



Response  
House of Representatives  
Inquiry into a  
New Regional Development  
Funding Program

***July 2008***

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Contact: *Julie Briggs, Executive Officer*  
***Riverina Eastern Regional Organisation of Councils***  
***P.O. Box 646***  
***Wagga Wagga NSW 2650***  
***Ph: (02) 69 319050 Fax: (02) 69 319040***  
Email: [mail@reroc.com.au](mailto:mail@reroc.com.au) [www.reroc.com.au](http://www.reroc.com.au)

**RIVERINA EASTERN REGIONAL ORGANISATION OF COUNCILS**  
**RESPONSE TO THE**  
**HOUSE OF REPRESENTATIVES**  
**INQUIRY INTO A NEW REGIONAL DEVELOPMENT FUNDING PROGRAM**

The Riverina Eastern Regional Organisation of Councils (REROC) is a voluntary association of fifteen local government bodies located in the eastern Riverina region of NSW. Originally formed in 1992 the aim of the organisation is to assist councils to operate more efficiently and effectively through working together to achieve economies of scale and scope and to provide members with a single representative voice.

REROC's membership is comprised of thirteen General Purpose councils (under the NSW Act) and two Water County Councils. Our members are the councils of: Bland, Coolamon, Cootamundra, Corowa, Greater Hume, Gundagai, Junee, Lockhart, Temora, Tumbarumba, Tumut, Urana and Wagga Wagga as well as Riverina Water and Goldenfields Water.

Councils across Australia are very active participants and promoters of development. In regional and rural areas they take a prominent role in facilitating and attracting new investment and in supporting existing businesses to grow and prosper. The comments put forward in this submission are based on our members' experiences in fulfilling their roles as facilitators of regional development.

We have consulted with our members and make the following comments for the Inquiry's consideration.

### **1. Future Funding of Regional Programs**

While this is an "Inquiry into a New Regional Development Funding Program", the Committee is only required to provide advice on future funding for "accountable community infrastructure projects". Our members are concerned that there appears to be an assumption underlying the Inquiry that the term regional development is interchangeable with community infrastructure. While our members acknowledge that community infrastructure is an important activity within the regional development context it is not the only activity.

The narrow perspective adopted by the Inquiry fails to recognise the diversity of activity undertaken in regional and rural communities, mainly by local government for the purpose of promoting regional development. Consequently our members submit that in considering the future funding of Regional Programs the Inquiry should address funding for the following types of activities, all of which enhance regional development:

1. Infrastructure funding that enhances and supports regional development e.g. utilities, roads and transport;

2. Funding for development staff such as project officers that are engaged to drive regional development projects;
3. Funding for social infrastructure including for sporting, cultural and community events such as festivals;
4. Funding for projects that address skills shortages;
5. Projects that enhance regional competitiveness including planning activities that ensure communities are “development ready”;
6. Projects that encourage the growth of innovation and diversification in regional and rural economies.
7. Projects that support business establishment, growth and sustainability, REROC’s Start Your Business Here which was funded through AusIndustry is an example of this type of project.

It is important that the Federal Government develop an understanding of the breadth and depth of development activities that are undertaken by rural and regional communities. A simplistic approach that focuses only on funding community infrastructure is unlikely to encourage the innovative and creative responses to development issues that are characteristic of much of the best practice outcomes occurring in the sector.

## **2. The Grant Process**

The REROC members make the following comments in relation to the administration of the grant process itself:

### *a) Time taken for Approval*

One of our members’ strongest criticisms of the previous funding process was that it took far too long. Time is of the essence in the development and implementation of projects, particularly where project partners have been recruited by the proponent organisation; the recruitment of partners is often a “window of opportunity” scenario.

Delays in the approval process put partnership arrangements at risk, in some cases our members have experienced approval processes that have taken 6 months. Lengthy delays make it hard to keep momentum in place for a project, funding from partners can be put at risk where the approval process carries over into a new financial year and project partners are at risk of losing interest and moving on to new projects.

Our members believe that the following strategies would assist with the processing of applications:

- i. The approval process should reflect the risk involved for the government and the level of investment required. Smaller, low risk projects should not have to go through the same level of scrutiny as large projects, processing should be quicker;
- ii. The establishment and publication of assessment criteria that proponents can measure their own projects against and which the Department uses to determine project approvals;

- iii. Removal of the Department's Regional Offices in the assessment process which seems to add to the processing time rather than facilitate quicker responses;
- iv. The use of region-based committees to provide an initial assessment of the project from a regional perspective. This could be the region-based RDA or alternatively a key regional stakeholders' group.
- v. The introduction of staggered funding rounds on a state by state basis so that all the applications for the funding from across Australia do not arrive at the Department at the same time.
- vi. Removal of the need for Ministerial sign-off on projects, this appears to be the cause of significant delays. Department approval which has been achieved against established and transparent assessment criteria should be sufficient, particularly for small projects.

#### *b) Streamlined Applications for Small Grants*

Our members recognise the benefit that small grants can provide to communities. It is important that whatever new process is adopted it facilitates access to small grants for community based organisations. Our members would suggest the use of a simplified, streamlined application process for funding under \$50,000 which recognises the capabilities and resourcing that community groups are able to access to prepare their applications.

Our members also suggest that small grants should be approved on a region basis rather than at a national level, perhaps through the RDA Board or alternatively a key regional stakeholders' group. As stated above, our members advocate an approach whereby the assessment undertaken by the Department reflects the level of risk and the investment involved.

#### *c) Systems to recognise Regionally Significant Projects*

Our members encourage the Inquiry to recommend the introduction of processes that facilitate the consideration of funding for regionally significant projects. Time may be of the essence for a regionally significant project and waiting for the formal funding round can frustrate its implementation.

Our members would support the introduction of a process that would allow lodgement of funding applications for regionally significant projects outside of the normal funding round, particularly those that will receive substantial co-contributions.

#### *d) Appropriate Department Resourcing*

The new program should be supported by a single dedicated unit that can provide a nationally co-ordinated approach and response to the provision of funding. The previous funding arrangement was funnelled through regional offices which resulted, we believe, in an inconsistent application of the criteria for funding; instances arose where similar projects were considered by different regional offices and one office would approve it and the other would advise that it didn't meet the criteria.

Our members believe that a process whereby small grants were approved by a region-based body would substantially cut down on the number of applications requiring full Department

assessment and that this would facilitate all large applications being considered by a single unit based in Canberra.

*e) Need for Transparency*

The process adopted must be totally transparent and accountable. As stated above we believe that the devolution of some of the assessment to the Department's regional offices resulted in an inconsistent application of the funding criteria.

As stated above our members support the introduction and publication of assessment criteria for applications which proponents can write their applications against. Feedback from the Department about unsuccessful applications should be based on the assessment criteria.

*f) Accountability for Funded Projects*

Our members' experience in relation to accountability for Federal funds is that current processes are vigorous.

In our experience regular reporting against agreed milestones is the norm; the reporting requirements are included in the funding contract, therefore failure to report is a breach of the contract. The Commonwealth has for at least the last five years required that councils receiving funding establish a separate bank account for receipt of the funds, which are separately audited. We believe that this provides a solid foundation for accountability in relation to the funding.

In addition it is the norm for the Department to stay in regular contact with project managers either by email or phone to check on progress. Funding recipients are also required to prepare final reports on their projects, which address whether or not the project has achieved its stated objectives.

Our members are concerned that the introduction of additional accountability measures may discourage applications for funding because reporting requirements would become too onerous, particularly for not-for-profit and community groups.

*g) Partnership approach to Funding*

Our members support the continued partnership approach to regional development funding including recognition of "in-kind" contributions.

Councils and community organisations such as Chambers of Commerce and Regional Development Boards are key players in regional development; the integrity of the funding process is enhanced through the inclusion of these bodies as well as local government in funding partnerships.

*h) Funding for Commercial Entities*

Our members note that the previous funding programme also permitted applications from commercial entities. We believe that it would be more efficient and effective to deliver funding for commercial entities through AusIndustry.

AusIndustry's position in the marketplace, its existing programmes, experience and staff are better equipped to deal with applications from commercial entities, this would also cut down on the possibility of an entity "double-dipping" from AusIndustry and the new regional funding programme.

### **3. Conclusion**

Our members wish to stress to the Committee the high level of importance that local government places on regional development initiatives and the funding available to support those initiatives. The sustainability and liveability of Australia's regions is underpinned by jobs, which are facilitated and created through regional development activities.

While not discounting the need for funding for community infrastructure we encourage the Committee to also consider funding regional development in its fullest context.

Our members would welcome the opportunity to discuss the issues we have raised with the Committee. We look forward to building partnerships with the Federal government in the future that will benefit the communities our members represent.