

EXECUTIVE SUMMARY - SUBMISSION TO THE INQUIRY INTO A NEW REGIONAL DEVELOPMENT FUNDING PROGRAM

Regional Profile

Central Victoria has a population of approximately 185,000 people and takes in an area stretching approximately 180 kms along the Calder Highway from the Macedon Ranges Shire in the south to the Buloke Shire in the Mallee and west to the Central Goldfields Shire in the south west.

The Region's major centre is Bendigo. Bendigo is currently Victoria's fastest growing regional centre and is Victoria's largest inland town with a population expected to exceed 100,000 by the end of 2008.

The region has a diverse economy with manufacturing generating around 32% of the region's annual output of approximately \$13.222 billion. The region provides 57,000 jobs for its workforce.

Even though the region has a solid economic base, it also includes a number of Australia's most disadvantaged communities.

Key Issues impacting on the Region's economic future

Key issues impacting on the economic future region include:

- The impact of water constraints arising from drought and climate change now facing the region.
- A shortage of developed industrial land, particularly in and around Bendigo.
- While the extension of the Calder Freeway to Bendigo and the fast train upgrade to the rail link between Bendigo and Melbourne have made significant improvements to the region's transport infrastructure, further work is required to improve the freight capacity of the region and access to Port Melbourne.
- A shortage of affordable housing is impacting on the capacity of working people to meet their housing needs
- Uncertainties around the impacts of climate change adaptation mechanisms including carbon trading, energy conservation, sustainable energy initiatives, changing agricultural practices and increased costs through shortages driven by climate change.
- Infrastructure constraints generally including power distribution, interface infrastructure for industrial land, education and training infrastructure, health and information and communication technology (ICT) infrastructure.
- A shortage of doctors and adequate hospital infrastructure is emerging as a significant economic as well as social issue.

Key Recommendations

The key Central Victoria Area Consultative Committee (CVACC) recommendations in this submission are:

For Reference 1: *How should the Federal Government design Regional programs in a way to minimise administrative costs and duplication for taxpayers*

- A need for a small grants (up to \$50,000) program that is able to provide grants of as little as a few hundred dollars to assist rural communities to improve and maintain community assets and to improve the capacity of community human capital.
- By ensuring that the funding focus is on projects that build the wealth and strength of rural communities so that they require less assistance from Government in the future as a result of the funding.
- Providing scope to design regional programs that can be jointly funded by Commonwealth, State and Local Governments under a single application and contracting arrangement.
- Seeking outcomes that are centred on how the funding contributes to the overall sustainability of a community.
- Designing programs that also take into account the differences between regions so that programs are equitable and accessible to all target groups regardless of their physical location and other circumstances.
- Favouring community building initiatives that are driven by work already being undertaken in the development of Local Government Community Plans.
- Recognising the value of initiatives that improve communities capacity for innovation and continued development of human capital.
- Ensuring that there is two-way accountability for regional programs.
- Changing the language used from “partnership” to “collaboration”.
- A more collaborative approach is needed if the concept of “cooperative federalism” is to be a reality.

For Reference 2 - 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 experience gained by all stakeholders in the development and delivery of the Regional Partnerships Programme is viewed as a learning process that can be used to improve the Australian Government’s capacity to better support Regional Australia.
- The successes of the Regional Partnerships Programme also be acknowledged.
- The way the Programme treatment “core business” Local Government activity disadvantaged many communities and did not demonstrate an understanding of the importance of the funding in achieving a range of broader economic, social and community benefits.
- The inconsistencies in the delivery of the Programme were indicative of a program lacking a sound policy basis.
- CVACC is concerned that the adverse ANOA report will result in Regional Australia being further disadvantaged.
- Highlights a need to better ensure that policies and programs address the issue of “how funding will assist communities adapt to the challenges of climate change.

- Acknowledges that the ALP 2007 Federal Election Platform, *Regional Development for a Sustainable Future* provides a good basis for better targeting the needs of Regional Australian communities and businesses.
- CVACC is concerned that Regional and Rural Australia is still quite disadvantaged in their capacity to access many government services, particularly health, education and other support services.

For Reference 3 - 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

- CVACC is generally satisfied with its experience with the Regional Partnerships Program.
- The Committee's main issues have been about:
 - Restrictions arising from the Minister and Department's position on what constitutes "core business" for applications from LGAs.
 - A focus on community infrastructure (community hubs, skate parks and halls) without an equally balanced approach to supporting projects aimed at enhancing and supporting economic development.



SUBMISSION TO THE INQUIRY INTO A NEW REGIONAL DEVELOPMENT FUNDING PROGRAM

Introduction

This document is a submission by the Central Victoria Area Consultative Committee (CVACC) to the *Inquiry into a New Regional Development Funding Program*. Central Victoria is a rapidly growing region with:

- a diverse range of industries; and
- a mix of communities, including city fringe in the south, a major regional City, many rural towns, farms and rural living communities.

The Rudd Government's implementation of its regional development policies is of great interest to this region and CVACC looks forward to the continued development of our region through these policies.

This submission is based on twelve years of ACC operational experience and the experience of members and staff of CVACC who bring a range of experiences from local/state/commonwealth government, professional regional development activity, in business and community organisations. The members of Central Victoria ACC are drawn from across the region and work and live in the region. CVACC welcomes the opportunity to make a submission to the enquiry and has framed its submission in the context of the Rudd Government's policies as articulated in the 2007 National Policy Platform.

Executive Summary

Regional Profile

Central Victoria has a population of approximately 185,000 people and takes in an area stretching approximately 180 kms along the Calder Highway from the Macedon Ranges Shire in the south to the Buloke Shire in the Mallee and west to the Central Goldfields Shire in the south west.

The Region's major centre is Bendigo. Bendigo is currently Victoria's fastest growing regional centre and is Victoria's largest inland town with a population expected to exceed 100,000 by the end of 2008.

The region has a diverse economy with manufacturing generating around 32% of the region's annual output of approximately \$13.222 billion. The region provides 57,000 jobs for its workforce.



Even though the region has a solid economic base, it also includes a number of Australia's most disadvantaged communities.

Key Issues impacting on the Region's economic future

Key issues impacting on the economic future region include:

- The impact of water constraints arising from drought and climate change now facing the region.
- A shortage of developed industrial land, particularly in and around Bendigo.
- While the extension of the Calder Freeway to Bendigo and the fast train upgrade to the rail link between Bendigo and Melbourne have made significant improvements to the region's transport infrastructure, further work is required to improve the freight capacity of the region and access to Port Melbourne.
- A shortage of affordable housing is impacting on the capacity of working people to meet their housing needs
- Uncertainties around the impacts of climate change adaptation mechanisms including carbon trading, energy conservation, sustainable energy initiatives, changing agricultural practices and increased costs through shortages driven by climate change.
- Infrastructure constraints generally including power distribution, interface infrastructure for industrial land, education and training infrastructure, health and information and communication technology (ICT) infrastructure.
- A shortage of doctors and adequate hospital infrastructure is emerging as a significant economic as well as social issue.

Key Recommendations

The key Central Victoria Area Consultative Committee (CVACC) recommendations in this submission are:

For Reference 1: How should the Federal Government design Regional programs in a way to minimise administrative costs and duplication for taxpayers

- A need for a small grants (up to \$50,000) program that is able to provide grants of as little as a few hundred dollars to assist rural communities to improve and maintain community assets and to improve the capacity of community human capital.
- By ensuring that the funding focus is on projects that build the wealth and strength of rural communities so that they require less assistance from Government in the future as a result of the funding.



- Providing scope to design regional programs that can be jointly funded by Commonwealth, State and Local Governments under a single application and contracting arrangement.
- Seeking outcomes that are centred on how the funding contributes to the overall sustainability of a community.
- Designing programs that also take into account the differences between regions so that programs are equitable and accessible to all target groups regardless of their physical location and other circumstances.
- Favouring community building initiatives that are driven by work already being undertaken in the development of Local Government Community Plans.
- Recognising the value of initiatives that improve communities capacity for innovation and continued development of human capital.
- Ensuring that there is two-way accountability for regional programs.
- Changing the language used from “partnership” to “collaboration”.
- A more collaborative approach is needed if the concept of “cooperative federalism” is to be a reality.

For Reference 2 - 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 experience gained by all stakeholders in the development and delivery of the Regional Partnerships Programme is viewed as a learning process that can be used to improve the Australian Government’s capacity to better support Regional Australia.
- The successes of the Regional Partnerships Programme also be acknowledged.
- The way the Programme treatment “core business” Local Government activity disadvantaged many communities and did not demonstrate an understanding of the importance of the funding in achieving a range of broader economic, social and community benefits.
- The inconsistencies in the delivery of the Programme were indicative of a program lacking a sound policy basis.
- CVACC is concerned that the adverse ANOA report will result in Regional Australia being further disadvantaged.
- Highlights a need to better ensure that policies and programs address the issue of “how funding will assist communities adapt to the challenges of climate change.
- Acknowledges that the ALP 2007 Federal Election Platform, *Regional Development for a Sustainable Future* provides a good basis for better targeting the needs of Regional Australian communities and businesses.
- CVACC is concerned that Regional and Rural Australia is still quite disadvantaged in their capacity to access many government services, particularly health, education and other support services.



For Reference 3 - 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

- CVACC is generally satisfied with its experience with the Regional Partnerships Program.
- The Committee's main issues have been about:
 - Restrictions arising from the Minister and Department's position on what constitutes "core business" for applications from LGAs.
 - A focus on community infrastructure (community hubs, skate parks and halls) without an equally balanced approach to supporting projects aimed at enhancing and supporting economic development.

Regional Profile

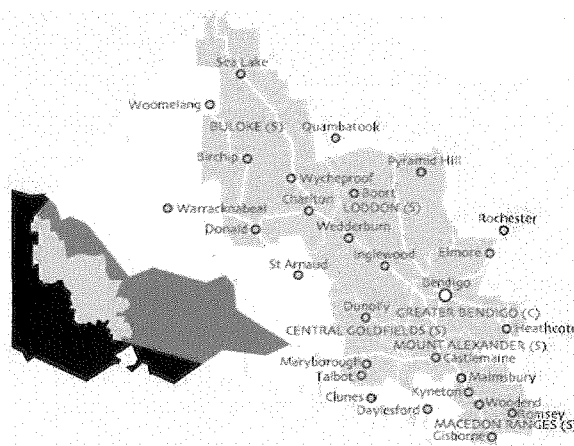
Geographical Location

CVACC's region comprises the six Local Government areas of:

- Macedon Ranges Shire
- Mt Alexander Shire
- Central Goldfields Shire
- City of Greater Bendigo
- Loddon Shire and
- Buloke Shire

To assist the Inquiry Committee the following map (Figure 1) shows where the CVACC region is.

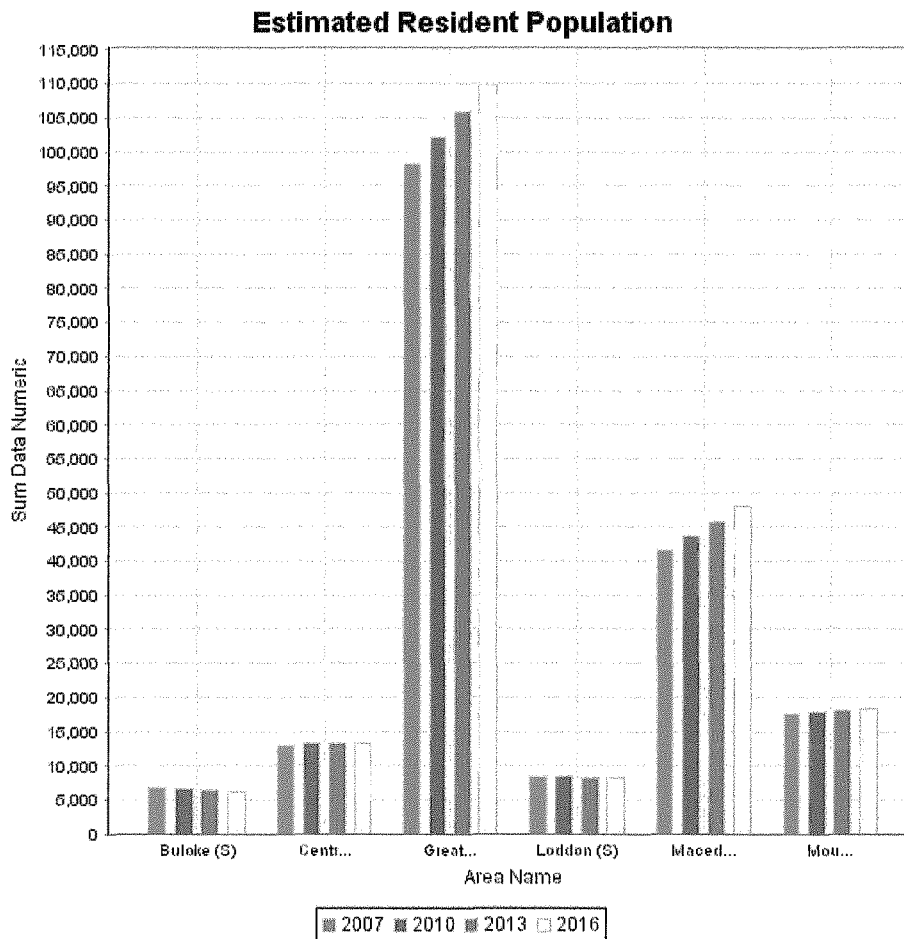
Figure 1 – Map of the Central Victoria ACC Region





The population of the region in the 2006 Census was 185,072 people. Figure 2 below shows that the region's growth is centred on Bendigo (the major regional centre) and fastest growing regional centre in Victoria¹.

Figure 2 – Estimated Population of the Central Victoria ACC Region



(Source: <http://services.land.vic.gov.au/knowyourarea/compare.html>, 25 September 2007)

Central Victoria's Regional Economy

Central Victoria has a diverse, growing and productive economy. Overall the region²:

- Has an annual gross regional output of \$13.223 billion
- Provides 56,789 jobs

¹ Source: Regional Development Victoria

² Source: CVACC's REMPLAN3 Data (current as at Dec 2007)



- Contributes \$3.115 billion in wages and salaries to the people who work in the region.

The Manufacturing Sector provides 31.9% of the region's output and employs 14.6% of its workforce. The Retail Sector employs 17.4% of the region's workforce and contributes 7.7% of the region's output.

An illustration of the diverse nature of the region's economic activity is demonstrated by a comparison between the region's Agriculture Sector (Output: \$1.248 billion/Jobs: 5093) and the Property and Business Services Sector (Output: \$1.044 billion/Jobs: 3,471). This diversity reflects the foundation for the region's consistent growth and is driven largely by the growth in Bendigo. Figure 3 below provides a summary of the regions economic activity/capacity as at December 2007.

Figure 3 – Summary of the Central Victoria ACC Region's Economy

Summary	Output \$M	Jobs	Wages and Salaries \$M	Local Sales \$M	Regional Exports \$M	Local Expend \$M	Regional Imports \$M	Value Added \$M
Agriculture Forestry	\$1,248.154	5,093	\$102.754	\$543.442	\$583.618	\$253.452	\$267.491	\$727.210
Fishing	9.4 %	9.0 %	3.3 %	12.3 %	15.3 %	5.8 %	8.1 %	13.2 %
Mining	\$131.791	196	\$18.275	\$22.819	\$107.996	\$28.757	\$53.905	\$49.129
	1.0 %	0.3 %	0.6 %	0.5 %	2.8 %	0.7 %	1.6 %	0.9 %
Manufacturing	\$4,219.252	8,278	\$561.267	\$1,232.246	\$2,183.301	\$1,374.315	\$1,974.969	\$869.969
	31.9 %	14.6 %	18.0 %	28.0 %	57.3 %	31.2 %	59.6 %	15.8 %
Electricity, gas & water supply	\$275.865	465	\$44.045	\$108.047	\$76.609	\$69.606	\$50.112	\$156.147
	2.1 %	0.8 %	1.4 %	2.5 %	2.0 %	1.6 %	1.5 %	2.8 %
Construction	\$1,061.679	3,106	\$152.567	\$341.197	\$53.173	\$559.982	\$168.043	\$333.654
	8.0 %	5.5 %	4.9 %	7.7 %	1.4 %	12.7 %	5.1 %	6.1 %
Wholesale trade	\$606.161	2,366	\$165.796	\$285.034	\$93.459	\$250.266	\$94.709	\$261.186
	4.6 %	4.2 %	5.3 %	6.5 %	2.5 %	5.7 %	2.9 %	4.7 %
Retail trade	\$1,015.071	9,864	\$322.848	\$182.228	\$124.644	\$387.527	\$135.137	\$492.406
	7.7 %	17.4 %	10.4 %	4.1 %	3.3 %	8.8 %	4.1 %	8.9 %
Accommodation, cafes & restaurants	\$348.482	2,604	\$93.108	\$52.410	\$58.025	\$134.337	\$63.239	\$150.906
	2.6 %	4.6 %	3.0 %	1.2 %	1.5 %	3.1 %	1.9 %	2.7 %
Transport & storage	\$431.247	1,630	\$95.626	\$202.222	\$116.673	\$182.185	\$63.063	\$186.000
	3.3 %	2.9 %	3.1 %	4.6 %	3.1 %	4.1 %	1.9 %	3.4 %
Communication services	\$436.603	1,129	\$74.129	\$200.655	\$101.822	\$139.095	\$81.116	\$216.392
	3.3 %	2.0 %	2.4 %	4.6 %	2.7 %	3.2 %	2.4 %	3.9 %
Finance & insurance	\$486.523	1,481	\$161.103	\$227.555	\$100.432	\$112.318	\$43.302	\$330.903
	3.7 %	2.6 %	5.2 %	5.2 %	2.6 %	2.6 %	1.3 %	6.0 %
Property & business services	\$1,044.268	3,471	\$271.631	\$835.881	\$93.093	\$451.482	\$122.156	\$470.630
	7.9 %	6.1 %	8.7 %	19.0 %	2.4 %	10.3 %	3.7 %	8.5 %
Government administration & defence	\$361.884	1,836	\$156.789	\$36.474	\$11.821	\$129.685	\$46.045	\$186.154
	2.7 %	3.2 %	5.0 %	0.8 %	0.3 %	2.9 %	1.4 %	3.4 %
Education	\$472.501	4,885	\$315.978	\$32.301	\$52.836	\$76.539	\$37.952	\$358.010
	3.6 %	8.6 %	10.1 %	0.7 %	1.4 %	1.7 %	1.1 %	6.5 %
Health & community services	\$639.530	7,097	\$412.426	\$11.151	\$23.331	\$80.845	\$48.867	\$509.818
	4.8 %	12.5 %	13.2 %	0.3 %	0.6 %	1.8 %	1.5 %	9.3 %
Cultural & recreational services	\$239.127	1,236	\$55.373	\$71.433	\$26.912	\$119.182	\$45.484	\$74.461
	1.8 %	2.2 %	1.8 %	1.6 %	0.7 %	2.7 %	1.4 %	1.4 %
Personal & other services	\$204.517	2,051	\$111.635	\$17.918	\$4.944	\$53.441	\$18.716	\$132.360
	1.5 %	3.6 %	3.6 %	0.4 %	0.1 %	1.2 %	0.6 %	2.4 %
Total	\$13,222.655	56,789	\$3,115.350	\$4,403.013	\$3,812.688	\$4,403.013	\$3,314.307	\$5,505.335

Source: CVACC's REMPLAN3 Data (data current as at Dec 2007)



The pace of commercial activity outlined above and the factors outlined below in respect to the high levels of social disadvantage mean that the region faces significant structural issues in regard to the capacity of the existing regional labour market to meet the demands of the region's growing business and services sectors.

Key issues impacting on the economic future region include:

- The impact of water constraints arising from drought and climate change now facing the region. Even with the *Bendigo Super Pipe*, continued Level 4 water restrictions and significant projects to enhance Bendigo's capacity to use recycled water, industry and irrigators face significant challenges which will directly impact on their productive capacity. The water issue is also making it harder for employers in the region to attract and retain skilled employees and/or professionals.
- A shortage of developed industrial land, particularly in and around Bendigo. This issue is placing significant demands on Local Government as they invest in the infrastructure needed to meet the demand.
- While the extension of the Calder Freeway to Bendigo and the fast train upgrade to the rail link between Bendigo and Melbourne have made significant improvements to the region's transport infrastructure, further work is required to improve the freight capacity of the region and access to Port Melbourne. A key issue is the degraded state of the rail freight network throughout the region.
- A shortage of affordable housing is impacting on the capacity of working people to meet their housing needs. This issue is a factor of the combined impacts of high levels of economic growth, a shortage of housing supply due to low available existing housing stock.
- Uncertainties around the impacts of climate change adaptation mechanisms including carbon trading, energy conservation, sustainable energy initiatives, changing agricultural practices and increased costs through shortages driven by climate change.
- Infrastructure constraints generally including power distribution, interface infrastructure for industrial land, education and training infrastructure, health and information and communication technology (ICT) infrastructure.
- A shortage of doctors and adequate hospital infrastructure is emerging as a significant economic as well as social issue. Many employers are now finding that the skilled labour that is needed is unwilling to move to the area because they cannot find a GP practice that will see them, even in Bendigo.

Central Victoria's Community

Despite the obvious economic strengths of the region Central Victoria also has a high level of social disadvantage. In his 2007 report, *Dropping off the edge: the distribution of*



disadvantage in Australia, Professor Tony Vinson found that the region has significant areas of disadvantage and few areas of advantage³.

Central Victoria includes three (3523, 3520, 3465) of the six Band 1 Postcodes, one (3517) of the six Band 2 Postcodes and two (3472 & 3556) of the Band 2 Postcodes in Vinson's report. This indicates that five of the eighteen most disadvantaged postcode areas in Victoria are located in Central Victoria.

This is further demonstrated by the data that indicates that the median *household incomes* in of the region most Local Government Authorities (LGA) areas are below the national average at around 70%. This reflects the general low levels of education and skills of a significant proportion of the population and the impacts of drought on the rural communities outside Bendigo.

Macedon Ranges Shire is a fringe Melbourne community so their issues are similar to most other rapidly developing city fringe residential communities. The provision of public transport, community infrastructure and services are becoming significant community issues for this part of CVACC's region.

In the Northern rural communities (Buloke and Loddon) the drought and aging population are significant issues impacting on community capacity and resilience. However, even though many in these communities are "doing it fairly tough" there are also many signs of community resilience and that these Shires are moving forward in many positive ways. We need to balance the real need to be aware of the considerable economic and social hardship faced by many people with the equally resilient and vibrant capacity of others where whole communities are able to mobilise their capacity to adapt to the changing times by being more innovative, changing farming and business practices and working together as communities to find their own solutions to the issues that they are facing.

The key impediment for Central Victorian communities is a lack of available capital for investing in community infrastructure. In particular there is significant demand for small grant funds that can be used to support communities to improve and maintain their community assets.

Communities such as Maryborough, Heathcote, Eaglehawk, parts of Kangaroo Flat, Inglewood and Wedderburn as well as many of the rural small hamlets have the stereotypical social disadvantages that are common in most urban communities where the factors leading to disadvantage (low education, family breakdown and/or dysfunction, violence and abuse, substance abuse, teenage pregnancies, welfare dependence and unemployment) are evident. A lack of transport and other essential services due to isolation and/or policy failure all contribute to the socio-economic profile of these communities.

³ Tony Vinson, *Dropping off the edge: the distribution of disadvantage in Australia*, A report of Jesuit Social Services and Catholic Social Services Australia, Australia 2007. Pp 69 – 71 & map at end of report



Local Government

The region includes one of Victoria's largest and relatively well off LGAs (City of Greater Bendigo) and some of the State's least viable (Buloke and Central Goldfields). A feature is that each LGA is financially stretched:

- Bendigo, Macedon Ranges and Mt Alexander because of population and economic growth. Bendigo is currently Regional Victoria's fastest growing LGA, so the Council's resources are stretched as it tries to meet the many increased demands for infrastructure and services. Macedon Ranges is on the edge of Melbourne and is in one of that cities residential growth corridors.
- Mt Alexander is a diverse community with a mix of large scale manufacturing, a thriving small/micro business sector, recognised internationally for its capacity to mobilise business and community to initiate climate change adaptability projects, as well as being a "tree change"/weekender destination.
- Central Goldfields Shire has significant levels of economic and social disadvantage. The Shire historically is a traditional manufacturing centre so has been hit badly by the industry restructuring and "off-shoring" that has occurred since the mid-1980s.
- Buloke and Loddon Shires are primarily rural in nature and have been hard pressed to maintain the road and built infrastructure that is required for agriculture to access their markets.

Each LGA has seen its capacity to meet operational needs associated with the provision of the wide range of community services and infrastructure responsibilities. The most significant issue has been the impact of the process of "cost shifting" by both the Commonwealth and State Government's to local government. Recent reviews have shown that Local Government has received a 70% cut in funding since the early 1990's⁴.

Inquiry Terms of Reference.

CVACC wishes to respond to all issues included in the Inquiry's Terms of Reference on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects.

How should the Federal Government design regional programs in a way to minimize administrative costs and duplication for taxpayers;

CVACC wishes to highlight the following as important considerations in designing regional programs that are efficient to administer and effective in their achievement of outcomes that positively impact on communities and the broader good:

⁴ Hawker Report (get proper title) & other reviews.



- **There is a need for a small grants (up to \$50,000) program to assist rural communities to improve and maintain community assets and to improve the capacity of community human capital.**

These grants usually are a minor contribution in the overall cost of the project, but are the key to ensuring a project is able to proceed. It would be possible for small grant programs to be designed to address general as well as specific (e.g. health, education, arts and sports) purposes. It could be expected that most grants would be in the under \$10,000 range.

Efficiencies in delivering such a program could be achieved by using a philanthropic organisation, such as the Foundation of Rural and Regional Renewal (FRRR), with a proven track record in the delivery of small grants programs in rural and regional communities. Delivery of a grant program through an organisation such as FRRR would meet the dual objectives of separating the assessment and approval process of individual grants from the “political” process as well as providing a proven and transparent administrative mechanism for contract management and acquittal.

The following information provided by FRRR highlights the need for a Government “small grants” program. This information also highlights the disadvantage faced by many regional communities.

In the past 5 years (1/7/02-30/6/07) FRRR has received over \$29M in funding requests of which they have provided project funding (either fully or partly) of \$11.8M. Over this period FRRR has received 6,502 funding requests of which 2,108 (32.4% of total requests) have been supported.

The table on the next page of FRRR’s small grants activity shows that there is significant unmet demand for small grants programs across a broad range of activities. This data highlights the significant level of unmet demand for small project funding in regional Australia. A particular feature of the figures above is that roughly two thirds of all non-economic projects are not supported. This observation indicates a there is a need for Government supported small grant funding.

It should also be noted that under FRRR’s charter and the statutory framework applying to philanthropic organisations, these figures do not include the requirements of regional and rural Australia’s many sporting organisations.

These figures also highlight areas of priority for the Australian Government as it implements the *An Australian Social Inclusion election agenda* election policy platform;



FRRR Data on Small Grants Program Activity Over Five Year Period July 2001 to June 2007

BY STATE	NSW	NT	QLD	SA	TAS	VIC	WA	Total
All Requests	\$9,911,075	\$358,820	\$5,037,443	\$2,766,075	\$616,808	\$9,339,573	\$1,679,663	\$29,709,457
Total \$ Requests Funded	\$3,592,439	\$200,305	\$1,615,355	\$931,302	\$276,118	\$4,392,022	\$865,353	\$11,872,894
% of Requests Funded	36%	56%	32%	34%	45%	47%	52%	
Average \$ Request	\$7,944	\$7,501	\$7,391	\$6,333	\$4,857	\$6,749	\$6,481	\$47,256
Average \$ Funded	\$6,314	\$4,195	\$5,401	\$4,506	\$3,314	\$6,492	\$4,870	\$35,092
Average difference between \$ Requested & \$ Funded	\$1,631	\$3,307	\$1,990	\$1,827	\$1,543	\$257	\$1,611	\$12,166
No. of requests received	2,269	45	868	471	177	2,369	303	6,502
No. of requests funded	556	44	351	200	80	707	170	2,108
No. of unsuccessful requests	1,713	1	517	271	97	1,662	133	4,394



BY STATE	NSW	NT	QLD	SA	TAS	VIC	WA	Total
% of Requests funded	25%	98%	40%	42%	45%	30%	56%	
% of Requests not funded	75%	2%	60%	58%	55%	70%	44%	
Maximum \$ Requested	\$300,000	\$ 27,653	\$125,000	\$ 70,000	\$ 27,500	\$350,000	\$ 75,000	\$975,153
Maximum \$ Funded	\$200,305	\$ 25,000	\$ 42,000	\$ 28,950	\$ 15,000	\$303,100	\$100,000	\$714,355
Minimum \$ requested	\$350	\$370	\$300	\$275	\$480	\$ 60	\$370	\$2,205
Minimum \$ Funded	\$350	\$370	\$300	\$275	\$407	\$100	\$370	\$2,172

Note: Does not include enquiries from ineligible organisations under FRRR guidelines, e.g. Sporting Clubs

(Source: Foundation for Regional & Rural Renewal (FRRR), June 2008)



- **By ensuring that the funding focus is on projects that build the wealth and strength of rural communities so that they require less assistance from Government in the future as a result of the funding.**

It is important that programs add value to and/or improve a community's capacity and ability to be self reliant. Performance measures for all programs should include criterion that measures on "*how the grant has improved the capacity of the broader community in which the funding has be expended*". These performance measures should take a "triple bottom line" approach.

A significant benefit of such projects is that they directly assist in improving the well being and liveability of rural communities. For example, grants for improving and/or building community infrastructure such as meeting places, sports facilities, skate parks, etc. often provide a focus that leads to improved health and well being benefits that reduce the need for other, usually more expensive services from government.

The "pride" and attachment that rural communities have for their region is usually very strong. While such communities may not have significant available financial resources and may lack access to many services, they share a sense of belonging that is demonstrated through a capacity to collaborate as a community to provide much of the support that urban communities expect to be provided. Often these communities require access to government funding to source the materials and specialist expertise required to finish a project;

- **Providing scope to design regional programs that can be jointly funded by Commonwealth, State and, where possible, Local Governments under a single application and contracting arrangement.** Ideally, applicants should only need to complete a single application to a single agency (Regional Development Australia) that would seamlessly coordinate the funding and approvals across the relevant Commonwealth, State and Local government agencies. In most cases the contract management and control functions with the funding recipients could be handled, under contract, by a single agency on behalf of the other funding agencies;
- **Seek outcomes that are centred on how the funding contributes to the overall sustainability of the community.** Sustainability should be judged in a holistic way that takes into account the combined economic, employment, cultural, ethnic diversity and general community well being and cohesion, and environmental outcomes that will be achieved both immediately and in the future.
- **Designing programs that also take into account the differences (isolation, socio-economic, demographic and level of disadvantage) between regions so that programs are equitable and accessible by all target groups regardless of their physical location and other circumstances.** A "*one size fits all*" approach is not appropriate in the delivery of programs throughout Australia. Apart from the obvious differences between States, different issues and needs are evident between



regions. It is therefore important that programs have flexibility in terms of what can be funded and the costing regimes that are employed to determine “value for money” and outcome priorities;

- Favour **community building initiatives that are driven by the work already being undertaken in the development of Local Government Community Plans**. One way to minimize administrative costs and eliminate duplication is to recognise and utilize the work already undertaken by other government agencies. For instance, in Victoria most regional LGAs have been funded by the State Government to develop comprehensive Community Plans. These plans have been developed for whole of Shire wide as well as local community levels. These Community Plans will provide a comprehensive outline of where Government funding is needed and reflect the expectations and aspirations of real communities and are based on well executed community consultative processes – why not utilise this work rather than duplicate effort?
- **Recognise the value of initiatives that improve communities capacity for innovation and continued development of their human capital**. In this context “innovation” and “human capital” refer not just to the “industrial” context of human endeavour but to every aspect where creativity, capacity to learn and an openness to collaboration is important for a rural community’s well being and livability. This approach fits within the concepts associated with “smart” and “learning” communities and helps enhance a region’s capacity to attract and retain the broad range of people needed to maintain vibrant local communities.
- **Ensuring that there is two-way accountability for regional programs**. It is important that all parties involved (government, funding agencies and recipients) are held accountable for the performance of the program. In this context “accountability” is more than simply *transparency and effective contract management*, rather, it is much broader than that. Accountability needs to focus on what is intended and the integrity of the individuals and systems involved.

Involving Local Government as the “accountable” link to local communities will be the basis for achieving a workable community accountability model.

- **Changing the language from “partnership” to “collaboration”**. The “funding game” based on “partnerships” has become a process whereby applicants for government funding play each level off against the others in the name of “partnerships”. If a “collaborative” approach based on a single application with the Government agencies negotiating between themselves, without the involvement of the applicant, as to the funding mix were to be adopted, this would eliminate duplication at every level and provide the basis for streamlining the administrative approach.



- **A more collaborative approach is needed if the concept of “cooperative Federalism” is to be a reality.** Under such an approach a number of changes would be needed in the way Governments deliver programs.

CentreLink has proven successful in streamlining the delivery of Australia’s many income support programs which has resulted in considerable efficiencies across a number of portfolios without compromising service standards for clients. Based on the *CentreLink* model, a new agency (e.g. Regional Development Australia) could be given the role of providing program delivery and contract management function for a range of Australian Government agencies.

This approach would have the benefit of providing a mechanism under which a number of Commonwealth programs could be accessed through a single application process for projects. Having a single program delivery agency coordinating the assessment and funding functions of a number of agencies would provide the opportunity to reduce the Commonwealth’s program delivery overhead as there would no longer be the need for each program Department to maintain assessment and grant contract management divisions. This process would also help to address the traditional issues of “double dipping” where multiple funding sources are accessed because a single agency would coordinate the funding arrangements through a single service agreement with the funding recipient.

A centralised program implementation mechanism would also improve the capacity of the Government to monitor the performance of programs as the interrelationships between portfolio activities would be more easily identified and linked.

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

It is important that the experience gained by all stakeholders in the development and delivery of the Regional Partnerships Programme is viewed as a learning process that can be used to improve the Australian Government’s capacity to better support Regional Australia.

The Australian National Audit Office (ANOA) report on Regional Partnerships provides ample information on the issues and deficiencies of the program. Rather than rehash this detail CVACC seeks to take a more strategic approach based on the question “*what can we learn from the Regional Partnerships experience, and how can we better achieve the outcomes sought by Regional Australia?*”

As a starting point, CVACC has long been of the view that the main issue relating to the Regional Partnerships Programme was that it lacked a rigorous policy foundation.

One of the Regional Partnership Programme’s strengths was that, it could be used to fund almost any type of project that a community may wish to undertake and where a specific “need” could be demonstrated. As a result over a thousand successful and very worthwhile projects have been funded during the life of the Programme. Many communities have



benefited through the infrastructure and capacity that the flexibility provided under Regional Partnerships was able to be supported.

CVACC's concerns with the way Regional Partnerships was delivered included:

- The treatment of projects that where "core business" for Local Government resulted in the Programme losing its capacity to assist in the funding of Local Government projects that would support the growth of the business sector, job creation and retention, skills development, community amenity and services and heritage.

CVACC therefore recommends that the Commonwealth builds funding mechanisms that recognise the need to fund "core business" Local Government projects where such projects are beyond the applicant LGA's capacity to fund the project within an appropriate timeframe. The main factors that will influence such approvals include infrastructure projects in "high growth" LGAs and at the other end in small rural and remote LGAs that are struggling to remain viable because of a small ratepayer base and significant levels of infrastructure that needs to be maintained.

What ever approach is adopted it is important to deal with different local governments equitably and in a way that ensures all communities have access to similar levels of service. This will require the Commonwealth recognising that all LGAs are not equally well of and making allowance for regional differences when providing program assistance.

- CVACC has noted that there were a number of inconsistencies in the Department's assessment of projects, particularly where there was a need for local knowledge and/or specialist business and technical knowledge. In many cases CVACC has seen assessment recommendations that it believes have been inaccurate or have been made by Departmental staff without the specialist subject knowledge required to assess a project. Many of these issues would have been addressed if the policy basis for Regional Partnerships was better thought out and documented.
- The issues raised in the ANAO report are symptomatic of a program lacking a sound policy basis, rather than simply of "political" influence. The lack of a sound policy framework made the task of assessment and approval less rigorous that it should have been. However, CVACC's experience has been that in the instances where the Minister has over-ruled the Department's funding recommendation, the approval has been made on the basis of objective information from the ACC Committee and/or community that highlights a gap not taken into account by the assessors in the Department.

CVACC believes that it is important that Minister's have the discretion to agree with, or reject, the assessment of the Department where the Minister believes the Departmental position does not accurately reflect the actual situation. This is where a good "policy" framework is important because where there is a well developed policy based on rigor and substance, the Departmental assessments are founded on



policy framework and are less likely to be challenged, thus addressing the concerns of the ANAO.

CVACC's bottom line is that ultimately it is the responsibility of the Minister to decide whether or not to follow the Department's recommendations, there will be times that a Minister's decision does not conform with the Department's recommendation. Where this happens, there should be a process of documenting the basis for the Minister's alternative view and the policy basis for the decision being made where it is contrary to the Departmental recommendation.

- CVACC is concerned that the adverse ANAO Report will result in regional Australia being further disadvantaged in terms of its access to funding to build and maintain the core infrastructure needed to allow many communities to remain viable. A factor here is the continued "cost shifting" of service provision by the Commonwealth and State Governments onto LGA's. The issues raised in The Report of the House of Representatives Economics, Finance and Public Administration Committees *Inquiry into Cost Shifting and Local Government*, tabled in Federal Parliament on 24 November 2003 (Hawker Report) are still relevant. The last three years of Regional Partnership's operation illustrated a lack of will on behalf of the Commonwealth to address many of the issues highlighted in this report.
- CVACC believes that all Commonwealth policies and programs need to address how projects will assist communities to adapt to the challenges of climate change. For instance, standards could be established which require projects to factor more sustainable energy management systems into projects, such as mandating solar hot water systems, as a condition of funding for any construction based project.

The ALP 2007 Federal Election Platform, *Regional Development for a Sustainable Future* provides a good basis for better targeting the needs of Regional Australian communities and businesses. We should be focusing on how to best turn the Election Platform into practical programs that build the wealth and viability of regional, rural and remote communities, rather than dwelling on the Regional Partnerships program.

Regional Development for a Sustainable Future provides for the better coordination and collaboration of Commonwealth, State and Local Government activities across all portfolio areas. Greater collaboration would reduce duplication and provide for many efficiencies which would contribute to improved program effectiveness and the consistency in outcome expectations across all levels of Government and by program stakeholders.

CVACC is concerned that Regional and Rural Australia is still quite disadvantaged in their capacity to access many government services, particularly health, education and other support services. A strength of Regional Partnerships was that it helped address these inequities, however the policy and other limitations of the programme restricted its capacity to assist in many circumstances.

A factor limiting the equity of, and access to, Regional Partnerships funding was the requirement for "partnership" contribution, usually of over at least 60% of the



funds/resources required. This often discriminated against the more disadvantaged communities because they often did not have access to the resources and networks needed to attract the partnership dollars needed.

CVACC believes that the establishment of Regional Development Australia, the approach outlined in the Rudd Government's *Regional Development for a Sustainable Future* and the Rudd Governments commitment to an evidence based decision making approach will result in a more holistic program approach to regional development and the provision of services generally.

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.

In general CVACC has been satisfied with the way Regional Partnerships has been delivered. The Committee's main issues have been about:

- Restrictions arising from the Minister and Department's position on what constitutes "core business" for applications from LGAs. In a Central Victoria, because the needs of LGAs are growth related and largely "core business" infrastructure driven, Regional Partnerships was becoming of limited use in assisting in the further development of the region's economic and community capacity.
- A focus on community infrastructure (community hubs, skate parks and halls) without an equally balanced approach to supporting projects aimed at enhancing and supporting economic development.

It will be important that any future funding programs retain some flexibility to fund a wide range of projects and have some discretionary scope for the Minister to approve projects that are at the margins, but which will have a clear and lasting benefit.

