

July 2008

Response to Inquiry into a New Regional Development Funding Program

Part 2. Detailed Response to Issues Paper¹

2. Response

This Response seeks to inform the construct of an Australian Government lead new regional and community development agenda.

The Issues Paper prepared by the Standing Committee on Infrastructure, Transport, Regional Development and Local Government outlines various matters for consideration by government and community stakeholders. This Response does not seek to review all matters raised in the Issues Paper- rather it seeks to leverage further discussion and consideration on a number of matters that have capacity to increase the effectiveness of any new program, or improve the operational platform for administration and delivery of any new program

2.1. Programs Should Foster Innovative Funding Mechanisms Tailored to Meet Community Needs

Caloundra City Enterprises welcomes revitalised and appropriately supported Australian Government funding programs. Australian Government policy and programs should foster innovative funding mechanisms, incentives and taxation advantages to accelerate national, state, regional and local investment to meet current and future demands. This includes programs with a broad definition of community infrastructure to ensure the real needs of diverse communities are met.

As such in developing specific funding outcomes, government policy should recognise and provide for the differences between rural and regional communities. Flexibility in the funding outcomes is needed to ensure rural communities, and those regions facing structural adjustment, are not precluded from funding sources due to outcomes focussed on employment generation, including employment targets, to the exclusion of liveability and generation of social capital. The generation of employment outcomes in rural and remote areas, or economically stressed regions is difficult and was an issue in developing funding applications under the former Regional Assistance Program.

¹ A New Regional and Local Community Infrastructure Program: Issues Paper July 2008
House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government

The need to tailor solutions and determine appropriate ‘situational’ outcomes is paramount in developing a new regional and local community infrastructure program that fits the needs and priorities of individual communities.

Eg. Preservation of a Bowling Club through funding a synthetic playing surface could reduce reliance on water in a small rural drought affected community. This may leverage major community engagement and social capital outcomes. Economic outcomes may be small but comparatively significant. The continuation of local and interclub competition leveraged through such a project may be the cash-flow lifeline to the General Store or local Hotel thereby preserving the sole commercial infrastructure within the community.

Government funding of a similar project in a larger regional centre affected by drought would have minimal effect on economic or liveability outcomes for that larger community. A larger centre may not be as economically exposed in this instance as the rural community, therefore other solutions through raised community finance or sharing of facilities may be an alternative to government funding.

It is therefore recommended Community Infrastructure Program outcomes should be flexible and should allow for the creation of sub-programs which can be used to target specific issues or specific locations.

2.2 Priorities for Local Community Infrastructure- Inclusive of Heritage and Cultural Facilities

Section 1.14 of the Issues paper presents a list of community infrastructure identified as government priorities. Inclusion of cultural and heritage facilities in this list of community infrastructure is recommended.

This recommendation is put forward noting that ageing built infrastructure is problematic and a burden on the public and private purse in rural and regional areas- particularly areas that have a predominance of heritage and cultural assets. Preserving heritage infrastructure, and facilitating investment in cultural facilities, can positively impact the economic capacity of regions and communities through increased local and visitor spending. Heritage and cultural built infrastructure also increases the liveability, sustainability and competitiveness of regions and local communities.

2.3 Entities Eligible to Apply for Funding and Risk Averse Funding

The previous Regional Partnerships and Sustainable Regions programs were identified as a means of addressing rural and regional disadvantage. Issues related to investment constraints in terms of raising financial capital, transport infrastructure, access to markets, rising fuel costs and employment generation impact heavily on rural and regional economies. Consideration of funding to private enterprise to diminish barriers to investment can be justified.

A capability for funding private enterprise through a flexible regional development style program is a means of preserving, relocating or growing firms with sound business acumen and strong financial bases in rural areas.

Private enterprise was an eligible entity under the former Regional Partnerships and Sustainable Regions programs. The focus and intent of any future program should not be diminished due to procedural and administrative shortfalls associated with administration of these programs as documented in the ANAO 2007² released audit.

Skilled and independent commercial assessment of private enterprise applications or formal agreements to tap into the assessment expertise associated with successful government business development programs (such as those administered by AusIndustry), and strict post-funding project management procedures, may overcome some of the negative issues identified in the ANAO audit.

As such strict application guidelines, and commercially focused assessment processes could resolve many of the issues identified in the ANAO audit. Adopting proven risk management strategies such as those used by AusIndustry, AusTrade, and in the administration of the former Australian Tourism Development Program, could diminish financial risk.

2.4 The New Regional Development Australia Network

The previous ACC network generally acted at a high level as an enabler in project development, a respected conduit for Australian Government funding, and an attractor for partnership funding for financing regional development initiatives- inclusive of community, local government and private enterprise projects.

Caloundra City Enterprises welcomes a revitalised engagement model for the development of responses to rural and regional infrastructure needs. The construct of the proposed Regional Development Australia (RDA) network represents an opportunity to capture and leverage community, business and government support and input. It is imperative to ensure RDA builds on the positive experience of the former ACC structure in terms of engaging and galvanising community leadership.

It should be recognised that a noted strength of well performing Area Consultative Committee's was the engagement with local communities, the attraction and retention of local leadership within the committee, and the development of collaborative partnerships between various community stakeholders. The social, economic and labour market challenges to be met through the activities of the Regional Development Australia initiative indicates a need to continue this tradition, whilst building stronger local leadership and ensuring broad community representation within the regional development framework.

Attracting and retaining committed skilled and strategic community and business members to regional development boards will be essential to ensure the regional development interventions and initiatives of the Australian Government respond to regional and sub-regional based economic trends, market demands and economic imperatives. The tyranny of distance in rural and remote areas can adversely impact the operation of committees.

² Performance Audit of The Regional Partnerships Programme: November 2007
Australian National Audit Office

It is not only distance but community-of-interest issues that also may affect the operation of the proposed RDA operation. As such consideration of RDA boundaries should take account of regional imperatives and geographic location.

2.5 Membership of RDA & Non-Duplication of Roles

Analysis of the former Regional Partnerships and Sustainable Regions programs reported in the ANAO audit 2007 and the Senate Inquiry of 2005³ indicated some degree of political interference in the allocation of funding under these programs.

The first step in overcoming any negative legacy may lie in ensuring the construct of the new regional agencies is marked by well-documented processes for committee representation. This should include a strong emphasis on transparent apolitical appointment processes and a commitment to social inclusiveness.

The expanded regional role and emphasis on infrastructure development for RDA's is noted. Many formalised organisational relationships between local and state government agencies exist and can be drawn into the RDA function.

This wider and higher level engagement is a function that RDA's are well placed to provide.

At State and Federal level, opportunity to create more consistent policy to deal with on-going economic challenges in the regions could incorporate recognition of the broader functions that can be performed through working collaboratively with communities and government agencies.

As such RDA could be revitalised with a focus on growing regional and community capacity RDA could act as an essential partner in the development and delivery of industry strengthening initiatives and broader economic development functions inclusive of planning and funding major infrastructure projects.

RDA could effectively remain as a working partner engaged directly with communities. This was an identified strength of well-performing ACC's. It contributed positively to building community capacity including ensuring better developed projects emerged from within communities, and long-term outcomes were sustained.

2.6 Working with State and Local Government

The proceeds of current economic prosperity should lay foundations for improved and innovative national policy and programs that are supported by a framework that more closely engages with State and other Australian Government agencies and departments.

The Issues Paper in Section 1.19 indicates a need for non-duplication of funding, processes and administration costs, across the various levels of government.

This should extend to acknowledging existing regional plans, agency activities and funding sources.

³ Inquiry into the Regional Partnerships Program: October 2005
Senate Finance and Public Administration Committee: Australian Government

A shortfall in the administration of the previous Regional Partnerships and Sustainable Regions programs may relate to a failure to adequately engage with other agencies and funding sources to ensure non-duplication of project funding, and to ensure that ‘gaps’ in other programs were adequately met through the flexibility that was reportedly attached to the RP program. Another concern related to long project development time-frames and delays in assessments due to ‘testing’ eligibility for other funding.

Eg. Tourism and Heritage funding programs such as Australian Tourism Development Program were largely over-prescribed in terms of the available funding pool. A common response to proponents through the RP program was to test these initiatives prior to developing and submitting an RP application. This lengthened the development phase of many projects, and caused issues in assessment timeframes and processes. Processes for interest checks prior to testing applications under these schemes could be investigated to ensure projects with minimal chance of success under other schemes or programs are not unnecessarily delayed in the development stage or adversely impacted through timing of rounds/assessment processes associated with other programs.

In forming a new program, issues around duplication and filling gaps in other government programs could be minimised via formal obligations and processes such as inter-agency interest checks, higher levels of training for RDA and public sector administrative staff, and formalised inter-agency collaboration- inclusive of Memorandums of Understanding or service agreements across the various State and Commonwealth Departments and agencies.

2.7 How the New Program Will Work

The outline of the range of issues proposed for RDA network focus, as advised in Section 1.29 of the Issues Paper, is comprehensive. Given the overall program funding allocated to provision of RDA operational services there may be constraints around the capacity of the RDA to deliver meaningful and tangible outcomes across such a broad range of duties.

2.8 The Application Process & Funding Agreements

Simplifying the language and processes around program application and reporting requirements, and lowering the threshold for co-contributions in communities where financial hardship or social disadvantage create ‘special circumstances’, is worthy of further investigation. Whilst tight controls are necessary to the good governance and responsible financial management of government funding, the language and processes attached to the former Regional Partnerships program acted as a deterrent to resource and time poor community groups and organisations. In terms of Funding Agreements the reporting requirements should take into account the level of funding with simplified contracts and less onerous reporting attached to smaller funding amounts.

It is recommended RDA play a role in project development, the application process and post project management. A strength in many ACC’s was the capacity to value-add to project development through the application process, to act as an ‘honest broker’ in terms

of bringing stakeholders to the table to agree funding and in-kind commitments, and to assign roles and responsibilities for delivery of project outcomes. The continuation of this role has positive benefits in delivering project outcomes

SUMMARY

All parties consulted by Caloundra City Enterprises in responding to the House of Representatives Issues Paper July 2008- A New Regional and Local Community Infrastructure Program, expressed a commitment to ensuring regional development initiatives of the Australian Government incorporate the following values and activities:

- **Funded initiatives and interventions reflect and are aligned with community will, and address identified regional and local priorities.**
- **Funded initiatives and interventions are solutions to regional and rural disadvantage that are developed and owned by local communities rather than delivered into communities by external agencies.**
- **Funded initiatives and interventions provide for maximising efficient use of public and private funds without onerous and unduly bureaucratic application processes and reporting procedures.**
- **The proposed Regional Development Australia initiative includes community and stakeholder representation that acts apolitically and is representative of community, business and government interests.**

The legacy of the former Regional Partnerships and Sustainable Regions program, and the delivery platform developed through former governments and lead at community level by the Area Consultative Committee's, provides some key learnings. Taking into consideration these learnings, a new way forward is welcomed by regional and rural stakeholders. In implementing new policy, procedures and delivery platforms for regional and community infrastructure, certain administrative efficiencies, and engagement strategies have been suggested in this Response. Overall, the focus of stakeholders is on ensuring Australian Government regional and community development programs deliver stronger outcomes to regional and rural communities.

Author: Gerrie Carr-MacFie

This response is made by Interim Chief Executive Officer, Caloundra City Enterprises Pty Ltd., Ms. Gerrie Carr-MacFie.

Caloundra City Enterprises Pty Ltd (CCE), and the trading entity Sunshine Coast Enterprises, is a company supported by operational funding from the Sunshine Coast Regional Council.