



Submission

**Standing Committee on
Infrastructure, Transport, Regional
Development and Local
Government**

***Inquiry Into A New Regional
Development Funding Program***

***South East Development (Melbourne) Area
Consultative Committee***

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Table of Contents

SECTION	PAGE
Executive Summary	3
Introduction to SED Region	4
Consultation Methodology	5
1. Regional Partnerships Program	5
a. Consultation & Feedback from Stakeholders	5
b. Transparency & Equity Issues	7
c. Administration & Process	7
2. A New Funding program	8
a. Addressing Transparency & Equity Issues	8
b. Administration & Process	9
Conclusion	9
Appendices	
Appendix 1	11
Appendix 2	12
Appendix 3	14

EXECUTIVE SUMMARY

South East Development (Melbourne) ACC (SED) has undertaken a region wide consultation process in order to obtain views from regional stakeholders regarding the future funding of regional programs and the former government's practices and grants related to the Regional Partnerships Program (RPP).

A range of diverse stakeholders were canvassed regarding their views on the RPP and were asked, from this experience, to contribute advice regarding a new funding program which will invest in genuine and accountable infrastructure projects.

Overall, stakeholders were very positive about the RPP and the value it added to Melbourne's south east region, particularly if their projects had been successful in receiving funding. However, respondents were critical of what they described as the "onerous nature" of the Program. There were two main issues of concern which were frustrating to proponents that had both been successful and unsuccessful in their funding applications.

1. Transparency and equity

Respondents expressed the view that they were no longer confident that a worthwhile, community supported project which met the guidelines would be funded. There was considerable uncertainty regarding the fairness of the assessment process and concern about perceived political involvement in the funding decisions regarding which communities were actually funded.

SED observed considerable frustration in response to the shortening of application processes at the lead up to the recent Federal Election. The recommendation from the SED Board on both the pending and actual engagement by pre-election politicians is that this is unwanted, undesirable and offensive.

2. Administration and process

Respondents primarily expressed dissatisfaction with the time it took for the projects to be assessed, from submission date through to the final decision from Canberra. This meant that the progress of projects was placed on hold for extended periods of time, and that this suspension caused material harm to the proponents and to the community which supported the project.

On the other hand, respondents were very supportive of the Department's Melbourne office and of the ACC's (SED's) involvement and assistance in project development and submission advice and support. The general consensus was that these local organisations understood the needs of their regional communities and were able to provide appropriate advice, support and referral.

In relation to the development and implementation of a future funding program respondents concluded that the RPP provides a sound framework for a new funding program. They concluded that a merit based, accountable assessment process is vital which removes the discretionary nature of the previous program.

It is SED's recommendation that a new funding program should address transparency, equity, administration and process issues at a governance, process performance and efficiency level. Additionally, an appropriately resourced RDA network should be created to support any new funding program at a regional level.

INTRODUCTION TO SED REGION

South East Development (SED) Area Consultative Committee is pleased to provide the following submission to an *Inquiry into a New Regional Development Funding Program*. SED is located in the South East of Melbourne and comprises the nine municipalities of Port Phillip, Bayside, Glen Eira, Kingston, Greater Dandenong, Casey, Cardinia, Frankston and Mornington Peninsula.

The SED region contains 1.1 million people, nearly a third of Melbourne's total population (currently estimated at 3.6 million people). To put SED's regional population into context, it is almost three and a half times the population of the nation's capital, Canberra.

The wide spread of the region, means that it is an extremely diverse, complex mix of demography and geography which, for the purposes of analysis, SED has notionally divided into three clusters:



- i. The inner cluster - An established, residential group of municipalities with areas of affluence, but also small pockets of disadvantage – the Cities of Port Phillip, Bayside and Glen Eira.
- ii. The central cluster - An industrial group of municipalities that provide employment for surrounding municipalities but have areas of high unemployment, disadvantage and ethnic diversity – the Cities of Kingston, Greater Dandenong and Frankston.
- iii. The outer cluster - A group of municipalities experiencing accelerated growth which comprise the south eastern residential growth corridor, have a tourism base but also have an interface with rural and agricultural areas – the City of Casey and the Shires of Cardinia and Mornington Peninsula.

CONSULTATION METHODOLOGY

Responses to the Inquiry's terms of reference was garnered via the following process:

Stakeholder consultation – stakeholders, including previous proponents and current clients of the Program, were canvassed on a series of issues relating to the Inquiry. Stakeholders were asked their opinion of the RPP and also their views on how a future program, which invests in genuine and accountable community infrastructure projects, might be constructed.

Board consultation – the SED Board reviewed the RPP focussing on what worked well and where the process could be improved in future with regard to the structure of the new funding program.

Officer experience – the experience of the SED officers involved in developing project proposals and assisting with the RPP submission process was also taken into consideration.

1. REGIONAL PARTNERSHIPS PROGRAM

The Terms of Reference required that submissions take into account the Australian National Audit Office's (ANAO) report into Regional Partnerships with a view to providing advice on future funding of regional programs. It should be noted that in terms of the consultation process conducted with stakeholders, it was not practical to refer to this report in detail, rather it was referred to in passing.

The following questions were asked about the operation and administration of the RPP. Stakeholders were asked to consider what worked well and what didn't work well, with a view to providing advice on the future funding of regional programs.

- i. How accessible was the program?
- ii. How did you find the application process and the role of the ACC in this process?
- iii. What is your opinion of the assessment and decision making process?
- iv. Have you any comments about the administration and management of the contract?

a) Consultation and feedback from stakeholders

In general, project proponents who had previously successfully applied for funding and conducted projects, responded positively to questions about the RPP even though they may have felt that the process was lengthy, onerous and required overly detailed information. This was in contrast with the experience of those which had applied for funding but were not successful. These respondents, whilst supportive of the local involvement and support, expressed disenchantment in both the process and the overall outcome.

Those that had been involved in applications under assessment prior to the funding program being abolished were often bitterly disappointed that not only had their projects not been funded but also that no genuine decision had been provided. A number of these proponents commented that they had put 12 to 18 months into the scoping and development of their project proposal and had dedicated extensive resources to attracting partnership funding. Some of the more complex infrastructure

projects they stated, were then left floundering, with other monies committed, but no partnership funding forthcoming. This sentiment was particularly evident in the region's interface municipalities which are experiencing rapid growth and had lodged applications for significant community infrastructure projects..

The following comments summarise much of the feedback received:

“Resources such as feasibility studies and time to put in applications can often be large. These need to be rewarded at some point”.

“Would have liked to get some funding. Long process and then just disappointment at no decision at all”

“There is a need for funding of this sort in the growth areas. We just don't have enough resources to meet the needs of these growing communities. There is a community asset funding gap.”

Many stakeholders that had been involved with the RPP provided feedback that it was the only funding program which allowed for review and refinement of the application before lodgement. They commented that this was good for the proponent, as they were able to prepare an application that met the guidelines, and good for the government because it meant that it received well thought out and researched applications that met the funding criteria.

As one stakeholder put it: *“Advice available was invaluable and the ability to work with ACC officers to strengthen the project and application was appreciated.”*

SED's experience from the stakeholder consultation was that generally those whom were successful in receiving funding had mainly positive perceptions of RPP and those that did not, harboured a level of negative perception.

Board members of SED during this consultation process also expressed individually some concern that the program had been dismantled before projects that had been assessed locally as being of high priority had an opportunity to be assessed in Canberra pre the Federal election. The Board had made recommendations on 12 funding applications all of which were under assessment. Two had been submitted in May 2007, so had been in Canberra for over 12 months, with no indication as to their fate. The projects represented approximately \$12 million in RPP requests and \$88.2 million in total project spend, including partnership funding. No decision had been made about any of these projects prior to the November 2007 Federal election.

Post election, two projects which were assessed by the SED Board as low and medium priority were funded via “election commitments”. The Board has expressed extreme disappointment in this process as many perceived this has made the work of the Board seem immaterial and unrewarded.

The recommendation and strong view of the SED Board in this regard is that the political process should be separate from a correctly constructed and designed funding program and assessment process.

b) Transparency and equity issues

Comments from stakeholders have made it clear that they believed the RPP had become fundamentally flawed because the assessment process was lengthy, and onerous. Many also believed that the political imperative had overtaken the assessment process and that this had destabilised the capacity for decisions that were made to be perceived as equitable, and in the genuine interests of the community. It was of some considerable disappointment to those professionals in the region that this had happened:

“Process was far too lengthy. Too much political influence and reactive to political climate. There was a reduced confidence in the process hence the need to use political means rather than process and the application”

The RPP was originally designed to be transparent and equitable. SED’s Board members believe that although the application process at a local level might have been onerous it was nevertheless necessary in order to withstand public scrutiny and meet the objectives of transparency and equity. It was for this reason that proponents were subjected to a rigorous process prior to applications receiving a priority rating from the SED Board. One proponent commented:

“Our application process was very robust, the ACC requested a high degree of information and evidence to support our application. However, this robustness ensured that the project was well prepared”

c) Administration and process

That RPP was a “..very thorough process” was a comment which summarised many positive sentiments provided by economic and development professionals working in the region. As touched on above however, whilst thorough and robust in theory, there were elements of political involvement with which respondents to the consultation were unhappy.

Again as discussed above, there were some during the consultation phase in the region whom thought the process of assessment was overly rigorous and could have been more streamlined.

For example: *“The assessment process could have been handled more expediently. Felt like (we) had to go through 2 separate organizations”*

Whilst SED would agree somewhat with the above statement, it still strongly believes it is necessary to have a rigorous assessment process for reasons already outlined. SED supports a continuation of the previous administration and process if it could be made more efficient and accountable.

Others felt that their application “got lost” when it went to Canberra for assessment. Despite having a project which they believed clearly fitted within the established guidelines and being advised of expected decision timelines, the process became “bogged down” and timelines were not met:

“(The) amount of time taken to get funding created problems particularly when projects are community based. Projects may need to happen sooner.”

Overwhelming strong support for the local assistance provided to contacting of projects was evident during the stakeholder consultation. There was overwhelming satisfaction with the performance and output of the Melbourne office and the ACC network in the region. The following statement from a respondent consulted during the consultation phase illustrates this theme:

“Regional Partnerships administration was fabulous. Catherine from DOTARS was very professional to deal with and in managing the contract. Very reasonable and supportive. SED staff were equally good and gave great assistance. When I took over the project they helped me get it back on track.”

2. A NEW FUNDING PROGRAM

Respondents generally agreed that that a future funding program be developed with RPP as its basic starting point or framework. Many of the guidelines developed in RPP could be however modified to reflect new government policy relating to infrastructure, community and economic development.

It is important in SED’s view, that the government does not completely ignore the old RPP system when designing a new program. There were many elements of the program that added significant value to local communities and to regions. However the opportunity to sidestep the process and inefficiencies in the assessment process often made the program less effective than it could have been. As one stakeholder put it so succinctly in relation to the less than satisfactory administration of the program, “...this is a governance issue”. In other words the poor reputation of the RPP is not a reflection on the worth of regional funding programs to communities in need but simply illustrates the necessity to have quality systems in place and clear performance management processes.

a) Addressing transparency and equity issues

In order to create an assessment process which is transparent and equitable it is recommended that the discretionary nature of the new program be either removed or minimised via the appointment of an assessment panel with clear governance procedures but at “arms length” from government. The charter of this panel or Board (possibly the national Regional Development Australia Board) would reflect current government policy but government would be unable to influence outcomes other than by changing policy at a political level.

Another model that has been suggested would be to maintain some discretionary power at a political level but projects would still have to meet certain basic criteria established at the independent board level. Ministers could then have some power to “sign off” or selected projects which are initiatives developed by proponents in keeping with government policy. Ministers would need to adhere to guidelines and a transparent assessment process to remove any perceived political bias which may arise under this “managed” discretionary program.

Ministers would also have to make public statements, addressing the assessment process when awarding each project. This again would ensure transparency and equity by allowing for public scrutiny of the process.

SED still sees great merit in Ministers establishing guidelines and priorities, which can be updated from time to time. These of course need to reflect community attitudes and development priorities at the time.

Respondents from growth areas at the interface in the SED region were strongly in favour of Federal funding and support for projects. The need for new infrastructure in these communities is dire because local governments' budgets are stretched. A new funding program which includes eligibility for regions with high growth and significant interface areas is integral to the cohesive development of infrastructure in these communities.

b) Administration and process

It is clear from our consultations that regional stakeholders would like to maintain relationships with government via a regional network. Respondents all point to the value added by the ACC network in developing and assisting with projects. How this is "rolled out" is an issue for government but it seems to SED that the current system is worthwhile. It is merely the administration of this system that needs refining.

The online submission process, as an example, was never popular with proponents. And, as pointed out already, often the process was deemed overly bureaucratic.

SED recommends a future program administration and structure be established with the following parameters:

- Central assessment body in Canberra. (possibly RDA Board)
- Maintain the RDA network with some minor boundary reviews
- Establish strict time periods for assessment of proposals. (eg 4 month turnaround on decisions)
- Establishment of Key Performance Indicators which are reportable to the assessment Board of RDA
- RDA Board and Chair appointed by, and responsible to, the Minister
- Minister given the power to establish RDA priorities and set KPIs

There was widespread agreement that a new funding program should maintain this local regional support in order to add value to the projects which the program will fund.

CONCLUSION

The Federal Government has a stated objective to strengthen and further develop its regional network, to be called Regional Development Australia. One of the mechanisms to do this is to provide for a well targeted, transparent and equitable Regional Development Funding programme. To do so, it must provide sufficient transparency, accountability and equity in the system of assessment and decision making processes.

Suggestions to achieve this objective have been outlined above. In short, the discretionary nature of the new program needs to be minimised or removed altogether and the new fund managed efficiently. In addition the RDA network will need to be appropriately resourced to support the expanded activities envisaged in a new fund.

In SED's view, as ACCs take on further responsibilities as they transition to an RDA network, the skill and experience and networking capabilities inherent in the network could quite easily be transferred to projects across the spectrum of government project delivery, which would provide for additional economic, social, environmental and cultural outcomes of significance.

Appendix 1

List of organisations/individuals consulted:

1. Casey City Council
2. Cardinia Shire Council
3. Mornington Peninsula Shire Council
4. Bass Coast Shire Council
5. Greater Dandenong City Council
6. Waterline Group
7. Mornington Rose Garden Committee
8. 3RPP Community Radio
9. Garfield Football Club
10. Vietnam Veterans Association
11. Eastern Regions Mental Health Association
12. South East Business Networks
13. SED Board Members

Appendix 2

Some comments from stakeholders on the RP process:

“Not a merit based project assessment process because too many organisations involved. Local efforts and time weren’t rewarded” (SM, LR)

“Process was far too lengthy. Too much political influence and reactive to political climate. There was a reduced confidence in the process hence the need to use political means rather than process and the application” (LR)

“Application process too long.” (SM)

Advice available was invaluable and ability to work with ACC officers to strengthen the project and application was appreciated.” (LR)

“Wonderful support from SED staff. Can’t fault it” (DG)

“Often resources such as feasibility studies and time to put in applications can be large. These need to be rewarded at some point” (SM)

“Guidelines were far too tight.” (KM)

“Amount of time taken to get funding created problems particularly when projects are community based. Projects may need to happen sooner.”(KM)

“Very thorough process” (TC)

“Good program suitable when you have exhausted all other funding avenues. SED staff were great to work with and administrative support was excellent”. (TC)

“Would have liked to get some funding. Long process and then just disappointment at no decision at all” (DS)

“There is a need for funding of this sort in the growth areas. We just don’t have enough resources to meet the needs of these growing communities. There is a community asset funding gap.” JD

“Regional Partnerships administration was fabulous. Catherine from DOTARS was very professional to deal with and in managing the contract. Very reasonable and supportive. SED staff were equally good and gave great assistance. When I took over the project they helped me get it back on track.” (PB)

“It was good to be able to brainstorm and discuss project related issues with SED and support and guidance from DOTARS was great.”(PB)

“One of the better systems I’ve been involved with.” (PB)

“It was handy to have local support via attendance at steering committee meetings.” (PB)

“Process was agonising - was a long drawn out process. In fact our first application was rejected for no apparent reason.” (SG)

“All flowed easily. Working with Anita (SED staff) was invaluable As a result the process was quite easy.” (MM)

“Electronic format was difficult to work out though” (MM)

“RP funding was absolutely wonderful support for a very worthy community project” (MM)

“From my point of view dealing with SED as the local representative was just the best”

“Assessment process could have been handled more expediently. Felt like had to go through 2 separate organizations”(MM)

“We were very disappointed that the fund was closed. We had a good project we had been working on with SED” (AC)

“We got a lot of assistance from SED on our project which is now still advancing to some extent. The RP funding would have made it so much easier”(AC)

“Time between when govt got in and the decision was made to close was also very disappointing” (AC)

“RPP was the only programme of its type recently; partnering approach with other organisations enabled capacity for larger projects”(SS)

“Close assistance by ACCs in development / refining the application was invaluable.(SS)

“Working relationships formed between City of Casey and the ACC allowed local level groups to access the program. Partnerships between local government and community groups were essential in ensuring accessibility from our experience.” (CC)

“Accessibility would have been a significant problem had it not been for local government and ACC allegiances.” (CC)

“Application process was very time consuming and intense, even for well developed projects.” (CC)

Due to extensive application process many local level groups did not submit an application. (CC)

“Our application process was very robust, the ACC requested a high degree of information and evidence to support our application. However, this robustness ensured that the project was well prepared”

Appendix 3

Some comments/suggestions on a new program from stakeholders:

“Needs to be a merits based or outcomes based program which is more streamlined and responsive.” (SM, LR)

“Needs to be properly funded. A \$1M cap on projects is limiting” (SM)

“Boards (of ACCs) need to have good representation then good advice will flow from this to project proponents. All levels of government need to be involved on the board of any regional body advising on funding for regional based projects” (SM)

“Needs very clear and defined outcomes which encourages people to do better work. Eg reducing obesity. Projects and programs also have to be part of an integrated strategy” (LR)

“Perhaps matching funding for projects could be provided” (SM, LR)

“Rejuvenation of small towns by providing for funding within the interface municipalities.” (KM)

“Should be fair – covered by guidelines” (KM)

“In Victoria there is not much funding for business – this could be addressed in the new program (eg. Streetlife is now gone)”. (KM)

“From an end users point of view any changes wont impact much on us as long as the support is still there.” (KM)

“New program can be improved by having more measurements of the project in the application. Certain number of criteria that needs to be met but there needs to be provision for proposals that reflect the needs of the region. Don’t put a “tight box” around the program. Needs to allow for innovation from within the region.” (SG)

“A “bottom up approach” allowing a region to develop regional based projects.” (SG)

“The regional body needs to be able to determine whether or not it meets the needs of the region. S/be a primary framework which must be initially met, then some discretionary aspect afterwards which is more flexible.” (SG)

“A new funding program needs to support genuine community based projects like the Radio Tower. It benefited the whole community and was supported by the whole community”(MM)

“Matching funding ratios: disadvantaged Councils under pressure incl population growth need to be allowed to waive the matching funding, set out in the criteria more explicitly.” (SS)

“Partnerships with local government are essential – helps ensure most needed and worthy projects are put forward.” (CC)

“Ensure advice and experience of local government (i.e. local level) is considered. (CC)”

“The role of the ACC is also important from a more local level, provided they are kept informed of changing Government priorities.” (CC)

“The guidelines and processes for the RPP appeared robust – it is my understanding, that the program review identified that in some instances the process was not followed. This is a governance issue.” (CC)