



City of Kalgoorlie-Boulder

577 HANNAN STREET, KALGOORLIE

OUR REF: 23/06/08 DSB:LB
 YOUR REF:
 ENQUIRIES TO: Lisa Bednarczyk

23 June 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,

Re: Inquiry into a New Regional Development Funding Program

Thank-you for the opportunity to provide comment regarding the Standing Committee on Infrastructure, Transport, Regional Development and Local Government's Inquiry into a new Regional Development Funding Program. The City of Kalgoorlie-Boulder welcomes the invitation to provide input in regards to this inquiry as it is considered that the structure of any new Regional Development Funding Program has the potential to drastically impact local government operations across Australia.

The terms of reference of the inquiry have been examined and the following comments are provided for the consideration of the Standing Committee.

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

Regional Development Funding is considered vital to the ongoing operations and future growth of Australia's regional communities. The program provides an essential link between the Federal Government and local communities to the development of infrastructure, community assets and development opportunities.

The City recommends that any future regional program utilize the existing structure of area consultative committees (ACCs). The ACCs are an important resource, representing local community, business and governments interests, providing a conduit to federal government resources and taking part in community and region wide initiatives, such as sitting on cooperation project committees.

The Goldfields Esperance Area Consultative Committee (GEACC) has been an important resource in the Goldfields Esperance region providing support, advice and initiative on

community and economic development projects. In particular, GEACC has been successful in obtaining Federal Government funding to employ two Small Business Field Officers (based in Kalgoorlie and Esperance, respectively), which provide a much needed resource for regional small businesses.

In a country as vast as Australia an important feature of the ACCs has been their prevalence. It is considered essential for the success of any future regional development program for ACCs to remain decentralized across major regions of Australia to maintain the community connectivity and involvement in front line regional issues that former ACCs have achieved. This will be an integral measure in ensuring that funding provided to regional communities is invested in an accountable manner.

In the City of Kalgoorlie-Boulder's experience, the decision-making framework associated with funding provided through the previous Regional Development Funding Program was applied in a fair and accountable manner. However the City acknowledges the Australian National Audit Office's report on Regional Partnerships with respect to the need for greater transparency and accountability in funding decisions and would support a revised framework in this regard.

The City has some concerns with the possible accountability implications, or perception of accountability implications, associated with ministers being the ultimate decision-maker of funding being allocated. If this structure is to continue the City would support greater transparency and justification of decisions being required.

Further feedback in relation to the structure of a new Regional Development Funding Program is provided under separate headings.

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

The City would support a number of measures to minimize administrative costs associated with the management of the Regional Development Funding Program. As well as avoiding unnecessary cost and duplication for taxpayers, streamlining the system will allow for a more expedient and timely approvals process, which would ultimately benefit local governments and other organizations in the management and delivery of their projects.

The City supports a decentralized structure, with the Department of Infrastructure, Transport, Regional Development and Local Government maintaining a small office in each capital city, including Perth. It is considered that having a state-based office will allow administration of the program to be carried out quicker and will allow a higher standard of customer service to applicants who are able to meet or speak directly with a Department representative within their State.

The City would further suggest applying different categories of funding and allowing grants of less \$50,000 to be approved at a state-level, subject to the same rigorous guidelines and frameworks.

The amount of time taken for funding applications to be approved can be disadvantageous to local governments, and can contribute to rising project costs and the failure to deliver essential infrastructure in a timely manner.

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.

As previously stated, the City's experiences of the practices applied by the former government in the management of funding under the Regional Partnerships program were relatively positive.

As previously stated there may be perceived conflicts of interest with ministers having the discretion to approve funding projects without a fully accountable decision-making structure, particularly in the lead-up to a federal election. The future funding program might need to include mechanisms such as independent review of ministers' decisions, the requirement to report perceived financial or proximal conflicts of interest and a requirement to ensure that applicant's meet all relevant criteria to ensure that application guidelines are applied equitably.

The City supports a fully transparent and accountable funding structure where decisions are justified by robust and encompassing criteria. However, the key focus of the resulting funding structure and process needs to be on delivering essential funding to regional Australia. The City does not want to see the resulting structure and process become so onerous as to be prohibitive to local governments and other regional organizations.

In the development of a new program it will be important to achieve a balance between establishing a rigorous framework that ensures transparency and accountability and making sure the process facilitates local governments and other bodies to access funding. The process of applying for funding can be difficult, particularly for less resourced local governments and this needs to be recognized in the development of the new program.

The City would also recommend that the entire process line be reviewed with the view to reducing the amount of time taken between the application and approval stages. With the time taken to obtain quotations, submit an application and receive funding suppliers can be lost and costs can rise, sometimes substantially.

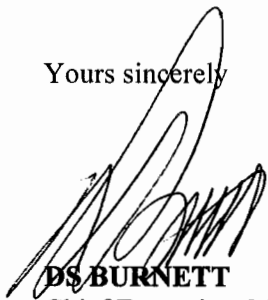
The Standing Committee might also consider building in a cost component to funding agreements to reflect that delays in receiving approvals for projects can result in budget overruns.

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 City has no comment to make in this regard as it has limited experience with the Regional Partnerships Program in the period following the Australian National Audit Office's report.

It is understood that the Western Australian Local Government Association (WALGA) will be providing comment to the Standing Committee's inquiry regarding the potential impacts of the new regional development program on local government in Western Australia. The City supports the representations being made by WALGA on behalf of the local government industry and seeks the Committee's consideration of the matters put forward.

Yours sincerely



DS BURNETT
Chief Executive Officer