



## **Submission by Mansfield Shire Council**

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

#### **Inquiry into a New Regional Development Funding Program**

##### **Introduction**

The Minister for Infrastructure, Transport, Regional Development and Local Government, The Hon Anthony Albanese MP, has asked the Committee to inquire into and 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 by 30 November 2008.

Mansfield Shire Council wish to submit the following Submission to the Inquiry, consent to the content thereof being made public and would be pleased to have an opportunity to present, in person, at a scheduled hearing.

##### **Mansfield Shire Council: Summary of critical outcomes required**

The complex funding application development process, 'one funding program fits all' approach, lengthy multi-step assessment process and response time to advise of a successful application must be overhauled to be commensurate with, for example, Victorian State Government equivalent programs.

State and federal regional development programs should compliment each other, combining seamlessly to directly assist small rural councils such as Mansfield Shire.

Council strongly believes there needs to be tailored provisions in Regional Development Australia funding programs to allow direct access to federal funds for projects deemed of local importance to small rural communities and businesses, where the cost of the project is clearly well beyond the financial capacity of a small rural council to deliver unassisted. This funding stream should be directly accessible by small rural councils through their respective RDA committees, with assessment and response times minimised.

Cooperative funding ratios need to reflect the capacity of small rural councils to finance local projects. Ratios should also reflect the high level of in-kind contribution historically provided by rural communities to local projects.

A simple expression of interest system should be instigated, where small rural councils can have their initiatives assessed by RDA committees and advised in a timely fashion of the appropriateness or otherwise of the initiatives, as they relate to grant guidelines and national policy settings.

Following this, small rural councils could then make an informed decision on whether or not to apply the considerable staff and community resources required in the development and lodgment of a detailed funding application, with a qualified degree of confidence in an ultimate outcome.

Council supports the prioritisation of funding requirements for specific projects deemed of regional importance through Regional Development Australia (RDA) committees, supported by peak bodies and formal forums well established in the regions.

**Mansfield Shire Council: Response to questions posed within the parameters of the Terms of Reference**

**Question One:** *Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects.*

Council undertakes a rigorous community and business engagement process in the development and adoption of a Council Plan.

This is supported annually with the development and adoption of an Annual Business Plan.

Rigorous input to identifying and prioritising infrastructure projects is undertaken with the various economic and community development advisory committees of Council and specialist working groups as required.

Council has an ongoing 'Priority Projects' documentation process which reflects this detailed engagement, assessment and prioritisation.

Council develops an annual and five year Capital Works Program, which identifies priorities as they relate to evidence-based assessment of existing and new infrastructure.

Council can therefore clearly demonstrate a high degree of accountability as it relates to the determination of infrastructure projects on behalf of community.

Council supports a regional approach to the assessment and prioritisation of projects deemed of regional significance. Council feels that there is generally a uniform approach across councils as to the determination of proposed projects and this should be

reinforced as assessment and prioritisation is undertaken by regional RDA committees and representative bodies.

Council believes that the RDA and regional bodies are best placed and qualified to work cooperatively to make assessment on the prioritisation of regional projects and their subsequent recommendation to government, both at a federal and state level.

If federal and state funding is required, or deemed appropriate by stakeholders, whether for regionally significant or local projects, a uniform prioritisation and assessment approach is vital.

Empowerment at a local and regional level is a stated aim of the honourable Minister and should be enacted.

**Question Two: *Examine ways to minimise administrative costs and duplication for taxpayers.***

It is Council's understanding that Regional Partnerships had at least five major bureaucratic assessment steps in the determination of grant recipients, prior to an assessment and determination by the Ministerial Committee.

If more empowerment was delegated to RDA committees and formal regional bodies, a review of the need for a detailed assessment by a federal agency, operating at a state level, could be investigated and therefore the assessment steps could be significantly reduced or at least streamlined.

Specific to projects of regional significance, where cooperative state funding was sought and support formally indicated, this should be taken as state priority assessment and the project be immediately assessed at a federal level. Conversely, the same should apply.

Given there should be a clear synergy between state and federal policy settings, the state should be entrusted to undertake the state assessment of regional significance projects.

When funding guidelines at both a state and federal level indicate an all levels of government partnership as desirable, or mandatory, the respective state government agency should make recommendation to the federal department.

This could remove the need for duplication of the assessment of a project of regional significance.

Funding programs should clearly define regional and local projects and the criteria thereof.

Specific to projects deemed of local importance, RDA committees should make the assessment and make recommendation direct to the federal department.

The above recommendations, if enacted, would clearly have a dramatic reduction in duplication and administrative costs.

**Question Three: *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.***

The ANAO made more than 20 recommendations relating to administrative processes, funding programs, the relationship between administrative and ministerial functionality and the apparent complexity and inconsistency of the assessment process.

It is Council's opinion that there is very little attention given to, or recommendation on, the onerous nature of securing and managing grants from a small rural council's perspective.

Several key points need to be highlighted with respect to the ultimate attainment and management by a small rural council of a grant in the current Regional Partnerships format.

The categories are considered over-prescriptive and too restrictive.

If small rural councils are to be entrusted to deliver what the honourable Minister states needs to be achieved (*genuine regional economic development and community infrastructure with the aim of enhancing the sustainability and livability of Australia's region*) then the programs, and local management thereof, need to be made dramatically simpler.

By way of example, Council is the recipient of an ATDP grant for \$250,000 to build adventure product for the international market. From application lodgment to receiving notification took some 11 months. From receiving ministerial offer to contract signing took 5 months, with negotiation on the refinement of project elements, milestones and budget apportionment being overly complex and bureaucratically inflexible. The timelines given to deliver the actual project were then restricted to fit program financial reporting requirements.

Any new programs need to be designed to match the stated requirements of community and business. Local government priorities, in broad terms, are well documented and fall into the broad categories of:

- Community and public infrastructure (for example, community pools, sporting facilities, cultural or tourism facilities or attractions)
- Local roads (and related infrastructure such as bridges)
- Health related projects

- Environment related projects
- Regional and local government economic planning-related projects (for example, tourism strategies, attraction strategies, or business attraction programs)
- Provision to partner with or support private enterprise projects that can demonstrate a net return to community and the business sector at large

There needs to be acknowledgement of the capacity of small rural communities to finance their basic infrastructure needs. Funding ratios should reflect this.

Small rural councils need to be able to apply for funding that suits the community need, not attempt to fit the project to a prescriptive, capped program. This places enormous pressure on small rural councils and has the potential for the project to be severely compromised when an inadequately resourced project is attempted.

The complexity of the funding application and management thereof needs to reflect the dollar value of the grant. Streamlining administrative processes, relevant to the dollar value, should dramatically cut the resources needed within the relevant government department/s and address duplication.

For relatively small grants, small rural councils should be entrusted to work with community, business and RDA committees to deliver projects with a minimum amount of administrative burden, at the same time being totally accountable through the knowledge that random external audits are carried out.

It should be noted that small rural councils are entrusted by their community and federal and state government to collect and manage annual budgets in the order of \$15 million, yet are expected to carry the burden of onerous bureaucracy to manage relatively small amounts of federal funds.

The Regional Development Victoria model should be closely examined as it receives universal praise from small rural councils.

**Question Four:** *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.*

With regard to departmental internal processes, Mansfield Shire Council has no knowledge of what happened before or after the ANAO audit period of 2003-2006, and therefore deem it inappropriate to make comment.



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Chief Executive Officer

