

ALBURY WODONGA AREA CONSULTATIVE COMMITTEE

Inquiry into a New Regional Development Funding Program

Executive Summary

Funding for regional development is extremely important for regional and rural communities. Combined with local funds and expertise, government grants can allow communities to develop innovative solutions to local problems and opportunities. Grants also assist governments to provide community facilities and services that achieve objectives in a cost effective and efficient manner.

A regional development funding program which is flexible and encourages local solutions to local problems and opportunities is essential to the viability and sustainability of communities. The following document outlines key factors which are important in the development of any future government funding program.

Aim

To provide a regional response to the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government inquiry into a new regional development funding program. The following terms of reference will be addressed.

- Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects.
- Examine ways to minimize administrative costs and duplication for taxpayers.
- 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.
- 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.

Methodology

To provide relevant feedback on the identified issues it was important that a range of views were obtained from regional stakeholders. Due to the nature of the questions, stakeholders consulted required a strong understanding of regional development issues and previous experience with the Regional

Partnership Programme and other government funding programs. For a list of consulted stakeholders see **Appendix A**.

To enhance the consistency and relevance of feedback a pro forma was developed to guide responses to the terms of reference. This pro forma (**Appendix B**) covered the four terms of reference as well as splitting the first term of reference into the following key issues related to government funding programs:

- Objectives and priorities
- Contributory funding requirements
- Outcomes
- Demonstration of local support
- Decision making process
- Promotion and marketing
- Project Identification and application development
- Project and applicant viability
- Contract Management

Stakeholders used the pro forma to provide feedback either in groups or individually. Once received, feedback was collated and key themes identified. These key themes were then used to provide the recommendations found in this document.

Results

The following are the key points identified against each of the areas discussed. An expanded explanation of each point is contained in the discussion.

1. Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects?

1. Objectives	2. Priorities
1.1 Supporting environmental and economic sustainability	2.1 Small and disadvantaged communities
1.2 Improving skills and education	2.2 Economic growth and skill development
1.3 Promoting social inclusion	2.3 Multipurpose facilities

1.4 Assisting communities cope with significant social, economic or environmental events	2.4 Innovation
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3. Outcomes

3.1 Outcomes should address local needs

3.2 Projects should achieve outcomes and address priorities

3.3 Project outcomes should be achieved cost effectively

4. Contributory funding

4.1 Single funding program for regional development

4.2 Single application form for grant applications

4.3 Standardised national funding availability

4.4 Flexible contributory funding requirements

4.5 Consideration of local circumstances

4.6 Encouragement of Public Private Partnerships

5. Local Support

5.1 Regional Development Australia committees to coordinate a consolidated regional planning document to be used to identify projects of community significance

5.2 Regional Development Australia committees to provide feedback on community significance of funding applications submitted

5.3 Other documents to be used to demonstrate local support

6. Decision making

6.1 One set of clear and concise guidelines developed and used by both communities and assessors

6.2 Expanded feedback provided on declined applications

6.3 Funding program to be non-discretionary

6.4 Fixed decision deadlines on funding submissions

7. Promotion and marketing

7.1 Development of a national marketing strategy

7.2 Regional Development Australia committees to undertake direct marketing to key stakeholders

7.3 Creation of a one stop shop for funding information and assistance

8. Project identification and development

8.1 Regional Development Australia committees to identify regional priorities for funding

8.2 Individuals to approach Regional Development Australia committees with project ideas

8.3 Regional Development Australia committees to provide local project development and grant writing assistance

8.4 Regional Development Australia should hold regular grant writing workshops

9. Project and applicant viability

9.1 Funding provided for planning activities

9.2 Robust pre-approval checks to be undertaken on all projects

9.3 Regional Development Australia committees to screen potential applicants for viability, sustainability and adherence with local priorities

9.4 Regional Development Australia committees to assist project development to ensure viability, sustainability and adherence with local priorities

9.5 Claw back clauses inserted into contracts to protect Australian Government in the event of project failure

10. Contract Management

10.1 Regional Development Australia committees to undertake contract management locally

10.2 Project outcomes should be monitored and reported on for three years after project completion

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

11. Eliminate duplication of funding programs

12. Eliminate duplication of responsibilities

13. Ensure high quality projects developed and submitted for assessment

13.1 RDA to assist project identification and development

13.2 Clear funding guidelines

Discussion

1. Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects?

1. Objectives

Objectives were identified as *'the overall goals of the program, or what the program is trying to achieve. For projects to receive funding they would need to align with one or more of the objectives.'* While many different potential objectives were identified by respondents there were four key themes which were consistently identified as being of importance.

- 1.1. Support environmental and economic sustainability:** by investing in projects which enhance the long term viability of regional communities.

Climate change, reduced availability of water, and a lack of energy security are significant threats to the viability and sustainability of regional communities. Protection of the environment is imperative to ensure communities have the resources both now, and into the future, to sustain their populations and their economies.

Project example: Towong Shire Council, a rural shire located in north east Victoria, is unable to guarantee reliable power supplies for local industrial and residential developments. It is estimated that approximately 20% of the power currently generated is lost in transmission to this remote shire. Subsequently, the council has developed the concept of supporting the installation of solar panels on all government and residential properties in the shire with assistance from state and federal government departments and a local financial institution. It is anticipated that, with appropriate financing, the solar panels could be repaid within 10 years with the repayments equalling the monthly savings from reduced electricity demand.

This project would **increase economic and environmental sustainability** by improving the availability and reliability of power in the shire and reducing the amount of money leaving the shire. Towong Shire also promotes it self as 'pure' and the extensive use of solar power would further enhance this branding.

1.2. Improving skills and education: In sectors of particular importance to local economies.

The current skills shortage is having a significant detrimental effect on local communities. With industries unable to attract personnel with required skills they are unable to expand and in some instances are unable to sustain their current level of output. As each region has its own particular economic strengths the type of skills required will not be uniform across communities.

Subsequently, it is important to provide communities with the ability to develop projects which attract or create the types of skills required to sustain and grow their economies.

Project example: Tumbarumba Shire, located on the south western slopes of the Snowy Mountains, has extensive pine plantations dispersed along steep and windy mountain roads. Due to the shires topography the logging industry requires truck drivers with specialised skills and experience. However, it is becoming increasingly hard to source suitably qualified drivers with the average age of drivers in the shire 62. To counter this, a driver training centre was proposed that would work in conjunction with local timber producers to provide specialised driver training.

This project would **improve skills and education** by providing the specialised driver training required by truck drivers working in the shire. Subsequently, this would also increase the **economic sustainability** of the shire by ensuring the ongoing viability of the timber industry.

1.3. Promoting social inclusion: Through the provision of relevant services and facilities.

In smaller regional communities, particularly those remote from regional centres, it is increasingly difficult for community members to access the types of services, facilities and opportunities experienced by wider society. Health care, employment and recreational facilities are areas identified as being in particular deficit.

The development of projects which provides these services, facilities and opportunities not only promotes the Governments goal of social inclusion but also provides these communities with the ability to independently create innovative solutions to local problems.

Project example: The smallest hospital in Australia, the Walwa Bush Nursing Hospital, was, after 70 years within the Walwa community, at crisis point and no longer financially viable. The closure of this centre would have significantly affected the health and safety of over 2,000 residents within the catchment area. They would have not only lost the 24 hr nursing services provided by the hospital but also the services of the towns two GP's who could not operate without the support of the

Hospital. Subsequently, the Walwa Bush Nursing Centre was created which integrated first line emergency stabilisation, medical care & pharmacy, district nursing, health promotion, home and community care, meals on wheels, community transport and other community facilities such as a gym, meeting room, IT centre and community centre, emergency health care, doctors surgery, allied health, community gym and community meeting facilities.

This project ***promoted social inclusion*** by providing the Walwa and surrounding community with the type of services expected in modern Australia. It also built community capacity by increasing the interaction and integration between members of the local community.

1.4. Assisting communities cope with significant social, economic or environmental events: to support the continued viability of communities.

Not all potential needs can be foreseen and it is important that communities have the flexibility to develop projects that assist them to cope with unexpected events which threaten their viability. Loss of a key employer, natural disaster, and withdrawal of key services are some of the issues that communities are often required to quickly adapt to.

Project example: Greater Hume Shire, a rural shire **strategically placed on the Hume Highway and at the centre of the Albury-Wodonga/Wagga Wagga growth corridor**, was created in 2004 when the Culcairn, Holbrook and Hume Shires were amalgamated. As a result of this amalgamation there was no overall planning scheme and significant social disunity between communities. The economy was also suffering with rising fuels prices and the effects of global warming significantly affecting the traditionally agricultural based economy. In response to these emerging challenges the Shire undertook to develop the Greater Hume Integrated Strategic Plan which would integrate all social, environmental and economic planning at a strategic level.

This project will ***assist the community cope with significant social, economic and environmental events*** by providing them with a united planning process that would incorporate all communities and provide clear solutions to the shires various challenges.

2. Priorities

Priorities were identified as *‘the specific areas of need that will be the focus of the program. If a project aligns with one or more priorities it will have a greater chance of receiving funding.’* Again many different priorities were identified, however, four key themes pervaded.

2.1. Small and disadvantaged communities

Small remote communities experience particular disadvantage with fewer employment, recreational and social opportunities. Due to low rate bases, low income levels and small populations these areas also have particular difficulty raising funds for important community projects. Assisting these communities to address this inequality is of high importance.

2.2. Economic growth and skill development

While government assistance is extremely important in enabling the sustainability of communities it is also important that, for them to be truly sustainable, they have strong economies. Projects which address the objectives of the program while also assisting economic growth and skill development are more sustainable than those that rely solely on the existing economic base for their long term viability.

2.3. Multipurpose facilities

Multi purpose facilities maximise the utility of community buildings by sharing common facilities and services among many different user groups. This reduces ongoing management and maintenance costs while also increasing any revenues that may accrue. The result is facilities that are more financially sustainable, particularly important for small communities with limited funds. In addition to being financially sustainable these facilities also promote social inclusion and assist the long term viability of groups using the facility by promoting their activities to the whole community.

2.4. Innovation

Rapid changes in society, the environment and the economy are presenting new challenges to and creating new opportunities for regional communities. By creating innovative projects which address emerging challenges and exploit new opportunities communities can help not only themselves but all other communities in similar situations. Because of their wide ranging benefits projects which are innovative should be a priority of the funding program.

3. Outcomes

Outcomes are the benefits that accrue to communities from the implementation of projects. Respondents were asked how a program could be designed to maximise the outcomes to communities.

3.1. Outcomes should address local needs

Each community has its unique local characteristics which create particular needs and opportunities. For a project to have outcomes it should address these local needs and opportunities in a way that benefits the local community. Without an associated local need any identified outcomes would be unlikely to be achieved, or if achieved, be unlikely to provide significant benefits to the local community. The greater the local need the stronger the outcomes that could be achieved by a project. Local needs include:

- Remote location
- High unemployment
- Lack of sporting and recreational opportunities
- Ageing population
- Loss of youth from the region
- Inadequate access to essential services
- Changing economy
- High economic or population growth
- Insufficient workforce for a particular industry
- Inability of industry to access required resources
- Environmental degradation
- Natural disaster

3.2. Projects should achieve outcomes and address priorities

The aim of a government funding program is to support the development of communities in way that is consistent with government policy. Subsequently, any project funded should have outcomes which address local needs in a way that achieves the objectives and priorities of government.

3.3. Project outcomes should be achieved cost effectively

Government grant funding is, obviously, limited and therefore projects should be funded which provide value for money to the Australian community. Subsequently, the cost effectiveness of a project should be taken into consideration when assessing it for funding. The following are potential parameters that can be used to assess cost effectiveness.

- Number of users benefiting from the new facility.
- Number of different user groups benefiting from the new facility.
- Number of jobs created.

- Number of new training places provided.
- Amount of additional funds injected into the region (either directly through contributory funding or as an outcome of the project)

4. Contributory funding requirements

Financial commitment from relevant organisations is important both to the financial sustainability of a community project and to ensuring that the project is supported by key stakeholders. Respondents were asked what they believed the contributory funding requirements should be for projects and consequently, what level of funding should be provided by this program. They were also asked to provide input on the most efficient way for communities to access this contributory funding.

4.1. Single funding program for regional development

When seeking funding for projects applicants often approach many different sources, each of which has different objectives and application requirements. Identifying the many different potential sources of funding and developing separate applications for each is extremely difficult and time consuming for communities.

A potential solution to this would be coordination between state and federal departments to create and fund a single regional development funding program. Proponents could then make a single application to this program for funding to cover the majority of the project costs (less the required local contribution).

This would significantly reduce costs to communities as well as reducing administrative costs to government.

4.2. Single application form for grant applications

It is recognised that a single funding program would result in a loss of control that may be unpalatable for departments with their own specific objectives which need to be achieved. Therefore, an alternative solution could be a single application form that can be submitted to many different funding programs. As all funding programs require the same basic information there would appear to be the possibility for a single application form that can then be assessed by individual departments against their own specific criteria. The key criteria that could be included in such an application form are:

- Local Need
- Project Outcomes
- Contributory Funding

- Local Support
- Project Viability
- Applicant Viability

4.3. Standardise national funding availability

There is a significant discrepancy between states with regard to the amount of funding available for infrastructure projects. As many federal funding programs require contributions from relevant state departments the result is that proponents in some states are disadvantaged and unable to equitably obtain required funding. Standardising the amount of funding committed by different jurisdictions would reduce this inequality and improve the opportunity of all communities to obtain funding.

4.4. Flexible contributory funding requirements

If it is not possible to create a singular program or application form, it is important that contributory funding requirements not be restrictive. Rather they should be a factor contributing towards of the overall strength of an application. As such a grading system could be used to assess the strength of contributory funding, for example:

- *Excellent:* 75% contributory funding
- *Good:* 60% - 74.9% contributory funding
- *Average:* 50% - 59.9% contributory funding
- *Poor:* 0% - 49.9% contributory funding

Contributory funding should be obtained from organisations and individuals based on their responsibility over the project need and their ability to provide funding.

4.5. Consideration of local circumstances

A range of local circumstances limit a community's ability to raise funds for a project. In line with the priority for projects from small and disadvantaged communities should be a reduced requirement for contributory funding. Specific local circumstances creating a barrier to contributory funding which could be considered include:

- Low rate base
- Remoteness
- Low average income
- General disadvantage (SEIFA)

4.6. Encouragement of Public Private Partnerships

Public Private Partnerships can enable provision of a service or facility that would otherwise not be financially viable. The result can be a sustainable service that could otherwise not have been provided, or otherwise not have been provided at the same quality. Allowing such projects to seek funding could significantly improve outcomes from this program.

5. Local Support

For a project to receive funding it should address a local need and provide local benefits. Such projects should consequently be local priorities and enjoy significant local support. Demonstration of this local support is important to ensuring maximum benefit from the program.

Respondents were asked to identify the best options for government to be informed and assured of local support for a project.

5.1. Regional Development Australia committees to coordinate a consolidated regional planning document

Area Consultative Committees currently develop three year strategic plans which outline specific needs and identify potential project opportunities. Alignment with this Strategic Regional Plan (SRP) is seen as essential to demonstrate local support for a project.

However, the SRP is not the only regional planning document with councils, state government departments and regional development councils often all having their own individual document. It would facilitate regional planning and project development if these many disparate plans were either contained in one document or a document was created that incorporated them all in one location. This coordinated plan could then be used to ensure projects addressed regional needs in way that maximised outcomes to local communities.

5.2. Regional Development Australia committees to provide feedback on community significance of funding applications submitted

RDA committees will be a locally based organisation with a strong understanding of local priorities. The skills and experience of RDA will enable it to provide relevant and reliable feedback on local support for Australian Government funding applications.

5.3. Other documents to be used to demonstrate local support

In addition to being a regional priority and having the support of RDA committees project applicants should demonstrate local support through:

- Letters of support
- Evidence of community consultation
- Petitions
- Survey responses
- Meeting minutes

6. Decision making

The decision making process of the previous Regional Partnership Program had caused some concern with applicants and stakeholders. Despite the apparent clarity provided by the guidelines of this program the reasoning for some decisions was ambiguous or did not accord with the specifications as outlined. Respondents were asked to provide feedback on how the decision making process could be improved.

6.1. One set of clear and concise guidelines developed and used by both communities and assessors

Despite the assistance provided by ACC's and the streamlined guidelines of the old Regional Partnership Program there was still significant confusion over the exact criteria that was used to assess applications. It appeared that criteria not contained in the guidelines were being used to assess applications, such as a requirement for matching state contributions. It is not the appropriateness or otherwise of these additional assessment criteria that is of concern but the fact that they were not contained in the guidelines and so could not be addressed by applicants.

The development and use by both applicants and assessors of one set of guidelines will ensure that applications are received which most effectively align with the government priorities and that decisions are consistent and understandable.

6.2. Expanded feedback provided on declined applications

While feedback was provided on declined applications under the Regional Partnership Program this feedback was often very limited and did not accord directly with the guidelines. This led to confusion and anger by some applicants who didn't understand the reason for their project being declined or who believed that criteria other than those contained in the guidelines were used. This limited feedback also

reduced applicants' ability to create projects which aligned more closely with government objectives.

Detailed feedback on declined applications which directly relates to the guidelines would enhance the transparency of the assessment process and increase the quality of future applications.

6.3. Funding program to be non-discretionary

While it is important that ministers lead the design of any funding program they should not be involved in the assessment of individual projects. Ministerial involvement in the assessment process increases the possibility that the program will be perceived as biased or that decisions are politically motivated. If ministers believe inappropriate projects are being approved then the overall structure of the program should be altered to more accurately reflect government objectives.

6.4. Fixed decision deadlines on funding submissions

While the Regional Partnership Program indicated a three month decision time, some applicants waited over a year for a decision. When a project is seeking funding from several sources it can be very difficult if one source is extensively delayed and such a delay has, in the past, jeopardised the viability of entire projects. A fixed decision time of three months would make project planning and project management much easier for proponents.

7. Promotion and marketing

The promotion and marketing strategy of a grants program is important and should ensure that an appropriate number of quality applications are received. However, it should at the same time attempt to minimise poor quality applications that do not align with the objectives of the program. Respondents were asked what they believed the most effective and efficient method of promoting and marketing the program would be.

7.1. Development of a national marketing strategy

To increase consistency in promotion a national marketing strategy for any new program should be developed. This marketing strategy should provide clear direction to RDA on how to best promote and market the program while also providing the resources to do so.

7.2. Regional Development Australia committees to undertake direct marketing to key stakeholders

The most effective way to market funding programs is directly to organisations which have, or have the potential to develop, projects

which align with the objectives and priorities of the program. Mass marketing is ineffective in most cases as it simply increases time spent responding to queries and reviewing applications from organisations which are ineligible for funding.

Direct marketing by RDA committees could be undertaken in the following ways:

- As part of the annual planing process.
- Through the provision of Grant Writing Workshops.
- By identifying the program at the opening of funded project.
- By naming the program in the press release of funded projects.
- Though formalised meetings with the regions key stakeholders and centres of influence.
- By providing information in secondary sources such as newsletters and websites.
- Through inclusion of a range of services (i.e.: Small Business Field Officer Program) in the RDA portfolio to expand the number of people aware of the organisation and its relevant programs.

7.3. Creation of a one stop shop for funding information and assistance

Using RDA committees as a single location that organisations can approach for funding information and advice would increase awareness of and access to funding programs. While it may be untenable for such a shop to cover all government funding programs it may be feasible for it to cover all funding programs that relate to regional development.

Such a 'one stop shop' would also increase the quality of funding applications submitted through improved identification of suitable applicants and provision of grant writing assistance.

However, to reduce confusion and duplication a mandate to use RDA committees to deliver programs would be required from departments. Such a mandate should outline exactly what the roles and responsibilities of the RDA committees will be and commit the department to using their services and advice.

8. Project identification and development

As has been identified, direct marketing to potential proponents is the most effective and efficient method of generating applications. For this to work effectively a method of identifying suitable applicants and assisting them to develop and submit high quality applications is required.

8.1. Regional Development Australia committees to identify regional priorities for funding

Potential quality projects should be identified as a priority in a regional plan. Priorities should be identified yearly in cooperation between RDA committees, relevant state departments, local government and local communities. The process could be as follows:

- Councils liaise with communities to identify potential projects.
- RDA committees, state development bodies, councils and selected community members meet to prioritise identified projects based on need and potential outcomes.
- Priorities included in the Annual Plan used by both state and federal departments.
- Projects developed and funding sought.

8.2. Individuals to approach Regional Development Australia with project ideas

While identification of potential proponents is important it should not eliminate the ability of other community members, not identified through the planning process, to develop projects and apply for funding. Subsequently, direct approaches to RDA from community members and organisations should be accepted.

8.3. Regional Development Australia should provide local project development and grant writing assistance

Funding identification and application development was identified as a difficult and sometimes confusing process for community organisations. It was seen as very important that assistance be provided to both enable communities to access funding and to ensure that applications that are submitted are of the highest quality. Provision of this assistance would help to achieve government objectives while also reducing the time and expense required to assess substandard applications.

8.4. Regional Development Australia should hold regular grant writing workshops

Obtaining grant funding from government can be a daunting and confusing process for many community groups. Grant writing workshops provide individuals with the skills and understanding of where to find grant funding and how to successfully apply for it.

These workshops also assist the promotion of the program and the identification of new projects. As the attendees are usually community leaders the information and experience is, subsequently, disseminated to

local communities further increasing awareness and understanding throughout the region.

9. Project and applicant viability

For project outcomes to be sustainable it is important that both the project and the applicant have strong viability. Respondents were asked to identify methods that could be used to assure project and applicant viability.

9.1. Funding provided for planning activities

Appropriate planning can help ensure projects are viable and will provide sustainable outcomes to communities. However, there is very little funding for communities to undertake this, often costly, planning process. Therefore, it is extremely important that funding be made available to assist the planning for community projects.

To maximise the effectiveness of this planning process funding should only be provided to assist planning for projects which align with government objectives and will address a strong need within the local community.

9.2. Robust pre-approval checks to be undertaken on all projects

Obviously the best way to ensure approved projects are sustainable is to prevent unsustainable projects from receiving funding. Subsequently a robust pre-approval process should be undertaken which ensures the following aspects are completed:

- Financial viability assessment
- Ongoing management and maintenance plan
- Demonstration of proof of concept
- Preliminary planning
- Assurance of local commitment and support
- Sustainability of potential user groups demonstrated
- Overview of project team skills and experience

9.3. Regional Development Australia to screen potential applicants for viability, sustainability and adherence with local priorities

With its local presence and experience RDA committees has the ability to assess potential projects viability prior to application development. In this way RDA committees can prevent unviable projects from being

developed and submitted. This saves time and money both for communities and government.

9.4. Regional Development Australia to assist project development to ensure viability, sustainability and adherence with local priorities

Viable projects can become unsustainable through poor planning and project management. Assistance from RDA could provide the expertise that projects need to ensure their sustainability.

9.5. Claw back clauses inserted into contracts to protect Australian Government in the event of project failure

If a project is approved but subsequently fails to deliver the outcomes identified the government should have the ability to clawback grant funds. For such a clause to be effective there should be ongoing monitoring of project outcomes after completion of the main construction period.

10. Contract Management

Contract management involves monitoring that grant funding is spent as agreed and ensuring outcomes are achieved. Respondents were asked to identify the best way for contract management to be undertaken.

10.1. Regional Development Australia committees to undertake contract management locally

RDA committees will be locally based with a local understanding of a regions priorities and problems. Subsequently, they will have the ability to effectively and efficiently manage projects within their region. To do this, however, a Project Manager role should be created within the RDA committees with expanded responsibilities and remuneration to ensure adequately qualified individuals in the position.

10.2. Project outcomes should be monitored and reported on for three years after project completion

Applications receive funding for the outcomes which they aim to achieve. To increase the effectiveness of grant funding these outcomes should be monitored after completion of the initial project.

The RDA boards will include individuals with experience in a wide range of fields. These board members could be assigned to specific sectors based on this experience and guide and monitor projects which address needs within these sectors. Such an appointment would improve project

implementation while also increasing the experience and commitment of board members.

To increase the likelihood of board members being involved in this monitoring all out of pocket expenses should be reimbursed.

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

11. Eliminate duplication of funding programs

The large number of grant programs available from local, state and federal government is both extremely costly for communities to understand and costly for government to administer. A consolidation of funding programs which have the same overall objectives would considerably reduce administrative costs and duplication.

A review of all grant funding programs for similar objectives would likely identify many that could be consolidated without materially affecting and likely improving, outcomes. If this process could include state funding programs as well the efficiencies gained would be even greater.

12. Eliminate duplication of responsibilities

There appears to be little understanding, cooperation or trust between different departments and regional development organisations (such as Regional Development Australia). The result is that every different section of government handling a funding application undertakes the same tasks and rechecks the advice of other areas. While a certain level of checking is important for error detection there soon becomes a point when the benefit of rechecking is much less than the cost of doing so.

To enable different sections to work cooperatively and trust the advice provided by others it is important that each area understand their particular role and have the skills and experience to undertake these roles effectively. If advice provided by all sections is of a high quality and without bias it will increase the likelihood that this advice will be accepted and used by other sections.

On a broader scale the responsibilities of different departments, both state and federal, with regard to funding provision could be reviewed for duplication. To assist this process the RDA committees' boundaries could be aligned with those of state development organisations. This would allow these organisations to align their operations and remove duplication where possible.

13. Ensure high quality projects developed and submitted for assessment

One of the best ways to minimise the administrative costs of a program is to ensure that only high quality, high priority applications are submitted. This reduces the cost associated with developing applications that have little to no chance of getting approved and the cost of assessing these applications. There are a variety of ways that this can be achieved.

13.1. RDA to assist project identification and development:

RDA, as did the ACC before it, has a great opportunity to assist communities to identify suitable projects and develop these projects so they are viable and sustainable. RDA can minimise the number of poor applications submitted by advising proponents with these applications not to submit them (however, ultimately it is the proponent's decision whether or not to submit). It can also increase the number of high quality applications by identifying good projects and providing project development and grant writing assistance to these.

13.2. Clear funding guidelines

Despite ACC's extensive experience with government funding programs clarification on funding guidelines was often required during project development. This clarification arose from ambiguous wording or from a general awareness that there are often other factors, not included in the guidelines, which can affect application approval.

Providing guidelines that are clear and concise and that are used by both the community and assessors will considerably reduce the time spent both clarifying guidelines and assessing applications that do not comply with them.

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;

The ANAO report identified that one of the key problem with the Regional Partnership Program was that effective policies and procedures were not being followed by ministers. As our role and experience, and those of the stakeholders consulted, was with project development and identification not

with the actual process of decision making we are unable to comment on the outcome of the ANAO report.

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.

The ANAO report identified that one of the key problem with the Regional Partnership Program was that effective policies and procedures were not being followed by ministers. As our role and experience, and those of the stakeholders consulted, was with project development and identification not with the actual process of decision making we are unable to comment on the outcome of the ANAO report.

Conclusion

Communities recognise that government funding can not completely cover all costs of community infrastructure and that local funding and effort is required to ensure strong community outcomes. However, the ability of many communities, especially remote rural communities, to raise the required funds is restricted due to local circumstances such as small populations, low average income and a low rate base. Therefore, Australian government funding of community infrastructure is vital to enabling the sustainability and growth of regional communities.

To enable communities to develop projects that address local needs and achieve local outcomes any regional development funding program must be flexible and recognise the diversity of needs across Australia. While objectives and priorities are important to guide development these should be broad enough to allow communities to develop their own solutions to these broader objectives.

Communities are very capable of developing innovative solutions to local problems; however, they sometimes need assistance bringing these ideas to reality. Providing project development and funding assistance to these communities can significantly improve their ability to implement their innovative projects.

While the importance of communities developing solutions to their local problems is recognised it is imperative that robust sustainable projects that align with regional priorities are developed. Subsequently, a guiding body that assists communities to identify these priorities and develop projects that align with them would be beneficial. Such a body would also be able to address

issues which may reduce the sustainability of some projects and eliminate those which can not be improved to achieve the identified outcomes.

Overall, the following key aspects are required of a future regional development funding program:

- A consolidated planning document to identify and prioritise and potential projects.
- Structure to guide solution making and ensure alignment with national objectives.
- Flexibility within this structure to allow communities to create their own innovative solutions to local problems.
- Recognition of different local circumstance in application assessment.
- Assistance for communities in project development and grant writing.

Signed on behalf of Albury Wodonga Area Consultative Committee



Ray Hortle
Executive Officer

11 July 2008

Appendix A: Consultation Attendees

Name	Position	Organisation
Mr Bert Eastoe	Chair	AWACC
Mr Les Langford	Deputy Chair	AWACC
Mr Stafford Crews	Board Member	AWACC
Mr Lyn Coulston	Board Member	AWACC
Mr Fred Jacobs	Manager - Victorian Business Centre	Regional Development Victorian
Ms Felicity Williams	Manager of Marketing Research, Strategy and Services	Wodonga TAFE
Ms Heather Irvine	Business Development Manager	NSW Department of State and Regional Development
Ms Heidi Neumeister	Small Business Field Officer	AWACC
Mr Brian Pitcher	Manager - Melbourne Regional Office	Department of Infrastructure, Transport, Regional Development and Local Government
Ms Heather Taylor	Investment Facilitation & Project Officer	Albury City Council
Mr Matt Pfalhart	Community Engagement Coordinator	Hume Department of Planning and Community Development
Mr Stuart Perry	Economic Development Officer	Indigo Shire Council
Mr Matt Taylor	Economic Development Project Officer	City of Wodonga
Mr Kristy Kay	Business Development Manager	Business Corowa Mulwala
Mr Kerrie Wise	Economic Development Officer	Greater Hume Shire Council
Mr Tom Senti	Executive Officer	Tweed Economic Development Corporation

How should the funding program be implemented?

1. Promotion and marketing

2. Project identification and development

3. Ensuring project and applicant viability

4. Contract Management

2. Examine ways to minimize 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;

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.