

Future Regional Development Funding Program

A Submission to the Standing Committee on
Infrastructure, Transport, Regional Development
and Local Government



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1 INTRODUCTION

This paper has been prepared by the Area Consultative Committee Tasmania (ACCT) in response to the Australian Government's inquiry into a new regional development funding program. The purpose of the paper is to provide the Standing Committee on Infrastructure, Transport, Regional Development and Local Government (the *Standing Committee*), with a Tasmanian perspective for a funding program that can support genuine regional economic development and community infrastructure.

In an effort to ensure this submission is appropriately informed, and representative of the broader Tasmanian community, input has been sought from members of regional communities and small business throughout Tasmania, Local and State Governments.

2 BACKGROUND

2.1 Area Consultative Committee Tasmania

ACCT approaches the task of putting this submission together with a strong background and understanding of the entire community of the state of Tasmania. There are 29 local Government areas, in Tasmania, and three distinct regions, with the majority of towns being less than 5000 in population. Tasmania has the most decentralised population base in Australia. We believe our unique role of being the ACC for all of Tasmania, is one of the key reasons we have been so successful in identifying and supporting regional development opportunities and can therefore provide sound advice to the Standing Committee.

ACCT has considerable experience in the delivery of programs and services to assist local community, business and local government lead their own regional growth, development and sustainability.

The apolitical, not-for-profit, community-based structure of our organisation is one of the most valued characteristics that we strive to protect. The Committee is made up of twelve dedicated volunteers drawn from the local communities to represent the State's diverse regions and takes a "custodians of public money" responsibility. ACCT has never recommended nor supported a project it believes to be unsustainable, unrealistic, or without significant need by the community. We demonstrate the courage and conviction to decline project proposals that are not viable, and always identify any embedded risk within a proposed project. ACCT is driven by the desire to see the delivery of projects that directly benefit communities, and that deliver good-value outcomes for the Government.

ACCT strives to successfully service all of Tasmania through a well-resourced, financially strong and well-governed organisational and is consequently well placed to provide support and assistance to applicants of regional development funding programs.

Our role is not that of a transactional service delivery agency where we just 'check', or 'rubber stamp', grant applications for correct wording and documentation. We support project *and* regional development. We increase community capacity by working closely with community leaders, mentoring and motivating them throughout the various phases of project development. Because the organisation is entirely

apolitical, we are able to address issues from a very objective position. This apolitical status is fundamental for communities and Local and State Governments to regard us with a very high level of credibility.

The organisational structure of ACCT enables us to promote and disseminate information on various Australian and Tasmanian Government programs and services. Our processes are well developed, proven and adaptable. Consequently, we have the capacity to quickly adapt or implement new functions or processes to meet the needs of broader government initiatives and programs.

A key function of ACCT has been to identify, support and mentor projects that can develop a region. This includes supporting local communities in developing key infrastructure to encourage community participation and improve health and well being, and understanding the economic dynamics of a small town and the needs of that town.

ACCT is well placed to take a 'helicopter view' of communities, yet is also careful to maintain 'on-ground' contact to ensure it does not lose sight of the unique characteristics that exist. The helicopter view enables us to see linking opportunities and identify emerging issues across the broader regions. ACCT has extensive experience working within smaller regional communities, and is aware of the unique and significant issues these communities face. Moreover, we understand how local networks support and resource communities as a way of managing times of adversity.

The relationships we have built with the various Tasmanian Government agencies (eg. Skills Tasmania, Sport and Recreation) and senior Development officers in the Local Councils are imperative. In recognition of this, we continue to work hard to maintain those relationships, particularly in terms of trust and confidence in our ability to deliver outcomes. We also have a capacity to maintain contact and support with regional bodies such as Regional Tourism Associations, Development Groups, Business Enterprise Centres, and funding organisations including the Tasmanian Community Fund, to ensure we are kept up to date on the strategic direction of the three broader Tasmanian regions.

Outside of the Regional Partnerships responsibility, ACCT has worked towards:

- Providing an apolitical and unbiased opinion of the "mood" of regions - how organisations and local governments are feeling about potential development opportunities and constraints
- Providing direct feedback to Local Members of Parliament regarding how regional communities are feeling the impact of National policy in their communities.
- Working actively with Councils yet encouraging, where feasible, Councils working together to improve regional infrastructure (hard and soft / social, environmental and commercial-related).
- Continuing its active involvement to work with community groups and individuals to improve grant application skills and project management. The free "Grant Writing Workshops" we continue to hold are considered a vital tool in building local capacity in this area.
- Continuing to liaise and work with other grant bodies to ensure we are providing the public with funding "options" rather than just one grant program.

- Becoming more actively involved in "up-skilling regions" and facilitating (or delivering where appropriate) relevant professional development workshops depending on regional need. This may include how to run a project, how to delegate, what makes a strong committee – building organisational capacity. The focus is on building the capacity within struggling groups (which may not mean social or eco disadvantaged).
- Focusing on building the community and social capacity building needs and making sure economic projects are targeted and linked closely with skills development.

3 METHODOLOGY

In preparing this submission to the Inquiry into a new regional development funding program, ACCT sought feedback (Appendix 1) and recommendations from a vast range of stakeholders. These included representatives from the following:

- Local Government – all 29 Tasmanian Councils including General Managers, and Community/Economic Development Managers
- State Government Agencies; included Department of Economic Development and Tourism, and the Department of Education
- Regional Development Organisations – including Northern Tasmania Development, Southern Tasmanian Councils and the Cradle Coast Authority
- Peak industry bodies and Non-government organisations
- Other funding organisations
- Previous successful and unsuccessful applicants to the Regional Partnerships Program
- Applicants progressing through the Regional Partnerships Program process when the Program was terminated.

During the feedback period, responses were received from Local Government, NGO, State Government, and community group representatives. Feedback was gathered and collated, and the comments have been directly included with this submission and is attached in Appendix 2.

In addition to seeking feedback from community, ACCT conducted a two-day workshop on June 17-18 for all our Committee members. The public feedback was reviewed in detail and the ACCT then considered the Inquiry questions. The discussion that follows includes the considerations of the ACCT, supported by the community feedback.

4 STANDING COMMITTEE INQUIRY QUESTIONS: DISCUSSION

4.1 *How to ensure genuine and accountable community infrastructure funding*

Terms of reference: Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects;

In responding to this question, ACCT supports, and gives high regard to, the statement made by the Labor Party in the lead up to the last federal election: *“A Rudd Labor Government will genuinely empower local communities ... resourcing their solutions and providing national leadership to deliver quality infrastructure and services to regional Australia.”*¹

In providing advice to the Standing Committee we see the following issues as essential components of any regional funding program:

- Clearly Defined Program Outcomes;
- Partnership-Based Funding;
- Open to For-Profit (Commercial) and Not-For-Profit (Non-Commercial) Applicants;
- Project Development Support;
- Flexible Submission Dates; and
- Timely Decision Making Processes.

4.1.1 Clearly Defined Program Outcomes

A funding program that clearly defines its objectives and desired outcomes will provide direction and clarity to communities regarding the type of projects it will or will not support. The community consultation currently being undertaken by the ACC network, as part of their transition to Regional Development Australia, should provide the Australian Government with direction in respect to this.

¹ ‘Regional Development for a Sustainable Future’, The Hon Simon Crean MP, Shadow Minister for Trade and Regional Development, ELECTION 2007.

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“Funding should be linked to clearly identified and documented Regional Priorities across a range of matters. There should be well documented contributions from other parties”.²

In addition, we consider that the definition of ‘infrastructure’ should be extended to include *soft* or intangible infrastructure, which encourages and supports social networks, leadership and mentoring, as opposed to entailing just *hard* infrastructure (i.e. tangible items such as bricks and mortar). Supporting the development of *soft* infrastructure is often overlooked in grant programs, yet the building of ‘community capacity’ is an essential component of any successful community. An example of such a project is the Tasman Council’s Regional Partnerships application for funding of a “Project Manager” to oversee a new Regional Tourism Strategy. The funding provided through Regional Partnerships was used by Council to employ a Project Manager for a 12-month period, and ensure the strategy led to clear outcomes. It is very likely the Strategy may not have been fully implemented were the funding for human resources not made available to the small Council.

ACCT believes the future funding program should also cater for projects that support building community capacity via skills training. Accredited skills training is a highly cost-effect way of expanding and rejuvenating the skills base of regional communities and can be essential in providing new business with appropriately qualified staff.

“A Workforce Development analysis needs to be incorporated into guidelines and criteria for project assessment. This is needed to ensure that issues related to the availability of skilled labour, and the commitment of proponents to comprehensive workforce planning and skill development are identified at the conception stage. The integration of workforce development strategies and infrastructure programs is an important component of realising the community benefits of these initiatives.

National programs need a strongly collaborative relationship between Australian Government agencies funding regional development (both infrastructure and skill formation and development) with state agencies such as Skills Tasmania, other Tasmanian departmental counterparts the Department of Economic Development and Tourism, Department of Infrastructure Energy and Resources. This would contribute to improving the targeting of initiatives, supporting potential leveraging of additional funding and avoiding duplication. Workforce development principles and practices are widely recognised as a central component of regional development initiatives. The experience of other state and national programs should be taken into account in formulating any new regional programs. (For example, Skill Formation Strategy projects in Queensland, national Skills Ecosystem projects, the COAG Targeting Skills Needs in Regions Program, Partnerships to Jobs in Tasmania).”³

² Ian Abernethy - Director Development Services, Launceston Council.

³ Ian Paterson - Manager Workforce Development, Skills Tasmania

4.1.2 Partnership-Based Funding

ACCT considers that future funding programs should have the capacity for applicants to build on existing community partnerships in order to leverage maximum benefits for the host-community. Partnerships should be recognised both in terms of partner funding for the project itself, as well as the delivery of project outcomes.

“From a Local Government (Community Development) perspective it is most important that there be a Federal Government supported program to assist genuine, worthwhile community projects to get off the ground when there are no other State Govt or private enterprise programs which address such initiatives. As you would be well aware, there are a myriad of very worthwhile projects which when implemented, strengthen community viability and reduce vulnerability but they are often ineligible for the traditional support funding sources”.⁴

We consider that the requirement for co-funding should not be prescriptive as dollar for dollar (nor 40% funding Program, 60% other sources such as the requirement under *Regional Partnerships*), as needs and capacity to attract or provide co-funding differs from community to community. Needless to say we expect that there needs to be demonstration that the project proponent has made every effort to identify partner commitments.

“One of the issues with [the previous Regional Partnerships program was...] the need to match dollar for dollar the funding input by the community organisation applying. In many circumstances it is not possible for small community groups to raise the level of capital required [and the issue] has been a major barrier and resulted in many viable community infrastructure projects not being undertaken or being “half done” and still requiring future input from other funding sources”.⁵

“Larger regional communities often have competing priorities when considering investment or funding applications for community infrastructure. Some initial one off funding to enable communities to undertake an audit of community infrastructure, its current usage and opportunities for collaboration would be of great benefit. This would enable gaps to be identified and also data to be compiled to demonstrate and/or confirm need. This would also ensure that future applications by these communities were based on a factual and agreed understanding and knowledge of needs and gaps. The process of communities undertaking this scoping and audit may lead to greater sharing of

⁴ Goodwin, D. – Special Projects Officer – Kingborough Council

⁵ Wallace, R. – CEO, Northern Tasmania Development.

community infrastructure (i.e. school facilities) that would reduce the need for new or additional funding”.⁶

The ageing state of much of the country’s community infrastructure demonstrates the inability of Local and State Government’s to successfully meet the cost of providing adequate, accessible and safe community infrastructure. The Tasmanian State Government supports this concept:

“The new program should adopt practices that enable better cooperation and ability for agreement to be reached between funding partners (particularly federal, state and local government). [... and thereby...] assist regions and communities in meeting strategic priorities”.⁷

4.1.3 Open to For-Profit (Commercial) and Not-For-Profit (Non-Commercial) Applicants

The proposed Community Infrastructure funding program should not exclude for-profit applicants. The true test of eligibility should be for whom the benefits will be derived.

ACCT assumes that the term “community infrastructure” as considered by the Standing Committee, relates to projects owned by not-for-profit organisations and local government (e.g. community halls, community gardens, men’s sheds etc.). We believe that private enterprise projects that provide employment and sustainable economic outcomes for regional communities should also be considered ‘community infrastructure’.

“Consideration should be given to regional for-profit enterprises being eligible for support under the program. Business development in regional areas can have significant positive impacts on local communities, not only in providing employment, but also in wealth creation, community sustainability and flow on effects within the community”.⁸

⁶ Wallace, R. – CEO, Northern Tasmania Development.

⁷ Mcilfattrick, N. – Secretary, Department of Economic Development and Tourism (Tasmania).

⁸ Mcilfattrick, N. – Secretary, Department of Economic Development and Tourism (Tasmania).

ACCT has worked with, and supported a number of projects where private enterprise has driven and successfully applied for projects that have delivered substantial community benefit. Examples include projects such as Barnbougle Dunes Golf Course, Hellyer Road Distillery, Tall Timbers Hotel Hydrotherapy Pool, as well as others (Appendix 3).

The benefits of such projects have been well documented and are an example of where the Australian Government has successfully invested in 'community infrastructure' through the private enterprise.

By taking competitive neutrality into account through the assessment process, the Government can ensure that local economies are not negatively affected by a proposed project, whilst providing an impetus for local and/or regional market growth.

As long as a project is not a core responsibility of the applicant (and therefore not considered to be cost-shifting), we consider that both State and Local Government should be eligible for funding. For example, a regional school (therefore State Government's Department of Education) should be eligible to apply for funding to develop a Youth or Men's Shed where the project is community driven.

4.1.4 Project Development Support for all Applicants

A necessary component within any community development funding program is the inclusion of support mechanisms that assist communities to develop, plan, and manage their projects. This support is much more comprehensive than a 'grant writing and application' mechanism. The support structure to be established for the future funding program must be adequately resourced to enable the transfer of the skills and knowledge that build community capacity, and identify significant local partners with whom applicants can combine resources. While this function has been the role of the ACC network, ACCT is not necessarily stating the future "RDA" committees 'must' continue this role. We do consider however, the existing ACC network is very well placed to provide this support Australia wide, and note that the ACCT has developed credibility and respect for the role it has delivered in the past.

"It is believed that the previous Regional Partnerships/Area Consultative Committee structure was very effective. Access to information and people [through the ACC network] was immediate and there was always information and assistance provided".⁹

The capacity building support provided through ACCT ... is essential to enabling small communities and organisations to have equal access to large grants programs The support usually identified gaps in any community collaboration, possible project partners, and provided considerable assistance to ensure that the projects business plan and financial modeling was appropriate. This is vital as it

⁹ Wallace, R. – CEO, Northern Tasmania Development.

ensures that organisations and smaller communities produce quality proposals. Alternatively, if their proposal is obviously not suited, organisations and small communities do not waste their valuable time pursuing funding for a project that is highly unlikely to receive funding. Where applications were not approved, it is TACH's belief, they still benefited from their interaction with ACCT by improving their business and project planning skills¹⁰.

The inclusion of a support component in the new funding program has several significant benefits. Firstly it ensures that projects that have a capacity to make a difference don't 'fall through the cracks' as a result of the inability of the community drivers to manage and develop the project.

A simple recurrent grants round with no capacity building support is not the best way to achieve participation by small communities and organisations. Such an approach may seem the "purest" method to achieve an accountable program, however you would virtually guarantee that larger and well resourced businesses and community groups would be the beneficiaries of the program ... Small communities and organisations applications may have considerable merit but they would not have the capacity to develop as "glossy" applications as larger communities and organisations.¹¹

Secondly, it provides the Australian Government with a capacity to not only support good projects, but ensure that the commonwealth investment supports integration, connectivity, and greater inclusion within communities. A support network can also provide an impetus for a potentially high-worth project to proceed, which might be lost otherwise.

"Federal Government should utilize Area Consultative Committees or similar, that employ field officers to work with prospective proponents. It is imperative that they have local knowledge."¹²

¹⁰ Hooper, J. – EO, Tasmanian Association of Community Housing (TACH)

¹¹ Hooper, J. – EO, TACH.

¹² Turner, J. – West Tamar Council

4.1.5 Flexible Submission Dates

Our advice is that a regional funding program should provide flexibility with respect to funding dates. Our rationale is that in order to encourage partner funding, a program that allows submissions at times that suits the projects is well received by regional communities. This approach enables communities to develop projects to address local needs in a relatively timely manner. It is particularly the case if regional funding requires the support of partner funding from other sources. The capacity of organisations to deliver a project in a timely manner, within budget, can be significantly compromised if communities are forced to wait for round based grants. This process also has the capacity to place at risk the secured funds from other partners if time delays result in cost escalations.

4.1.6 Timely Decision Making Processes

An important characteristic of a regional funding program should be to provide project partners with timely decision making. We consider this component to be the single greatest failing of the Regional Partnerships Program.

Most communities that are seeking funding for projects are volunteers that give significant time and resources to support the growth and development of their community. Delays in funding decisions can erode community enthusiasm, momentum, and ownership of projects. Developing a funding program that delivers timely funding decisions for well developed projects can deliver substantial benefits to communities. This has been a common and consistent theme from all applicants to the Regional Partnerships Program, as well as from Local and State Government representatives.

“[RDA] Tasmania [will have] a unique opportunity to work in close collaboration with the Federal Government to streamline and deliver regional development programs... [Commonwealth and State] government could consider contributing to the same project provided it has merit. However, a critical factor is the timeliness of the decision making at the federal level. One possible way to overcome this is to delegate approvals to the regional body to a certain level of funding, so they can match funding contributions from the State Government”...¹³

“The lead time associated with the provision of the funding and the extensive approval process associated with the former Program, meant that this Council had to move far more quickly to ensure a community need was continually met than the timeframe that could be met by the Program. As the Program also was unable to provide retrospective funding of any nature a project of some \$500,000 for the rural township of Geeveston located in the Huon Valley (the provision of a much needed

¹³ McIlpatrick, N. – Secretary, Department of Economic Development and Tourism (Tasmania).

Medical Centre), was ineligible for funding consideration. It is often the case that local circumstances in regard to the provision of health services change dramatically and very quickly at the community level. Consideration to enabling the RMIF Fund to react within a similar short timeframe could be hugely beneficial”.¹⁴

“The waiting period of 6 to 18mths to receive advice is too long. Most quotes have usually expired by the time the grant has been confirmed.”¹⁵

4.2 How to minimise administrative and duplicative costs

Terms of reference: Examine ways to minimize administrative costs and duplication for taxpayers;

ACCT has identified several ways in which a regional funding body can be established to minimise administration costs and duplication. These include:

- Local Input into Decision Making;
- Ongoing Submission Timelines (No Funding Rounds);
- Delegation and Simplification of the Decision Making Process;
- Avoiding Hidden Whole of Government Costs; and
- Providing a “One-Stop Shop” for Regional Development and Community Funding

4.2.1 Local Input into Decision Making

ACCT believes in a greater emphasis on local input into the decision making process. Engaging with local knowledge will enable a process by which more timely and efficient decision making can occur. Using a local body to assess the quality and value of *projects*, and a central review (through the Regional DITRDLG Office staff) to assess the quality and fiscal details of the *application*, would provide an opportunity to minimise duplication within the assessment (by removing one of the project value assessment reviews). We don't suggest that RDA *should* be the assessment body, but common sense suggests that it is best placed to fulfil this function.

¹⁴ Cr Robert Armstrong – Mayor, Huon Valley Council.

¹⁵ Turner, J. – West Tamar Council.

“[The importance] of having local knowledge and on the ground intelligence (through the staff and board of ACCT) is paramount. We must maintain the contact with grass roots of communities. Important to get input from State agencies on projects to ensure they fit within the strategic vision of current policy”¹⁶

“The discipline of needing to address and operate within the strictures of public accountability of federally funded programs like “Regional Partnerships” has some distinct benefits also as the people developing and implementing the project concepts, applications and reporting very soon realise that the scrutiny of the bureaucracy is thorough and that tax dollars are not being spent “willy-nilly” without through public benefits testing”.¹⁷

4.2.2 Ongoing Submission Timelines (No Funding Rounds)

We also have a view that a centrally based program with rounds has a capacity to attract unprepared or ineligible projects. It is our view that this has the capacity to create bottle necks within the assessment process, as well as additional assessment on projects that have ‘rushed’ to get an application completed to meet a deadline. It is our experience that while nearly all project proponents believe their project application to be assessment-ready early in their application process, rarely is this the case and more time is required to ensure a thoroughly planned and costed project. A round based program is likely to not only encourage the submission of applications that aren’t ready for assessment and therefore rejected, but may result in duplication should the applicant re-apply in future rounds . In our opinion, this is likely to create significant re-appraisal work. A mechanism to defer or prevent lodgement of inadequate or under-prepared applications and projects has the capacity to minimise administration costs.

4.2.3 Delegation and Simplification of the Decision Making Process

In regard to the decision making process within a new program, ACCT has been consistently told that simplification, delegation, and joint assessment procedures should be appropriate for more straight forward applications that satisfy the assessment guidelines. There is an opportunity to remove the ‘easier ones’ from the assessment system earlier, thus reducing the assessment time for the projects that fall into this category. This will also ensure that the projects can be actioned more efficiently from a contract management perspective. This could be achieved by separating the applications according to value (e.g. greater than \$100K and less than \$100K) or by the complexity or risk of the project (e.g. commercial or

¹⁶ Bridget Walch – Manager Regional Development , Department of Economic Development and Tourism.

¹⁷ Dick GOODWIN – Special Projects Officer – KB Council

non-commercial), and tangible or intangible outcomes (eg. bricks and mortar or community engagement project).

“Limiting the number of approval stages and reducing approval timeframes could minimise administrative costs ... Providing regional committees with greater authority in the decision-making process would help achieve better cooperation and communication and also offer more certainty around timelines for all processes”...¹⁸

“One suggestion regarding minimising administrative costs/duplication would be to provide the ACC's the ability to approve some of the funding requests. It is understood that over a certain dollar value there would need to be a greater level of decision making and accountability, but for say funding requests under \$50,000 the delegate could easily be the State ACC or equivalent”¹⁹.

“Maybe the simplest way to define the new “agenda” is for the “pollies” to agree on the new criteria, [and then empower RDAs to] make the decisions”.²⁰

“Same sort of process and support structure as before – that is, potential projects canvassed with ACCs and support provided from local ACC Officers from development through to lodgment of a funding application”.²¹

“Applicants [should] be kept informed at each step of the application process. For example, if the process remains as before, applicants should receive advice when assessed by local ACC and again after assessment by State departmental office and at each stage of the assessment within the federal office in Canberra. Online lodgment of applications should make this relatively easy to achieve. Timeframe for approval needs to be more stringent – that is 8 weeks from lodgment of completed application. The amount of base level data required from organisations such as ABNs, contact details, financial reports etc. could be retained ‘on file’ so that this information is not required for every funding application lodged. Reporting procedures have improved – maybe could be further streamlined”.²²

¹⁸ McIlpatrick, N. – Secretary, Department of Economic Development and Tourism (Tasmania).

¹⁹ Wallace, R. – CEO, Northern Tasmania Development.

²⁰ Michael Boyd – General Manager, Kind Island Council.

²¹ Karen Taplin - Community Development Manager, Kind Island Council.

²² Taplin, K - Community Development Manager, Kind Island Council.

4.2.4 Avoiding Hidden Whole of Government Costs

With respect to the hidden ‘whole of government’ costs, ACCT knows that many regional projects from the past would not have developed to a funding application stage without the project development support. Building the capacity within regional communities can be as important as gaining funding for a project.

ACCT has witnessed projects where applicants have been able to implement a project that has strengthened a community through increasing social inclusion, improving educational outcomes and providing good health outcomes, particularly through supporting recreational facilities. Without these projects we would argue that hidden health and education costs, as well as a reliance on social security would exist. Without on-the-ground support to applicants, we know that some projects would not have been developed and funded.

“Someone with the ‘helicopter’ view should be able to make the connections between different departments within Canberra who are planning activities which, while they may not be exactly similar, have enough in common to maximise the dollars. Often, one bucket of money is not quite enough, but if you combine resources it is more than enough.”²³

“ACCT workers in Tasmania formed strong partnerships with compatible funding programs provided by State Government and the independent Tasmania Community Fund. This ensured that projects approached the most appropriate funding source and that there was no duplication of applications to different sources”²⁴.

4.2.5 Providing a “One-Stop Shop” for Regional Development and Community Funding

ACCT has, in the past, encouraged applicants to the Regional Partnerships Program to develop, where possible, multi-purpose/ multi-beneficiary/ value-for-money projects that have significant outcomes for their communities. There has been a clear message that multi-use facilities, programs, resources etc., offer strong outcomes, minimise duplication and provide communities with transparent and accessible processes. ACCT believes that using such a ‘one-stop-shop’ approach to any regional funding program would be valuable. Ideally, communities would see one organisation or place as a source of assistance or guidance for developing regional projects that deliver significant outcomes such as social inclusion,

²³ Boyd, M. – General Manager, King Island Council.

²⁴ Hooper, J. – EO, TACH

community capacity building, and integration. It has also been apparent from contributors to this submission that the communities would benefit from such an approach.

“One level of entry into all funding for a region would assist in streamlining the administrative costs of funding, both State and Federal. Supporting regional bodies to undertake an overarching role in being a “gateway” would assist in not only reduced costs for taxpayers, but also provide valuable links and networks within regions. Regional bodies can act as a broker and link like-minded groups together to support greater collaboration and stronger partnerships within regions when making funding applications. In many sectors, not for profit organizations within small geographical areas compete with each other for funding. This results in many small grants across multiple organizations with similar goals and outcomes, duplication of data collecting and reporting processes. By streamlining federal funding through a central regional body, a pooling of knowledge, needs and priorities for the region can be established and funding applications are then targeted at identified areas of need”²⁵.

“I have been impressed with the “Regional Partnerships” program administrative process with a small team of public servants understanding the client liaison with the community and supporting their State ACC volunteer members. The model, backed by the DOTARS staff undertaking the follow-up of grant acquittal, appears to me to be a most cost effective way to run the program. [The Australian Government] recently announced the provision of funds to the Beaconsfield community to build an integrated child care centre. [It was] indicated that the Australian Government intended that some health services should be available from the centre, making it a type of ‘one-stop-shop’ for families with young children. I was aware that the Beaconsfield community were also exploring their GP infrastructure needs at the time, and it seemed to be logical that the providers of the child care funding should get together with the holders of the RMIF to combine the money to create the best asset for the community.”²⁶

²⁵ Wallace, R. – CEO, Northern Tasmania Development.

²⁶ Peter Barns – CEO, General Practice Workforce.

4.3 Lessons to be drawn from the ANAO Report

Terms of Reference: 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

ACCT is concerned that the recent focus on the Regional Partnerships Program has been solely on the identified problems of the Program. As such, there is the capacity to lose sight of a lot of the good that the Program delivered.

ACCT does not consider itself to have sufficient knowledge of the internal workings of the Department and former Government practices to be able to review past practices and in particular, compare and assess any changes with respect to the ANOA report.

Certainly, the ANOA report highlighted significant issues with the Program that required addressing. However, it is our understanding that these issues were centered around decision making and contract management. We are also aware that the role of the ACC's was not found to be questionable. Rather, the report confirmed the important role the network provided in regard to the previous Program.

We also understand that the Department worked closely with the ANAO to rectify the deficiencies that they had the capacity to change. From this respect we consider that advice from the ANOA should be sought to confirm if the suggested recommendation improved the program, and as a result, they (the ANAO) could then provide advice that ensures the new program reflects 'best practice' program management guidelines.

"The Australian National Audit office report outlined a range of inconsistencies in the granting of funds under this program. There is a perception from many groups that support by the local Federal Member was more important than the actual ability of an application to meet the criteria. There also appeared to be a number of infrastructure projects funded that provided strong benefits for private companies and apart from increased employment outcomes were not of benefit to a whole region.

Going forward, it would be important to ensure that there is robust criteria and guidelines that ensure holistic regional benefit (social and/or economical) combined with transparency in the approval process of applications.

There is no doubt that greater checks need to be implemented for all grant processes. We do however note that the ANAO report didn't identify all states as having received 'questionable' grant

*funding. It is difficult for an area like ours to now have to sit back and wait until the new program is introduced and other reviews to be completed as a result of findings in specific areas”.*²⁷

*“...The involvement and advice of ACC’s (or the new RDA network) as well as departmental advice are a crucial element of the assessment process to ensure accountability both on a strategic regional level and within program guidelines. These procedures should be strengthened and adhered to. Applications should not be approved solely by a Ministerial decision. All recommendations made in the ANAO Report to be adopted”.*²⁸

*“While it can no doubt be argued that the RPF was “pork-barreling” by the former government, they actually achieved considerable infrastructure and social fabric investment in regional Australia - it is critical that this investment continue immediately and not be used for political purposes as it appears for the moment.”*²⁹

4.4 DIRECTION OF FUTURE REGIONAL FUNDING PROGRAM PRACTICES AND GRANTS

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.

ACCT suggests that a positive assessment model should place greater emphasis on local advice on the “value of projects”, combined with a Departmental quality assurance on the “quality of the application” (e.g. budgets, financial risk assessment, regulatory approvals/licenses etc). We also suggest that all applications must have the written support of their local members (regardless of political persuasion), but that the local members are not part of the decision making process.

“I would suggest that the questions about probity of the previous process could be avoided by ensuring that greater decision making processes are located with [ACCs] and that these are structured with no political appointees. Centralising decision making to Canberra would

²⁷ Wallace, R. – CEO, Northern Tasmania Development.

²⁸ Karen Taplin - Community Development Manager, King Island Council.

²⁹ Michael Boyd – General Manager, King Island Council.

... exacerbate the issues that may have arisen with the previous program.

The frustration of organisations I know who applied under [Regional Partnerships] was that significant work was done with ... the capacity building support team of ACCT; the ACCT strongly supported the proposal; only to have the decision making process in Canberra take an inordinate amount of time and for the advice of the ACCT not be given the weight it should”³⁰.

It is our view that the funding Department should resource and manage follow-up reporting to assess the outcomes of projects, not rely on self-assessment by applicants. This may not be necessary for all projects, but completing this for a reasonable sample of projects would provide valuable data, lessons and feedback as to the type of projects that deliver quality outcomes to communities. Given that many regional funding programs are about investing in community, it is not unreasonable for the owners of that funding program to obtain expert opinion as to test for a return on the investment. We are aware that community groups aren't always capable of testing good community outcomes or providing consistent and acceptable financial auditing, which is why we suggest that a third party assessment would be valuable. For some projects, the local RDA committee could support the role of post-project outcomes assessment.

“...The most positive aspect I have experienced to date in developing and finally implementing an approved project was the opportunity to deal with very the experienced and motivated Area Consultative staff servicing Tasmania. I have been involved in various community projects development and implementation in both the federal and local government areas over a period of some 45 years and have found the “Regional Partnerships” administrators to be equal to or better than any of the programs staff I have dealt with in that time. The staff experience when assisting with detailed project concepts development was especially noteworthy [... Indeed, the] only negative experience noted was with the “interactive” computer based application lodgment system where inexperience staff needed to access assistance form the aforementioned staff to achieve satisfactory registration”³¹.

We are aware that the Tasmanian Community Fund (TCF) has established a model for auditing. The TCF has engaged Deloitte Touche Tohmatsu to audit all grants over \$10,000. The TCF provides applicants with an audit assistance package to help keep sufficient records to meet Deloitte's

³⁰ Hooper, J. – EO, TACH.

³¹ Goodwin, D. - Special Projects Officer, Kingborough Council.

requirements. The cost of the audit is covered by the TCF, so there is no need to include audit costs in their budget.

In speaking with the TCF, we understand that the decision to take this approach was made to ensure that the fund was able to receive a consistent quality of audit reports. In taking this approach the TCF has seen the emergence of other benefits. For example, applicants are not 'surprised' at the completion of the project with a need to fund an audit; the TCF has control of the audit process. Project proponents are alerted from the outset that funds must be accounted for, and this ensures they do not do the wrong thing, the paper work is accurate, and the funds are spent in accordance with deed. The TCF model is proactive, upfront, and as a consequence has the capacity to reduce contract management and administrative costs once the project is funded. For larger projects, the TCF also may require independent audit reports throughout the term of the funding contract. The TCF sees this initiative as a successful risk management strategy for their funds, and would be an effective model for any funding program.

5 SUMMARY

In preparing its submission to the Standing Committee on Infrastructure, Transport, Regional Development and Local Government, Area Consultative Committee Tasmania has considered the four terms of reference in significant detail. While ACCT is extremely well placed to provide the Standing Committee with insight, integrity and forethought regarding a new regional development funding program, our submission does not solely present our own views and opinions. ACCT sought meaningful and detailed feedback from many community organisations, local government bodies and state government agencies in the preparation of this document and believes this submission to be highly representative of the needs and resources of Tasmania; both as a State, and as an island of many small and diverse communities.

The comments and recommendations provided in this submission have been consistently raised by ACCT members and stakeholders prior to, and during the Inquiry process, and should be considered as well-informed and authentic.

A valuable funding program that serves Australia's regions should:

- Provide project facilitation and on-ground support as part of the application process;
- Delegate decision making, to support timely assessment decisions;
- Have clearly defined program outcomes;
- Have no rounds;
- Consider who benefits from a project, as opposed to who applies;
- Be based on partnerships;
- Allow for eligible community infrastructure to include social and economic drivers, including private enterprise; and
- Have clear and transparent assessment procedures at the political *and* departmental end.

6 CONCLUSION

This Submission has been prepared by an organisation with a deep and living connection with regional Tasmania. Area Consultative Committee Tasmania has the experience, social capital resources, integrity, and community understanding to provide the Standing Committee with relevant, honest and insightful comments regarding the Inquiry into a new regional development funding program.

We trust that the Standing Committee will consider the comments made by ACCT, and all of the included supporting feedback from a range of stakeholders, to be valuable in the Inquiry process. Should the Standing Committee require additional input from ACCT, we would be more than willing to contribute further.

Appendix 1: Invitation for Feedback

Recently the Federal Government announced the termination of the Regional Partnerships Programme, and that the Standing Committee on Infrastructure, Transport, Regional Development and Local Government will hold **an inquiry into a new regional development funding program**.

Area Consultative Committee Tasmania, as the Australian Government's regional development organisation in Tasmania, will be making a submission to the inquiry.

To assist us make an informed and appropriate submission, we are seeking input from our stakeholders. We would be pleased if you could take a few moments to provide your views in relation to the four areas the Parliamentary Committee are required to report on.

Please advise us if you wish your comments to remain anonymous in our submission.

If you would also like to make a direct submission to the Committee, information is available from: <http://www.aph.gov.au/house/committee/itrdlg/regionaldevelopment/index.htm>

Please respond to the following:

- 1. Please provide your thoughts on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects;*
- 2. How should the Federal Government design regional programs in a way to minimize administrative costs and duplication for taxpayers;*

The committee also asks these two questions which require a more detailed knowledge of the workings of the Regional Partnerships Programme. If you can provide input, your views on the following are appreciated.

- 3. 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. 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.*

If you have been a successful applicant of Regional Partnerships, you may like to provide thoughts on positive and negative aspects of the Regional Partnerships Programme from your experience.

Please send your responses to greer.sakul@acct.org.au **by close of business Wednesday 11th June 2008**. If you wish to discuss the submission in more detail before sending a response to us, feel free to contact ACCT on 03 6334 9822.

Appendix 2: Stakeholder feedback

Please note that the following responses are direct copies of feedback sent to ACCT. The comments and views expressed do not necessarily represent the beliefs and opinions of ACCT. ACCT thank the following people for providing feedback:

Mr Dick Goodwin, Special Projects Officer - KINGBOROUGH COUNCIL

Mr Ian Paterson, Manager Workforce Development - SKILLS TASMANIA

Mr Peter Barns, Chief Executive Officer – GENERAL PRACTICE WORKFORCE

Mr Michael Boyd, General Manager – FLINDERS ISLAND COUNCIL

Dr A V (Tony) Brown, Director - MINERAL RESOURCES TASMANIA

Mr Andrew Lawrence, Manager Roads and Recreation – GLENORCHY CITY COUNCIL

Mr Ian Abernethy, Director Development Services - LAUNCESTON COUNCIL

Ms Bridget Walch (phone conversation), Manager Regional Development (Tourism) –
DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

Cr Robert Armstrong, Mayor - HUON VALLEY COUNCIL

Ms Karen Taplin, Community Development Manager - KING ISLAND COUNCIL

Mr Norm Mcilfattrick, Secretary – DEPARTMENT OF ECONOMIC DEVELOPMENT AND
TOURISM

Mr Robert Wallace, Chief Executive Officer – NORTHERN TASMANIA DEVELOPMENT
(NTD)

Mr John Hooper, Executive Officer –TASMANIAN ASSOCIATION OF COMMUNITY
HOUSES INC (TACH)

Mr Dick Goodwin, Special Projects Officer - KINGBOROUGH COUNCIL

From a Local Govt (Community Development) perspective it is most important that there be a Federal Government supported program to assist genuine, worthwhile community projects to get off the ground when there are non other State Govt or private enterprise programs which address such initiatives.

As you would be well aware, there are a myriad of very worthwhile projects which when implemented, strengthen community viability and reduce vulnerability but they are often ineligible for the traditional support funding sources.

The discipline of needing to address and operate within the structures of public accountability of federally funded programs like “Regional Partnerships” has some distinct benefits also as the people developing and implementing the project concepts, applications and reporting very soon release that the scrutiny of the bureaucracy is through and that tax dollars are not being spent “willy-nilly” without thorough public benefits testing.

I have been impressed with the “Regional Partnerships” program administrative process with a small team of public servants understanding the client liaison with the community and supporting their State Area Consultative Committee volunteer members. The model, backed by the DOTARS staff undertaking the follow-up of grant acquittal, appears to me to be a most cost effective way to run the program.

Having no knowledge of the contents of the Australian National Audit Office report, I am not in a position to comment further about the former Government’s practices and grants.

The most positive aspect I have experienced to date in developing and finally implementing an approved project was the opportunity to deal with very the motivated and experienced Area Consultative staff servicing Tasmania. I have been involved in various community projects development and implementation in both the federal and local government areas over a period of some 45 years and have found the “Regional Partnerships” administrators to be equal to or better than any of the programs staff I have dealt with in that time. The staff experience when assisting with detailed project concepts development was especially noteworthy.

Mr Ian Paterson, Manager Workforce Development - SKILLS TASMANIA

A Workforce Development analysis needs to be incorporated into guidelines and criteria for project assessment. This is needed to ensure that issues related to the availability of skilled labour, and the commitment of proponents to comprehensive workforce planning and skill development are identified at the conception stage. The integration of workforce development strategies and infrastructure programmes is an important component of realising the community benefits of these initiatives.

National programmes need a strongly collaborative relationship between Australian Government agencies funding regional development (both infrastructure and skill formation and development) with state agencies such as Skills Tasmania, other Tasmanian departmental counterparts the Department of Economic Development and Tourism, Department of Infrastructure Energy and Resources. This would contribute to improving the targeting of initiatives, supporting potential leveraging of additional funding and avoiding duplication.

Workforce development principles and practices are widely recognised as a central component of regional development initiatives.

The experience of other state and national programmes should be taken into account in formulating any new regional programmes. (For example, Skill Formation Strategy projects in Queensland, national Skills Ecosystem projects, the COAG Targeting Skills Needs in Regions Program, Partnerships to Jobs in Tasmania.)

Do not hesitate to contact me if you wish to clarify or discuss the above points.

Mr Peter Barns, Chief Executive Officer – GENERAL PRACTICE WORKFORCE

Our experience with regional funding programs has been the Rural Medical Infrastructure Fund (RMIF). The intent of the RMIF was to improve infrastructure for general practice in rural and remote areas in order to make the recruitment and retention of GP more sustainable. In Tasmania, the RMIF has helped to create the new polyclinic at St Helens, which will be both a benefit to the local GPs and to the community more widely, as the centre will host a variety of health related services, and the patient in St Helens will receive a more coordinated package of care than what was previously available. The ACCT worked well in partnership with GP North, the body who was able to access the funding to make this happen.

General Practice Workforce can see the value of this particular Fund continuing, and we have been working with a variety of communities to promote the Fund for their particular needs.

[The Australian Government] recently announced the provision of funds to the Beaconsfield community to build an integrated child care centre. She indicated that the Australian Government intended that some health services should be available from the centre, making it a type of 'one-stop-shop' for families with young children. I was aware that the Beaconsfield community were also exploring their GP infrastructure needs at the time, and it seemed to be logical that the providers of the child care funding should get together with the holders of the RMIF to combine the money to create the best asset for the community.

Someone with the 'helicopter' view should be able to make the connections between different departments within Canberra who are planning activities which, while they may not be exactly similar, have enough in common to maximise the dollars. Often, one bucket of money is not quite enough, but if you combine resources it is more than enough.

Mr Michael Boyd, General Manager – FLINDERS ISLAND COUNCIL

While no doubt it can be argued that the RPF was "pork-barrelling" by the former government, they actually achieved considerable infrastructure and social fabric investment in regional Australia - it is critical that this investment continue immediately and not be used for political purposes as it appears for the moment.

Maybe the simplest way to define the new "agenda" is for the "pollies" to agree on the new criteria, then butt out and let the state ACC's (or at least federal ACC's divorced from the political process) to make the decisions.

I believe I indicated to you previously that in my previous job in NSW, the Council had the regional ACC strongly support an application for a community infrastructure project, only for ... the ... responsible Minister, to chuck it in the bin – we must have been in a strong Labor area!

Dr A V (Tony) Brown, Director - MINERAL RESOURCES TASMANIA

Mineral Resources Tasmania, being a Division of the Tasmanian Government's Department of Infrastructure, Energy and Resources (DIER), does not wish to make a submission to the committee unless the terms of reference are changed and the term "infrastructure" is widened to include the collection of pre-competitive geoscientific data.

Mr Andrew Lawrence, Manager Roads and Recreation – GLENORCHY CITY COUNCIL

I didn't have much to say on this but I sent it through our GM's area as a Council reply. Basically it was that yes, we do want funding of future programs and that I don't know much about the application process as I never completed one but administration should be done based on the Roads to Recovery process.

Mr Ian Abernethy, Director Development Services - LAUNCESTON COUNCIL

There needs to be some form of Regional Programme to assist smaller communities be competitive. Funding should be linked to clearly identified and documented Regional Priorities across a range of matters. There should be well documented contributions from other parties. Funding studies should not be a priority of this programme – studies should be the basis and justification for making submission for further funding to make the project reality. There should be no funding for programmes that raise community expectations in terms of service delivery that the local community can then not afford to sustain.

Don't know if this is really a problem. The biggest issue I can see is described above – that is on-going funding for programmes to follow on from when funded positions expire. Audit of public funds is essential in terms of transparency.

**Ms Bridget Walch (phone conversation), Manager Regional Development (Tourism) –
DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM**

Importance of having local knowledge - on the ground intelligence (through the staff and board of ACCT) is paramount . Must maintain the contact with grass roots of communities.

Important to get input from State agencies on projects to ensure they fit within the strategic vision of current policy.

Cr Robert Armstrong, Mayor - HUON VALLEY COUCNIL

I refer to the above and the email distributed on 30 May 2008 seeking feedback on the Funding Program previously known as the Regional Partnerships Program. I note that this feedback is to be considered by the Standing Committee on Infrastructure, Transport, Regional Development and Local Government inquiry into a new Regional Development Funding Program.

Whilst the Huon Valley Council has not previously received funding through the Regional Partnerships Program there has been (particularly in recent times), significant discussions and consultations between the Council and officers who support the Tasmanian Area Consultative Committee as it was our intention to lodge a number of submissions for funding in the very near future.

Given the circumstances and our lack of direct involvement in the Program, the following comments are offered in the hope that they provide some useful feedback for consideration by those undertaking the current review.

We consider the provision of a Federally funded Regional Program which has the capacity to invest in genuine and accountable community infrastructure projects as an ideal and essential vehicle for Local Government and the Australian Government to work collaboratively and achieve excellent outcomes at the community level. We are fully aware of the “politics” which has surrounded this Program in the past and admit to a degree of disappointment that those politics have resulted in negative connotations on a Program that has capacity to provide significant positive outcomes.

Increasingly it seems that a number of funding programs now target service delivery, but in many instances are unavailable to provide direct financial assistance for the improvement of community assets. Whilst there is no doubt that the delivery of services to our communities must remain a funding imperative, it is equally the case that funds need to be made available for the improvement of community infrastructure in many cases to provide a base from which services can be provided.

The establishment of the Area Consultative Committee process appears to be a valid and effective means of enlisting community input into the projects proposed. That said, potential difficulties in generating interest from appropriately qualified and professional members of the community who can objectively provide the assessment needed has been identified as a significant challenge.

The work and support provided by the staff who support the Area Consultative Committees has in our view been to a high standard. It is important however for there to be clear lines of delineation between the support given to projects proponents and the work undertaken at the “coal face” to have the project submission prepared. Should the Project Officers be seen to become too involved with community groups in developing a particular submission there is always a fear of creating a community expectation which might not be realised or putting those staff in a position where accusations of bias might be levelled.

The Huon Valley Council, like many of its rural counterparts, has found an increasing need to provide an active role to ensure their continued provision of medical services to the rural towns located within its municipal boundary. To that end, the Rural Medical Infrastructure Fund (RMIF) has been identified as a Program which has significant potential to assist greatly in the provision of the health related infrastructure. So many service

delivery requirements are dependent on good quality infrastructure being provided in the first instance.

Two difficulties have however been encountered by this Council in considering the preparation of applications under the previous RMIF Program. Those issues are:-

Program Funding Timing

The lead time associated with the provision of the funding and the extensive approval process associated with the former Program, meant that this Council had to move far more quickly to ensure a community need was continually met than the timeframe that could be met by the Program. As the Program also was unable to provide retrospective funding of any nature a project of some \$500,000 for the rural township of Geeveston located in the Huon Valley (the provision of a much needed Medical Centre), was ineligible for funding consideration.

It is often the case that local circumstances in regard to the provision of health services change dramatically and very quickly at the community level. Consideration to enabling the RMIF Fund to react within a similar short timeframe could be hugely beneficial.

Program Contribution

It is also understood that the previous Program provided funding to a maximum of 40% of the project costs. This means that the balance 60% needs to be secured from elsewhere. Given that the provision of medical infrastructure is not recognised as a core responsibility of either the community or Local Government, difficulties in raising the balance funding have been recognised.

These two issues aside, the Huon Valley Council recognises the potential importance and benefit of the continuation of the RMIF Funding and strongly urges any new Program to retain such a component.

As alluded to previously, it is considered that the Regional Partnership Program, whilst not perfect, did provide an essential funding base on which local communities, often through their local Council, could access funds and achieve outcomes of real community benefit. Given this potential the continuation of a fund along similar lines (which includes an RMIF component) has the very strong support of the Huon Valley community.

Ms Karen Taplin, Community Development Manager - KING ISLAND COUNCIL

Provide assistance and support that ensures projects identified within remote and isolated LGA's with limited population, infrastructure and resources can compete fairly and equitably against other regional initiatives.

Consideration be given to smaller projects (that is, under \$100,000) being able to be approved at Regional, where there is greater understanding of local community infrastructure needs and capacity, rather than National level.

In regards to the process for funding we believe:

- Same sort of process and support structure as before – that is, potential projects canvassed with ACCs and support provided from local ACCC Officers from development through to lodgement of a funding application.
- Applicants to be kept informed at each step of the application process. For example, if the process remains as before, applicants should receive advice when assessed by local ACC and again after assessment by State departmental office and at each stage of the assessment within the federal office in Canberra. Online lodgement of applications should make this relatively easy to achieve.
- Timeframe for approval needs to be more stringent – that is 8 weeks from lodgement of completed application.
- The amount of base level data required from organisations such as ABNs, contact details, financial reports etc. could be retained 'on file' so that this information is not required for every funding application lodged.
- Reporting procedures have improved – maybe could be further streamlined.
- The involvement and advice of ACC's (or the new RDA network) as well as departmental advice are a crucial element of the assessment process to ensure accountability both on a strategic regional level and within program guidelines. These procedures should be strengthened and adhered to. Applications should not be approved solely by a Ministerial decision. All recommendations made in the ANAO Report to be adopted.

Mr Norm Mcilfattrick, Secretary – DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

1. Please provide your thoughts on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects;

Consideration should be given to regional for-profit enterprises being eligible for support under the program. Business development in regional areas can have significant positive impacts on local communities, not only in providing employment, but also in wealth creation, community sustainability and flow on effects within the community.

Competitive neutrality is already taken into account in the assessment process to ensure that the local economy is not distorted at the expense of existing operators. While acknowledging the need for this, where excess market demand exists, market competition is healthy and providing enterprises are not selling to the same customer, there could be some flexibility. Existence of competitors in other regions is not considered a sufficient reason to unduly disregard a worthwhile project that will provide economic benefit to a specific region. If there are international players and there is an opportunity to increase the Australian share of the market, then this 'import replacement' should be supported.

The availability of skills training is endorsed and encouraged. Accredited skills training provided to a local community in anticipation of a new business development is a very cost effective way of increasing community capacity. Widening and refreshing the skills base of regional areas, and particularly where minimal public transport services exist, can be vital in providing a new business with the type and number of staff required. Examples of this recently have been primarily in tourism and hospitality industries.

Consideration could also be given to funding support for shared infrastructure where need and long term management/sustainability can be illustrated. Possibilities may include projects such as the development of a commercial kitchen facility available for shared use for local food and beverage value-adding.

There is a need to continue regional funding to encourage the development of community infrastructure funding in partnership with the Federal Government. It is vital for the growth on any region as it often acts as catalyst or seed funding attracting other investment.

It is widely recognised that much community infrastructure throughout Tasmania is ageing and that local government alone cannot meet the cost-burden of renewal. By necessity all tiers of government need to contribute if we are to have safe, accessible infrastructure that meets the needs of growing and changing communities. For this reason a well-resourced, federally funded regional program is essential. The PricewaterhouseCoopers Pty Ltd³² report substantiates this view and makes recommendations for the delivery

³² PricewaterhouseCoopers Pty Ltd (2006) National financial sustainability study of local government, commissioned by the Australian Local Government Association, Australia

of a federally funded community infrastructure program. In addition, the Evatt Foundation's 2006 State of the States report,³³ notes the importance of federal funding to overcome issues for Tasmanian local and State Governments related to vertical fiscal imbalance.

If resource is to be directed to those infrastructure items most needed by our communities, the program must have clear criteria and transparent assessment processes that support this aim.

Any funding program needs to take into account the relevant federal, state and local government policies and strategies to ensure a collaborative and coordinated approach to community infrastructure development and the direction of funding. The new program should adopt practices that enable better cooperation and ability for agreement to be reached between funding partners (particularly federal, state and local government). This would provide greater certainty to all partners and project proponents. It would assist regions and communities in meeting strategic priorities, and it would help to avoid the politics or parochialism that currently damages genuine efforts to meet community needs.

Cooperation and coordination between funding partners also requires appropriate levels of planning. There should be evidence of identified community needs and priorities, appropriate levels of community engagement and support, feasibility analysis, and ability to operate in a sustainable and viable manner. The 1997 House of Representatives report into federal funding for sport and recreation infrastructure³⁴ supports the need for greater cooperation and planning.

A review of the funding limits could take into account the possibility of supporting larger projects that currently fall outside the program capacity. There may be a potential to have a tiered program with larger amounts of funding available if the outcomes and matched contributions are sufficient.

Regional programs provide:

- An economic stimulus for small to medium enterprises (SMEs) desiring to seek collaborative funding to support the achievement of corporate goals associated with business expansion or development;
- The opportunity to enable project completion in a shorter time frame than would otherwise be achieved;
- Sustainable long term employment and community building opportunities (including employment of disadvantaged and unemployed jobseekers through the creation of community enterprise);
- An impetus for a project to proceed that may not otherwise happen, that is possible lost opportunity;
- A means to realise innovative ideas that benefit SMEs and industry sectors;
- A means to improve global competitiveness adopting new technology, world class infrastructure/equipment;

³³ Evatt Foundation (2006) The state of the public sector, the state of the states 2006, Sydney

³⁴ Parliament of Australia (1997) Rethinking the funding of community sport and recreational facilities: A sporting Chance, House of Representatives committee report, tabled November 17, 1997.

- An opportunity for communities, businesses to address regional issues in a sustainable manner, including skills issues; and
- Regional, not-for-profits should be eligible for funding.

Regional Australia sometimes faces inequities in accessing services and infrastructure compared to their urban counterparts. Despite this, they contribute substantially to Australia's economic well being and are the backbone in a number of major industry sectors.

The inquiry recommending that the conclusions from the Australian National Audit Office audit is acknowledged and supported for implementation in the new Better Regions framework, particularly the increased use of the former Area Consultative Committees in the decision-making process for funding. (recommendations 2-6 and 13).

A separation of commercial/industry from community based funding is suggested.

There needs to be some weighting/formula given to the level or jobs and infrastructure investments equivalents so that all parties are aware of these requirements up front.

2. How should the Federal Government design regional programs in a way to minimize administrative costs and duplication for taxpayers;

Given that Tasmania is likely to have one Regional Development Australia committee, Tasmania has a unique opportunity to work in close collaboration with the Federal Government to streamline and deliver regional development programs.

Specifically, both levels of government could consider contributing to the same project provided it has merit. However, a critical factor is the timeliness of the decision making at the federal level. One possible way to overcome this is to delegate approvals to the regional body to a certain level of funding, so they can match funding contributions from the State Government – have a decentralised assessment process.

Limiting the number of approval stages and reducing approval timeframes could minimise administrative costs – Some instances of RPP projects taking up to 12 months to approve. This creates uncertainty, dissatisfaction with the system, extends the project timeframe which impacts on the business budget and timelines.

Providing regional committees with greater authority in the decision-making process would help achieve better cooperation and communication and also offer more certainty around timelines for all processes.

Set timeframes are suggested for assessment, maybe four funding windows a year depending on funds.

Mr Robert Wallace, Chief Executive Officer – NORTHERN TASMANIA DEVELOPMENT (NTD)

The four areas we wish to comment on are:

1. *Please provide your thoughts on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects;*

One of the issues with this program has been the need to match dollar for dollar the funding input by the community organisation applying. In many circumstances it is not possible for small community groups to raise the level of capital required to fully undertake an infrastructure project. This has been a major barrier and resulted in many viable community infrastructure projects not being undertaken or being “half done” and still requiring future input from other funding sources.

Larger regional communities often have competing priorities when considering investment or funding applications for community infrastructure. Some initial one off funding to enable communities to undertake an audit of community infrastructure, its current usage and opportunities for collaboration would be of great benefit. This would enable gaps to be identified and also data to be compiled to demonstrate and/or confirm need. This would also ensure that future applications by these communities were based on a factual and agreed understanding and knowledge of needs and gaps. The process of communities undertaking this scoping and audit may lead to greater sharing of community infrastructure (i.e. school facilities) that would reduce the need for new or additional funding.

Regional programs are integral to rural regions. Most regions are comprised of small Councils and in terms of population size it is very difficult for them to look at the larger economic or social development projects needed in the area. Without the assistance in funding from the previous Regional Partnerships program, most Councils had few opportunities to further develop their community infrastructure.

2. *How should the Federal Government design regional programs in a way to minimize administrative costs and duplication for taxpayers;*

One level of entry into all funding for a region would assist in streamlining the administrative costs of funding, both State and Federal. Supporting regional bodies to undertake an overarching role in being a “gateway” would assist in not only reduced costs for taxpayers, but also provide valuable links and networks within regions. Regional bodies can act as a broker and link like-minded groups together to support greater collaboration and stronger partnerships within regions when making funding applications. In many sectors, not for profit organizations within small geographical areas compete with each other for funding. This results in many small grants across multiple organizations with similar goals and outcomes, duplication of data collecting and reporting processes. By streamlining federal funding through a central regional body, a pooling of knowledge, needs and priorities for the region can be established and funding applications are then targeted at identified areas of need.

It is believed that the previous Regional Partnerships/Area Consultative Committee structure was very effective. Access to information and people was immediate and there was always information and assistance

provided. One suggestion regarding minimising administrative costs/duplication would be to provide the ACC's the ability to approve some of the funding requests. It is understood that over a certain dollar value there would need to be a greater level of decision making and accountability, but for say funding requests under \$50,000 the delegate could easily be the State ACC or equivalent.

3) *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*

The Australian National Audit office report outlined a range of inconsistencies in the granting of funds under this program. There is a perception from many groups that support by the local Federal Member was more important than the actual ability of an application to meet the criteria. There also appeared to be a number of infrastructure projects funded that provided strong benefits for private companies and apart from increased employment outcomes were not of benefit to a whole region.

Going forward, it would be important to ensure that there is robust criteria and guidelines that ensure holistic regional benefit (social and/or economical) combined with transparency in the approval process of applications.

There is no doubt that greater checks need to be implemented for all grant processes. We do however note that the ANAO report didn't identify all states as having received 'questionable' grant funding. It is difficult for an area like ours to now have to sit back and wait until the new program is introduced and other reviews to be completed as a result of findings in specific areas.

4) *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.*

We believe the intent of the RPP was primarily well intended; however, in all such large programs such as this one, there can always be improvements. As stated above, it would be very beneficial for smaller grants to be processed by the State group rather than having all activities go to Canberra.

We trust that these comments are of assistance in your submission and confirm that Northern Tasmania Development and the councils contributing to these comments are prepared to be identified as the source of these comments.

Mr John Hooper, Executive Officer –TASMANIAN ASSOCIATION OF COMMUNITY HOUSES INC (TACH)

The Tasmanian Association of Community Houses Inc is the peak body for the 34 Neighbourhood Centres and Community Houses across Tasmania. This network represents the largest funded community development infrastructure in the State. Over thirty years, the network of Centres in Tasmania has grown in response to the needs of the Tasmanian community.

The criteria for funding the Centres are based upon the social & economic indicators for their catchment areas, the size of the population and the distance from services. Many Centres are based in areas which were originally broad acre public housing developments which still house people on low incomes or they are in regional areas which are disadvantaged by their location.

They are run by the community for the community. Each Neighbourhood House has a part - time coordinator, however their committees are all volunteers and

1) *Please provide your thoughts on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects;*

Neighbourhood Houses are ideally placed to identify projects which may benefit their local community both economically and/or socially. As such a number of houses have worked closely with the Area Consultative Committee of Tasmania workers to develop Regional Partnerships grant applications over the last few years.

The capacity building support provided through ACCT I believe is essential to enabling small communities and organisations to have equal access to large grants programs such as Regional Partnerships. The support usually identified gaps in any community collaboration, possible project partners, and provided considerable assistance to ensure that the projects business plan and financial modeling was appropriate. This is vital as it ensures that organisations and smaller communities produce quality proposals. Alternatively, if their proposal is obviously not suited, organisations and small communities do not waste their valuable time pursuing funding for a project that is highly unlikely to receive funding. Where applications were not approved, it is TACH's belief, they still benefited from their interaction with ACCT by improving their business and project planning skills.

The Neighbourhood Houses we represent as a peak body operate in broad acre public housing estates to rural and regional communities such as Deloraine and Fingal Valley, and I would strongly emphasise that if you wish your grants program to provide effective support to rural and inner urban communities then such capacity building is essential.

A simple recurrent grants round with no capacity building support is not the best way to achieve participation by small communities and organisations. Such an approach may seem the "purest" method to achieve an accountable program; however you would virtually guarantee that larger and well resourced businesses and community groups would be the beneficiaries of the program and not the small organisations and community groups, whom you may most want to target. Small communities and organisations applications may have considerable merit but they would not have the capacity to develop as "glossy" applications as larger communities and organisations.

2) *How should the Federal Government design regional programs in a way to minimize administrative costs and duplication for taxpayers;*

I believe the way the program operated with the capacity building support offered by ACCT should be viewed as a possible model. I am unsure if other regions operated in this way, but the ACCT workers in Tasmania formed strong partnerships with compatible funding programs provided by State Government and the independent Tasmania Community Fund. This ensured that projects approached the most appropriate funding source, and that there was not duplication of applications to different sources. To their credit the ACCT Development Officers often provided free workshops for community groups on developing successful projects and applications. Such work must be resourced but it ensures that the funding program receives appropriate and well developed applications.

Questions 3 & 4

I would suggest that the questions about probity of the previous process could be avoided by ensuring that greater decision making process are located with Area Committees and that these are structured with no political appointees. Centralising decision making to Canberra would I believe exacerbate the issues that may have arisen with the previous program. The frustration of organisations I know who applied under the previous programs was that significant work was done with proponents and the capacity building support team of ACCT, the Committee strongly supported the proposal only to have the decision making process in Canberra take an inordinate amount of time and for the advice of the ACCT not be given the weight it should.

Appendix 3: Examples of Successful ‘commercial’ RP Projects.

Barnbougle Dunes

Regional Partnership \$350,000.00

Co-Funding \$1,550,000.00

Barnbougle Dunes Golf Links is a national and international 18 hole golf links on Tasmania’s north east coast at Bridport, attracting visitors to a world-class dining and function centre, and accommodation.

The initial project was the development of a public dining & function centre, with associated accommodation. Regional partnerships funding was for the commercial kitchen facility. The project has employed 25 full time people through traineeships in green keeping, hospitality, retail and administration.

A targeted internet search for “Barnbougle Dunes Golf Course” clearly demonstrates the success of this project. The search results in over 5,500 results from golf related websites locally and around the world. Extracts include:

“Tourism is an undeveloped but emerging industry in the Dorset district. There is a diverse range of investment opportunities in tourism in the Dorset district, linked to the Barnbougle Dunes Golf Links, to the Trail of the Tin Dragon, in ecotourism and in hospitality.... The Barnbougle Dunes Golf Links at Bridport opened in early 2005 and has already established itself as a popular destination for interstate and international golfers. In 2006 the Links was ranked amongst the top one hundred golf courses in the world.” (<http://www.dorset.tas.gov.au/webdata/resources/files/aboutdorset.pdf>).

“In his debut pieces for GolfObserver, Clayton tells us about two new courses that are going to become the best in the world. The first piece is this on Barnbougle, a links course that just opened in Tasmania, an island off the southern coast of Australia. History and others will judge the course and far be it for me to allocate points but it is beyond question Barnbougle Dunes is a course that can sit comfortably with the best courses in Australia and prove remote golf is viable even in countries with small populations. Indeed it may be it is the future of great design all around the world.” (http://www.golfobserver.com/features/Clayton/Tasmania_022705.php).

Similarly from <http://www.pga.org.au/> “the Tasmanian Government has provided a \$4.5 million loan to assist with the building of a second course at Barnbougle Dunes. The Hobart Mercury newspaper reported on Friday that Paul Lennon, who quit as Premier last week, turned the first sod in the \$10 million to \$12 million expansion development. The owner of Barnbougle Dunes, Richard Sattler's plans include a new 18-hole golf course and accommodation at the acclaimed links course in the state's northeast. The Mercury reported: “A spokesman for Economic Development and Tourism Minister Paula Wriedt said the Government had accepted a recommendation from the Tasmanian Development Board to provide the project with a commercial loan. The Government committed a \$900,000 loan and a \$250,000 grant towards the \$12 million development of the course's first 18 holes, which opened in 2005. The Federal Government committed \$385,000. The Barnbougle golf course has been attracting about 20,000 golfers a year.”

Quite clearly, Barnbougle has become private sector investment that arguably is now clearly part of the

Dorset community's "tourism" infrastructure.

Hellyer Road Distillery

Regional Partnership \$657,000.00

Co-Funding \$1,500,000.00

Regional Partnerships funding was used towards the completion of the Interpretation and cafe sales facility for the Whisky and Vodka business in Burnie on Tasmania North West Coast. The project employs up to 30 people and has established formal links to TAFE Hospitality training.

The significance of this project is not just the quality whisky product that is been developed, but more so that the proponent was prepared, with funding support, to commit to a quality visitor experience that provides employment and training opportunities. Hellyer Road Distillery has now become an integral part of north west coast tourism infrastructure.

"Burnie City Council believes it is important that the Commonwealth Government continues to provide direct support to private enterprise through its regional development programs. Often innovative proposals that can lead to the economic growth of a region require some type of start up capital that is unavailable through the market place. This was the case with the Hellyer Road Distillery which has become an important part of the local economy through both its whiskey production and associated tourism centre. It has resulted in excellent employment outcomes and entry into new national and export markets." (Rodney Greene, Director Community and Economic Development, Bunie City Council).

"TAFE to offer on-the-job tourism work in north-west"

TAFE Tasmania is expanding its hospitality training on the north-west coast to include on-the-job tourism work.

From June [2006], Drysdale College students will train as food and drink attendants, retailers and tour guides at the new Whisky Tasmania Distillery in Burnie.

Twenty full-time jobs will be offered after the training.

Acting Drysdale team leader Tim Cox says it will be the best hands-on experience available to hospitality students in the north-west.

"The interesting part about the job is that they'll also be doing distillery tours for groups, so they'll also be trained in the tourism side of it as well," he said.

"The more wide a range of skills that anyone can have, obviously they're going to become a more attractive prospect to any future employer."

<http://www.abc.net.au/news/stories/2006/05/16/1639493.htm>

Tall Timbers Hotel Hydrotherapy Pool

Regional Partnership \$66,000.00

Co-Funding \$653,400.00

Regional Partnerships funding assisted the Tall Timbers Company to construct and fit-out an indoor hydrotherapy pool and gym facility on its resort, the project was driven the local Council (Circular Head Council) The purpose of the initiative was to facilitate access to hydrotherapy services to residents of the municipality following the 'loss' of the towns private facility. The nearest hydrotherapy pool is located in Burnie, a two (2) hours return trip, which negates the recuperative benefits of any rehabilitation program.

The objectives of the initiative were to identify and implement a solution which would provide a reasonable replacement opportunity, particularly for individuals recovering from illness or injury, following the loss of the private facility.

This project was the winner of the 2007 Tasmanian Local Government Award for Excellence in the Innovation and Creativity category. Below are some extracts for the award submission.

"The owners of a private heated pool in Smithton had permitted residents to access their pool, with occasional hire of the facility to a physiotherapy business. The physiotherapy business delivered a rehabilitation program to persons recovering from accident injuries, surgery and the like. Public liability concerns, together with upgrade costs to meet contemporary legislative compliance requirements, resulted in the owners deciding to no longer make the pool available.

Initial investigations by Council Officers revealed that the construction and housing of a hydrotherapy pool would be in excess of \$300,000. In addition, operational costs such as heating, cleaning and ongoing maintenance would amount to a likely minimum cost of \$20,000 annually, before considering any staffing requirements.

Council Officers approached Tall Timbers management with the concept of augmenting their plans to include the provision of a hydrotherapy pool. The outcome provided has addressed the predetermined purpose and objectives; the Council facilitated replacement access to hydrotherapy services to residents of the municipality. It achieved the Key Performance Indicators of cost effective investment and by virtue of its [location] in Smithton, the trip duration for most residents is minimal.

The process of assisting/supporting grant applications to private organisations is transferable to all Councils in Australia. While the project itself may not be readily transferable, the approach taken demonstrates that with lateral thinking, consideration of public/private needs and negotiation, collaborative efforts can result in effective solutions.

The benefits to the Circular Head community have been significant, reflected by the average use of the hydrotherapy pool of 3000 visits over the 12 month period. The facility enables residents to remain in the district for treatment rather than enduring 2.5 hour plus return trips. It reduces the disadvantage of distance, and contributes to an improved quality of life for persons with permanent disability or recovering from injury in the area.

The Circular Head Hydrotherapy Pool achieves excellence in the Innovation and Creativity category as it represents an innovative solution to a local need. It is quite clear that a need existed, not only for injury related rehabilitation, but also long-term relief for a number of permanently disabled residents.

The provision of a Council operated hydrotherapy pool in isolation would have been questionable in terms of sustainability. The Council contribution of \$4000 annually for five years is a fraction of the opportunity cost of capital investment and ongoing operational expenses. The initiative therefore represents significant cost efficiencies for the Council and the community it serves.

Whilst the outcome is unusual in that the pool is owned and managed by private enterprise, it represents a cost effective and sustainable solution for this community.”