

SUBMISSION FROM FOUNDATION FOR RURAL AND REGIONAL RENEWAL

Executive summary

FRRR began in 1999 independently and prior to the Regional Partnerships Programme.

In October 1999 the Regional Australia Summit was convened in Parliament House Canberra. Participants were Senators and Members from across the parties, academics, businessmen and women, bureaucrats, regional and community representatives. They identified the economic and social impact of production and market changes and seasonal conditions on rural and remote Australia.

The Summit followed an initiative of the direct descendants of Sidney and Merlyn Myer who announced a major giving program to the Australian community to celebrate the centenary of Sidney Myer's arrival in Australia. Among the project grants approved by the Trustees was \$1 million allocated to develop a national foundation for rural communities.

The Commonwealth Government represented by the Hon John Anderson MP, the then Minister for Transport and Regional Services, accepted the prospective role of philanthropy in addressing the problems of rural communities and entered into a partnership with the Sidney Myer Fund to form the Foundation for Rural and Regional Renewal (FRRR). The Government allocated \$14.5m (\$10m corpus, \$3.8m challenge grant and \$700K for initial program and administrative costs) to supplement the Myer \$1m and introduced legislation to give tax deductibility status to FRRR to ensure its attraction for community donations.

The 2000 to 2008 period has seen increasing partnerships between government, philanthropy, business and the wider community, funding diverse programs particularly small grants, such as the highly collaborative \$50 'Back to School' grants.

With the \$10 million corpus securely invested FRRR granting this year (2007-2008) will be around \$4 million with an average of an additional \$9 for each dollar granted being contributed by recipients in-kind or cash. This represents a very significant complementary contribution to these communities from non-government sources.

The FRRR model is a partnership between philanthropy and Government. It differs from the Regional Partnerships Programme in concept and administration emphasising small grants to help rural and remote individuals and communities to help themselves.

- FRRR has been supported by both sides of Parliament since its inception
- There are no political overtones in FRRR grant allocation at all
- FRRR has helped redress the disadvantages identified at the Regional Australia Summit along with the subsequent impact of drought and climate change
- FRRR experience demonstrates that partnering with philanthropy has augmented funding from the Government with effective allocation at low administrative cost

A brief history of FRRR

The Foundation for Rural and Regional was an initiative of the Sidney Myer Fund. Launched in 2000, FRRR preceded, but continued to grow around the same time as, the Regional Partnerships Programme. FRRR is a unique and separate initiative that received Commonwealth Government support as it was seen to complement the new partnerships approach to rural support and development.

The Sidney Myer Fund idea for establishing a new philanthropic foundation to specifically serve rural and regional Australia arose from the enormous economic and social changes

taking place beyond the cities in the 1990s and the need to help country people to cope with these changes. The effects of economic adjustment were widespread and these were affecting the livelihood and the morale of many communities and the personal well-being of individuals. The Sidney Myer Fund was receiving many calls from despairing communities as they saw their facilities closing and people selling up and leaving.

As part of a special program celebrating the centenary of Sidney Myer's 1899 arrival in Australia, the Sidney Myer Fund Trustees in 1999 allocated \$1 million as a "challenge" to the Commonwealth Government and the private sector, to set up a national program of grants to support and strengthen rural and regional communities.

The Trustees of the Sidney Myer Fund put up the challenge after having consulted widely as to the need for a special rural funding program. In 1998 the Fund had held a two-day national consultation forum in Canberra with support from the USA's Ford Foundation, and Aspen Institute Rural Program. Key rural and regional people were invited to advise the Fund on whether there would be support for a national rural philanthropic organisation. There were people from the National and State Farmers' Federations, health and education groups, Country Women's Association, rural media, trade unions, academics and environmental scientists, politicians, public servants from three levels of government, banks, commodity groups and community members. The then Minister for Transport and Regional Services, and the Shadow Minister were also invited to attend.

After attending part of the forum, and witnessing the level of support for the idea, the Minister for Transport and Regional Services took up the challenge put to business and government by the Sidney Myer Fund, and a partnership was formed to establish the Foundation for Rural and Regional Renewal, along with the previously mentioned allocation of \$14.5 million.

At the time the Minister had been interested in the Nebraska USA approach to rural community development based on a partnership between government, business and philanthropy. In providing the grant to establish FRRR he saw philanthropy's potential as a unique contributor to rural resilience and renewal. FRRR has operated out of its offices in Bendigo since 2002.

Foundation for Rural and Regional Renewal - Current Structure and Status

FRRR is a Company Limited by Guarantee and governed by a board of directors who are responsible for decision making with regard to grants. The Board represents a range of people with rural connections from the community to the corporate level, including a director from each of the founding organisations: the Commonwealth Government and Sidney Myer Fund.

Investment earnings and Government challenge monies have to date sustained operations. Contributions from other trusts and foundations, corporate and private donors provide funds for grant making. FRRR has evolved into a "get and give" organisation in that equivalent public funds raised in any given year are generally distributed within that year.

FRRR is the only national organisation offering small, discretionary funds to small regional communities across Australia. It has wide grant making powers which puts it in a unique position to assist rural communities as it can distribute funds to non DGR organisations.

FRRR collaborates with communities around Australia and takes a leadership role in assisting regional communities to drive change and/or respond to social, cultural and economic need. FRRR encourages innovation and creativity.

The FRRR objective

FRRR aims to support projects to meet the following objectives and have a real potential to achieve significant results for people within rural and regional Australia.

- Promote for the public benefit, rural regeneration and development in Australia in social, economic, environmental and cultural areas (the FRRR mission)
- Add value to the work of rural organisations to resolve regional development issues at a national and local level.
- Strengthen regional capacity for growth, development and adjustment in the context of national and global change.
- Develop new ideas and methods through thinking, researching, debating, testing and informing to address issues facing regional and rural Australia
- Strengthen the regional and rural voice to ensure vigorous regional and rural participation in national growth and development.
- Provide facilitation services to assist groups to lead and face change so that regional and local communities can choose paths to their futures.
- Raise money and other resources (both tax deductible and non-tax deductible) for the operation of the national body and the funding of national services and programs to resource rural Australia.
- Raise money and other resources (both tax deductible and non-tax deductible) for direct use by regions for projects and/or seed funding for local capacity building and funding bodies.
- Provide expertise and support to local and regional bodies to assist them to raise funds for local capacity building projects and initiatives.

Current activities

FRRR core business is to make discretionary grants to organisations working to strengthen rural and regional communities across Australia. FRRR works collaboratively with a range of partners and administers 16 established grants programs and a number of specifically tailored programs for partners such as the recent *ABC Drought Not Out Program*.

The grants support community projects under 6 broad criteria: economic, environmental, health, education, cultural and social and community welfare. Since inception, FRRR has supported over 2,700 grant applications to the value of \$16.8 million; mainly to populations of 5,000 or less.

Current programs and partnerships

- Helping Hands Program
- Community Foundations Program
- Small Grants Programs
 - Small Grants for Small Rural Communities Program – A Collaborative Partnership (currently 13 partners)
 - PEERS Program – Caledonia Foundation
 - E3 – Royal Agricultural Society Foundation
 - ANZ - Seeds of Renewal Program
 - Gardiner Foundation – Working in Dairying Program
 - Caring for Aging in Rural Australia Program (2 partners)
 - Stretching the Envelope – Australia Post VIC/TAS/NSW
 - McEwen Foundation – ANZ Trustees
- Rural Education Program – Private donors
- Back to School Program – Winter & Summer (partnership)
- FRRR/Pratt Foundation Water Management Program
- Donation Account Program – supporting various community projects in raising funds

Role of Philanthropy in Rural and Regional Development

The past decade has seen substantial growth in the size and influence of the philanthropic sector. This has been due in part to the enabling effect of tax laws changes, increases in foundation capital funds through economic growth and the emergence of philanthropists from the shadows of the past where charitable giving tended to be a well-kept secret.

The amount given by Australia's 5,000 philanthropic trusts and foundations is estimated by Philanthropy Australia as between \$500 million and \$1 billion per annum. Total giving from individuals in Australia is estimated at \$7.7 billion in 2005. Business giving is estimated at \$3.2 billion in 2004. Yet Australia lags behind most economically advanced countries in its level of giving in relation to its actual wealth, so there is room for considerable growth in the amount of philanthropic giving in rural and regional Australia. Little is yet known about the proportion of giving that reaches rural and regional Australia but it appears to be very low.

By far the greatest contribution to rural and regional Australia is from volunteer work. If quantified by paid working hours the figure would be in the \$ millions. According to Volunteering Australia, the national figure is \$713 million, but there is no rural breakdown of this figure. It is known that 38% of country people volunteer, 6% more than city people.

Philanthropy has come a long way from the traditional concept of charitable giving, often underpinned by a religious or moral motivation to "give back" to the community and to ameliorate pain and suffering. These days it is more about supporting social change than just charity and doing this through strong partnerships. In the late 1990s, this concept was also becoming dominant in the thinking behind other grants programs in Australia including the Government and corporate funders. Before that, there was little publicly known about philanthropy in Australia and government had no clear relationship with private funders.

The Regional Partnerships Programme commenced around one year after FRRR was established and, like FRRR, it embraced the principle of supporting community-driven rural and regional development through collaborative partnerships. But there are very clear differences in the role of government and the role of philanthropy in funding regional development. Though philanthropic trusts and foundations are responsible funds managers subject to regulation and accountability requirements, their relative independence allows special characteristics that set them apart from other sources of funding. They have the ability to:

- support new ideas and share some of the risk with those in developing new solutions
- respond quickly to issues as they arise with a minimum of red tape
- bring a variety of people to the table, sometimes strange bedfellows, to find solutions
- think independently of government policy but also enhance delivery of policy
- provide mechanisms for the growth of private giving at the local level
- enable flexibility of approach so that innovative solutions are not constrained by rigid rules
- develop links with business – most trustees of foundations are people of wealth or influence who can bring more than dollars to the community, such as networks and resources
- create a leverage effect through bringing in trusting and trusted funding partners FRRR has developed deep trusting relationships with other philanthropic donors and the communities they serve, bringing in dollars they would not have had otherwise

FRRR and other philanthropic funders in rural Australia complement Government regional funding programs. The challenge for FRRR was to grow and flourish as a significant provider to rural communities, as a complement to, rather than an agent for, the government program which aimed to achieve some of the goals FRRR had set for itself. This challenge remains for FRRR. The amounts of money available from philanthropy are miniscule compared with government sources so any partnership funding from philanthropy must have a strategic role and not merely provide a small boost to the pool of funds provided by government.

FRRR is not a second-chance or deficit funding source - FRRR has an important and particular role as one of many support organisations for rural and regional communities. It is not to be regarded as a second-chance at funding for unsuccessful applicants to government programs. Being a charitable organisation, FRRR has no role in private enterprise and competition issues, though it may support community enterprises and other programs that

bring a benefit, address poverty and disadvantage, and contribute to the sustainability of rural communities.

Three Special Foundations are important to rural and regional communities. FRRR, Australian Business Arts Foundation and Australian Sports Foundation are all able to respond flexibly to community funding needs. Being established for charitable purposes, philanthropic organisations must concentrate on activities that meet the broad definition of "charity" under Australian law. In practice, philanthropy in rural Australia is restricted to work around poverty and disadvantage. There is ample scope for philanthropy to work on these issues in rural Australia and where there are limitations such as funding for sport (important to rural people) the Australian Sports Foundation provides for grants to sporting clubs that would not otherwise have DGR status, and Australian Business Arts Foundation provides for small arts organisations without DGR to access grants. Along with FRRR, Commonwealth support for these three Foundations is very important for rural people.

Community foundations - communities building their own funding base One of the direct outcomes of FRRR's particular position as a philanthropic organisation has been the growth in rural community foundations. Most of these have had start-up funds from FRRR and all have used FRRR resources including access to the annual Community Foundations Forum, held in a different State each year. FRRR also provides a Community Foundations portal in partnership with Philanthropy Australia. These are a unique new mechanism for rural communities to raise and retain funds within their own district and, in the long term, aim for a level of independence from government. Where possible, community foundations aim to pool sufficient resources for a permanent asset base in the form of an endowment.

Although they may vary according to context and circumstances, at the heart of a strong community foundation is the idea that local people and groups are best placed to respond to local challenges. Grant making is therefore the local foundation's key development tool. Grants to local groups empower them to address a range of local needs. FRRR's initiation of this movement, its seed funding to individual foundations, and its ongoing role in networking and supporting the rural community foundations has seen a remarkable growth in rural foundations from just one in 2000, to 26 in 2008.

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

FRRR receives applications from across rural and regional Australia and has an established network across all states and territories. It has seven years' experience in developing and delivering grants programs. It draws on that experience to advise the Government on future funding of regional projects

This submission is limited to the experience of FRRR as one of the many partners with government and business involved in funding within regional communities. As most FRRR grants are in the small to medium category, comments are restricted to this funding level.

In January 2008, FRRR established its *Helping Hands* program funding projects up to \$50,000. Helping Hands has received a high profile amongst community groups and is actively promoted by the ACC network. FRRR received \$5.8m of requests in the first eight weeks of the program. \$125,000 is allocated every three months to support the program. FRRR is inadequately resourced to respond to this level of need. Applicant feedback is that *Helping Hands* is identified as the only alternative funding sources for community infrastructure now that Regional Partnerships Programme has closed.

This has also had an impact on all programs administered by FRRR with a total of 1,690 applications worth over \$16M being received in the six month period commencing January 2008. FRRR has only been able to fund \$1.87m of these.

FRRR's program delivery model ensures funding flexibility and efficient, cost effective program delivery that can respond to the immediate needs of rural communities.

FRRR reports annually to Government and figures quoted in this submission are based on information already provided to government for the 5 years 1/7/2002 to 30/6/2007. During this period, FRRR has received requests for funding totalling \$29.7m. With its limited resources, FRRR was able to support \$11.9m of these requests. A break up of requests and funding by State and category is provided below.

BY STATE	NSW	NT	QLD	SA	TAS	VIC	WA
All Requests	9,911,075	358,820	5,037,443	2,766,075	616,808	9,339,573	1,679,663
Total \$ Requests Funded	3,592,439	200,305	1,615,355	931,302	276,118	4,392,022	865,353
% of Requests Funded	36%	56%	32%	34%	45%	47%	52%
Ave \$ Request	\$7,944.19	\$7,501.17	\$7,391.38	\$6,332.72	\$4,856.75	\$6,749.14	\$6,480.88
Ave \$ Funded	6,314	4,195	5,401	4,506	3,314	6,492	4,870
Ave diff btwn \$ Requested & \$ Funded	\$1,630.61	\$3,306.61	\$1,990.44	\$1,827.13	\$1,542.81	\$257.04	\$1,611.36
No. requests received	2,269	45	868	471	177	2,369	303
No. requests funded	556	44	351	200	80	707	170
No. unsuccessful requests	1,713	1	517	271	97	1,662	133
% Requests funded	25%	98%	40%	42%	45%	30%	56%
% Requests not funded	75%	2%	60%	58%	55%	70%	44%
Maximum \$ Requested	\$300,000.00	\$27,653.00	\$125,000.00	\$70,000.00	\$27,500.00	\$350,000.00	\$75,000.00
Maximum \$ Funded	200,305	25,000	42,000	28,950	15,000	303,100	100,000
Minimum \$ requested	\$350.00	\$370.00	\$300.00	\$275.00	\$480.00	\$60.00	\$370.00
Minimum \$ Funded	350	370	300	275	407	100	370

BY CATEGORY	Culture	Economic	Education	Environment	Health	Social
All Requests	2,490,760	4,474,028	8,420,166	4,228,031	3,569,890	6,526,582
Ave \$ Request	\$6,938.05	\$8,409.83	\$7,111.63	\$10,731.04	\$6,647.84	\$6,174.63
No requests	609	782	1,984	646	787	1,694
Maximum requested	\$97,000.00	\$275,000.00	\$106,000.00	\$255,000.00	\$350,000.00	\$300,000.00
Minimum requested	\$585.00	\$100.00	\$242.00	\$400.00	\$400.00	\$60.00
Total \$ Requests Funded	940,690	2,225,049	3,262,162	2,434,495	988,740	2,021,757
% of Requests Funded	38%	50%	39%	58%	28%	31%

FRRR's granting criteria are intentionally broad to enable communities to apply for **what they need**, rather than prescribing to them **what they can have**, but within the definition of charity. It has been FRRR's experience that need trends naturally emerge from the types of requests being received and highlight that communities are facing common difficulties. The grant applications received by FRRR can be an early warning of what are the key issues emerging in the community.

In response to "need trends" FRRR has established supplementary programs that focus on these issues. Recent examples include a partnership with the Becher Foundation to fund maintenance and repair of community halls. This program runs in conjunction with the established Small Grants for Small Rural Communities Program and applications are transferred internally. A similar partnership has been established with the Caledonia Foundation to support projects involving disadvantaged youth.

It is not always appropriate for a philanthropic foundation to fund organisations that are clearly eligible for funding under a Government program. A common pathway for FFRF

funding is to support a new idea, a pilot project and in doing so, give the organisation the opportunity to demonstrate a need and a solution so it is better placed to meet eligibility requirements of government regional funding programs. Other recent examples of emerging trends reflecting community needs are expressed through the following categories of grant application.

Physical infrastructure

- community halls, many of which exceed 100 years in age, now need repair, renovation or minor items such as a new refrigerator, oven, or updated heating and cooling
- materials, maintenance and repairs to community based early childhood providers
- licensing requirements for preschools and childcare centres in NSW, Victoria and South Australia have changed without any additional resources being provided to assist with the financial burden of complying with the new requirements
- Community enterprises such as historical societies, cafés, internet access points and adult education providers are dependent on fundraising and have been seriously affected by the economic impact of the drought
- Community playground equipment is now either reaching the end of its useful life or no longer meets safety standards
- The sun smart message has been heeded however adequate resources are not available to enable compliance with items like shade sails
- Sporting fields deteriorating in the drought and a last community gathering point

Social infrastructure

- Development of community foundations as a mechanism for self determination and long term financial independence as well as a way of engaging youth in the future of their community
- Mental Health is a significant issue for rural communities due to the economic and social impact of climate change and drought
- Men's Sheds are growing both in number and importance for communities with a retired and ageing population
- Women as community builders– networkers – land carers- farm value-adders, family glue - need support as they are often the last to seek it.
- Social activities have become a tool for involving the community in mental health awareness and making communities aware of emergency relief service providers, particularly given the impact of the drought
- Sport - FRRR often encounters the difficulties that sporting groups face in sourcing funds. For example, in Victoria "there are an estimated 16,000 sport organisations, 64% of which have less than 200 members.... these ... are the life-blood of local communities"¹ yet *sport for sport sake* is not a charitable purpose and thus falls outside the funding criteria for most philanthropic bodies.

Economic infrastructure

- Technology is still a barrier in many small communities, not only the cost of current systems, but also access to service providers and user skills. Many groups operate with minimal computer skills and out-dated hardware and software

¹Vic Government "Stronger Community Organisations Project – Report of the Steering Committee, November 2007"

- Tourism is source of economic diversification for many communities but there are few supporting funds particularly in small communities
- There is a need to bring knowledge to rural Australia building on regional assets
- Support women as business innovators – micro enterprise, value adding to farms

Environmental infrastructure

- Landcare and service groups such as Rotary struggle with the environmental impact of the drought, affecting tourism and environment and agriculture
- Community water infrastructure - tanks, pumps, pipes and recreation area irrigation equipment
- Drought tolerance – many communities seek funds to replant recreation areas
- Rural fire brigades are grossly under resourced, necessitating a disproportionate amount of volunteer energy being expended on fundraising for basic equipment.

2. Examine ways to minimise administrative costs and duplication for tax payers

Simplify the grant application and reporting process. This is a universal plea, and the Government made several adjustments to try and improve the process. Many small organisations find the grants application and reporting process to be daunting and a disincentive to apply. The burden of writing submissions and then reporting may demand more resources than the applicants have at their disposal. Yet often the small grant seeker is the catalyst for a major change in a community. A request to a philanthropic trust for some paint to fix a small Victorian town's bandstand has been known to start a process of economical and social improvements that far outweigh the \$600 grant. That application is unlikely to have gone to a government funding program because of the work involved. The government must find a balance between its duty to distribute funds responsibly on the one hand and the need to keep administrative costs down. One way is to simplify the application form and reporting mechanism particularly for small grants less than \$10,000.

A one-stop shop approach to regional funding applications – this has been attempted with the rural funding portal *Grants Link* and other facilities such as *our community.com*. But such a facility will only work at full efficiency if all of the major funding sources participate in the program. The current Grants Link portal does not have information about State funding. Though technology available to most rural people is presently inadequate to provide for on-line grant applications, at least application forms can be available through the portal and these should be streamlined so they are simple and similar information can be provided for each application whether it be for State or Federal Government, philanthropy, or even corporate grants.

Remove a layer of bureaucracy - Applications for Government funding can be an elongated process with applicants waiting months to learn whether their request has been successful. It can then take many more months before funds are released. This scenario is protracted even more in cases where funds are matched because the organisation must first raise their portion of funds before any Government grant is released. Such practice is neither encouraging nor responsive. Less bureaucracy would shorten the lead time between application and result (and ultimately outcome).

Feedback from FRRR applicants indicates that many community groups perceived that the Regional Partnerships application process was very time-consuming. Many organisations are administered by volunteers with inadequate expertise to complete the forms. The assessment process was also confusing with the ACCs, Regional Office staff, National Office staff and the Ministerial Council involved.

FRRR has consulted many community groups, organisations, local councils and ACCs to develop an efficient and cost effective application and assessment process. Application forms are simple, direct and flexible but ensuring all the relevant content is provided. FRRR is an independent body that does not record or consider electorate or political information. The assessment process is transparent and results are provided to applicants within ten weeks. These processes ensure that program administrative costs are kept below 10%.

Standardised financial reporting

Because government must pay particular attention to grantees' responsible financial management, there could be some mutual benefit from introducing a standard method of accounting for and reporting on projects. The work being undertaken at the Queensland University of Technology Centre of Philanthropy and Nonprofit Studies to trial a Standard Chart of Accounts is applicable. The following is quoted from QUT - www.bus.qut.edu.au/research :

Australia does not have a special accounting standard for community organisations. Each government funder has its own financial acquittal terms, which makes it impossible for multi-funded organisations to easily prepare one form of acquittal. "Apples aren't apples." The compliance burden on community organisations is heavy because there are no standardised acquittal documents. The Standard Chart of Accounts provides a common approach to the capture of accounting information by community organisations. If all parties use the same standard terms and categories, eg Wages & Salaries, Printing & Stationery, to refer to the same activities, this Chart will simplify the work of organisations when acquitting government grants.

While there may still be some issues with the application of the Standard Chart of Accounts it promises to benefit community organisations enormously not only in simplifying the process with government but also with other grant makers who may adopt the procedure in future. For grant makers the benefits are quicker and more reliable assessments and greater capacity for comparative assessments across the range of applications.

Public reporting of grants – is a valuable resource for grant seekers and grant makers alike and serves as a way of reducing duplication of grants and reducing the incidence of new projects "re-inventing the wheel". The Regional Partnership Programme online reports on grants was a useful resource to other grant makers and any future web based reporting could provide more detail to ensure that the findings and outcomes are stated and details could be provided about the grant making process, such as who approved the grants. If there is public reporting of project findings others might be inspired, learn how to do things and be less likely to re-invent the wheel when preparing new projects. These reports should remain available for on-line public access in perpetuity even after government changes.

Support capacity building

No organisation should be excluded on the basis of a poor submission. The Regional Partnerships Programme link with the Area Consultative Councils ensured that rural organisations were assisted to put their best case forward. Rural and regional organisations do not often enjoy access to professional and technical supports available to their urban counterparts. They can often need assistance with gaining the organisational skills and capacity to develop, implement and promote the programs that they are otherwise qualified to deliver. A special unit for strengthening rural organisations could have a powerful impact on the capacity of rural organisations to attract funds from a wide range of sources, including business. Artsupport Australia does this for rural arts organisations.

A national database of rural and regional grants - a publicly accessible data base of all rural and regional grants would be a resource not only for grant makers and grant seekers, but also one for researchers and policy makers and a way of enabling public scrutiny of where funds are going. While governments could create and maintain such a database, there could be the facility for other grants organisations to upload information on their grants also. Ideally, publication of all grants from any source, on a national data base would be an

invaluable resource, a way of tracking what is happening across the country, where the gaps are, and a means of showing transparency of the grants process

Use existing providers rather than duplicate services which then compete for limited resources – an example of this *not being done* is evident at the moment. There is talk at Victorian State Government level of funding 12 new organisations in areas identified as suffering extreme poverty using the “Community Foundation Model”. The concern is that they may well duplicate what existing Community Foundations are trying to do, under a separate banner and may even operate within boundaries of current Community Foundations. Ostensibly they will be run by Government and therefore not be independent community organisations, created and driven by the community. It appears that there has been no consideration to consulting with the existing community foundation network.

Consulting with other partners re grants assessments – this is common practice within the philanthropic sector where relationships between foundations with similar focus areas such as indigenous arts will frequently discuss and share their assessments with each other. Also under Philanthropy Australia auspices there are grant maker Affinity Groups in particular focus areas to share knowledge about grants and funding needs. As part of the collaboration involved in maintaining the data base suggested above, there could be a network of regional grant makers established to meet and map the regional grants territory, collaborate on funding, promote rural communities and link a regional funding portal to the database. Such a portal could be the one-stop shop for grant applications referred above.

3. examine the former government’s practices and grants outlined in the National Audit Office report on Regional Partnerships with the aim of providing advice on future funding of regional programs

Need for checks and balances in the grant making process - The Audit Office Report on Regional Partnerships refers to the need for a number of checks and balances to be in place to ensure that the administration of any funding program is fair, transparent and accountable. Nevertheless, this does not necessarily indicate that the fundamental aims and the principles underlying the program are at fault. There can be a risk of throwing out the baby with the bath water at times of policy review. The Regional Partnerships Program grew out of a national consultation through the Regional Australia Summit, and it was what people wanted at the time to deal with the issues of the time. It was founded on a well-established principle of supporting growth and self reliance:

The Regional Partnerships Programme provides financial assistance to all communities across Australia to help them implement initiatives to build self-reliant communities

Future regional funding programs can continue to be built upon this basic principle, in the context of administrative best practice. Many of the grants described in the Audit Report have clearly resulted in the project achieving its objectives. Others are poorly documented with unclear processes and doubtful outcomes. The issues remain the same as they were when the Programme started, but there are many new and critical pressures on rural communities today that require funds to address. For Government funding to fairly and effectively assist regional Australia through hard times, it must be based on clear policies, well documented and reported and processed in a responsible, transparent manner.

Extend the Ministerial grants advisers to community and business - A way to balance grants decision making is to form fixed-term grants committees to advise the Minister with community representatives of high standing, similar to the Australia Council Boards. Well-selected external advisers may bring information to the grant-making process not available to Department researchers. Community foundations could advise on philanthropic activities that are complementing government programs. Business people could also bring their perspective, as well as possibly expanding “the pie” by bringing business donations into the partnership. Through grants advice to the Minister they can give practical strength to that partnership while also providing the balance of decision making that ensures accountability. These people can also bring passion and inspiration to the grant making process.

Support a variety of organisations that can deliver independent small grants programs - for example community foundations, community chests, local government can deliver well-informed discretionary grants to local communities in a simple low-cost way due to local knowledge and less requirement for over-detailed submissions and reporting. The localised grants body would be accountable to government according to the terms of the allocation, but this would only work if a high degree of independence is retained by the distributing body. If, for example, community foundations were to be given an allocation from the Commonwealth for a specific round of small grants, there is a high likelihood of leverage from the philanthropic and business relationships forged at the local level, which is the lifeblood of community foundations. An example might be to outsource a short-term small grants program in response to a particular disaster or local issue.

Support FRRR to efficiently deliver some small grants programs – again provided there is in-built discretionary component to a grants program administered by FRRR, there is potential for it to offer considerable experience in this field to efficiently and fairly distribute government funds. This might be for a one-off discrete program such as a community halls restoration program, or a women’s micro credit program. It might also be a longer term program of grants, depending on the brokerage arrangements. There would be efficiencies for the government in outsourcing this work

4. Examine the former Government’s practices and grants in the Regional Partnerships Programme after the audit period of 2003- 2006 with the aim of providing advice on future funding of regional programs

Define the partners and their role to enhance collaboration. The reforms to the Regional Partnerships Programme following the Audit Report have strengthened program administration and accountability. A firm policy base now needs to be built into this or any new regional funding program so that the tax payer dollar is placed where the need is highest and the greatest impact can be effected. If the principle of partnerships for regional development is retained there needs to be a continuing discussion between the partners to map the territory and ensure that this is not merely cost-shifting from government to the generosity of business and private donors. Each has a unique role and, if this is mutually acknowledged, collaborations between the sectors can be powerful and inspiring.

Support Area Consultative Committees have had a crucial role in delivering the Regional Partnerships Programme. Without this, rural communities would not have the same access to grants as there would be little on the ground help with applications. Also the government would not have the local knowledge informed decision-making. If the ACCs remain part of the future regional funding program they could be resourced to do more capacity building work with local organisations perhaps with grants program that enables nonprofits to buy in training, business and technical advice to strengthen their organisational capacity. FRRR recommends that in future funding programs (in its area of experience, small to medium community grants) the following points could be considered;

Value volunteers – these are one of the great assets of any community but the smaller the town, often the bigger the reliance on and the ultimate impact of the volunteer. When declaring a small community grant applicant’s “partnership” contribution the volunteer contribution should be accepted as having a dollar value and release the applicant from having to struggle to find financial contributors from within the community. Any government funding program should recognise the presence of a volunteers in a project as a good reason for funding – as it builds on an existing asset that might otherwise be lost.

Support projects that unlock hidden local wealth and or increase the pie – community foundations, living wills through local solicitors, community chests provide mechanisms for people to “give back” to their communities. Most country people feel warmly towards their place of birth or where they have lived most of their lives but do not always know how they can help in troubled times. A community foundation can give ordinary people the chance to be philanthropists through donations or bequests to their own communities. Recently a Regional

Donation Account has been established under FRRR that provides for individuals to make a donation to benefit a specific community or region.

In the USA *diaspora effect* is growing- a phenomenon facilitated by growth in community foundations. This is where a person who has a lasting attachment to their home town wants to contribute to that community, even though they live away. Unless these mechanisms for private donations to rural communities are set up and supported to develop to the point of viability, a lot of these potential donors will be lost.,

Support projects that increase the community's capacity to raise funds locally – for example the opportunity shop renovation that makes the shop more attractive and sells more goods and entirely supports the local palliative care nurse, the hall kitchen refrigerator grant so local catering businesses can operate, or the grant to buy a barbeque so a local kindergarten can raise \$3,500 a year through selling sausages to the thousands of cyclists passing through on the Great Victorian Bike Ride.

Special Additional support for Climate Change adjustment

When the Regional Partnerships Programme was established, a major concern of the time was the economic and social adjustments being faced by rural and regional communities. The drought was a later and serious overlay to the stress that many were already under. Now that we know climate change is the new and long term threat, any regional funding program must make special provision to help people adjust. This should be over and above the regional development funding program.

An increasing number of FRRR grants have been related to climate change, as illustrated above. FRRR can continue to work on this issue, provided the major infrastructure requirements are addressed by Government infrastructure.

An example is the schools and kindergartens that are running out of water, have no soft ground or grass left and whose sports field are rock-hard. Philanthropy cannot help all of these schools, but the need is so great that it is tempting to give grants where the charitable component is marginal. What philanthropy can do however is help school communities to increase their own fundraising capacity to at least come half way to funding their needs. Government major infrastructure programs such as *Caring for our Country* that enable greater regional autonomy with resources such as power generation and efficient water management will always be enhanced by the new ideas that are tried on a smaller scale at the community level. FRRR supports some of these small scale solutions that. For example a small school receives a small grant to install a wind generator that will made it the first school in Australia to be energy self-sufficient and selling power to the grid. If given the resources to publish the outcomes, this school may lead a revolution in school energy self-sufficiency across Australia. And this project will also attract business support

This last example illustrates the magic of the relationships that philanthropy, business, community and government can forge to ensure that rural and regional Australia can adapt and thrive well into the future despite the overwhelming odds.

Foundation for Rural and Regional Renewal has a clear and bright future as a unique funding partner with the Commonwealth, to bring new ideas, new money and innovative solutions to remote, rural and regional Australia.

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