



**SUBMISSION TO THE INQUIRY INTO A NEW
REGIONAL AND LOCAL COMMUNITY
INFRASTRUCTURE PROGRAM**

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1. INTRODUCTION

WSROC welcomes the decision by the Federal Government to seek community views in developing a new Regional and Local Community Infrastructure Program (Regional Funding Program or RFP) through an inquiry by the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government.

WSROC (the Western Sydney Regional Organisation of Councils Ltd) has a long history of advocacy for the Councils and communities of Western Sydney. The 11 WSROC Councils represent the bulk of Greater Western Sydney, a region of 1.8 million people (or nearly one in 11 Australians) and Australia's third-largest regional economy.

This region is also forecast to increase in population by 600,000 over the next 25 to 30 years and provision of regional and local infrastructure and services will be critical to supporting the sustainable management of this growth. An important element of this process will be the re-engagement of the Federal Government with Local Government, particularly in urban regions, and the development of a proper partnership between all three levels of Government.

To this end WSROC endorses the Federal Government's approach to the implementation of these outcomes, including the formation of Infrastructure Australia, creation of the Building Australia Fund, the establishment of the Major Cities Unit (which the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Anthony Albanese MP, announced in April 2008 at a WSROC regional conference) and the request to hold this inquiry.

Whilst WSROC shares many of the Government's concerns over the politicisation and lack of transparency of the former Regional Partnerships program, this submission proposes a range of strategies to develop a new program rather than dwelling on the problems of the old program. In summary, WSROC supports the development of a new program framework with more consistent national priorities, greater transparency and increased local autonomy for the new Regional Development Australia (RDA) Committees in making funding decisions.

Above all, WSROC strongly supports continued access by urban regions to the new funding program and seeks a central role for Councils in the new RDA Committees. The RDA regions should also use existing regional boundaries as defined by councils and local communities and, where possible, build on existing structures such as Regional Organisations of Councils (ROCs).

It should be noted that whilst WSROC's submission is structured around responses to selected discussion questions proposed in the *New Regional and Local Community Infrastructure Program Issues Paper*, it does not seek to address every question or all sections of the paper. This submission also needs to be read in conjunction with any individual responses prepared by WSROC member councils.

2. RESPONSES TO THE DISCUSSION PAPER

2.1 Program purposes and objectives

- ***What should the overarching purpose and objectives of the new program be?***

WSROC believes the program objectives should reflect the Federal Government's broader infrastructure and regional policy objectives as announced by the Minister at the *Sydney - the other city* regional conference convened by WSROC in April 2008, as follows:

- *“Productivity – to reduce urban congestion and improve our freight networks so that people and goods can move more efficiently;*
- *“Sustainability – to make sure our cities provide employment and business opportunities within close proximity to their residents and to ensure that infrastructure is planned and built with the aim of reducing emissions and securing our water supply; and*
- *“Liveability – to make sure that planning accommodates participation and lifestyle so that people have access to community services.”*

Whilst these comments were made in a speech about the Government's urban policies, the key themes of productivity, sustainability and liveability are applicable to both urban and rural regions, particularly in the context of defining community infrastructure (see next point).

- ***Where are the gaps in community infrastructure funding? How should community infrastructure be defined for the purpose of the new Federal program?***

Community infrastructure should be defined as being the infrastructure required to deliver productivity, sustainability and liveability outcomes to local communities and which is to be implemented and managed at the regional, sub-regional or local community level. It should also involve the provision of both physical infrastructure such as buildings and facilities and the “soft” infrastructure such as the services that may be provided to local communities, for example to support the development of economic activity, improve health outcomes or better manage the natural environment.

Whilst this appears to be a broad definition, any applications for funding should be required to demonstrate clearly how the proposed projects will address these outcomes in terms of current community needs and shortfalls in infrastructure provision.

Community infrastructure is also likely to involve projects smaller in scale than major national or state-level infrastructure projects (eg, major railways or motorways), though the institutional framework established for the RFP could also be used to provide input to other programs targeted to these areas.

There are significant gaps in community infrastructure funding, particularly in NSW where councils are constrained by rate-pegging. Other sources of funding such as developer contributions have not been sufficient to meet the demand for this infrastructure, especially in new release areas and those undergoing significant redevelopment.

Western Sydney in particular is in desperate need of infrastructure investment by all levels of Government to support the region's growth and to overcome the huge deficits and backlogs resulting from previous under-investment in infrastructure. The whole region needs massive investment in transport infrastructure, particularly public transport, to reduce its over-dependence on private cars and to improve access to employment.

In addition many parts of the region, especially those areas outside the State Government-designated North West and South West Growth Centres, need investment in a wide range of community infrastructure. More information about Western Sydney's infrastructure priorities is being compiled by WSROC in consultation with Western Sydney Councils. This priority assessment will be forwarded to this inquiry as well as to Infrastructure Australia in the context of the National Infrastructure Audit.

- ***Should the Australian government's regional funding program be targeted? What are the benefits / disadvantages of targeting?***

The program should prioritise regions which have or are experiencing:

- Significant population growth;
- Major social changes, for example resulting from significant environmental problems or economic restructuring;
- Localities or population groups with major socio-economic disadvantage;
- Major backlogs in the provision of community infrastructure.

These priorities should be balanced by the ability to fund projects which are particularly innovative or which meet specific community needs in regions which do not necessarily meet these priorities and /or where these priorities are significant only in specific areas.

- ***How should regional be defined?***

WSROC believes that several key principles should underpin the definition of regions for the program:

1. Urban areas should be fully eligible for funding under the new RFP, irrespective of whether or not other programs may provide infrastructure funding in these areas. These programs mostly do not provide community infrastructure similar to that likely to be funded under the RFP. Well over half the Australian population lives in major cities, many parts of which suffer from an historic under-provision of community infrastructure, and it would be grossly discriminatory for any program which aims to provide infrastructure to discriminate against them.
2. In this regard, remoteness should not be the sole or even a specific determinant of funding priorities, though it may be considered as a form of disadvantage. It is important that the new Federal Government does not fall into the pattern of its predecessor by regarding "regional" as synonymous with "rural".
3. In addition, existing regional boundaries should be used as much as possible to avoid confusion and duplication. It is acknowledged that this is complicated by the number of overlapping and inconsistent "regions" established by various State and Federal agencies, so it is proposed that RFP regions be based as much as possible on those established by communities and councils themselves. These are likely to have the strongest community identities.
4. It should also be recognised that each major city is not necessarily a single homogenous region – and that the CBD-based council usually regarded as the "Capital City" does not necessarily represent the whole of the urban area, particularly outer suburban areas which may have quite different priorities.
5. Large cities especially can have distinct regions or sub-regions, though Government-defined boundaries are sometimes even more confusing than in rural areas. However, in several cities councils have established and maintained distinct regional boundaries through their membership of Regional Organisations of Councils (ROCs).

6. These boundaries define specific communities of interest which could provide a regional framework for the RFP within cities. For example, most Sydney council areas belong to one of the six ROCs that cover the metropolitan area.
7. As well as providing a basic resource within each region, the ROCs work cooperatively on major issues and could therefore form the basis for a “federated” regional structure within the Sydney metropolitan area, based on either ROC boundaries or a logical combination of these boundaries, supporting a metropolitan-wide secretariat.

- ***What outcomes should be met?***

Measuring progress towards meeting outcomes remains a difficult issue in the provision of community infrastructure, especially “soft” infrastructure, because of the problems involved in establishing quantifiable indicators of progress. Associated with these problems are the long lead times involved in establishing many projects and the amount of time required before infrastructure investment has a demonstrable impact.

For these reasons it is important that adequate funding be provided through the RFP and over a sufficient period of time to ensure that projects can be properly evaluated and the issue of ongoing sustainability can be resolved. This is particularly significant in light of research by Prof. Tony Vinson (see *Dropping Off The Edge: The Distribution Of Disadvantage In Australia*) and others which suggests that at least in the case of areas suffering from major levels of socio-economic disadvantage, sustained intervention is required to have a measurable impact.

- ***Should a new program be focused on providing funding for projects which promote the growth of regional communities (job creation) or the liveability of regional communities?***

As indicated earlier, productivity (job creation) and liveability should both form the focus for establishing priorities, along with sustainability. Many project proposals are likely to target at least two or all three of these criteria – and they should all indicate how they will address sustainability issues. In many urban areas projects which focus on job creation will be required to support the population growth which is already occurring, rather than be used to promote such growth.

- ***Once specific funding objectives have been set is there scope for developing a program model which has in place, or allows for the creation of sub-programs which can be used to target specific areas of need as they arise?***

It is suggested that several program and sub-program models or templates could be developed which may be applied across a number of projects and regions. However the RFP should retain the flexibility to fund projects which fall outside the parameters of these models.

2.2 What eligibility criteria should apply?

- ***Who should be eligible to apply for the new Regional Funding Program?***

The RFP should be open to councils, ROCs, and non-profit community organisations, particularly those that are regionally or locally based and which have sufficient expertise to undertake the proposed projects.

- ***Should private for-profit enterprises be allowed to receive funding under the new program?***

No, though councils or other providers of community infrastructure such as community facilities should be permitted to lease the operation of these facilities provided appropriate criteria are met.

- ***Should the Australian government provide funds to less viable, risky projects?***
Yes, provided certain safeguards are in place and there has been an open and transparent assessment of the risks involved. The funding of these projects should also involve strategies to manage these risks and the outcomes should the projects fail.
 - ***Should priorities be given to different types of regions eg. urban, rural, remote, water catchment areas, agriculture areas?***
As indicated previously, regions should not be discriminated against on the basis of the type of region they represent, nor should they be “typecast” because of their most obvious features. It is likely however that projects will be proposed by applicants and prioritised by regions which emphasise the different aspects of the set criteria which are relevant to that region.
 - ***Given the program will be a discretionary grants program, what expectations should applications have of the published eligibility criteria?***
Any published information should provide a clear and transparent guide to the program’s eligibility criteria as well as its priorities.
- 2.3 How will the new funding program work with State Government regional development funding programs?**
- ***In establishing the framework for a new regional development funding program, how does the government avoid duplication with other Federal, state or local funding projects; and how can a new program work in cooperation with other funding programs?***
In establishing the new program it is essential that attempts to reduce potential duplication between funding programs are balanced by recognition both of the actual limitations of some of these other programs as well as the importance of establishing a true partnership between different levels of Government.
Even if there are State-based programs aimed at providing community infrastructure, they are likely to have different priorities and limitations. In NSW, for example, there are some small funding programs aimed at providing community infrastructure in disadvantaged areas. However, these are affected by increasingly tighter targeting, reductions in overall funding levels and limits on the duration of funded projects. A new Federal Government Regional Funding Program therefore is unlikely to duplicate these programs.
In developing the new RFP the principles of Integrated Local Area Planning (ILAP) which have been used in previous Federal Government Programs and which brought together Federal, State and Local Government in the funding and management of specific projects should be encouraged to overcome duplication and to support an integrated approach to infrastructure provision. It is important to recognise, however, that this model would not be appropriate for all project proposals.
 - ***What are the most effective ways to minimise administrative costs and avoid duplication to taxpayers when developing a regional funding program?***
As far as possible the new RFP should use existing community and local government-based regional bodies such as ROCs as a basis for developing the new administrative framework. It is important however that the new structure is adequately resourced.
In the case of the Sydney metropolitan area, a city-wide secretariat could also be retained with a Board comprising representation from the Sydney metropolitan ROCs (both elected representatives and senior professional staff) as well as Ministerial appointments of other appropriate individuals and organisation representatives.

- ***What involvement should State regional bodies have in prioritising or assessing projects?***

Neither State Governments nor their regional bodies should be allowed to become the “gatekeepers” in the new RFP. Whilst consensus between all levels of Government is desirable and these bodies should be able to provide input, the new RFP must retain the capacity to set its own priorities, make independent assessment of project proposals and above all to engage with local councils and communities directly.

It should be noted that community infrastructure projects which are funded through the new RFP are those most likely to be either managed directly by councils or groups of councils or at least to involve their input.

2.4 How will the new funding program work with Local Government infrastructure funding and planning both at a regional and individual council level?

- ***How can the Australian government best engage with existing local and regional organisations on the new Regional and Local Community Infrastructure Program?***

As discussed earlier, it is important that the new RFP work with local government and build upon existing regional structures, particularly those established by councils and communities themselves. Where ROCs exist in rural areas, for example, they could provide the administrative basis for the new program. The same applies in urban areas and in larger cities such as Sydney there is the option for ROCs to form a sub-regional framework for a metropolitan-wide structure and secretariat.

- ***In what way could a future program be structured to ensure that it was flexible enough to take into account the local needs in specific regions while maintaining clear parameters regarding objectives and outcomes?***

This would best be achieved by setting overall priorities and guidelines and then giving regional structures some discretion in managing the program within these parameters.

- ***How can a new program best coordinate regional objectives between federal, state and local agencies?***

Regional objectives are best identified by the councils and communities that make up each region in negotiation with the Federal Government. As discussed earlier, ILAP principles involving negotiations between all three levels of Government could also provide a basis for negotiating regional objectives, with the proviso that this process is developed on the basis of a true and equal partnership between them.

- ***Are projects that cross ACC regional boundaries considered? Do ACCs get together to apply for funding? Can collaborative, multi-region projects be encouraged?***

The discussion paper seems at this point to be making assumptions about the future role of ACCs, whilst in other parts of the paper these roles are open for discussion (indeed, these bodies are elsewhere called RDA Committees). However, collaborative, multi-region projects should be encouraged provided they meet the program criteria. It is also important that such projects retain a community infrastructure focus; in other words, the new RFP should not be used as a vehicle to fund *de facto* state or national infrastructure projects.\

2.5 How will the new funding program work with the new Regional Development Australia Network?

- ***What will the role of RDAs be in assisting and assessing applications for the new Regional and Local Community Infrastructure Fund?***

As indicated earlier, the new RDA Committees should comprise a significant level of Local Government representation through ROCs and other locally-established regional structures where these operate, as well as other Ministerial appointments. In the Sydney metropolitan area this could take the form of a city-wide secretariat could with a Board comprising representation from the Sydney metropolitan ROCs (both elected representatives and senior professional staff) as well as Ministerial appointments of other appropriate individuals and organisation representatives.

The issues identified by the Minister on which the RDAs have been invited to provide input are much broader than the just the new RFP. They are also relevant to other Government funding programs and agencies, including Infrastructure Australia and the Major Cities Unit. It should be noted that ROCs and in particular WSROC have a long history of providing detailed input on most of these areas.

- ***How should future relations be pursued between new RDA Committees and state and local governments? What mechanisms could be utilised or put into place to enhance communication and cooperative between the RDA Committees and state and local government over project priorities?***

It has been argued earlier in this response that Local Government should be given the opportunity to form the “backbone” of the new RFP regional structure by providing representation to the new RDA Committees. Irrespective of their composition, the RDA Committees should be required to consult closely and regularly with Councils and relevant State agencies to determine regional priorities.

- ***Will there be a requirement for Strategic Regional Plan to be developed by RDA Network? What consultation process should be followed in developing the plan? How will this interact with priorities for funding?***

Each RDA Committee should develop a strategic plan within the framework of the overall RFP criteria based on the consultation processes outlined above. This should complement rather than duplicate existing plans, especially those of councils, and should concentrate on the prioritising, planning and delivery of the community infrastructure to be delivered through the RFP.

2.6 Who should assess applications initially, who should recommend that the application progress and who should make the final decision?

- ***What assessment process would you like to see for the Regional Funding Program?***

The assessment process should be open and transparent, with the new DA Committees be delegated authority and provided a notional budget based on the program criteria to provisionally approve project proposals up to a sensible limit. Whilst this would need further discussion, it is suggested that this be around a maximum of \$500,000 per project.

The RDAs could provide an initial assessment and prioritisation for project proposals over the \$500,000 limit, which could then be approved by the Department. It might be appropriate to require Ministerial approval for projects worth over around \$1 million. These limits would seem to strike a reasonable balance between local decision-making, accountability and transparency and the appropriate level of Ministerial involvement.

- ***In assessing applications, what should be the role of local Members and Senators? How should State Regional Development bodies be involved? How can local government be involved?***

Whilst it may be appropriate to seek the views of MPs, Senators and State bodies especially in relation to larger projects, these should be canvassed in terms of input and advice only and should not exercise any authority over funding decisions.

As previously suggested, it is more appropriate that councils be more directly involved in the process through both membership of the new RDA committees as well as through direct consultation on projects affecting their area. Of course councils would have to be excluded from involvement in any decision-making involving their own project applications.

- ***Was there a conflict of interest with ACCs providing assistance for applications and being the assessor?***

WSROC does not comment on the previous arrangements. These roles can co-exist in the one organisation, but it may be appropriate to set up some degree of separation of these functions within each RDA committee.

2.7 How will projects be funded?

- ***What would make receiving grants easier? Would capital or recurrent grants be better?***

Both types of grants should be made available, depending on the nature of the proposal.

- ***How should the size of a grant be determined?***

It is essential that the grant provided be adequate in both amount and duration to ensure the project's viability. For many recurrent projects, this may require a grant over a minimum of three to four years and an assessment of how long-term viability might be achieved.

- ***Should the new fund require matching or partnership funding?***

Matching or partnership funding should not be an absolute requirement, though these contributions (including in-kind contributions) should be favourably considered in terms of assessing the viability of project proposals.