

16 July 2008



Ms Christine King
 Member for Ballarat
 Chair
 Standing Committee on Infrastructure, Transport, Regional Development and Local Government
 PO Box 6021
 House of Representatives
 Parliament House
 CANBERRA ACT 2600
 AUSTRALIA

Dear Ms King

Last Thursday the Secretariat that supports the Capital Region Area Consultative Committee (CRACC) noticed that the previous day, Wednesday 9 July, an 'Issues Paper' relating to your Standing Committee's Inquiry into Regional Funding program had been uploaded to your Committee's website.

Over the weekend some members of the CRACC Board were able to review the Paper that, as indicated in the introduction, has been 'developed to assist those making submissions to the Inquiry and will form the basis for the roundtable discussions'.

CRACC already had in hand the preparation of a submission but, in light of the Issues Paper, has identified some additional points that we need to cover. We welcome the Committee's intention to arrange for roundtable discussions but would be concerned if they were to replace, rather than complement, formal hearings.

Although we could relate most of the factual material presented in the Issues Paper to our own experience there are aspects, particularly relating to the legal basis and operation of CRACC, where the Issues Paper's generalised description of ACCs does not reflect our procedures and practices.

For example, the Paper does not attempt to explain that an ACC is an Incorporated Body and has several constituent parts:

CRACC (and its predecessor the Capital Region Employment Council – CREC) is incorporated in the ACT in a manner consistent with the Association's Incorporation Act (1991) as the 'Capital Region Area Consultative Committee Incorporated'.

It consists of a Board (presently comprising a Chair, Deputy Chair/Treasurer, Secretary and two members) and a Committee (comprising no more than 15 members drawn from the ACT and surrounding NSW LGAs), with members of the Board also being members of the Committee.

- Members serve in their personal capacity and not as representatives of any other organisation or group.
- Members of the Board and the Committee serve on a Pro Bono basis but have access to 'out of pocket' expenses.

The Articles have always been provided for the Chair to be nominated by or on behalf of the Portfolio Minister. Initially the Departmental Secretary was responsible but this changed to provide for the Minister to make the nomination. At the then Minister's request the Articles were amended in 2006 and now provide for the Chair and Deputy Chair to be nominated by the Portfolio Minister.

The present Chair, Mr David Malloch was first appointed in 2004. The longest serving Committee member is Mr Charles Halton who joined (the then) CREC in 2000; he was elected to the Board of CRACC in 2007.

The Board and the Department (now) Infrastructure, Transport, Regional Development and Local Government have entered into a series of 'Operational Funding Agreements'. The Board understands that the monies used to finance these Agreements are provided to the Department through Annual Appropriations approved by the Parliament.

The Board reports regularly to the Department, through its Wollongong Office, on matters relating to these Agreements and, at the end of the Financial Year, submits an Annual Report dealing with activities undertaken during the year. It also provides an Independent Audit Report on the Agreement.

The monies provided to CRACC under the Agreement allows the Board to retain the services of a small number of full and part time employees, who form a Secretariat led by an Executive Officer (EO). Presently the Secretariat has a staff of three, the EO (full time), a Senior Project Officer (full time) and a Communications and Projects Officer (part time).

- The EO is an Ex Officio member of the Board.
- Since Mr Halton joined the then CREC in March 2000 the Secretariat has never had a staff of more than four.

The Committee meets regularly, six times a year in various locations throughout the Capital Region. It takes advantage of these meetings to meet with members of the local community. Special meetings are sometimes convened at the Chair's discretion. The Board also meets six times a year but usually arranges special meetings to deal with the Annual and Financial Reports.

CRACC has used various approaches to publicise its activities throughout the Capital Region and attract expressions of interest in its activities. Since the late 1990s the Portfolio Minister has regularly provided a Statement of Priorities, and CREC and then CRACC have been required to pursue a 'whole of government' approach to all its activities.

Every few years the Minister has introduced a new Principal Program – Regional Assistance Program, then Regional Solutions Program and, in 2003, the Regional Partnerships Program.

CREC, and then CRACC, used a variety of techniques to ensure that each new program was effectively introduced to Local Government (including the ACT), State/Territory Departments such as Health, Education, Transport and Regional Development, NGOs, Local Community Groups at Town and Village Level and, when appropriate, local business.

Although Committee members have participated in the introduction of new programs, in maintaining community awareness and in continuing to stress the focus on activities within the Capital Region, it is the full/part time members of the Secretariat who have carried most of the load. They have also taken responsibility for assisting Groups seeking support from a Program to understand all specific requirements and, when asked, providing limited assistance with preparing an early draft of an application. It would be wrong to assume that all Groups have ready access to the Internet and/or use Microsoft compatible software.

The Secretariat has prime responsibility for ensuring that the proponent's claims of support from other 'partners', both in cash and in kind, can be substantiated. It also checks that other possible sources of Commonwealth funding have been

appropriately explored and, taking account of the 2003 Parliamentary Report, that the proposal does not involve 'cost shifting' between different levels of Government.

When a Group specifically requests guidance from CRACC the Committee has, on a no commitment basis, been prepared to listen to a presentation or read an early draft application. Feedback has always been provided through the Secretariat.

Some years ago CRACC developed a standard questionnaire that members of the Committee could use when asked to evaluate the 'final' of an application. This was developed and, from time to time modified, to ensure that it met the Department's requirements.

The individual evaluations provided by the Committee members were then analysed by the EO and provided on an 'in confidence' basis to members of the Board. The Board determines the nature of the advice and supporting information that will be provided to the Department.

Exactly the same evaluation process can be undertaken if an applicant chooses to submit a proposal without taking advantage of the assistance available from CRACC. So far as we can recall this has never happened with either CREC or CRACC.

Although we understand that the Department's advice to the Minister(s) on an application uses some of the material provided by CRACC, no member of CRACC has ever seen the Departmental advice.

Similarly CRACC has never provided its advice directly to the Minister, nor has a Minister ever asked CRACC to do so.

It should be noted that the procedures outlined above, the size of the Secretariat and the level of Pro Bono support provided by the Committee and the Board have been achieved through the use of a continuous evaluation process. In our view a structured 'funding round' approach leading to peak demands on the Secretariat, the Committee and the Board would be more resource intensive.

We believe that it will be clear, from the above descriptions of the structure of CRACC and of its approach to due process, that it is difficult to reconcile CRACC's established procedures and processes with some of those described in the 'Issues Paper'.

For example, using the Issues Paper's paragraph numbering:

1.34 CRACC's articles require the Minister to appoint the Chair and Deputy Chair. Other members of the Board are elected at the AGM. The members of the Secretariat are not members of the Committee although the EO is an Ex Officio member of the Board.

1.12 Since the late 1990s Portfolio Ministers have regularly provided a Statement of Priorities and have required ACCs to follow a 'whole of government' approach to their varied activities.

2.12, 2.26 and 1.16 An application for financial support from the Regional Partnerships (RP) program must identify the prior commitment of the other sources of funding, in cash and in kind, that demonstrate that total project costs can be met. In most cases the applicant requests less than 50% funding from the RP program, in the case of a 'for profit' applicant it is a requirement that those sources exceed 50%.

1.31, 1.32 and 2.1 After evaluating an application the CRACC Board provides advice and supporting information to the Department. The Board tries to ensure that the material provided adequately reflects the regional/local perspective. We understand that the Department's advice to the Minister(s) uses some of the

material provided by CRACC but no member of CRACC has ever seen that Departmental advice. CRACC has never provided its advice directly to the Minister, nor has a Minister ever asked CRACC to do so.

2.20 It was our experience that before 2006 it was not 'common practice' for funding to be approved for a project, evaluated by CRACC, subject to certain conditions being subsequently satisfied.

1.21 CRACC has required its Secretariat to carefully consider alternative sources of funding, and issues relating to cost shifting, as part of its review of a project.

3.7 In many cases CRACC has discussed an applicant's proposal for a 'steering committee' and/or other review procedures before it has completed the evaluation process. Where appropriate it has nominated a member of CRACC who would be prepared to serve on a steering committee, if the project was approved by Ministers.

We are of course available to assist your Committee and its Secretariat by providing clarification of any of the issues covered above.

In the meantime, and as indicated at the start of this letter, we are proceeding as quickly as possible with CRACC's submission to your Inquiry.

We have, of course, sent a copy of this letter to the Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government.

Yours sincerely,

David Malloch
Board Chair, CRACC

Charles Halton
Board Member, CRACC

Cc: Mr Mike Taylor, Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government