



CENTRAL NSW
COUNCILS

Centroc

Submission

to the

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

**Secretary
Standing Committee on Infrastructure,
Transport, Regional Development & Local Government
House of Representatives
Parliament House
CANBERRA ACT 2600**

PREAMBLE

Thank you for this opportunity to respond to the Inquiry into a New Regional Development Funding Program.

Centroc is a Regional Organisation of Councils made up of 17 local government entities in Central NSW. Members include Bathurst, Boorowa, Blayney, Cabonne, Cowra, Forbes Harden, Lachlan, Lithgow, Oberon, Orange, Parkes, Upper Lachlan, Weddin, Wellington, Young and Central Tablelands Water.

The organisation exists to provide advocacy services, aggregated purchasing and project development where members derive a benefit from acting in unison. As a Regional Organisation of Councils, it achieves this through the combined participation of the 16 Councils and one County Council water utility in the region.

As part of its annual business plan, the Centroc Board has seven priorities of which regional development is one. We are currently working with both State and Federal Agencies to progress a regional strategy where representatives from all levels of government in the region will jointly develop a set of priorities and actions to attract and sustain investment and economic activity.

Centroc would like to advise the Federal Government that it has worked with the past Area Consultative Committee and welcomes the new Regional Development Australia. It suggests to the Federal Government that its presence in regional development in Central NSW will ensure the ongoing three level of government programming that has worked well to date.

Further, Centroc sees the onground presence of an organisation like the Area Consultative Committee as essential and integral to delivering regional programming as it provides:

- Local knowledge upwards to the Federal Government
- Knowledge of Federal programming into the regions
- Capacity building for regional communities

Having said that, Centroc has had concerns regarding past programming and welcomes the opportunity to offer suggestions for ways in which the Federal Government can invest in regional development that will reduce duplication and provide cost savings while improving outcomes and accountability.

Centroc notes that while the development of projects for funding under the Regional Partnerships (RP) Program and associated Rural Medical Infrastructure Fund was core business for the local ACC, increasingly the role of the ACC has involved facilitating the development of partnerships, assisting with the development of project and business plans, building capacity to enable the applicants to complete the application and gaining support for projects within the community and broader region.

A key component of this work has been the referral to and development of applications for funding through a wide range of programs offered by Federal, State and Local Government, as well as philanthropic and private sector organisations. This has enabled the Central NSW ACC to ensure that applicants have not only exhausted all likely funding sources, but also

developed the skills necessary to determine how their project could be structured to meet the criteria of specific funding programs through providing increased benefits to a broader sector of their community eg: funding for Seniors, Youth, etc. The result of this work has been the development of more viable and sustainable projects as well as a community more confident in determining their future. Centroc, its members and communities have all benefited from the Area Consultative Committee.

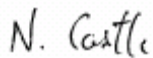
In undertaking this work the role of the Central NSW ACC has extended to providing the following services within the Central NSW Region:

- Grant Writing and Community Capacity Building workshops for community, business and Local Government.
- A resource for the Economic Development Officers Network.
- Working with the three levels of Government to provide input on issues impacting on regional development (transport, health services, telecommunications and infrastructure).
- A sounding board for regional projects.

Centroc has worked closely with the Central NSW ACC and commends the types of activities and partnerships undertaken beyond its core business to the Federal Government as having made significant differences in our region.

It is our hope to build on this work into the future.

Yours sincerely,



Neville Castle
CHAIR

CENTROC RESPONSE TO THE TERMS OF REFERENCE

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

Based on the excellent service delivery of the Central NSW Area Consultative Committee, the first recommendation Centroc makes is for the Federal Government to retain its presence on the ground in regional communities.

In terms of what this structure might look like, Centroc notes that political appointments leave such programming in jeopardy should there be changes of political persuasion. Instead, Centroc suggests the Federal Government look to a balance of a skills and representation based board where an array of skills are included such as strategic development, financial management, business understanding and experience. Identified community champions could also have an opportunity to represent the region where youth, aboriginal and female representatives should be encouraged.

Both elected representatives and General Managers are included on the Central NSW ACC Board and these connections have served Centroc members well.

In terms of the role of the Board, it should provide:

- Local knowledge and strategic advice upwards to the Federal Government regarding regional development programming
- Knowledge of Federal programming into the regions
- Capacity building for regional communities
- Approval for minor funding programs
- Some discretionary capacity to commit to all levels of government funded projects on agreed regional priorities within Federal priorities

Regarding actual funding programs, Centroc commends four types of funding be brokered through Regional Development Australia.

1. Local Community Funding:

- Ongoing funding with no “rounds” or deadlines to maximise responsiveness
- Clear guidelines and simple applications to facilitate community engagement and accountable, transparent assessment
- Expectation of funding approval process including timing publicly available and adhered to
- \$50,000-\$100,000 cap
- Criteria that recognises champions, capacity building in communities, demonstrated value to the community, partners within the community and the capacity for the applicant to deliver
- Rapid assessment period to ensure outcomes are delivered quickly back into communities
- Assessment at the local level by the Board and criteria for approval that is simple, clear and consistent
- To set and measure against bench marks, ensure equity, accountability, best practice and fit with national priorities, the totality of annual programming outcomes is assessed region by region at the Federal level by an independent panel
- Feedback loops to unsuccessful applicants
- Measurable KPIs and reporting expectations

2. Local Government Area Funding

- Local Government must be a partner in the project

- Board to provide initial assessment and recommendations for independent panel
- Up to \$1m can be applied for
- Funding rounds with deadlines
- Expectation of funding approval process including timing publicly available and adhered to
- Applications to be assessed by an independent panel
- Applications must be able to demonstrate significance at lga level
- Project funding to be able to span over more than one year
- Project funding to be flexible beyond just infrastructure but include say business/program start-up features
- Feedback loops to unsuccessful applicants

3. Projects of regional significance

- Local Government must be a partner in the project
- Expectation of funding approval process including timing be publicly available and adhered to
- No limit to funding but must demonstrate value for money
- Board to provide initial assessment and recommendations for independent panel
- Funding rounds with deadlines
- Applications to be assessed by an independent panel
- Applications must be able to demonstrate significance at regional/national level
- Project funding to be able to span over more than one year
- Project funding to be flexible beyond just infrastructure but include say business/program start-up features
- Feedback loops to unsuccessful applicants
- Measurable KPIs and reporting expectations with national framework

4. Discretionary RDA Board funded programming

- Funding must be for Federal priorities
- Funding must partner with other State and Local Government agencies
- Expectation of funding approval process including timing being publicly available and adhered to
- Funding must be for projects to meet needs where there are regionally identified gaps
- Board limited in the amount of annual discretionary funding per region based on a formula including capitation with \$300,000 per region suggested as appropriate for the first year with annual review
- Annual audit of management of discretionary funds
- Measurable KPIs and reporting expectations within national framework

2. Examine ways to minimise administrative costs and duplication for taxpayers.

Regional development is delivered at the State, Federal and Local Level. This lends itself to duplication and overlap. This is why Centroc suggests the close working relationship between the three levels of government and discretionary RDA funding for projects with input from all levels of government to ensure both regional needs are being met and duplication is minimized.

Centroc further suggests the following be incorporated into regional development funding programming to reduce administrative costs and remove duplication:

- Clear and concise program guidelines that can be easily adhered to by potential applicants and include self assessment tools. This will save on administrative time, reduce time for applicants, ensure faster turnaround and speed up the delivery of on ground outcomes in the regions.
- Expectation of funding approval process including timing publicly available and adhered to. Ideally with internet trackability. This will remove the constant query rate about “where is the application up to?”
- Assessment of smaller and discretionary programming at the local level.
- Assessment of significant programming by both the Board and an independent panel. Here a two step process ensures that programming meets the needs of the region, meets the criteria before being assessed in a second only step by an independent panel to ensure objectivity and national priority.
- Continued use of local ACC/RDA staff in capacity building and providing brokering with other funding agencies. This means community members do not waste time applying for funding without skills or understanding. Communities also benefit from the breadth of programming the ACC/RDA are aware of and can provide advice on.

3. 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

Decision-making processes

It is the view of Centroc members that the Regional Partnerships Program appeared arbitrary in its decision making at Ministerial level. It appeared that funding could happen for one project on a handshake while others had to go through years of tortuous development and still be rejected where in the community's eyes both had merit. Given the lack of clarity in the program's guidelines, it was difficult to defend this decision making process to the community and so the program's reputation deteriorated. Further, applicants "gave up" as hurdles seemed insuperable while hearing from "mates" in other electorates doing deals on paper napkins.

The discretionary nature of the approval process and the inability to get clear advice on guideline interpretation from the department impacted on the perceived professionalism of those involved in assisting in the development of applications.

Departmental assessment and administration of projects

Centroc is aware from close work with the local ACC of the following concerns regarding assessment and administration:

- Delays in assessment had implications for applicants who had funding from other partners to manage as well as quotes, builders booked etc. Lack of communication with ACC's and the applicant during the assessment process resulted in confusion and frustration and often placed the ACC in an embarrassing position at the local level trying to reassure applicants that the process was underway. It was also a significant time waster. Where a project was not approved there were sometimes long delays in the lead up to advising the applicant.
- Once approval was granted the process of advising the applicant was haphazard and inconsistent with ACC's usually the last to know despite being the face-to-face contact with the applicant, often over long periods of time, throughout the project development phase. As a result ACCs were unable to use project announcements as an opportunity to promote themselves. They also lost the ability to promote the ongoing benefits and outcomes of projects once contracted as they were not kept in the loop after the submission.
- Every application irrespective of the level of funding being sought was subject to the same assessment process both at the local and departmental level with final funding approval granted by the Minister. This led to questions over the administration of the program and of political bias at the local level. It also led to long delays (sometimes anything up to six months and longer) in the assessment of projects.
- Lack of appropriate feedback regarding unfunded initiatives, often after long delays also undermined the program.

Program improvements

Please see the recommendations in section 1 regarding a suggested funding framework.

This funding framework addresses the following concerns:

- Under RP applicants were required to complete the same application form irrespective of the scale of the funding being sought. This often led to criticism that the smaller not-for-profit community groups were disadvantaged having to compete

on an uneven playing field against projects developed by more highly skilled and resourced organisations.

- The completion of an RP application was a challenging task, even for organisations such as Local Councils that possessed a high level of administrative and research capability.
- Such programming lends itself to Councils or communities hiring the services of professional grant writers. Professional grant writers, while able to complete an application to a professional standard, are not always able to impart the need and passion that the community have for their project or capture some of the detail that demonstrates the contributions that communities make in securing their futures. Further, this ignores the vital role of community champion who typically do not have strong grant writing skills. Relying on professional grant writing has the risk of funding projects which have paper merit and no long term sustainability.
- The “TRAX” system implemented to assist in the application process was a deterrent and made the submission of an application completely impossible without the assistance of an ACC. This is particularly the case for people with poor access to broadband as is the situation with a significant proportion of the population in Central NSW.
- Flexibility, accountability and timeliness of the process.

4. 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.

The major changes resulting from RP audit of 2003-2006, included the following:

Establishment of a panel of ministers for decision making on projects

From our understanding a panel comprising three ministers, was established to streamline the decision making process and take the responsibility for decisions away from one individual minister. Applications were circulated to each panel member and if consensus could not be reached, the application had to go before a panel session for closer consideration and discussion.

Feedback from the ACC through this period was that the logistics of circulating applications to each panel member and coordinating meetings with panel members and departmental staff exacerbated delays in assessments. This situation was made worse by the fact that this panel reviewed every application whether it was for a \$3,000 or \$2,000,000 project. Centroc members have provided feedback that if anything this period was worse for applications.

In our view this change was to no advantage, it appeared to take one individual out of the firing line and pass the responsibility onto three, delaying the process even further (eg: six to twelve months in extreme cases). This also had the effect that the local staff of the ACC worked tirelessly to try and ensure the applications were "immaculate," to give them the best chance of speeding through the hurdles. Centroc members eventually went down the advocacy track with elected representatives and found this helped with expediting the process.

Our recommendation is that projects requesting smaller amounts of should be assessed and approved locally. Projects requesting more than \$50,000-\$100,000 should be assessed and recommendations made by the an independent panel. Thus the Minister remains at arms length from individual funding decisions while still being able to monitor that the Government's program objectives are met.

Centralisation of assessment to national office

Previously National Office undertook quality assurance checks on applications after they had been assessed by Regional Offices. It may have been the case that the centralisation of assessments to National Office enabled the Minister to have greater control through a single assessment process with the aim to make the process more efficient. This was not the outcome. Rather, centralisation made it worse. This may have been as a result of a new team assessing applications who did not have the knowledge and understanding of the communities whose projects they were assessing.

National Office appeared to be disconnected to the role RP was supposed to play in the regions. There seemed to be a lack of understanding of issues facing regional communities, unrealistic expectations of communities to prepare quality grant applications and of their ability to raise large funds for project partnerships. This was especially the case through recent drought years.

It is essential that feedback/recommendations be sought from RDAs for a regional/local perspective during project assessments.

Revised and expanded guidelines

It was understood that the revised guidelines were going to provide clear and concise direction for potential applicants and ACCs in providing advice. This was to help raise the quality of projects being developed and applications submitted.

In fact, the guidelines became more lengthy but no less complicated or imprecise. The length of the revised guidelines sometimes acted as a deterrent making the application process seem even more inaccessible for small communities. Despite the revision of program guidelines the interpretation of the guidelines remained vague and inconsistent. In our view, a review of the guidelines was pointless while decisions on projects continued to be made at the Ministerial level.

Centroc recommends an eligibility based or competitive grants program with a clearer, stronger set of guidelines that applicants can adhere to with relative ease. This should also enable more streamlined decision making processes with assessors able to make recommendations with a greater degree of certainty where projects meet program guidelines.