PO Box 8025, Griffith East NSW 2680
Ph: 02 69645540 Email: racc@racc.org.au
Website: www.racc.org.au

The Secretary
Standing Committee on Infrastructure,
Transport, Regional Development & Local Government
House of Representatives
Parliament House
CANBERRA ACT 2600

18 July 2008

Dear Sir/Madam,

RE: Riverina Area Consultative Committee (RACC) Submission - Inquiry into a new Regional Development Funding Program.

The Riverina Area Consultative Committee (RACC) is part of the nation-wide network of 54 ACC's that will soon be transitioning to Regional Development Australia. The RACC is considered one of the major links connecting the Australian Government, State Government, business and the community in the Riverina. The strong and consistent levels of co-operation that exist between Riverina agencies that have an interest in economic and community development (including education and training), is recognised by all regional stakeholders as essential to continued growth in the region. The RACC is seen as pivotal in this co-operative regional approach.

Feedback provided in this submission has been obtained through initial consultations with key stakeholders. These include but are not limited to the Riverina Regional Development Board, Riverina Eastern Regional Organisation of Councils, Riverina Murray Regional Organisation of Councils, Department of State & Regional Development and the Department of Premier & Cabinet. As you would be aware the ACC network (or RDA) has been requested by the Minister and Parliamentary Secretary to conduct extensive consultations regarding the establishment of the proposed new Regional & Local Community Infrastructure funding progamme. Outcomes from these consultations will also provide advice to the Government on principles and priorities for any new regional funding programs. This report is due on the 31st August and will provide further detailed information.

The RACC region stretches 500 km's east to west across the Riverina region of NSW. It covers an area of almost 70,500 sq km's and services a population of almost 173,500 people. The RACC currently covers eighteen (18) local government areas including Bland, Boorowa, Carrathool, Coolamon, Cootamundra, Griffith, Gundagai, Harden, Hay, Junee, Leeton, Lockhart, Murrumbidgee, Narrandera, Temora, Tumut, Wagga Wagga and Young.

The RACC with its background knowledge of funding programmes and extensive networks is well equipped to provide items for consideration by the House of Representatives about ways the Government can better invest funding in genuine regional economic development and community infrastructure to enhance the sustainability and liveability of Australia regions.

An Australian Government Initiative

ACCs
The Australian Government's
Regional Development Network

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

Item 1:

The classification of 'Community Infrastructure' projects needs to include hard & soft infrastructure. Hard infrastructure relates to the traditional 'bricks and mortar' or tangible projects and soft infrastructure relates to projects that build social capital such as funding skill development, marketing, people and planning.

Items 2:

The guidelines and assessment criteria developed for any new regional development funding program must be clear, public and transparent. The guidelines and criteria should be reinforced and adhered to at each level of the assessment process ensuring consistency with approvals.

Item 3:

Applicants need to have the opportunity to receive assistance in developing their project funding applications if required. The ACC network had considerable experience in this area and made the Regional Partnerships program more appealing compared to those without this assistance. It is on this basis that the RDA network would be a logical and aptly equipped organisation to provide this assistance.

The skills, capacity and confidence of people in regional areas, particularly in smaller communities still needs improving to enable them to identify funding opportunities and apply for funds. Those people with the capacity and skills are stretched beyond their limits. Skills shortages have been identified by numerous strategic regional plans. The support, guidance and skill development offered by the RACC was critical for many applicants. The RACC could quickly ascertain if the project was eligible for funding through Regional Partnerships and assist the proponent in developing their application. If the project wasn't eligible the proponent was referred to other funding programs (local, regional, state, federal or philanthropic) that were appropriate. The knowledge and networks established by the RACC made this process of referral efficient. The challenge for applicants is sometimes refining their project idea and finding the most appropriate program for their project. Ensuring projects are eligible and highly suited for a particular funding program reduces the assessment process. Assessors are not wasting time and tax payers funds assessing projects that are not eligible.
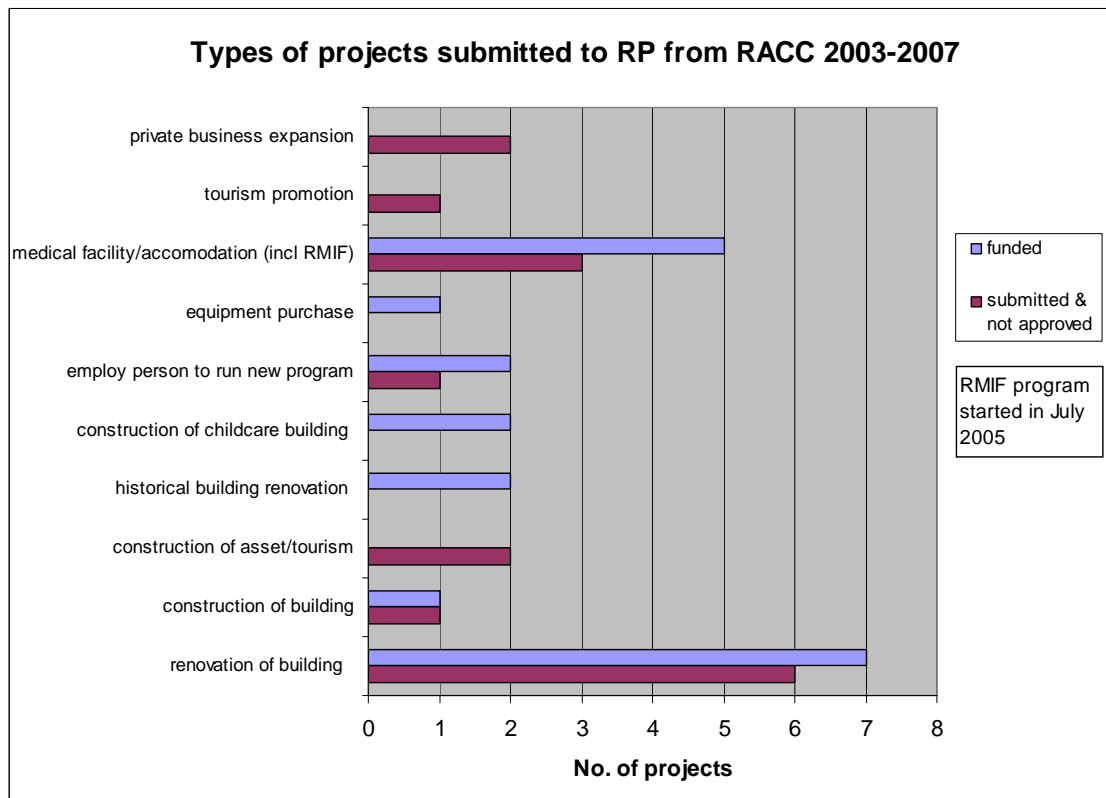
The marketing of funding programs (guidelines and assessment processes) through websites, marketing collateral, the media and national hotlines is important but applicants (particularly in regional areas due to their geographic isolation) still prefer to meet face to face with someone based in the region who understands their circumstances and regional issues.

An Australian Government Initiative

ACCs
*The Australian Government's
Regional Development Network*

Item 4:

Investigate the development of a new regional development funding program that provides funds for the refurbishment and renovation of existing community facilities so they are ecologically sustainable (assisting to reduce greenhouse emissions and reduce the impacts of climate change). The majority of projects submitted through the RP program were for the renovation of buildings. This is a real issue for regional communities and has been reinforced strongly in the initial consultations. Although the renovation or refurbishment of buildings or facilities is not the flavour for funding programs and doesn't seem to create political interest, the reality is that these are priorities for many regional communities. These facilities do contribute to the liveability and sustainability of regional communities. The attraction of skilled people, business and investment to regional areas does depend on the adequacy of these facilities.

Funds could be delivered directly from Federal to Local Government with a set of clear guidelines and criteria. This program would be in line with other State Government climate change initiatives and the recent Federal Governments Green Paper. Government could lead the way for change in regional communities through Local Government initiatives. This may then further encourage private enterprise and individuals to follow.

The graph below shows the types of projects submitted through the RACC for the Regional Partnerships (RP) program.

SUBMISSION 238
PO Box 8025, Griffith East NSW 2680
Ph: 02 69645540 Email: racc@racc.org.au
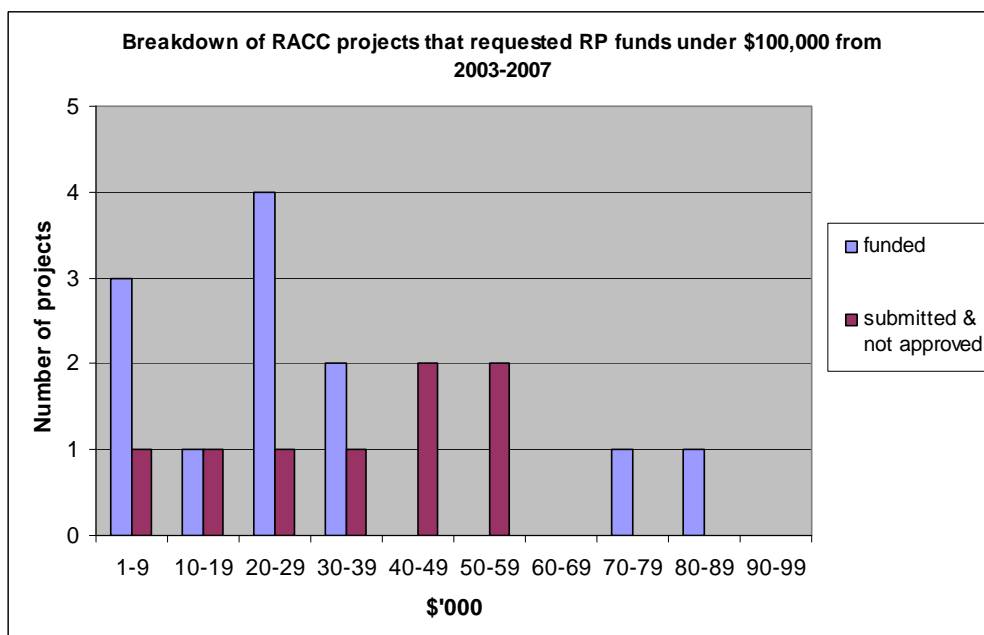Website: www.racc.org.au

Item 5:

Any new regional development funding program should have an application form and assessment process proportionate to the amount of funds being requested. For example the new Regional & Local Community Infrastructure Funding program should be divided into 2 funding programs. A small grants program (approximately $50,000 and under) and a larger funding program (approximately $50,000 and over).

**Amount of RP project funds requested through the RACC from 2003-2007**
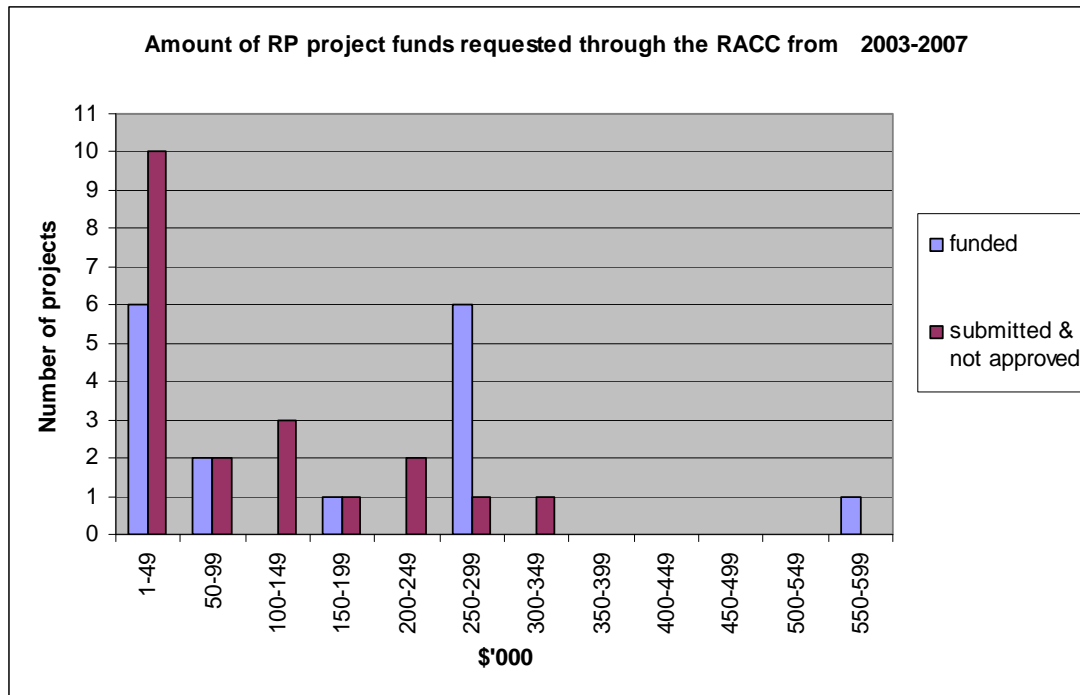
The RACC has analysed the Regional Partnerships (RP) projects submitted through its region from 2003-2007 and found that the majority of projects (funded & submitted/not approved) were projects that applied for under $50,000 or over $100,000. See the graphs above & below.

Breakdown of RACC projects that requested RP funds under $100,000 from 2003-2007

An Australian Government Initiative

ACCs
The Australian Government's
Regional Development Network

There is a need for a program to suit small community group projects that has an application and assessment process that is simple but with clear guidelines and eligibility criteria. Applicants for projects to the value of $10,000 should not be required to undergo the same lengthy application and assessment process as for projects worth $250,000. Many community groups became frustrated and despondent at the long waiting period for approval of a small project. The money spent in assessing the project and administering project funds, should not be greater than the cost of the project itself.

Of the proponents that submitted Regional Partnerships funding applications through the RACC, the majority of applications came from Local Government, however a large proportion of applications for small amounts of money came from 'general community groups'. See the graph below.

Proponent groups for projects submitted for RP funding 2003-2007
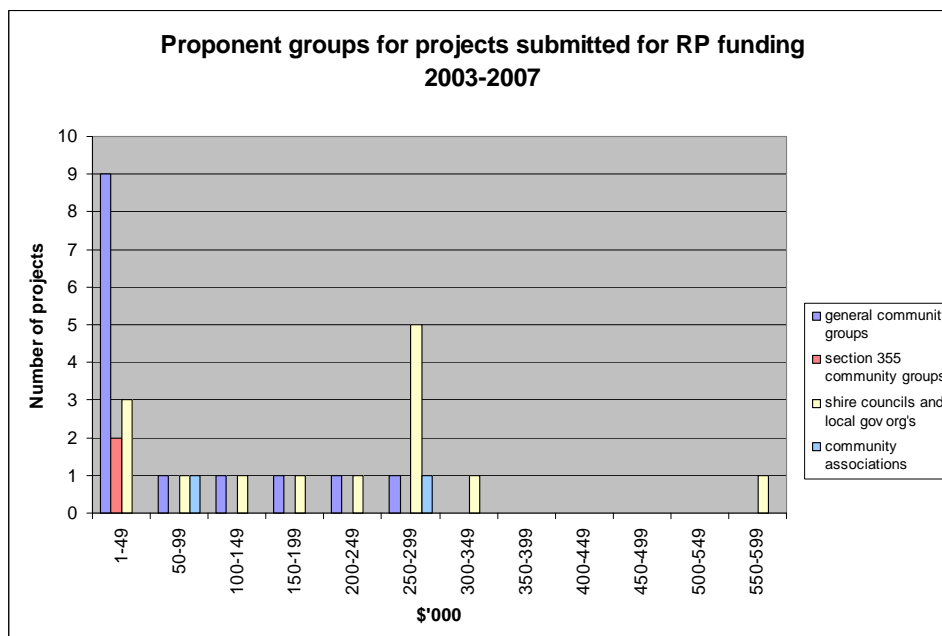
2. **Examine ways to minimise administrative costs and duplication for taxpayers.**

Item 6:

There should be clear lines of communication between the assessors and applicants. Assessors should speak directly with applicants rather than relaying information through a series of department channels. After the 2003-2006 Audit when the assessment process was centralised to National Office, staff continued to consult with the Departments Regional Office, the RACC and applicant creating confusion in regard to who had to follow up with specific information. Feedback from applicants stated that they sometimes had to relay the same information back several times through different people.

An Australian Government Initiative

ACCs
The Australian Government's
Regional Development Network

Item 7:

Suggested criteria for regional funding programs

Criteria for the Small Grants Program;-

- Applicants are encouraged to have partners or gain in-kind and or cash contributions for their project but this is not a priority in the assessment criteria.
- The program has funding rounds or periods when applications can be submitted eg Feb-May and Aug – Nov. Funding rounds will make it easier to determine an approximate timeline for approval, allow catalysts for marketing activities and also reduce backlogs of applications during holiday periods.
- The new Regional Development Australia (RDA) committees review the applications assessing them against the selection criteria and ensuring the projects align with the regions strategic plan.
- The applications are assessed against the selection criteria and approved at a Regional Departmental level. The funds are non-discretionary with no Ministerial signoff, reducing time delays (due to Ministers busy schedules) and exposure of the Australian Government to public scrutiny. However Ministers could be involved in the announcement and launch of projects to ensure promotion of the program.
- The NSW Department of State & Regional Development has funding programs that have departmental approval and could be used as a model. This Small Grants Program could also encourage more partnership applications between both State & Federal departments maximising government funds and reducing cost-shifting implications.
- Applications forms are available online in a word format. The application form is clear and concise. Many smaller communities have limited broadband access and if many applications are simultaneously entered this can break a centralised electronic system creating delays with assessment.
- Each application should be assessed on its own merit, capacity to meet the assessment criteria and eligibility for funding.

Criteria for the Larger Grants Program:-

- Applicants are required to have partnerships from 3 tiers of government similar to the Regional Partnerships Program.
- The program is continuous with applications submitted throughout the year. The reason for this is, if other funding partners are involved applicants they may have timeframes that do not meet the funding rounds. However rounds may also be an advantage on a National level and perhaps each State could have different closing dates reducing the backlog of applicants into National Office if only one universal date.
- The eligibility criteria and programme guidelines need to be clear and concise but will require more evidence to substantiate applicants capacity to deliver the project, sustainability and the demonstrated need for the project.
- Applications are submitted and assessed at a National Level.
- That there is a cap to this program $500,000. Projects larger than this amount would be referred to Infrastructure Australia or another appropriate Government Department.
- The objectives of these projects should be to focus on 'innovation & diversification in regional economies'.
- Applicant organisations must be not-for-profit including Local Government.

An Australian Government Initiative

ACCs
The Australian Government's
Regional Development Network

SUBMISSION 238
PO Box 8025, Griffith East NSW 2680
Ph: 02 69645540 Email: racc@racc.org.au
Website: www.racc.org.au

Item 8:

For-profit organisations (businesses) should not be eligible for the Regional & Local Community Infrastructure Fund.

The RACC believes there is merit in supporting for-profit organisations through public funds but this should be done through existing programmes and Departments that are experienced in assessing these projects. Currently the NSW Department of State & Regional Development and AusIndustry offer a number of programmes that support private enterprise. The most efficient and effective use of public funds would be to expand these funding programmes or further resource the current programs.

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 or regional programs.**

Response to Questions 3 & 4

The Riverina ACC endeavoured to remain a-political and to serve the Government of the time following the processes as set out in the Regional Partnerships Guidelines when considering and assessing projects. The Regional Partnerships Guidelines developed after the 2003-2006 audit clearly outlined the assessment criteria, eligibility for funding, accountability, budgeting and reporting requirements. As is the case with any set of guidelines, they are open to interpretation and only valid if consistently adhered to at each level of the assessment process. The interpretation at each of the assessment levels varied and this created inconsistencies in the approval process.

Item 9:

The purpose and objectives of future regional funding programs need to be flexible enough to encompass the needs of communities across the whole of Australia understanding that one size or standard does not suit all.

The Regional Partnerships Programme in 2006/2007 articulated annual priorities for funding which the ACC's were encouraged to address in the projects they put forward. Of the four priority areas RACC projects predominantly fell into the 'Small or disadvantaged communities' or 'Economic growth and skill development' categories. Opportunities were targeted to 'Indigenous communities' and 'youth' but this was difficult, although some projects were starting to develop they were not submitted. The networks and relationships with Indigenous communities and youth organisations were not as strong and were harder to develop. Programs targeting specific groups in the community should be directed through the department/agency or organisations that have established networks and relationships with these target groups.

If you require any additional information please do not hesitate to contact myself on

An Australian Government Initiative

ACCs
The Australian Government's
Regional Development Network

02 6921 7596 or Lani Houston (Executive Officer) for the Riverina ACC on 02 69645540

Kind Regards,

Tom Watson
Chair RACC

An Australian Government Initiative

ACCs
The Australian Government's
Regional Development Network