

Central Queensland
AREA CONSULTATIVE COMMITTEE INC

ACCs

The Australian Government's
Regional Development Network

October 22, 2008

Michael Crawford
The Committee Secretary
Standing Committee on Infrastructure, Transport,
Regional Development & Local Government
House of Representatives
PO Box 6021
Parliament House
Canberra ACT 2600

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| Submission No: | 111 |
| Date Received: | 31/10/08 |
| Secretary: | <i>WC</i> |

Dear Michael

Re: Standing Committee Roundtable – Bundaberg October 8, 2008

I would like to take the opportunity to thank you for inviting the Central Qld Area Consultative Committee (CQACC) to participate at the so-named Standing Committee Roundtable in Bundaberg on October 8, 2008.

I have included herewith a copy of the CQACC response to the questions raised at that Roundtable discussion. I fully appreciate that we (CQACC) were given the chance to speak however given the short notice and the restricted timeframe of the event the CQACC would like to have the included responses recorded as further evidence if at all possible.

I trust you will give this request the consideration it deserves and look forward to your response as soon as practicable.

Yours sincerely

Kym Mobbs
Chairman CQACC – Regional Development Australia.



Topic 1: Developing the framework of a new regional and local community infrastructure program

What should the objectives of a new program be?

Ideally the objective/s of the new program should be short and precise. Such as:
The program aims to contribute to the liveability and growth of regional communities for the purpose of cohesive and balanced regional development.

- *Should a new program be focused on providing funding for projects which promote the growth of regional communities (job creation) or the liveability of regional communities?*

The recent August 2008 *Community Engagement Strategy* (tabled at October 8 2008 Bundaberg Roundtable) shows that communities require a flexible program that provides for both liveability of regional communities that underpins growth. It is a finding that accords with knowledge of the RDACQ region for some 10 years and close and current working contact with all communities across the area.

- *How should "regional" be defined?*

Regional is the area outside of the capital cities and major metropolitan cities.

A region is a cluster of communities either small or large with a common purpose and linkages based on a specific or supporting industry in a recognised geographic or catchment area.

- *How should "community infrastructure" be defined for the purpose of the new Federal program?*

Community infrastructure is a facility capable of meeting the genuine and sustainable regional socio-economic development and community infrastructure requirements or improving the stock of community infrastructure to maintain and grow the population, develop industry, increase business opportunities and underpin quality of life experiences and activities such as social interaction and inclusion, well-being etc.



- *What eligibility criteria should apply?*

Applicants deemed as eligible in the instance of liveability community infrastructure should be Local Governments, community organisations, community groups, group of individuals with private sector support. (A relevant future program such that AusIndustry promotes should be made available for applicants deemed eligible for growth community infrastructure. Eligible applicants may include community organisations, community groups, or individuals in remote or semi remote community aspiring to start-up a business without competitors that will value add and capable of offering a new job/s or service provision or individuals with the capability of relocating to a small community centre to value add and not compete with existing suppliers/operators.)

- *What are the gaps in community infrastructure funding?*

The *Community Engagement Strategy* shows that the gap is in essential liveability community infrastructure - service delivery infrastructure such as child care, medical centres health, education, water supply and reticulation and recreational facilities.

- *Should the Australian government's regional funding program be targeted? What are the benefits or disadvantages of targeting?*

The *Community Engagement Strategy* shows that a regional funding program with broad community infrastructure application and not one with narrow functionality is required to meet the diverse geographic, economic and social composition of communities and their respective needs. Targeting could mean that some communities may be exempted from accessing the program.

The benefit of a non-targeted regional funding program is that it ensures equality, allowing communities to apply for required infrastructure without having to wait for when the specific target is open for applications.

How should a new program interact with other programs?

Under Regional Development Australia and a holistic policy approach to regional development, all funding programs should harmonise, interacting seamlessly. It should cease so-called "departmental cost shifting", bureaucratic "turf war" and duplication.

- *In what way could a future program be structured to ensure that it was flexible enough to take into account the local needs in specific regions while maintaining clear parameters regarding objectives and outcomes?*

(Extract from RDACQ House of Representative's Standing Committee on Infrastructure, Transport, Regional Development and Local Government "*Inquiry into a new regional development funding program*" Submission 44)



- 3.4 The structure or design of the funding program should be capable of meeting requirements for both small projects for small communities such as in sports, recreation, arts, tourism, culture or service priorities and the large sustainable community infrastructure and regional economic development projects.
- 3.4.1 The application design should be similar for both small and large projects but the supporting data requirements should recognise and differentiate between the classes of projects.
- 3.4.2 The design should insist that a project proponent considering grant funds from a regional program for both small and large projects should recognise a collaborative funding approach as imperative with encouragement by relevant RDA toward researching, seeking and exhausting all funding streams prior to anticipating regional program funding.
- 3.4.2.1 For the purpose of equity, communities which can demonstrate that partnership arrangements are not available (more remote and isolated communities) a *special consideration clause* will be required.
- 3.4.3 Calling upon experience the RDACQ is of the view that the important elements of the regional funding program design must be: clear policy with deliverable priorities; concise application guidelines regarding rationale, methodology, project milestones/benchmarks and outcomes; efficient, transparent, accountable decision making processes and testing of proposed project's genuineness and integration with recognised regional strategic plans.
- 3.4.4 The regional funding program design should empower **local** RDA structures and State Regional Office of the Department of Infrastructure, Transport, Regional Development and Local Government (State Department Regional Office) (located in Townsville) with specific program administrative responsibilities and agreed outcomes for transmission to the National RDA for recommendation to the Minister for approval.
- *What should the role of RDAs be in assisting and assessing applications for the new Regional and Local Community Infrastructure Fund?*

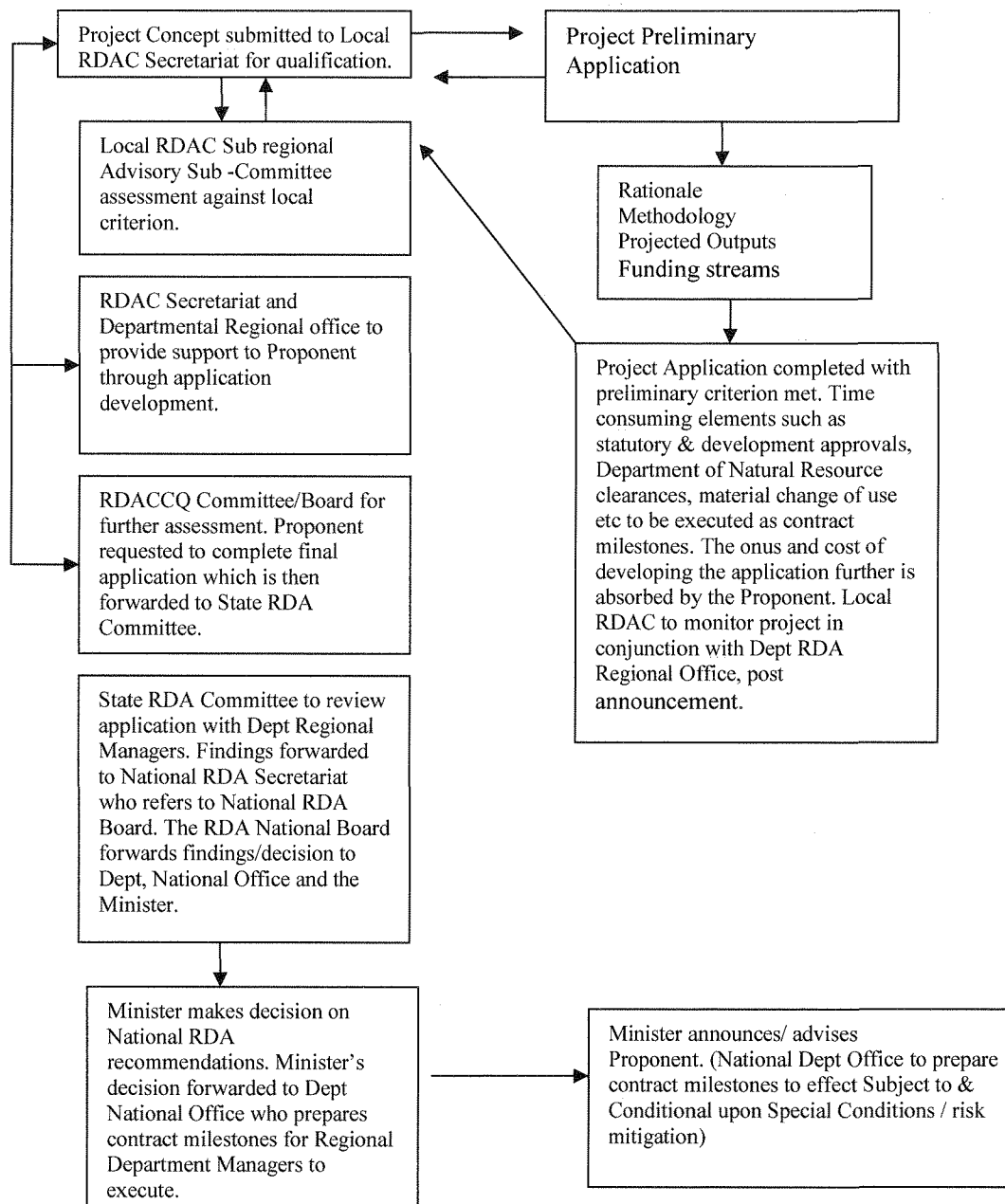
The role of RDAs is shown in the extract from RDACQ's Submission 44 and the matrix below:

- 3.5 RDACQ is of the view that the **delivery mechanism** for the future funding program should be devolved as much as possible to the local RDA structures and State Department Regional Office - oversights by the National RDA Office.
- 3.5.1 Funding program delivery mechanisms (such as information, advice, application, processes and monitoring) may be the function of the local RDA in conjunction with the State Departmental Regional Office.



- 3.6 **Approval processes** should be in stages and be transparent and accountable at each level.
- 3.6.1 Initially the local RDA secretariat should qualify under established and approved criteria (which should include strategic planning for the community/region), the proposed project for genuineness and concept soundness.
- 3.6.1.1 If the proposed project is a large infrastructure project it may require dialogue with State Departmental Regional Office to discuss possible transmission to the National RDA Office for its consideration and recommendation to Infrastructure Australia.
- 3.6.2 The Local RDA secretariat should submit the proposed project preliminary application to the Regional Advisory Sub-Committee with responsibility for the area in which the proposed project is suggested for project concept and soundness assessment and *determination* under established and approved criteria in the local priority list and strategic plan.
- 3.6.2.1 If endorsed the Proponent should be advised by the local RDA Secretariat to proceed and prepare a draft application complete with rationale, methodology, projected outputs and proposed funding streams for preliminary due diligence by the local RDA Secretariat.
- 3.6.2.2 The Regional Advisory Sub-Committee should have the charter to make a *local determination* on a proposed project.
- 3.6.2.3 The findings including the draft application submission should be presented to the Local RDA Committee/Board (representative of the whole region) for further consideration/endorsement and priority rating under an agreed and approved criteria (which should include preliminary due diligence) and if endorsed the Proponent advised to prepare a final application with appropriate documentation and agreed funding streams, benchmarks/milestones for due diligence purposes the Regional RDA Advisory Committee for its consideration.
- 3.6.2.4 The RDA State Advisory Committee may comprise National RDA representative/s; Department Regional Managers and Chairs of State RDAs.
- 3.6.2.5 The RDA State Advisory Committee may meet at times determined by the Departmental Regional Division to discuss and examine proposed projects according to established and approved criteria.
- 3.6.3 Final approved project applications and attachments and all recommendations should be referred to the Departmental Regional Office for transmission to the National RDA Office





- *In establishing the framework for a new regional development funding program, how does the government avoid duplication with other Federal, state or local funding projects?*

The role of local RDAs working with local, state, and federal governments on funding projects and its inventory of projects underway across its regions should eliminate duplication of funding projects.

- *How can a new program work in cooperation with other funding programs?*

The holistic policy and funding program approach of Regional Development Australia should ensure cooperation of across portfolio federal funding programs. A partnership project funding model should incur cooperation with State funding programs.

Topic 2: Application and assessment processes for a new regional and local community infrastructure funding program

What are the options for the application process?

Based on experience, RDACQ believes that the best outcome derives from project funding proponents collaborating with the local RDA from the concept stage through to all application phases. The application process is shown in the above matrix.

- *What assistance should be available to applicants?*

It is the view of RDACQ that it would be inappropriate for local RDAs to be involved in the writing of any application. Fulsome and thorough assistance should apply in terms of providing advice applicable to the issues raised, transacting processes through the various stages and partnership facilitation if required.

- *How should applications be submitted?*

It is the view of RDACQ that applications should be submitted electronically for assessment with supporting documents attached as electronic appendices. Where supporting documents are unable to transmit electronically they should be forwarded in hard copy.

- *What information should be contained in a funding application?*

It is not clear if this pertains to the construct of the application or project information in a funding application. Assuming it applies to the construct of the application, each question should be accompanied with the information that will elicit the appropriate and accurate response.

What are the options for the assessment processes?

It is the view of RDACQ that the application process should be as set out in the above matrix with the local RDA totally involved in the process.



- *Who should assess applications initially and who should recommend that the application process?*

It is the view of RDACQ that the assessment process should be ongoing by the local RDA from project commencement to lodgement with oversight from the State RDA office. See matrix above.

- *What should be the timeframes for assessment and final decisions?*

Under the RDACQ proposed assessment model, a determination of the project by the RDA Secretariat / Board/ and recommendation to the Minister should be six weeks and less than 8 weeks.

- *How should decisions be communicated and by whom?*

Decisions on the success or failure of a project funding application should be communicated by the Minister in a letter to the applicant and copied to the local RDA and State RDA office.

How should successful projects be funded?

Projects should be funded from the appropriate Departmental funding program.

- *What are the strengths and weaknesses of open and closed funding rounds?*

RDACQ has experience with both closed and funding rounds. Closed funding rounds may be preferred from the perspective of the bureaucracy fund managers for management purposes. From the perspective of the delivery of the program at the local level and consumer friendliness an open funding round is preferred.

- *What would make receiving grants easier? Would capital or recurrent grants be easier?*

Based on experience, capital grants provide for greater transparency and appear to be easier to scrutinise. However, recurrent grants should not eliminate prospective applicants and applicants should be eligible to apply for both capital and recurrent grants.

- *Should grants be capped or recurrent over the life of a project?*

Funds should be capped however legitimate risk mitigation consideration and associated costings should be deemed valid.



- *How should the size of a grant be determined?*

Drawing on project experience, the size of the grant should be flexible and determined against criteria such as: for large liveability community infrastructure projects there should be partnership funding equality – meaning that the size of the grant should reflect a funding partner’s contribution. In the instance of a remote, semi-remote and small community seeking funding for needed liveability or growth community infrastructure projects unable to attract partnership funding, the size of the grant may have to be twice the outlay of the proponent.

- *Should the new fund require matching or partnership funding?*

Yes, excepting for remote, semi-remote and small communities seeking funding for needed liveability or growth community infrastructure projects unable to attract partnership funding.

Topic 3: Management of funding agreements for a new regional and local community infrastructure program

What should be contained in a funding agreement?

A funding agreement should include the responsibilities of the funding body (the Department) and proponents; payment and use of funding; audit and monitoring; reporting requirements and variations if required.

- *How prescriptive should a new funding agreement be?*

In view of the Australian National Audit Office “Performance audit of the Regional Partnerships Programme” the funding agreement should be explicit and prescriptive.

- *Are more guidelines helpful or do they confuse?*

In view of the Australian National Audit Office “Performance audit of the Regional Partnerships Programme” guidelines should be explicit.

- *What monitoring requirements should be outlined in the funding guidelines?*

Funding guidelines should include details of performance, benchmarks, reporting, monitoring requirements, and include physical onsite visits.



How should a funding agreement be monitored?

RDACQ is of the view that the local RDA in conjunction with the State Departmental Regional Office should have a role in monitoring benchmarks and assisting with managing of outcomes to ensure compliance with the contract.

Due to the RDA's "localness", it is well placed to "check on" and determine if projects are "on track" and if not instigate the appropriate action. The local RDA should report on the status of approved projects in its region to the State Departmental Regional Office.

- *What kinds of performance monitoring mechanism should be contained in the new funding agreement?*

The performance monitoring mechanism should include compliance with the funding agreement.

- *Do different types of projects require different performance measures?*

Yes. Performance measures should change according to the type of project and size of the funding grant.

- *Should a monitoring plan prepared by potential grant recipients be a required part of the funding application?*

No. A monitoring plan should be a subject of discussions between the proponent, the local RDA and the State RDA office. The proponent should submit the monitoring plan to the local RDA for approval and if approved the local RDA should forward a copy to the State RDA Office for final approval and lodgement with the funding entity.

- *Should there be a regular audit program for projects and if so how often should that occur?*

Only if irregularities are evidenced.

- *Is there a need to have project audits presented to Parliament, either individually or a part of a volume of regular reports?*

No.

- *How can performance monitoring overcome delays which might arise with a project?*

Performance monitoring should be undertaken by the local RDA, which "Due to the RDA's "localness", it is well placed to "check on" and determine if projects are 'on track' and if not instigate the appropriate action." Experience shows that on the ground assistance from the local RDA would be deemed an asset by the proponent organisation. "The local RDA should report on the status of approved projects in its region to the State Departmental Regional Office."



How should a funding agreement be managed? Who should manage it?

A funding agreement should be drawn up by the Departmental funding entity (Departmental RDA) in consultation with the proponent. The local RDA, and the State RDA Office should receive a copy of the agreement. The funding agreement should be managed by the State RDA office in conjunction with the local RDA undertaking close on the ground monitoring and the proponent reporting/communicating progress or problems to the local RDA. The local RDA should provide project reports to the local State RDA Office.

The funding agreement should be managed by the State RDA office due to its immediacy and regional understanding.

- *What kinds of skills are required to manage a funding agreement?*

Contract management skills.

- *Are local people better equipped to manage a funding agreement or does it matter.*

The preference is for the funding agreement to be managed by the State RDA office in conjunction with the local RDA. It is the view of RDACQ that it does matter and is important that management of the funding agreement has localism and immediacy derived from localism.

- *What kinds of resources are required to manage a funding agreement?*

Departmental resources.

- *If a program is created that provides funds for a wide range of projects, are there generic processes for managing funding agreements which can address the varied nature of the program?*

This is a departmental matter.

