

Colac Otway Shire DRAFT Response to Inquiry into a New Regional Development Funding Program

The Minister for Infrastructure, Transport, Regional Development and Local Government, The Hon Anthony Albanese MP, has asked the House of Representatives Committee on Infrastructure, Transport, Regional Development and Local Government to inquire into and report on the Australian National Audit Office's Performance Audit of the Regional Partnerships Program. The Committee is to report on the Australian National Audit Office's Performance Audit of the Regional Partnerships Program and make recommendations on ways to invest funding in genuine regional economic development and community infrastructure with the aim of enhancing the sustainability and liveability of Australia's regions.

The Committee's report is to:

1. Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects;
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; and
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 Colac Otway Shire DRAFT Response to this Inquiry will focus on items 1 and 2 of the Terms of Reference:

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

Manager Economic Development, Mike Barrow will be presenting at a Council Briefing on 24 June 2008 on this draft submission and seeking your input.

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

Public Investment in rural towns and regional centres is vital for the sustainability and growth of rural and regional communities and economies. Roads, rail, public transport, IT networks, streetscapes, recreation facilities and arts centres all create an environment that stimulates private investment, job growth and population growth.

(A) Liveability

The most vital investment that the Regional and Local Community Infrastructure Program could make is in community infrastructure that enhances liveability.

This is a concept that provides a method for examining a range of factors that effect people's lives very personally but also reflect the health of the community as a whole and provide an indicator of the local economy. It is well expressed in the State Government report, 'Provincial Victoria Emerging trends in jobs and population 2005':

- Liveability attributes such as an attractive built and natural environment, cultural and recreational opportunities.
- Access to quality health and educational services.
- Range of housing – affordable housing options and diversity of housing and lifestyle choices.
- Proximity to a capital city, other regional cities and a network of surrounding townships
- Presence of a university.
- Range of employment options providing opportunities for changing jobs and jobs for partners.

Government contribution to any program or project that enhances liveability is a genuine investment in regional community and economic development. This is recognised by the State Government in Regional Development Victoria funding programs and a similar policy initiative by the Federal Government would create an equivalent funding stream that would enable uncomplicated partnership projects that meet the goals of Local, State and Federal Governments.

(B) Climate Change

Climate Change is now accepted as a scientific fact and the evidence of the effects of change on rural farming communities is now beginning to be evident beyond the cyclical effects of drought. In Colac Otway Shire we are fortunate to have a plentiful supply of rainfall in the Southern sections of our municipality supporting a strong dairy industry. The Northern sections while drier have always been able to support a range of agricultural activities including dairy. In recent times due to the drier conditions and long term forecasts of continued dry weather there has been an increase in cropping and a decrease in dairy and beef farming. The Federal Government could use the Regional and Local Community Infrastructure Program to enable projects that help farming communities cope with the effects of climate change through innovative water projects, or assistance in land use change and evolving farming practices.

(C) Funding Formula

Funding formulas vary from program to program Federal and State Governments and reflects a lack of consistent thinking in all levels of Government about the most effective way to achieve growth and sustainability in rural and regional areas.

Major Local Government projects such as the redevelopment of the Apollo Bay Harbour Precinct Redevelopment, the Princes Highway West duplication or the development of an Education Recreation and Community Precinct in Colac require substantial funding outside the financial resources of Local Government. While funding grants are available from a range of State and Federal Government bodies, these grants usually are narrow in focus and limited in size. What is needed is the capacity for local government to apply for funding equal to the amount needed to complete the project as a whole rather than in a piecemeal manner and related to the ability of local councils to find matching funding.

Programs such as the Victorian State Government's Regional Infrastructure Development Fund have a flexible funding formula and this discretion enables a flexible approach to project development of a medium to high level. The discretion is a two edged sword in that there is also lack of certainty and subjectivity in the assessment of applications.

Regional Development Victoria has recently recognised the difficulty Local Councils have in raising funds to match the range and amounts of grants funding from the

State. The Small Towns Development Fund ratio of \$2 for \$1 has been increased to \$3 for \$1. This will enable a greater number of projects because Local Government dollars will stretch further. It will also mean a wider spread of projects throughout Victoria especially in small rural townships because local allocations of funding tend to be small and contributions of small communities is limited. This will enable these smaller projects to reach feasibility more quickly before the majority of funds are taken up by larger municipalities with greater resources.

(D) Equity

One of the features of grant funding is the competition for funds. In Victoria this is competition between regions across a relatively small geographic spread and socio-economic profile. There are major regional centres that use their political strength and comparative wealth to leverage greater funding from State Government but the State has recognised this in creating a range of programs that at least provide opportunity to all municipalities.

It is important that the new Regional and Local Community Infrastructure Program takes into account the wide geographic spread, vast differences in socio economic profile, political dominance of regional centres and relative rates wealth of some municipalities in designing a program to achieve sustainable local communities and sustainable local economies across all of Australia. Particular recognition is necessary for small municipalities with a low rates base. A two or three tiered funding program may assist in creating this kind of equitable access to grant funds with different maximum funds and matching funds requirements for each level.

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

The efficiency of Federal Government funding of community infrastructure could be improved by:

(A) Local and Regional Responsibility

Regional partnerships was administered through referral from a Regional Area Consultative Committee (ACC) to a Federal Government Officer in Melbourne, a web based application process, an assessment in Canberra and monitoring through a Regional Officer of the former Department of Transport and Regional Services (DOTARS). Following lodgement of the Regional Partnerships application there was no further contact with the ACC as it had no close relationship or formalised processing link with the Department. This was a cumbersome, time consuming, disconnected and unreliable process

The Federal Government is planning to replace the ACCs with Regional Development Australia (RDA) to provide strategic input, improve coordination and link to local government and regional organisations. RDA could also be staffed with appropriate resources to enable a higher level of engagement with its stakeholders so that an investment can be channelled into genuine local priority projects. The RDA network would then match the Victorian State Government's Regional Development Victoria network and work in partnership to ensure that while both State and Federal Government policy initiatives are implemented that there is symmetry in assessment and processing of grants.

(B) Alignment with State and Local Government Processes

The key issue in efficiency is streamlining processes including budget cycles application and assessment regimes.

The new Regional and Local Community Infrastructure Program could be structured so that it fits in with the Budget cycle of local government. The annual budget and priority areas for funding could be announced in time for Councils to prepare internal budget submissions so that matching funds are available in the following financial year.

Federal Government application and assessment processes could be aligned with State Government processes so that Project Implementation Planning can be streamlined and projects commenced, delivered and acquitted in a timely fashion.

(C) Flexible Guidelines

While it is important that funding programs fulfil the commitment of policy direction set by Governments and so guidelines must reflect the policy priorities, it is also important that program guidelines are flexible enough to enable support for projects that do not fit exactly into the mainstream formula of projects but achieve the overall policy objectives.

This point raises again the importance of local involvement in project development and local responsibility in initial project assessment. An RDA Project Officer could work closely with Local Government in the development of projects and build them to ensure that they generally meet the criteria of Regional and Local Community Infrastructure Program but do enhance the sustainability of local communities.

It would be helpful if there was liaison between Federal and State Government Officers on the development of programs and guidelines so that the differences in program goals are not so far apart that good project proposals fail for want of support from one or other of the Government partners.

(D) Ongoing Funding not 'Rounds'

Regional Development Victoria has proven over time that ongoing availability of funding is the most effective way to create an efficient flow of cash from State Government to local Government partners.

The 'Rounds of funding' method used by other departments causes a frenzy of activity close to close of application dates with a bottle neck of requests for advice and assistance then a lengthy wait for assessment and prioritisation followed by a further wait for official announcement. This is a full throttle start stop process that works against a planned and considered approach to project development.

The downside to ongoing funding is that eventually at the end of budget cycles there will be little or no funds left for allocation however it encourages Councils to act with purpose and to ensure their own processes efficiently match the availability of funds.

Finally, Colac Otway Shire appreciates the opportunity to contribute to this Inquiry. Partnerships between Federal, State and Local Governments are essential for the delivery of infrastructure and services that will assist rural and regional communities to grow and prosper.

Colac Otway Shire has been fortunate to receive Regional Partnership Funding for a small number of projects which will contribute to the growth of our local economy and support community growth.

A localised, streamlined approach that takes into account Federal, State and Local Government budget cycles, assessment processes, equity in access to funds and a considered approach to ratios of matched funding will assist in developing the new Regional and Local Community Infrastructure Program into a program that achieves genuine regional economic development, enhances the sustainability and liveability of Australia's regions and does so efficiently and equitably.

