

Program availability

- 2.1 The Committee's first guiding principle for the development of a new program is availability. In this context, availability refers to a set of program guidelines which clearly establish: what types of projects will be funded; who is eligible for funding; and how the funds will be distributed.

What types of projects should be funded by the program?

- 2.2 The Committee found in its interim report that the broad, flexible nature of the RPP represented what was both good and bad about the program. It was open for many to apply but the broad criteria and continuous assessment process raised considerable challenges for the administering department.¹
- 2.3 Clearly establishing the objectives of a new program is vital to its success. The new program should invest in genuine community infrastructure, support projects which improve the quality of life in communities and improve the coordination of regional infrastructure programs with the states, territories and local government.²

1 House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, *Funding Regional and Local Community Infrastructure: Proposals for the new Regional and Local Community Infrastructure Program, Interim Report*, November 2008, p. 12.

2 House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, *Funding Regional and Local Community*

- 2.4 The Committee does not, however, believe that the program should be open for all to apply. While it should be accessible to all regions of Australia,³ it must retain the partnership element of the previous program and predominantly fund what the Committee defined in its interim report as 'hard infrastructure' projects.⁴
- 2.5 The partnership model will assist the Government to fund genuine regional economic development and community infrastructure; minimise administrative costs and duplication for taxpayers; and build on the relationships between the three tiers of government and local communities. Limiting the new program to the funding of hard infrastructure will ensure that the new program remains sufficiently targeted, thereby overcoming some of the difficulties inherent in the RPP's assessment process.
- 2.6 Further targeting of the program is also an option. In developing the new program the Government may wish to establish sub-programs which would allow it to direct funding to priority areas or applicant groups.⁵ It should be noted that doing so may run the risk of over-complicating the eligibility requirements for the program; therefore, it is imperative that any extension of the program to targeted areas is well documented so that target groups or organisations are aware of their eligibility.

Who should be eligible to apply?

- 2.7 Under the RPP, non-profit and for-profit organisations were eligible to apply for funding. Only federal and state government agencies,

Infrastructure: Proposals for the new Regional and Local Community Infrastructure Program, Interim Report, November 2008, p. 14.

- 3 House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, *Funding Regional and Local Community Infrastructure: Proposals for the new Regional and Local Community Infrastructure Program, Interim Report, November 2008, p. 16.* Note: this interpretation would exclude Norfolk Island.
- 4 For a definition see House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, *Funding Regional and Local Community Infrastructure: Proposals for the new Regional and Local Community Infrastructure Program, Interim Report, November 2008, p. 18.*
- 5 House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, *Funding Regional and Local Community Infrastructure: Proposals for the new Regional and Local Community Infrastructure Program, Interim Report, November 2008, p. 13.*

- lobby groups, organisations not incorporated under federal or state legislation, ACCs and individuals were ineligible for funding.⁶
- 2.8 The Committee examined this issue closely in its interim report and concluded that any future program should include non-profit organisation community infrastructure projects but not provide community infrastructure funding to for-profit organisations.
- 2.9 In principle, the Committee is not opposed to the funding of for-profit organisations as a means of supporting regional areas. Business is an important driver of regional development and the Committee believes that the Government should provide funds to support for-profit business in regional areas. This should be done, however, through other programs that are better equipped to administer funds to for-profit organisations.
- 2.10 The challenge of administering a program as broad as the RPP was found to be such that the Committee believes a more targeted approach would better serve regional areas in the future. To that end, the Committee recommended that for-profit organisations be funded by regional industry grants administered by another department.
- 2.11 There are many kinds of non-profit organisations and once the Committee had agreed that for-profit organisations should not be eligible, there was still the question of how focused a future program should be. Some participants in the inquiry argued that all money should be channelled through local government so that funding could be aligned with local priorities. Others were concerned that doing so would preclude projects that local government was not financially responsible for.⁷
- 2.12 The Committee's conclusions attempted to strike a balance, recommending that local government be the auspice agency for applications which require financial support from local government, while, those applicants who do not require local government money need only secure a letter of support from their local government.

6 House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, *Funding Regional and Local Community Infrastructure: Proposals for the new Regional and Local Community Infrastructure Program, Interim Report*, November 2008, p. 19.

7 House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, *Funding Regional and Local Community Infrastructure: Proposals for the new Regional and Local Community Infrastructure Program, Interim Report*, November 2008, p. 20.

- 2.13 The Government has subsequently chosen to direct RLCIP funding through local government. The Committee has heard anecdotal evidence that suggests that in some cases, local governments have canvassed non-profit organisations in their communities for project recommendations that have then been put to the Commonwealth Government as part of the local government's funding request.
- 2.14 The Committee hopes that this has been a common approach by local governments around Australia because it believes that access to RLCIP funding for non-profit organisations in regional areas is as equally important as providing funding for local government. To ensure that a good balance has been struck between RLCIP funding for non-profit organisations and local governments, the Government should examine the applications received from local government and quantify the amount of funding which is being allocated to non-profit organisations.

Recommendation 2

- 2.15 **The Committee recommends that the Government examine RLCIP applications received from local government and quantify the amount of funding which is being allocated to non-profit organisations.**
- 2.16 If the Government finds that non-profit organisation proposals are well-represented in local government RLCIP funding proposals, then the Committee will be satisfied that the RLCIP funding process is adequately inclusive. If, however, that is not found to be the case, then there would be a strong argument for future regional funding programs to utilise the Committee's model as a means of aligning regional priorities through local government while maintaining an element of community flexibility in choosing to support projects which may not be within the purview of a regional plan.

How should funds be made available?

- 2.17 In examining this question, the Committee considered the choice between utilising open or closed funding rounds. The RPP, in part, had used an open round process. Non-profit project applications were accepted any time of year under the RPP with ministerial approval

being made based on the individual merit of the application rather than its ranking in relation to other applications.⁸

- 2.18 The Australian National Audit Office (ANAO) found this to be problematic for the administering department, not only because of the time management challenges an open round system posed, but also because of its requirement to perform due diligence on each application regardless of its merit, only to have a Minister make a decision which may or may not have been based on the weight or status accorded to it by the department.⁹ This system also added unnecessary complexity to the program as clients were unable to be certain about its parameters, which made application writing difficult.
- 2.19 As the Committee has pointed out, a more common practice is for grants programs to consider applications in a series of rounds, which open and close on nominated dates. Applications for each round are then considered in a group, and ranked according to program criteria. This is generally considered a more transparent and reliable method of arriving at application approvals, in that the ranking process provides a further layer of assessment, in combination with attention to program criteria.¹⁰
- 2.20 In an attempt to overcome concerns regarding transparency, certainty and timeliness, the Committee is of the belief that any future program should utilise a closed funding round system.¹¹

8 House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, *Funding Regional and Local Community Infrastructure: Proposals for the new Regional and Local Community Infrastructure Program, Interim Report*, November 2008, p. 47.

9 ANAO quoted in, House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, *Funding Regional and Local Community Infrastructure: Proposals for the new Regional and Local Community Infrastructure Program, Interim Report*, November 2008, p. 47.

10 House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, *Funding Regional and Local Community Infrastructure: Proposals for the new Regional and Local Community Infrastructure Program, Interim Report*, November 2008, p. 48.

11 Committee recommendation No. 19 in, House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, *Funding Regional and Local Community Infrastructure: Proposals for the new Regional and Local Community Infrastructure Program, Interim Report*, November 2008, p. 49.

Conclusion

- 2.21 In its interim report, the Committee made a series of specific recommendations designed to clarify these points and assist in the development of a new program.
- 2.22 The Committee encourages the Government to consider the elements of a well-structured set of program guidelines noted in this chapter, as it is important for regional communities to have access to an infrastructure funding program with clearly established program guidelines. People need to know the kinds of projects a program will fund, who is eligible to apply and the manner in which applications will be assessed and funds awarded. The simpler a program's structure can be made to this end, the better.

Recommendation 3

- 2.23 **The Committee recommends that the Government, in establishing a new regional infrastructure funding program, consider the need for clarity and simplicity when structuring guidelines that address an application's eligibility and the manner in which it will be assessed and funds awarded.**