

**TO: THE HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON
INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT
AND LOCAL GOVERNMENT**

**FROM: DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL
DEVELOPMENT**

**TOPIC: SUBMISSION – INQUIRY INTO A NEW REGIONAL DEVELOPMENT
FUNDING PROGRAM**

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Introduction

A new Commonwealth Program to complement and work in partnership with the State Government's own schemes is considered essential to assist the future development of regional Western Australia.

The former Regional Partnerships Program (RPP) has been a major funding partner to a number of projects approved under schemes administered by the Department of Local Government and Regional Development (DLGRD) as well as other State Government funding agencies such as Lotterywest, Department of Sport and Recreation and Department of Culture and the Arts. As part of the funding process, the DLGRD has liaised closely with local Area Consultative Committees (ACCs) and WA Regional Development Commissions.

DLGRD's role in regional development in WA and its collaboration with other agencies on funding programs is considered a sound basis for contributing to the inquiry.

Background – Regional Development funding in Western Australia

In 2001, the Western Australian Government established a Regional Investment Fund (RIF), which provided \$75 million over four years to assist with the economic and social development of and service delivery to regional Western Australia. An additional \$80 million over four years from 2005-06 to 2008-09 was allocated to the fund through the 2005-06 Budget process in recognition of the demand for infrastructure and services in regional Western Australia and of the success of RIF in leveraging additional investment into regional community projects and job creation in the regions. Current State Government discussions are being undertaken on the possible extension of RIF beyond 2009.

The scheme supports the State Government's regional development policy, "Regional Western Australia – A Better Place to Live."

Funding is currently made available through five financial assistance schemes:

1. Regional Infrastructure Funding Program (RIFP);
2. Regional Headworks Program (RHP);
3. Indigenous Regional Development Program (IRDP);

4. WA Regional Initiatives Scheme (WARIS); and
5. Regional Development Scheme (RDS).

In addition, funding is also provided for Strategic Commitments, which are determined by the Cabinet Standing Committee on Regional Policy (CSCR). With the exception of the Regional Development Scheme (RDS), all schemes are administered by DLGRD. Each of the nine WA Regional Development Commissions (RDCs) administer their own RDS.

Other regional funding grant programs administered by DLGRD include Regional Collocation Scheme (RCS), Connecting Local Government and Community Facilities Grants Program. Details of all DLGRD funding programs can be found online at <http://dlgrd.wa.gov.au/FinancialAssist/Default.asp>

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

DLGRD considers that the new regional Program should be an open and contestable fund which is accountable, transparent and equitable and that the guidelines when established should clearly define:

- Objectives of the Scheme
- Who can apply
- What can be funded
- What cannot be funded
- Eligibility criteria used for assessment of Applications (Essential and Desirable)
- Application process
- Information required for assessment
- The type of funding support available
- The decision making process
- Conditions and obligations that apply to successful applicants
- Lodgement process

Priority should be given to funding projects that can assist the current needs and demands of regional WA and should not be limited to physical capital and infrastructure requirements. The new Program should also assist funding of regional community, social, environmental, indigenous and environmental needs. Some of the current priority issues in many parts of regional WA are:

- the attraction of labour for industry and services
- the availability and standard of education and health services
- affordable housing and affordable living
- development of regional Indigenous communities
- provision of new and renewed infrastructure
- regional planning and local input into decision making.

The new Commonwealth program should aim to assist funding small to medium sized projects such as but not limited to:

- Infrastructure for community centres to deliver services
- Tourism attraction

- Town revitalisation
- Facilities in Indigenous communities

For consistency purposes, DLGRD and the Commonwealth should wherever possible work together to ensure the Program's essential and desirable criteria are linked to better align regional policy priorities and strategic directions for both Governments. However, the new Commonwealth program should also consider funding other types of projects that are not currently funded through DLGRD programs. In particular operational funding (Eg, staff wages, administration costs etc) has been identified as a gap in current programs, with regional communities facing difficulties in securing success of some capital projects due to the inability to maintain management and operational resources.

Assessment and decision making processes should avoid inconsistencies which become a major source of frustration for applicants and organisations assisting applicants. It is also suggested that the future regional program funds should not be applied to core services of agencies and already funded initiatives and that funds should support new community based initiatives that complement existing services, and strategic regional commitments.

Due to the significant growth being experienced in regional WA combined with the strong demand for supporting community initiatives, the State is keen to receive an equitable share of funding from the new Program. DLGRD considers that this can be achieved if the regional allocation of funds from the new program takes into account the merit of proposals, outcomes in regional priorities, alignment of Commonwealth and State regional strategies and regional needs. A base level allocation of funds quarantined to each region or State could be considered to ensure wide community support for the program and encourage diversity of proposals.

DLGRD considers it important that local regional organisations are involved in information dissemination and decision making. The nine WA RDCs and proposed close collaboration with the newly established Regional Development Australia (RDA) provide an ideal mechanism to support the new Program at the local level.

Consideration should also be given to providing a quarantined amount of grant funding to accommodate cost escalation in projects. WA's experience currently is that many projects face acute escalation of costs that are difficult to budget for and arise from pressures in regional economies such as labour shortages and approval delays.

There should be sufficient advertising, targeted to regional areas, to promote the Program to ensure regional community awareness of the Program and to improve the range and quality of project proposals.

Examine ways to minimize administrative costs and duplication for taxpayers

It is likely that an extended RIF and the Commonwealth's new Program will co-fund a significant number projects. This promotes the need for DLGRD, the RDCs and RDA to collaborate to also minimise administrative costs and avoid duplication of processes. Areas of suggested program alignment include:.

- Dates for funding rounds;
- Assessment and decision making periods to enable synchronisation of co-funding approvals;
- Program guidelines particularly objectives, eligibility and assessment processes; and
- Application information requirements.

Program alignment would overcome long time delays for notification of approvals and project commencements experienced with previous funding programs. In addition applicants could have a more consistent data set to provide for applications and potentially improved understanding and expectations in the grant application and assessment process.

Consideration should also be given to a two stage assessment process for larger projects where funding sought is say in excess of \$150,000. Under this type of approach an Expression of Interest is lodged initially to identify if the applicant is likely to meet eligibility criteria and has the capacity to meet information requirements. A more detailed application can then follow from a shorter list of suitable applicants. This has benefits for both assessors and applicants in terms of reduced effort on assessment and information requirements on applicants for projects not shortlisted.

Funding application and assessment processes should have features such as:-

- Simplicity where possible;
- Consistency; and
- Recognise the capacity of target applicants to meet information requirements and manage projects.

Consideration should also be given to the use of Assessment Panels in the decision making process and where possible common panels should be used.

Other issues

DLGRD has commenced discussions with the Commonwealth to progress the formalisation of a close working relationship and collaboration between the RDCs and RDA. This collaboration could assist with aspects of promotion, administration and management of the new Program.

It is essential that all aspects of the grant funding process are adequately resourced to ensure desired standards are met in critical aspects of accountability, transparency and equity.