



Contact: Andrew Crakanthorp

10 July 2008

Committee Secretary
Standing Committee on Infrastructure, Transport,
Regional Development and Local Government
PO Box 6021
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam,

Inquiry into a New Regional Development Funding Program

Council management welcomes the opportunity to have input into the inquiry into the new Regional Development Funding Program. Council considers that the inquiry is timely considering other initiatives that the new Federal Government have outlined in terms of strengthening the relationship between federal and local government.

Although Council did not receive any funding through the Regional Partnerships Program, Council has previously submitted applications with the assistance of the Riverina Area Consultative Committee. From this process there are several issues Council would like to comment on.

The following comments have been prepared regarding the terms of reference for consideration when providing advice on future funding of regional programs.

Regional Partnerships Program (Terms of Reference 3 & 4)

One of the main concerns with the former program was the level of detail and complexity required for applications. This would require projects to be at a stage ready for commencement, with the assessment period then preventing any works from proceeding.

The need for business plans, designs, and extensive stakeholder consultation for an application, not only uses valuable Council resources, but also gives the community a perception that works are committed and ready to begin. It is therefore necessary for Council to have budgeted for this.

This then raises another issue regarding the interpretation of "Cost Shifting" within the guidelines. It is unrealistic for a Council to proceed with the level of detail required without having funds identified. The end result is that funding through the program would be unlikely as Council's ability to source alternative funds (even if via a loan), does not demonstrate a financial need.

The use of the term "Cost Shifting" within the guidelines is also in contrast with the name of the former program i.e. Regional "Partnerships". It is Council's belief that "Partnerships" are necessary for major community infrastructure projects to be successful, and in these cases would involve "Partnerships" between all levels of government. The former guidelines would imply that some aspects of this are the core responsibility of local and state governments thus being a case of "Cost Shifting" and deeming the application ineligible.

However when looking at some previously funded projects through the program, it seems that this determination was made on a discretionary basis. Therefore the assessment process for the program was at the least questionable, and apparently not based on any set criteria.

A further obstacle for Local Governments to be eligible through the program was the requirement for contributing funds from project partners. Community groups have difficulty in raising funds for major projects, and although they may be a driving force, it will inevitably be Council who will have to source the funds and manage the project.

Reduced Administration Costs (Terms of Reference 2)

Improved technology is creating improved opportunities to minimise administration costs and this is best demonstrated by referring to the highly successful Roads to Recovery Program. Council now provides information to the Federal Government via online reporting, regarding income and expenditure for the various projects funded by this very worthwhile program. Similar models could be introduced in respect of any new regional development funding program.

Duplication for tax payers in terms of project administration could be reduced by virtue of both Local Council's and State Governments making reference to their annual Management Plan and the State Plan respectively. This would ensure that there would be alignment of strategic priorities from a project prospective which would then align with Federal Government priorities.

Perhaps one of the best ways to reduce administrative costs associated with meaningful regional economic development is to review the structures that are currently in place (at a local, state & federal level) to progress regional economic development.

For example the NSW Department of State and Regional Development have Regional Development Boards that operate throughout NSW, which arguably duplicate the roles of the former area consultative committees. Local Council's may then well have their own economic development committees charged with the responsibility for progressing projects at a Council level.

Any future funding program could provide incentives for these organisations to discontinue their activities with a view to merging one entity charged with regional economic development. This comment is provided in the context of whether or not the three tiers of government in Australia is appropriate or if a two tier system would provide more appropriate representation and more efficient delivery of services.

Future Regional Funding Programs (Terms of Reference 1)

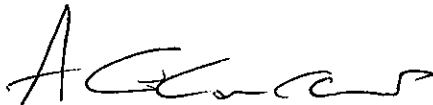
In summarising the above comments, a new regional funding program should consider the following:

1. Simplified application process so that the level of detail required does not mean a project should be ready to commence before an application is submitted
2. Eliminate the requirement for contributing partner funding other than the applicants.
3. Transparent assessment process with a clear measurable criteria allowing for projects to be approved on merit and not by Ministerial discretion.
4. Undertaking a comprehensive review of all bodies that exist to promote regional economic development and consider replacing them with one coordinated and appropriately funded organisation which has representatives from the community, local, state and federal governments.
5. The regional partnership program delivered by the previous government delivered meaningful and tangible benefits to many communities across Australia. The method of direct funding from the federal government to eligible bodies was successful in empowering local communities achieve many projects, that have improved the quality of life for many Australians.

Council fully supports the strengthening of guidelines for a future regional development funding program and looks forward to becoming an active participant for projects on behalf of communities within the Council area.

Should you have any enquiries regarding these comments please contact me on 02 6926 9200.

Yours sincerely



Andrew Crakanthorp
Director Corporate Services