23 July 2008

Ms Christine King
Member for Ballarat
Chair
Standing Committee on Infrastructure, Transport, Regional Development and Local Government
PO Box 6021
House of Representatives
Parliament House
CANBERRA ACT 2600

Email: itrdlg.reps@aph.gov.au

Dear Ms King

The Capital Region Area Consultative Committee welcomes the opportunity to present its submission to your Committee's Inquiry. We have structured our submission so that, after providing a contextual background that we believe will be of assistance, it follows the sequence of issues identified in your Terms of Reference.

You will recall that we wrote to you on 16 July addressing some specific matters, relating to the legal basis and operation of the Capital Region Area Consultative Committee, that arose from our reading of the Committee's 'Issues Paper'.

We have not repeated the contents of that letter in this submission.

The Capital Region Area Consultative Committee (CRACC) is the Area Consultative Committee (ACC) for the Australian Capital Territory and the five surrounding NSW council areas of Goulburn Mulwaree, Upper Lachlan, Yass Valley, Palerang and Queanbeyan City. It is a community-based, apolitical, not-for-profit organization that has worked with a broad cross-section of the Capital Region community.

The members are volunteers - drawn from the businesses, communities and local governments in the region, who are strongly placed to support project and other initiatives designed to add vibrancy and strengthen economic sustainability in the region. With the exception of the Chair and Deputy Chair, CRACC's articles do not provide for Board and Committee members to serve for fixed terms. The longest serving member joined in March 200, the most recent joined in August 2007. We believe this helps to ensure people and skill sets remain fresh and relevant. Members are supported by a small Secretariat that is based in the ACT.

An important part of the ACC's role has been to:

- provide local level advice to government on regional issues and project proposals, and guiding government assistance and services to where it is needed

- help local communities, businesses and governments to demystify the funding process, aid in their understanding of government processes and requirements

- help build capacity in communities. Assistance has been provided to organisations and businesses to conceptualize project ideas, design and plan solid project proposals for implementation as a basis for grant applications (including grant writing), to address program guidelines and to source potential co-funding partners,

- facilitate the delivery of demonstrable outcomes and successful projects

- bring together tiers of government, business and community to advance sustainable growth and development in regions.

We are of course available to assist your Committee and its Secretariat by providing clarification of any of the issues covered in the attached submission and look forward to being advised of the dates set aside by the Committee for formal hearings.

Yours sincerely

David Malloch   Marion Donaldson
Board Chair   Executive Officer

House of Representatives Standing Committee on

Infrastructure, Transport, Regional Development and Local Government

Inquiry into a new regional development funding program.

http://www.aph.gov.au/house/committee/itrdlg/regionaldevelopment/index.htm

Terms of Reference

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 livability 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.

ACCs –A CONTEXTUAL BACKGROUND

The national network of Area Consultative Committees (ACCs) was established under the Employment Services Act by the Keating Government as part of Labor's Working Nation May 1994 policy to provide local level advice to the Australian government and generate support for labour market programs.

The early years of ACCs were marked by ongoing wide ranging micro-economic reforms that had been gathering momentum since the 1970s and 80s, when initiatives to enhance national productivity had been implemented, 'industry level initiatives such as deregulation of transport and telecommunications sectors, … which were the keystones of …. microeconomic reform of Commonwealth, State and Territory Governments'[1].

During the early 1990s, the focus of the then government was on Building a Competitive Australia (1991 Ministerial Statement, Prime Minister, the Hon Bob Hawke) and One Nation (26 February 1992, Ministerial Statement, Prime Minister, the Hon Paul Keating) that 'foreshadowed the prominence which the Commonwealth would give to competition policy as one of seven elements of its economic and social strategy for the 1990s'[2]. The introduction of National Competition Policy in 1995 had far ranging economic and social impacts in Australia's regions - urban, regional rural and remote areas – for the changes to industry, productivity, investment, intergovernmental relations, employment etc, which were later the subject of many direct and indirect inquiries, reviews and reports to Government.

In a climate of recession and high unemployment, One Nation set out an economic program for the creation of 800,000 jobs by 1996. The overriding objective of the Keating Government's White Paper on Employment and Growth Working Nation was to provide a comprehensive 5 year program to boost jobs growth, increase skill formation in the workforce and ensure the long-term unemployed were not left behind during the economic recovery[3].

Government policy increasingly emphasized that national objectives would be better achieved if Government adopted a community self-help approach, including enlisting local skills, knowledge and networks; coincidentally, the trend had begun for the Commonwealth's government agencies to become more centralized and to shift away from direct service delivery, including employment services. ACCs, comprising local business and community leaders, were created with the assistance of the Commonwealth Employment Service (CES) and supported the government's Office of Labour Market Adjustment employment initiatives[4]. At a local level ACCs forged partnerships and relationships to generate support for the Job Compact eg implement Job Drive campaigns, the Youth Training Initiative, entry level training and New Work opportunities.

March 1996 brought a change of government and, shortly after, changes to government policies and priorities. The then coalition government led by Prime Minister, the Hon John Howard introduced a wide ranging reform program to clarify and strengthen the role of the public sector as a source of policy advice and a purchaser of services….consistent with international trends[5]. The Government's major blueprint for employment reform, Reforming Employment Assistance: Helping Australians into Real Jobs (Ministerial Statement, DEETYA, Budget 1996) proposed that the Government would become a purchaser of employment services for unemployed people mainly from the

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[1] Australia's National Competition Policy: Its Evolution and Operation
http://www.aph.gov.au/library/intguide/econ/ncp_ebrief.htm

[2] íbid

[3] http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyReleaseDate/F8809C64E1651A1ACA2570610017D7C3?OpenDocument

[4] Effectiveness of State Frameworks for Local Economic Development, May 1996, Chapter3: 3.1.1 and 3.1.2, Dr Andrew Beer and Dr Alaric Maude Geography Department, Flinders University of South Australia

[5] http://www.dest.gov.au/archive/publications/annual_reports/9697/web/deetya03.htm#E11E3

private/community sector[6]. Within two years the 50 year old CES was wound up and replaced with outsourcing of job services to providers in the new Job Network. The Howard government also terminated in its first budget (1996) the regional component of the former governments <u>Working Nation</u> 1994 package[7] along with the funding for the Regional Economic Development Organisations (REDOs) and the Regional Development Program.

The Howard government had continued its support for the ACC network, establishing them as Regional and Community Employment Councils to help strengthen links to business and foster jobs growth in regions[8]. ACCs (or Employment Councils, as some had become known eg Capital Region Employment Council) aided the government in its aim to produce a more buoyant economy, a better education and training system and a more effective welfare system[9].

In a new Charter agreed between the then Federal Minister (Employment) and all ACCs in May 1998, local ACCs were established as a regional network for employment, education, training and youth affairs. The Chairs Reference Group was the established mechanism for liaison between the ACC network and the Government.

As a reflection of the success of the ACCs and the importance the Government placed on the ACC Network, a Memorandum of Understanding was signed (in 1999) between three portfolio Ministers: Workplace Relations (the Hon Peter Reith); Transport and Regional Services (the Hon John Anderson); and Education, Training and Youth Affairs (the Hon David Kemp). The MOU underpinned the involvement of the three portfolios with ACCs, to provide a coordinated, whole of Government approach to jobs growth[10]. ACCs were regarded as pioneers in the way they facilitated the effective linking of government, business and community ….. and for the way that Government would in future work in partnership …… a social coalition with communities[11].

A revised ACC Charter released in 2000 and the accompanying Ministerial Priorities, updated periodically, outlined the ACCs broadened role and responsibilities. The Minister referred to two priority areas: working together in partnership and building the capacity of communities to find local solutions to local problems. ACCs adapted and went on to deliver a range of services, programs and projects in partnership with their communities and regions, for instance, delivering services through regionally based *GST Sign Post Officers, Small Business Answers Officers* and more recently *Small Business Field Officers, Indigenous Employment Program* delivery, development of *Youth Employment Strategies* and Strategic Regional Plans, *Regional Assistance Program* project facilitation and development, coordination/facilitation of the *Job Network and Work for the Dole, Business Entry Point, Small Business Incubators, New Apprenticeships, Employment Expos*, provision of advice to government on various regional initiatives, eg *Small Business Enterprise Culture Program, Rural Transaction Centres, Structural Adjustment, Australian Tourism Development* and *Regional Solutions Programs*.

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[6] http://www.aph.gov.au/LIBRARY/Pubs/RN/1997-98/98rn31.htm

[7] Regional Development: Some Issues for Policy Makers, Professor Tony Sorensen, Economics, Commerce and Industrial Relations Group, 27 June 2000 http://www.aph.gov.au/library/Pubs/rp/1999-2000/2000rp26.htm

[8] http://dest.gov.au/archive/annual_reports/9798/11Employment.htm

[9] Extract: Edited transcript National Network of Area Consultative Committees Chairs Conference 2000 *Partnerships and Progress* Official opening address, the Hon Tony Abbott, MP Minister for Employment Services

[10] Message from the Minister, the Hon Tony Abbott MP Minister for Employment Services – resource kit for Regional Assistance Program from the NSW Area Consultative Committees

[11] Extract: Edited transcript National Network of Area Consultative Committees Chairs Conference 2000 *Partnerships and Progress* Official opening address, the Hon Tony Abbott, MP Minister for Employment Services

Throughout this period ACCs had witnessed the local level impact of governments' micro economic reforms, responses and the ongoing structural and rapid technological change - the wide ranging economic and social circumstances - in regions.

A number of key government reports, inquiries and forums (mentioned here because the issues and themes still resonate today) highlighted the increasing disparity, divergence and diversity in regions, as well as concerns about social dislocation, for example:

- The Productivity Commission's report _Impact of Competition Policy Reforms on Rural and Regional Australia_ (September 1999) [12] looked at the changing nature of Australia's economy and the drivers of change. It examined the economic and social effects of National Competition Policy (NCP) and related infrastructure reform package on rural and regional Australia and the wider Australian economy, and the differences between rural and metropolitan Australia and the effects of those reforms.

- This PC report informed the Regional Australia Summit held in October 1999. The Summit highlighted the need for many regional communities to have an enhanced skills base and stronger leadership capacity.

- _Riding The Waves Of Change_ a Report of the Senate Select Committee on the _Socio-Economic Consequences of the National Competition Policy_ (February 200) [13] and the government's response to the report (August 2000) [14].

- HOR Standing Committee on Primary Industries and Regional Services _Inquiry to Infrastructure and the Development of Australia's Regions Time Running Out: Shaping Regional Australia's Future_ (Feb 2000), and the government response to the report (May 2001) [15].

And in later years

- Standing Committee on Economics, Finance and Public Administration _Rates and Taxes: A Fair Share for Responsible Local Government: Inquiry into Local Government and Cost Shifting_ (November 2003) [16].

- Regulation Taskforce 2006, _Rethinking Regulation: Report of the Taskforce on Reducing Regulatory Burdens on Business_ (The Banks Report) [17].

- The House of Representatives Standing Committee on Health and Ageing Inquiry into health funding report _The Blame Game_ (4 Dec 2006) [18].

- The House of Representatives Standing Committee on Transport and Regional Services Inquiry into the integration of regional rail and road networks and their interface with ports _The Great Freight Task: Is Australia's Transport Network Up To The Challenge?_ (July 2007) [19].

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[12] http://www.pc.gov.au/__data/assets/pdf_file/0003/32439/compol.pdf

[13] http://www.aph.gov.au/senate/Committee/ncp_ctte/

[14] http://www.ncc.gov.au/pdf/OINcpReSe-001.pdf

[15] http://www.aph.gov.au/house/committee/primind/rding/report/contents.htm

[16] http://wopared.parl.net/house/committee/efpa/localgovt/report.htm

[17] http://www.pm.gov.au/docs/RethinkingRegulation.pdf

[18] http://www.aph.gov.au/house/committee/haa/healthfunding/report.htm

[19] http://www.aph.gov.au/House/committee/trs/networks/report.htm

A key plank of the *Stronger Regions, A Stronger Australia* 2001 policy (an outcome of the 1999 Regional Australia Summit) launched in August 2001[20] was to acknowledge the need for a bottom up approach to fostering regional growth and renewal, listening to community needs and giving communities the tools to equip them to identify and implement local solutions to community issues. This approach echoed an observation made in the PC report that 'market forces are global but the social fallout that policy makers have to manage are local'. The *Stronger Regions* policy included enhancements to NCP[21] in addition to the introduction of new regional programs and services.

In 2001, the Department of Transport and Regional Services (now Infrastructure), responsible for the government's regional programs, became the host department for administering ACC contracts. ACCs were repositioned as the then Australian Government's national *'regional development network',* in a partnership approach between government and communities.

The Productivity Commission Report (1999) had identified that NCP was only one of many economic challenges that had emerged in recent years and that these changes had a profound effect on many communities, including many in rural and regional Australia ….. while impacts appeared more severe in rural areas, negative impacts were also being felt in larger regional and metropolitan centres …....there was anecdotal evidence (of) a loss of social cohesion, amenity and human capital in small and rural and remote communities …… and …… it is the government's responsibility to ensure that each of its citizens receives, as part of community welfare obligation, equitable access to basic health and welfare services, telecommunications, education, transport and housing. There was also concern about the continuing confusion and lack of sophisticated knowledge about NCP in remote, rural and regional communities in particular. [22]

ACCs have been at the 'coalface' and contributed to the government's understanding of the local level impact of its policy decisions. ACCs have also informed their regions about government policy, services and programs.

The insight and advice that ACCs have provided to government has covered an array of issues in their regions, including impacts of population growth and decline in regions; disadvantage; access to services; infrastructure; industry development and small business service needs; transport corridor plans; adequacy of health services; indigenous community issues; employment and education services and so on. ACCs also forged links with various State and local government bodies to facilitate whole of government responses to various economic, social and environmental issues in their regions.

Since 2003, when the Department's plethora of regional programs was reviewed and subsequently consolidated into *Regional Partnerships*, a core role for ACCs has been to promote the *Regional Partnerships* program (and including since July 2005, the Rural Medical Infrastructure Fund and an element of the Textiles, Clothing and Footwear Structural Adjustment Program), identify and assist in the development of projects that meet the program objectives, eligibility criteria, guidelines and the Ministerial Statement of Priorities. ACCs provided advice on local project initiatives to the Department in its project assessment process and recommendation to the Minister, and with regards the priority for funding.

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[20] http://www.minister.infrastructure.gov.au/ja/speeches/2001/as11_2001.htm

[21] http://www.treasury.gov.au/documents/485/HTML/docshell.asp?URL=03Introduction.asp

[22] Productivity Commission Impact of Competition Policy Reforms on Rural and Regional Australia Inquiry Report, Chapter 5 Socio Economic consequences of National Competition Policy (14 October 1999)
http://www.pc.gov.au/inquiry/compol/docs/finalreport

The most recent Charter for ACCs (May 2006) States that 'Area Consultative Committees are non-profit, community-based organisations that are funded by the Australian Government to:

- act as key facilitators of change and development in their region
- provide a link between government, business and the community, and
- facilitate whole of government responses to opportunities in their communities.' [23]

The Charter also recognizes 'the important job of ACCs in providing advice and assistance to the Australian Government on regional issues generally'. Examples of recent advice include detailed comments on drafts of Auslink Corridor studies and applications for funding under the regional roads program, as well as material used by the Bureau of Transport and Regional Economics in its Working Paper on Skills Shortages[24].

Since their inception more than thirteen years ago, many thousands of people have volunteered to serve their communities and the Australian Government as members of ACCs. Committee members are volunteers from all walks of life: business people, farmers, retirees, local government representatives, educators, finance and health professionals and so on. Each committee has been supported by a small and dedicated secretariat.

The national network of 54 ACCs is now at another crossroad. The change of government at the 2007 election, has again heralded a revised approach to regional development. The ideas from 2020 Summit held in April 2008[25] as they escalate into government policy and programs will undoubtedly play a role in shaping the future as ACCs will transition to become Regional Development Australia,[26] effective 1 January 2009. While the *Regional Partnerships* program is now closed to new applicants, as announced in the 2008-2009 Budget in May 2008[27], the Rudd government's new regional development funding program should provide a vehicle for improved community outcomes.

Since April 2008, the Capital Region Area Consultative Committee has been reduced from 15 to 13 members. One member resigned prior to going overseas, and one has taken leave prior to standing as a candidate at the forthcoming ACT government elections.

Of the 13, the longest serving joined in 2000 and the most recent in 2007. All have contributed, in one way or another, to the above backdrop which, we believe, provides a necessary introduction to the following comments.

These comments have been drafted specifically to address the Inquiry's terms of reference and are based on this ACC's experiences and observations, working with an array of community organisations, businesses and governments over many years.

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[23] Australian Government Dept of Transport and Regional Services Regional Partnerships Guidelines July 2006 Section 1.2.

[24] BTRE Working Paper No. 68 Skills Shortages in Australia's regions
http://www.bitre.gov.au/publications/19/Files/wp68.pdf

[25] http://www.australia2020.gov.au/

[26] Ministerial Statement The Hon Anthony Albanese, Minister for Infrastructure, Transport, Regional Development and Local Government 20 March 2008

[27] Budget 2008-2009 http://www.budget.gov.au/2008-09/content/bp2/html/expense-29.htm and http://www.regionalpartnerships.gov.au/partnerships/index.aspx

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

- CRACC understands the need for accountability in public administration, the need for regional programs to be administered in the right way and that the right things are being done[28]. We are also aware of the need to reduce the burden of red tape on communities and the tension this creates with government's need to be accountable in the administration of public investments.

- Structure and processes are vital for the effective and efficient delivery of policies (for instance, the Government's productivity and related infrastructure policy reform agendas), services and investment to regions in a way that communities can understand and that community concerns are addressed[29].

- Significant funding has traditionally been directed at regional areas on an ad hoc basis. Single one off project basis funding, even when partnered with other funding partners (government, business, community), means a dilution of the potential achievable benefits.

- A common understanding for what is meant by infrastructure [30] ('soft' and 'hard'), including 'community infrastructure' must be articulated: recognition of the importance that equitable access to infrastructure, economic and social, has in optimizing productivity, regional growth, prosperity and live-ability in regions. [31]

- Funding the "mapping" of future *community infrastructure* requirements on a town or shire basis, with revisions for example, every three years, would theoretically provide Governments, and communities, with a planned forward program of regional investment in infrastructure and (sustainability of) services associated with that investment. This could include an analysis or audit of underutilized existing, available, infrastructure capacity[32].

    o Mapping of future community requirements and coordinated planning would also aid in addressing this Inquiry's terms of reference (2).

    o A regional and a local place based approach needs to be incorporated in any forward planning, particularly so smaller communities don't get overlooked.

- Three year plans provide certainty for Governments and communities and the process would allow identification of interdependencies, synergies, infrastructure support and provide a single consolidated view of all Government investments being made in one locality. Private sector investments should be taken into account.

- 'Genuine' projects would be identified through this process, based on evidence and demonstrated need in the context of wider (large and small) community needs. The process could also help identify complementary or multipurpose projects that could share facilities and 'pool' funding requests into a larger but potentially greater, economic and social, return, ie 'value for money'.

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[28] http://www.apsc.gov.au/leadership/ANAO.pdf

[29] http://www.minister.infrastructure.gov.au/ja/speeches/2001/as11_2001.htm

[30] *Inquiry to Infrastructure and the Development of Australia's Regions* HOR Standing Committee on Primary Industries and Regional Services Executive Summary http://www.aph.gov.au/house/committee/primind/rding/sub167-e.pdf P.1.

[31] http://www.aph.gov.au/house/committee/primind/rding/report/chap1.pdf Chapter 1.8 and 1.12

[32] *Inquiry to Infrastructure and the Development of Australia's Regions* HOR Standing Committee on Primary Industries and Regional Services Executive Summary http://www.aph.gov.au/house/committee/primind/rding/sub167-e.pdf P. 7

- At this point there is not a single co-ordinating body to ensure best combined use of the scarce funds (from all tiers of government and the private sector) on a regional / town or LGA basis. The new Regional Development Australia (RDA) network could, when it is established, be authorized to undertake a role like this with some additional resourcing. Such additional resourcing would avoid duplication and be very cost effective in co-ordinating effort of a number of separate agencies – such a body is best led by the Commonwealth so that initiatives from other States and Territories can also be identified and shared across jurisdictions.

- For this structured approach to be effective, it would likely need resources invested to support regional communities, eg formal programs offering skills development to regional businesses and communities with a strategic focus on clustering and linking of projects across a region[33].

- Improved co-ordination between governments and their funding agencies, State, Territory and Federal, and the ability to gain efficiencies through parallel developments may be possible.

- This will be dependent on each tier of government's commitment, plans and capacity for investing in regional and community infrastructure and services coinciding with national program objectives. For instance:

  o The NSW State Plan, SE NSW region updates[34] barely mention community and social infrastructure.

  o Recommendation 2 from the NSW Rural and Regional Taskforce Report,[35] that a Regional Infrastructure Fund (similar to the Victorian government program) be established has not been the subject of a formal response or commitment as yet from the NSW Government. CRACC understands its establishment may be dependent on the success of reforms to the electricity industry and in particular sale/ privatisation of the State Government owned energy companies.

  o Local Government has a limited income base and is often not in a position to invest alone or contribute substantial partnering funds to infrastructure, large or small scale, projects [36] (and especially when it is not the owner of the asset), and /or for ongoing costs for the provision of services associated with the investment [37]. But we know from experience that they contribute where they can – be it cash and more often significant in kind contributions.

  o Investors in economic and community infrastructure need to be able to satisfy Local (and State) Government planning regulations. A difficulty for Local Governments in this region has been their inability to complete key planning documents as they are contingent on cross Joint ACT/NSW Cross Border agreements being finalised; additionally Local Government's have been frustrated as they have not been involved or consulted in the negotiations, or for the outcomes, that will ultimately affect their individual local government area.

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[33] HOR Standing Committee on Primary Industries and Regional Services *Inquiry to Infrastructure and the Development of Australia's Regions Time Running Out: Shaping Regional Australia's Future* (Feb 2000) Recommendation 2. http://www.aph.gov.au/house/committee/primind/rding/report/contents.htm

[34] NSW State Plan Priority P6 Regional Business Growth plan – Capital Region Jan 08-June 09; SE NSW Performance Dashboard and SE NSW Regional Delivery Update http://www.nsw.gov.au/stateplan/

[35] Rural and Regional Taskforce, New South Wales Government, Report to the Premier, March 2008 http://www.nsw.gov.au/pdf/NSW_Rural_and_Regional_Taskforce_Report_FINAL.pdf

[36] Standing Committee on Economics, Finance and Public Administration Rates and Taxes: A Fair Share for Responsible Local Government: *Inquiry into Local Government and Cost Shifting* (November 2003)

[37] The House of Representatives Standing Committee on Health and Ageing *Inquiry into health funding report The Blame Game* (4 Dec 2006), page 140, 6.23 and 6.28 http://www.aph.gov.au/House/committee/haa/healthfunding/report/chapter6.pdf

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

- Use of plain English in policy and program documents.
  - o Typically projects that best meet the government's policy and program objectives are the ones that get funded – the trouble often is however, that while the community knows what it wants, community efforts become frustrated because they struggle to understand and interpret the policy.
  - o The funding application process is quite onerous for applicants, particularly volunteer organizations and local community groups. Without help small community organisations which generally lack resources, struggle to comprehend and therefore adhere to the program requirements.
  - o ACCs have demonstrated an ability to cut through the bureaucratic language and translate for communities, eligibility requirements and how to shape their project to address program objectives.
  - o The application process should be sufficiently straightforward for applicants, without an almost obligatory need to resort to professional grant writers.
- Realistic expectations of community organisations and capacity for handling red tape.
  - o Reporting requirements and cost imposts of some contracts can be quite daunting.
  - o Projects can have different sorts of partners, for instance multi agency and/or more than one level of government. Their requirements are much more onerous than those of the private sector and community organisations.
  - o Where projects have had multiple (government) funding partners, an applicant often must satisfy differing reporting requirements that involve, for instance, varying timelines and multiple report formats.
  - o Alignment, simplification or consolidation of reporting requirements and methodology of government funding partners would help reduce the burden and cost for the applicant and for taxpayers.
  - o A balance needs to be struck between the government achieving efficiencies and appropriate grant management standards, management of risk and the scale of project, ranging from small modest investments to more complex high cost projects. Can government departments learn from each other; which are leading best practice?
- Collaboration and partnering with other levels of government need to be better understood.
  - o Increasing emphasis is being placed on intergovernmental support for investment in community infrastructure – a structure and process needs to be in place to encourage partnering and collaboration.
- Realistic timeframes
  - o A critical issue for program applicants has been the time involved in obtaining assessment, funding decision and a successfully negotiated contract. Several applicants from the Capital Region have suffered significant increases in project costs because of protracted delays in the process.
- Communication is vital
  - o The government must articulate clearly its reasons for investing in community infrastructure projects including clarifying for the community policy positions around 'cost shifting', 'duplication' and 'competitive neutrality', when is a partner a partner, and not deemed to be cost shifting? – all conditions of eligibility in previous grant programs that have been the subject of much confusion and misunderstanding.
- Accountability in administration includes audit
  - o the Commonwealth needs to articulate its intention to continue the trend of devolution of community problem solving to communities, and to organisations such as ACCs/RDA ; what resources are needed for communities to provide assurance to Government that taxpayer funded community led projects are delivered in an accountable way?

o   If there is an interest in 'letting go', then the responsibilities of the Auditor General require consideration:

- The Auditor-General, as an independent officer of the parliament, provides Parliament with an independent assessment of whether public money is being spent efficiently, effectively and in compliance with the standards of accountability and financial reporting.

- When public money is allocated to a discretionary program neither the Auditor General nor the Parliament is able to refer back to specific terms and conditions provided in enabling legislation.

- The Department could, however, in its annual submissions to the Senate Estimates Committee, in support of the Government's Budget Estimates and Additional Estimates, provide greater detail of the guidelines and the specific priorities that are to apply during the financial year. The Parliament would then have an early opportunity to consider what is being proposed and seek clarification and or review of issues causing concern.

- The Auditor-General would be advised of Parliament's consideration of these issues.

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

- Within the requirements of the Audit Act the objective of this ANAO audit was to assess whether the *Regional Partnerships* Program had been effectively managed by the Department of Infrastructure (formerly the Department of Transport)[38] over the first three years of the Program, ending 30 June 2006.

- The Audit arises from Recommendation 16 of the 2005 Senate Committee report on the *Regional Partnerships* and *Sustainable Regions* program[39].

- The four objectives of the *Regional Partnerships* program when it was announced in May 2003 (and commenced in July 2003) were to:

  o stimulate growth in regions by providing more opportunities for economic and social participation

  o improve access to services in a cost effective and sustainable way, particularly for those communities in regional Australia with a population of less than 5,000

  o support planning that assists communities to identify and explore opportunities and to develop strategies that result in direct action, and

  o help communities make structural adjustments in regions affected by major economic, social or environmental change. [40]

- In November 2005[41] the then Minister advised ACC Chairs that some changes would be made to the administration of the *Regional Partnerships* Program, including the introduction of Australian Government funding priorities for the program. CRACC is not aware whether the funding priorities for the program were ever tabled in the House or referred to at Senate Estimates hearings. The priorities for the program in 2006–07 were announced at the ACC Conference on 11 April 2006, and detailed in a <u>Statement of Priorities</u> [42], which remained unchanged until the program closed in May 2008:

  o *Small communities and communities* suffering economic or social disadvantage have the potential to be overlooked. These communities are particularly encouraged to develop projects that can address inadequacies in local community infrastructure and services.

  o *Economic Growth and Skill Development*. There is opportunity under the program to contribute to job creation and employment-related skill development, which are fundamental to a community's economic and social wellbeing, particularly in areas of lower employment growth or where the challenges of industry change or skill shortages are being experienced. Regional Partnerships applicants are encouraged

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[38] http://www.anao.gov.au/director/publications/auditreports/2007-2008.cfm?item_id=40BC1C6C1560A6E8AAA43AAB96708E61

[39] Senate Committee Report, Finance and Public Administration References Committee *Inquiry into the administration of the Regional Partnerships and Sustainable Regions Program* October 2005 Page xxii

[40] Budget Media Releases 2003-04, Joint Media Release, 13 May 2003, *Regional Partnerships,* the Hon John Anderson, Deputy Prime Minister, Minister for Transport and Regional Services the Minister for Regional Services, Territories and Local Government, Wilson Tuckey.

[41] http://www.minister.infrastructure.gov.au/wtr/releases/2005/November/051WT_2005_attachment.doc

[42] Letter to Capital Region ACC Chair (received 11 May 2006) from the Hon Warren Truss, Minister for Transport and Regional Services, confirming announcements made at the National ACC Conference April 2006: confirming broad policy objectives of the *Regional Partnerships* program remain unchanged, introduction of funding priorities to complement the objectives, Statement of Priorities for 2006-07, revised ACC Charter

to develop projects that will contribute to the creation of ongoing, sustainable jobs and to the development of job skills where these activities are not wholly funded by other government agencies.

- o *Indigenous Communities* are amongst the most disadvantaged in Australia. The Government is seeking ways in which the needs of these communities can be better met. These communities are encouraged to develop projects that are tailored to address their unique circumstances. Applications that assist Indigenous communities to make use of Shared Responsibility Agreements and demonstrate consultation with Indigenous Coordination Centres are encouraged.

- o *Youth*: Supporting leadership capabilities of young people is recognised as one of the cornerstones for building community capacity. Projects are encouraged that help young people to become more capable and involved members of their communities, support youth leadership and address the needs of youth in their region." [43]

- The 2005 Senate Committee report on the *Regional Partnerships* and *Sustainable Regions* program[44] noted 'generally favourable evidence' of ACCs involvement in program promotion, project development, comments and advice to the Department on *Regional Partnerships* projects from their regions.

- A revised ACC Charter (May 2006) [45] re-stated the three core roles of ACCs (as in the 2002 Charter), which relate to facilitating change in their regions, forming a link between Government, business and the community and facilitating whole of government responses to opportunities in their communities. It also defined more explicitly a core function of ACCs 'to be the primary point of promotion, project identification and application development for the *Regional Partnerships* program'.

- Between July 2003 and October 2007, 16 projects in the CRACC region were approved by the Australian Government for *Regional Partnerships* funding assistance. These projects have delivered some good outcomes for communities in this region. Each of the proponents of the funding applications was assisted by the CRACC and in accordance with this ACC's governance practices.

This Inquiry provides an opportunity to reflect on some key learnings that will assist to inform and enhance program design and delivery for improved community outcomes. The following comments are provided to the Inquiry Committee in accordance with our responsibilities under the ACC Charter, 'to inform Government of the impact of policies and programs and business and the community'.

- Thorough program planning and design needs to be in place at the outset of any new program:

  - o Pre-testing of the program guidelines and eligibility, and assessment criteria (for clarity, consistency, interpretation), should be undertaken with a range of stakeholders (within and outside of government) to ensure smooth introduction of any future regional programs; especially important for the introduction of multi purpose application forms.

  - o Clarity and certainty around programs is very important for communities applying for grants so they can plan for their resources and activities with confidence.

  - o An important lesson from CREC's early (2000-2001) experience with the *Regional Solutions Program* is that proponents should not be encouraged to make an application until the Minister/ Department has published detailed guidelines and an approved application form for the new program. Relying on a Press Release and a Fact Sheet, as per the then Department's advice,

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[43] Australian Government Dept of Transport and Regional Services Regional Partnerships Guidelines July 2006, Section 1.1

[44] Senate Committee Report, Finance and Public Administration References Committee October 2005

[45] ACC Charter http://www.acc.gov.au/about_the_network/charter.pdf

led to time wasting on developing of proposals that were later rejected due to incorrect Departmental advice in the project development phase.

  o It is inevitable that there will be changes made to government funding programs over their life as government responds to periodic program evaluations and other reviews. In doing so, it is important to communicate those changes, including when they come into effect, and the reasons why. This helps communities who may have previously missed out, or not applied, for funding on the basis of earlier guidelines, but might later be eligible for assistance.

  o Stakeholders involved in the promotion and administration of new programs need to be thoroughly briefed on the program, the policy it supports, and its objectives.

  o Sufficient staff resources need to be in pace to meet predetermined/advertised assessment timelines; staff training in assessment and process requirements is also another important consideration.

  o Sufficient financial resources need to be dedicated to launching future programs with pre-tested, approved hard copy guidelines for wide community dissemination at the progam's outset.

- A nationally engineered program needs to be flexible and responsive to local level circumstances.

  o Regional communities each have different advantages/disadvantages[46], capacities to secure funding partners for projects whether it is through private sector, local or State government or other co-funding partnering arrangements:

    ▪ Not all State governments offer complementary funding programs, nor do they always have the same priorities, or financial and other resources to match the federal pool of funds

  o Clarity around definitions and key terms is essential AND how they are interpreted in different jurisdictions, eg partnering arrangements (acceptable funding ratios), cost shifting, competitive neutrality, tiers of governments core responsibilities, as not State and local governments operate in accordance with their own (different) governing legislations.

  o Furthermore, State /Parliaments work to differing three or four year electoral cycles which complicates or derails any attempts to coordinate cooperative funding partnership arrangements across tiers of governments. [47]

- The flexibility of the *Regional Partnerships* program with regards the types of activities that could be funded was one of its strengths. However, it also proved to be a challenge when it came to raising awareness of the program and in promoting the program objectives. Applicants would need to be probed for what they needed funding for, the problems to be addressed and how the project would bring sustained benefits to their community before the ACC could advise and interpret the guidelines for prospective applicants and their project's suitability for the program.

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[46] The ABS Socio-Economic Indexes for Areas 2006 (SEIFA 2006) is a product developed especially for those interested in the assessment of the welfare of Australian communities. The ABS has developed indexes to allow ranking of regions/areas, providing a method of determining the level of social and economic well-being in that region. http://www.abs.gov.au/websitedbs/d3310114.nsf/4a256353001af3ed4b2562bb00121564/cbc195deddc8d84eca25740f0010e378!OpenDocument

[47] http://www.aph.gov.au/house/committee/primind/rding/report/chap3.pdf Chapter 3.22

4. Examine the former government's practices and grants in the regional partnerships program and after the audit period of 2003-2006 with the aim of providing advice on future funding of regional programs.

- Guidelines.
    - The most recent guidelines (dated July 2006), which were approved by the (then) Ministerial Committee, were an improvement on the previous versions – more comprehensive, easier to read and simpler to understand. They strongly encouraged applicants to involve ACCs in development of their applications.
    - Local ACCs involvement, through provision of project development assistance at the outset, meant a sound understanding and insight into projects and of the outcomes being sought; an independent local insight was provided to government on regional and local needs.
    - Use of fact sheets and examples of successful / funded projects was a useful explanatory tool in promoting the program.
    - The Audit report notes that further changes were announced to the program in September 2007; the CRACC understands that these changes were not implemented prior to, or after, the November 2007 federal election.

- Application/Assessment/contracting timeframes.
    - Program flexibility must be retained as a feature including open-ended timeframe for applications to be submitted, particularly when seeking co-funding from other sources (which inevitably have differing application process timelines)
    - The regional office (Department) practice of meeting with project applicants when projects are contracted and /or underway has proved to be very helpful for mutual understanding of government requirements and project progress and should be continued (also relevant to this Inquiry's TOR 1 and 2). This ACC had introduced the idea to this region with *Regional Assistance Program* projects.
    - The new egrants system was a substantial improvement on the Department's former grant management system (TRAX) and should be retained in any new regional program for grant administration. The system was tested extensively with involvement of numerous internal and external stakeholders throughout its design and testing phases. It is not suitable for use as a tool for providing feedback on developing project ideas, or project development into an application where multiple participants are involved in contributing to developing the project into a submission.
    - However, it is important to note that many parts of Regional Australia still lack sufficient internet access/speeds to be able to efficiently use government web-based forms and databases; also of relevance is the varying computer literacy skills and up to date software on computers and compatibility of Microsoft and MacIntosh operating platforms.

- A national approach that can be managed at the local level.
    - People need to be able to efficiently deliver solutions locally.
    - A national approach to future infrastructure investment needs to be flexible, adaptable, and responsive to diverse region needs so that productivity reform and national competition policy can be optimized.
    - It is vital for effective service delivery of the new regional funding program that the Government establishes a strong interface with regional communities. Without a system that enables the provision of local level assistance and advice to grant applicants and intenders, the program will tend to service only those better resourced organizations and quite possibly to the detriment of the more disadvantaged communities.

- o As ACCs transition to the new Regional Development Australia (RDA) network and arrangements, local RDA committees will be well placed to identify need, ably coordinate across a number of differing agencies and provide the interface between the government and the community very cost effectively. ACCs have demonstrated flexibility in responding to and implementing government policy and programs and already have in place the organisation, community relationships and experienced staff who know their region and can commence immediately in implementing the new policy for future funding programs.
    - With the possibility that RDA will not to continue with the (ACCs) project development support role, then an appropriate alternative mechanism needs to stand in its place, bearing in mind that many community groups have had minimal exposure to the level of detail and financial information required to support submissions.
    - An important part of the ACC network's role has been the main interface with the community for promotion of regional programs, to provide guidance to potential applicants, to develop their proposal to satisfy government assessment requirements and helping to build capacity in applicants and projects. Irrespective of the decision on their applications, a valuable learning experience was provided to the community through the process alone.
    - Whole of government approaches, in partnership with communities, is required for future commonwealth sponsored regional programs to be successful in addressing regional infrastructure needs.
- Monitoring progress.
    - o Once the new regional program is established, the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government could form a subcommittee that would meet annually, in September/October, with the Department and RDA Board to review progress made in the previous year.