



Parliament of Australia - House of Representatives

Standing Committee on Infrastructure, Transport, Regional Development and Local Government - Inquiry into new Regional Development Funding Program

The Wheatbelt Area Consultative Committee Inc. makes the following observations and recommendations on investing funding in genuine economic development and community infrastructure projects that enhance the sustainability and quality of life within Australia's regions under the four Terms of Reference provide by the House of Representatives Standing Committee.

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

Community infrastructure is necessary for the well being of rural communities and to attract services to ensure a community can enjoy a reasonable quality of life and remain sustainable (liveability factor). Social infrastructure and economic development infrastructure are inextricably linked in rural areas and should be seen as one.

It is therefore imperative that any new community infrastructure funding program has the flexibility to invest in facilities that will attract businesses, create employment opportunities and invest in enhancing community facilities that support and strengthen socialisation. Transport, communications, water and reliable energy resources are high priorities on the list of must-haves for supporting life in rural communities.

The population of Australia has a culture of wanting to live on the coastal fringe or as close to it as possible and has given rise to a severe lack of population further inland. Therefore, one factor influencing the decision to develop a programme for Regional funding should be to address the question; "What do we want the hinterland of Australia to look like in an ideal World?".

The lack of a suitable funding program is already having a profound effect on rural communities throughout the Wheatbelt region. Economic hardship is a huge factor in such communities and government assistance to improve community infrastructure is imperative. It should be recognised that some rural communities and to some extent, some local governments, lack the financial capacity to contribute substantially towards community infrastructure project and/or the skills or capacity to develop plans or applications. Such communities should not be disadvantaged and should not be viewed as unsustainable but, rather, as communities that need additional support. Continuation of community capacity building through RDAs would be a wise investment.

Some worthwhile projects have in the past been discounted due to land ownership issues and the vesting of land under State government control. Consideration of allowing the use of such land for community infrastructure construction utilising public funds should be supported on the proviso that the infrastructure remains in community ownership in perpetuity.

The issue of considering commercial applications has long been a contentious issue. The Wheatbelt ACC believes that rather than dismiss such applications the government should consider a “revolving fund” whereby commercial applications that demonstrate a community benefit and deliver sound economic benefits to the region could be afforded a ‘no interest loan’ or ‘low interest loan’. A separate pool of funds could be set aside with applicants required to commence incremental pay-back to the pool of funds over a specified period.

The former Regional Partnerships (RP) program was limited in its scope in terms of what was considered eligible for funding. Any new program should have the potential to include some initial operational costs where such application can demonstrate the justification and appropriate outcomes.

Empowering RDA Committees to assess, prioritise and award funds to smaller scale projects may alleviate bottlenecks in assessment processes. RDA Committees have the local knowledge and expertise across a range of economic and community perspectives that adequately equips them to have the capacity for assessing all projects. These Committees could be empowered to have authority to sign off on smaller projects where the request of Federal government is say, less than \$50,000. An approved Evaluation and Ratings Matrix, much like the model used by the Wheatbelt ACC could be utilised to standardise such an assessment process.

RECOMMENDATIONS:

- 1.1 Create an Infrastructure Fund that is equitable across all RDA regions and applicable to Local Government and community based organisations;
- 1.2 Ensure funding allocated to projects in major cities or the northern area of Australia comes from a pool of funds linked to the Major Cities Unit and/or the Office of Northern Australia;
- 1.3 Any cap on funding should take into account that projects delivered in outer regional, remote and very remote locations will cost significantly more than construction undertaken in urban and peri-urban areas;
- 1.4 Consider expanding the criteria of a new funding program to allow some initial operational costs, where the need can be justified and the outcomes demonstrated as having direct community and economic benefit;
- 1.5 Any new program should ensure community infrastructure built with public money remains in public ownership in perpetuity;
- 1.6 Consider an interest free loan or low interest revolving type loan structure for worthwhile commercial applications that deliver sound regional economic benefits;
- 1.7 Utilise the expertise of RDA staff to oversee projects and provide advice to Department on the timing of progress payments according to the agreed milestones and progress made;
- 1.8 Remove the political interference in terms of project approvals and allow this to be managed jointly by the RDA Committees and the Department;
- 1.9 RDA Committees to assess community infrastructure projects and provide advice to government on the region’s needs. Such advice to be recognised and valued as being

the voice of the region and provided utilising an approved Evaluation and Ratings matrix;

1.10 RDA Committees to be allocated funds for distribution for smaller scale community infrastructure projects based on adherence to a set of strict criteria in an open and accountable manner; and

1.11 Any new program to include partnerships which could also include private and public partnerships and funding approved where there is a regional benefit.

2. Identify ways to minimise administrative costs and duplication for taxpayers:

Use of Not-For-Profit Incorporated networks to deliver the government's messages and programs is paramount to the success of reducing duplication and cost cutting.

Unlike State Government Development Commissions, RDA Committees are volunteer members who do not receive any sitting fees for their services and are a cost effective mechanism for government. As such RDA Committee Members are involved because they value the network and value their region. These Board Members are truly informed "locals talking to locals" with the capacity and ability to deliver the government's messages.

Promoting and encouraging 3rd party contracts that can be overseen by the RDA staff would realise maximum output with minimal costs for any new government program. Appointment of additional Project Officers to run 3rd party contracts could then be done on an as-needs basis. The Wheatbelt ACC/RDA successfully manages and operates such contracts ensuring a whole of government approach and value for money.

Reporting to Regional Organisations of Councils and other regional stakeholders is a current practice of the Wheatbelt ACC/RDA and could also encompass reporting on all government programs. This would lead to better informed communities, a consistent message and accuracy of information and be a truly whole of government approach as opposed to the manner in which some government programs are currently promoted by the States.

Community capacity building would ensure that communities are sufficiently trained to prepare the necessary detailed plans and funding applications that address all the criteria and demonstrate excellent value for money for the government. The Wheatbelt ACC has developed and utilises such tools and templates in order to assist communities.

RECOMMENDATIONS:

2.1 Promote a whole of government approach including 3rd party contracts to be run by the RDA network as part of its approach to regional development;

2.2 Utilise the ACC/RDA network to filter out ineligible or poorly developed applications and to work with prospective applicants to develop quality project plans;

2.3 Use of RDA network will ensure that all decisions remain apolitical, independent, transparent, accountable and are made without 'fear or favour';

2.4 RDA network is a truly regional network which can also work effectively across regions to provide a more macro approach when required;

- 2.5 Consider the introduction of funding rounds that could then coincide with RDA Committee meetings to speed up the assessment process and place more emphasis on the decision of the Committees;
- 2.5 Have greater regard for the comments, endorsement or non-endorsement of applications as provided by Local RDA Committees given their intimate knowledge of the region and extensive regional development skills and experience (They are a cost effective network that could be more widely utilised).
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 former Regional Partnerships (RP) program was a complex grant funding program with a complex application form. This meant that most applicants required assistance to develop applications to an acceptable standard. The application form and the electronic submission process were ineffective and could be simplified and streamlined. The Wheatbelt ACC/RDA developed a series of generic templates and tools to assist proponents with the application process. These tools are still being accessed and utilised by local and state government agencies.

In terms of the former government practices, it is the view of the Wheatbelt ACC/RDA that the Department's processes were sometimes slow which caused some frustrations.

In terms of decisions made by Ministers on all RP projects it appears as though some approvals may have been given contrary to the advice from either the Department or the individual ACC however this was not the case with any Wheatbelt projects.

There has been very limited input and involvement at the Executive Officer Reference Group (EORG) level and this could be further developed utilising the capacity and knowledge of this group at the operational level to assist in the development of guidelines and application and assessment processes.

In terms of Departmental practices, advice from Regional Office to the Department in Canberra was at times superseded at a local level. Greater flexibility of Regional Office staff to visit communities and view firsthand the various stages of project development would have greatly enhanced the Department's knowledge of such matters. This task could be assigned to RDA staff.

A spike in the number of project approvals leading up to the election was due to the uncertainty of continuation of any program by the government of the day. Therefore it stands to reason that more projects would have been submitted in the lead up to elections. Provided due process was followed and all applications were assessed according to strict criteria the number of actual projects submitted and approved in the lead up to an election is irrelevant.

What is of concern, was the lack of any formal announcement about the continuation of the RP program immediately following the election and for a few months after the election which resulted in applications still being developed and submitted for assessment. This caused considerable frustration and it would have been preferable to have suspended the program until a decision had been made, rather than to provide false hope.

The RDA network could provide the conduit to government and the department in terms of monitoring the progress of projects in accordance with the stated outcomes and milestones of each application. This would provide reliable on the ground knowledge and advice and ensure progress payments are only forthcoming based on performance and measured outcomes.

Funding programs should encourage good partnership funding from a number of sources so as to ensure that the project is value for money for government and that the risk is spread across a number of agencies. Where possible the three tiers of government should be involved.

RECOMMENDATIONS:

- 3.1 Greater emphasis placed on the rating, evaluation and assessment of projects by RDA Committees. Such evaluation and assessment to be subjected to transparent and accountable process;
- 3.2 Engage the RDA network to monitor the progress of projects and provide evidence to the department prior to any progress payments being awarded;
- 3.3 Encourage funding contributions across all three tiers of government, where possible. Evidence of such funding to be provided prior to the execution of contracts;
- 3.4 Utilise the expertise of the Executive Officer Reference Group when developing new guidelines and the application and assessment process for any new funding program;
- 3.5 Promote the good governance models that exist within the ACC/RDA network;
- 3.6 Ensure any new application process is simple to understand and is user friendly;
- 3.7 Provide a mechanism to ensure better communication channels between the Department and the RDA network; and
- 3.8 All projects should meet the funding guidelines and should be approved based on merit and meeting all eligibility and assessment criteria.

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 or regional programs:

Given the complexity of the former Regional Partnerships (RP) program Wheatbelt ACC staff were involved in the development of applications to an acceptable standard.

Greater flexibility and the scope of projects would mean greater opportunities for rural communities to gain funding for critical community infrastructure projects that enhance rural liveability including access to education and community services, high speed reliable broadband, appropriate health and aged care, youth services, early years and childcare opportunities, affordable housing, greater land releases, skilled labour and employment opportunities.

Former government processes and the turn-around time for RP applications could have been streamlined and this further adds weight to the issue that the opinion of RDA Committees should be valued, respected and taken into greater consideration when evaluating projects. Ministerial interference with the assessment process should not be an accepted practice.

The transparent and accountable processes used by the Wheatbelt ACC meant that only those projects that 'ticked all the boxes' and were therefore supported by the Wheatbelt ACC were submitted to the Department for further assessment.

It is of concern that the Australian Government has dismissed those projects that were submitted to the department for assessment in good faith prior to the Minister announcement that RP had been shelved. Up until the Budget announcement by the Minister to close Regional Partnerships, communities were under the belief that their proposals would be considered. Given that any new program is unlikely to be introduced before 1 July 2009, there needs to be some mechanism to allow the assessment of previously submitted projects.

Local knowledge is a valuable commodity and should be highly valued and this is one of the great strengths of the RDA network, as it is about 'informed locals talking to locals' and having the knowledge and capacity to understand the complexities of the region and to share this information. RDA Committees and staff also have extensive professional skills and experience in regional and community development that should be utilised to support Departmental and Ministerial decisions.

RECOMMENDATIONS:

- 4.1 Greater emphasis placed on the rating, evaluation and assessment of projects by RDA Committees. Such evaluation and assessment to be subjected to transparent and accountable process;
- 4.2 Provide a mechanism to ensure better communication channels between the Department and the RDA network;
- 4.3 Continue to assess previously submitted applications with a view to funding them from part of the allocation set aside for the new program which is due to be rolled out as at 1 July 2009;
- 4.4 Encourage greater utilisation of the Executive Officer Reference Group in terms of operational matters relating to any new funding program;
- 4.5 Develop community infrastructure funding programs that have the capacity to create greater liveability in rural areas including access to education and community services, retention of environmental qualities, access to improved telecommunications such as broadband, health and aged care, youth services, early years and childcare, affordable housing, skilled labour and employment opportunities;
- 4.6 Engage the RDA network to monitor the progress of projects and provide evidence to the department prior to any progress payments being awarded;

- 4.7 Encourage funding contributions across all three tiers of government, where possible. Evidence of such funding to be provided prior to the execution of contracts; and
- 4.8 Give greater consideration to assisting proponents who lack the capacity to prepare a project plan or application form through the utilisation of the RDA network.

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This submission was endorsed by the Wheatbelt ACC Executive Committee on 11 July 2008.