



vicCentral Highlands
Area Consultative Committee Inc

SUBMISSION

Inquiry into a New Regional Development Funding Program

All four terms of reference have been taken into account in the preparation of this submission.

It is not proposed to make any reflection or judgment on the departmental assessment or administration of projects as considered in the ANAO audit. This ACC, consistent with its role, worked constructively with the department at a national and regional level in the delivery of funding applications to the submission stage – including ACC comment. It subsequently assisted in the announcements surrounding the confirmation of any resultant funding and completion/commissioning of projects. It did not play a role in the assessment and administration of project applications beyond the submission stage, other than to provide supplementary information if and when sought by the department's officers. It therefore is ill-equipped to comment upon or judge the specifics of the departmental assessment and administration procedures.

It is proposed to focus on the development of applications at a local level as they applied within Regional Partnerships and how they might best operate in the future. It will also consider the approval processes.

Collaboration in funding:

Notwithstanding the findings of the ANOA Report, this ACC is firmly of the view that future funding of regional programs should be on a collaborative basis with all other levels of government and relevant community and business organisations. This is a view held within this region, the Central Highlands of Victoria. It has been communicated strongly to this ACC in the

period since the last election. An example is the following minute and action from a meeting of the Grampians Pyrenees Regional Development Board on which the chair and executive officer of this ACC participate.

This (Regional Partnerships) was discussed as an important program for rural towns and concern was expressed if the fund was to not continue.

Motion: That the GPRDB send the message to the Federal Government that GPRDB is supportive of the introduction of Regional Development Australia and also the importance the matching funds of the ACC and RDV to activity in rural communities and the need for this fund to be protected.

Moved: Glen Davis

Seconded: Ross Hatton

Carried

Action: Correspondence to be developed and issued as per the above motion.

The important emphasis here is on the concept of matching funds. The councils which constitute this board, like many others in rural and regional Australia, operate from a low rate base. The only way they are able to deliver some of the important community infrastructure projects that are legitimately demanded by their communities is by drawing together funds from a variety of sources, including the Australian Government. They are often unable to contribute themselves.

The importance of this collaboration has also been emphasized in the preamble to an international conference planned for Melbourne in October which, in part, is supported by the Australian Government. The conference will be the first event in the region as part of the OECD LEED Forum on Partnerships and Local Governance and will provide orientation for the Forum work in the Asia Pacific. The event is promoted as follows:

Partnerships for Social Inclusion, Melbourne, Australia, 15-16 October, 2008

Increasing social inclusion requires a joined-up approach that cuts across policy departments. Effective action means that the public sector should re-think the way it operates, moving from a traditional hierarchical model to one characterised by multi-sectoral partnerships and flexibility in policy delivery. The development of these partnerships and the implications for public policy, with a focus on skills development, will be the central theme of this conference co-organised with the Centre for Public Policy at the University of Melbourne, the Victorian Department of Planning and Community Development, the Australian Government and the OECD LEED Programme.

The above serves to emphasise that one element of the former program which was consistent with wider thinking on local approaches to social responses and project development was that of partnerships. (Please see attached vicCHACC RP Projects, 2005 – 2008). The experience of this ACC is that the Partnership Funding guidelines applying to the former Regional Partnerships program were effective and appropriate.

Advice:

Any new regional funding program designed in the light of the ANAO findings on Regional Partnerships contain a partnership element which is transparent and emphatic in its intent and implementation.

Project approval:

In its assessment of the administration of the Regional Partnerships Programme the ANAO highlighted that “the provisions of the existing framework did not require approvers of proposals to spend public money, including ministers, to record the basis on which they were satisfied that a proposal represented efficient and effective use of public money”.

In any fundamental consideration of the expenditure of public money this is unsatisfactory. This ACC believes this element is as fundamental to the exposed problems with Regional Partnerships as is the issue of Ministerial Discretion (Addressed later in this submission) in general. However, with appropriate and transparent reporting requirements it may still be possible to deliver a program which contains an allowance for some flexibility in the application of guidelines.

There are two examples of funded projects which were submitted by this ACC on behalf of clients where flexibility in the interpretation of programme guidelines was required. In both cases the funding was approved by the previous Government and confirmed by the incoming administration. This ACC is not in a position to know whether approvals came as a result of Ministerial Discretion or flexible application by the department of the guidelines. What it can assert is that both projects, outlined below, are of great value to their local communities and the wider region.

Trentham Neighbourhood House:

This project has received \$220,000 (inc GST) in Australian Government funding as part of a total cost of \$364,000. At the time of approval the applicant was still seeking an element of its support funding from the State Government. At the same time the partnership contribution from other sources is classified as weak, being less than 50% of

the total project cost. Nevertheless, this ACC strongly supported and assisted the applicant, making the case that this was a genuine need in a community which had exhausted its capacity to attract any more partnership funds. The funding was approved and later confirmed as an election commitment by the incoming Government. It will deliver a valuable and long-overdue upgrade to what is a much needed amenity in the region for all members of the community.

Ballan Medical Centre:

An application for \$400,000 under the Rural Medical Infrastructure Fund was submitted by this ACC on behalf of the Ballan Health Services. It was strongly supported by the ACC because of its potential impact on waiting lists at dental and doctors' surgeries in Ballarat and because of the potential for growth in this peri-urban environment just 50 minutes from Melbourne. The funding was approved by the previous Government and the incoming Government also committed to \$1m in funding under its GP Superclinic Program. There were certainly elements of the RMIF/Regional Partnerships guidelines which were difficult to apply in this case and the applicant was still seeking elements of the partnership funding. However, the project was approved and that result is fully supported by this ACC.

These are examples of approvals where bipartisan support has been secured for projects which are in the broad community interest but may technically have been rejected. This ACC suggests they serve to highlight the need for some degree of flexibility in consideration of particular regional projects. The key, as emphasized in the ANAO report, is that transparency be assured through thorough reporting of the justification for such approvals.

Advice:

That, in the context of the ANAO findings on Regional Partnerships, thorough reporting procedures and transparency be applied to any decisions in the context of a new regional funding program in the event that a project is approved for funding, although it may not meet every aspect of the established guidelines.

Regional assessment:

In its consideration of the decision-making process within Regional Partnerships, the ANAO reported that Ministers were expected to discharge their responsibilities in accordance with the 'wide considerations of public interest and without regard to considerations of a party political nature'.

It stated that: 'In particular, the financial framework requires that a grant not be approved by Ministers unless reasonable inquiries have been undertaken that demonstrate that the proposed expenditure will make efficient and effective use of public money'.

This ACC is strongly of the view that local, regional assessments of projects are, therefore, vital in assisting Ministers – and, in effect, a department if it be the final arbiter of an application – to meet these requirements when deciding upon an application. Who better to understand the most effective use of public money in a particular locality than those closest to the social, cultural and economic realities of that locality?

In the context of Regional Partnerships this ACC provided advice to Ministers and the community it serves in relation to the relevant funding for a particular project. This resulted in some projects being stopped at a local level before a funding application was ever prepared and others being strongly recommended and supported.

Membership of this ACC was structured to help it best meet the demands of making these assessments. It included representatives of the rural sector, the CEOs of the four regional councils, along with industry, business, health, education, resources, welfare, environmental, community and legal professionals from across the region. There was a range of demographics providing a balanced perspective in the consideration of all aspects of the merits of projects.

Any consideration of future programmes devised to deliver infrastructure and community benefits for regional places should include that local assessment of projects remains paramount and free of political emphasis – whether of a local, state or national government nature. Together with the application of the formal guidelines, this would assist the department and/or minister to be satisfied that they are, or are not, making efficient and effective use of public money and that their considerations are free of political intent.

The assessments processes followed by this ACC in the past have included, but not been restricted to:

- Site visits;
- Discussions with immediately affected stakeholders;
- The requirement for a presentation of the project details to the Committee; and
- Confidential discussion with other levels of government to help establish or confirm the wider strategic value of a project.

Regardless of the extent to which ACCs are involved in project and application development in the future – and this ACC believes they should continue to be so involved – there may still be an effective role for properly structured RDA Committees to provide advice to the department and ministers regarding projects for which funding applications are submitted. It may even be that the proposed new emphasis for RDA in regional strategic development will put particular committees at the forefront in proposing particular projects for funding.

Advice:

That future programmes providing regional infrastructure and community funding include a defined process through which local, non-partisan and

broadly-based assessments can be made and advice provided on whether projects for which funding is being sought constitute effective and efficient use of public money. The RDA committees and staff would be well placed to provide this.

Practical considerations

While the experience of this ACC is that there has been extensive consultation and collaboration with other levels of Government in developing projects and applications, formalizing such relationships may help to minimize administrative costs and duplication. This is a concept which may be more easily applied in some parts of the country than others, but the ACC believes it is worthy of consideration.

While it would be important for all levels of Government to maintain their own perspectives, it may also be possible for them to come together for the purposes of developing and considering applications for development. This could potentially include the use of one, streamlined application form and one agreed set of funding guidelines. It might also be possible to establish one accepted process of contract management, saving the applicant the chore of dealing with a range of sometimes, even, potentially conflicting demands from various levels of government. There might also be consistent timeframes in project approval and in program deadlines. The feasibility of such an approach is worthy of consideration. However, political goodwill would be required and, as highlighted earlier, the capacity to achieve progress in this endeavour would vary from state to state and region to region.

Advice:

Consideration be given to the feasibility of establishing a national joined-up approach to the delivery of government regional infrastructure programs to potentially include a single mechanism incorporating all levels of Government.

