreed time-frames, within the program, are extended.

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”

It is apparent that various measures were implemented, following the 2003-2006 Audit Report to overcome the identified weaknesses. The most obvious one seems to be that the

final decision making process was centralized in Canberra. Perhaps this created even more problems than solving the identified ones.

Based on my experiences I have summarized my comments as follows:-

Suggestions:-

- 1** Whatever model of delivery is finally decided for the new Regional Development Australia, the value of regional offices should not be overlooked. The problem was not, generally, with regional offices i.e. the process of application, provision of information, communication - but with the process of approval and subsequent delivery of agreements and funds. The issue of accessibility is vital to regional, rural and remote Australia. Regional offices provide accessibility, timely advice and local knowledge.
- 2** The existing model of ACC consultation and representation of regional input appears sound. Why fix what isn't broken?
- 3** There could be merit in staging the timing of applications. My experience has been with many programs that have regular rounds of funding – rather than all year funding. The flexibility of the RP program has been identified as an issue, so re-adjusting the availability of applications should ensure that resources for internal processing are not over-taxed, and time frames can be met. The one weakness with regular funding rounds, which I have encountered in the community NFP groups, has been that some organizations are better resourced than others. Doing submissions for funding can be both complex and time consuming and the RP one, is the worst I have ever done. There is a risk that the better resourced groups can have a monopoly, as they have access to professional grant writers. This is a real risk with funding rounds unless there are available regional offices to assist those who need more help than others.
- 4** Staging the levels of funds sought might also engender a better process of application, approval and delivery. We would all agree that the expenditure of public funds must be transparent and sound – however, how high do the standards have to be for all levels of funding?.
- 5** The possibility of politicization must be reduced. Probably impossible to remove it, but many other funding schemes have a panel of experienced people to make relevant decisions. These people are drawn from many areas of expertise – and have a grass roots understanding of the issues. Undoubtedly, there must be ministerial and political advisory input. The new model, whatever it ends up being, must put more distance between the process and the approval stage.
- 6** Once approval has been given, the unacceptable gaps between approval, funding agreements and delivery – must be removed or, at least, reduced.

- 7** Initial comments indicate that this program could be unavailable to private enterprise, and I would urge re-consideration of this approach. While such applications require more stringent accountability measures, regional Australia is now battling for sustainability as increased costs, climatic challenge and economic uncertainty take their toll. Creating jobs, and encouraging people to re-locate to the regions is a critical survival strategy. Regional Partnerships, at least, in this region, has an excellent record of achieving this outcome. Excluding private enterprise is a retrograde step.

In summary, I welcome this opportunity to put my views, They are obviously based on Wide-Bay Burnett/Queensland input but, being a delegate to the regional stream of the recent National and State 2020 Summits I am certain that:-

- (1) Regional, rural and remote Australia is doing it tough
- (2) City-centric policy makers do not understand regional issues
- (3) The regions have a positive role to play in preserving the food bowl of the nation. Governments should make better use of regional expertise and local knowledge.

Regional Australia doesn't want a hand-out – they need a hand-up - , and the final model of Regional Development Australia can deliver this, if it is structured to achieve the stated commitments of the current Federal Government and uses local expertise.

I thank you for conducting this review and for providing us with an avenue for broad comment. Whilst my view is community based – regional Australia is about community – and we look forward to a continuation of the existing partnership, with an improved process of delivery.

Sincerely

Mary Walsh OAM

ASA,AIFS, JP

National and State delegate – 2020 Summits (Regional, rural and remote stream)