

**SUBMISSION TO THE INQUIRY BY THE FEDERAL GOVERNMENT INTO
A NEW REGIONAL DEVELOPMENT FUNDING PROGRAM**

SUBMITTED BY WARRNAMBOOL CITY COUNCIL



WARRNAMBOOL
CITY COUNCIL

July 2008

9th July 2008

Committee Secretary
Standing Committee on Infrastructure, Transport, Regional Development
and Local Government
PO Box 6021
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam,

Introduction

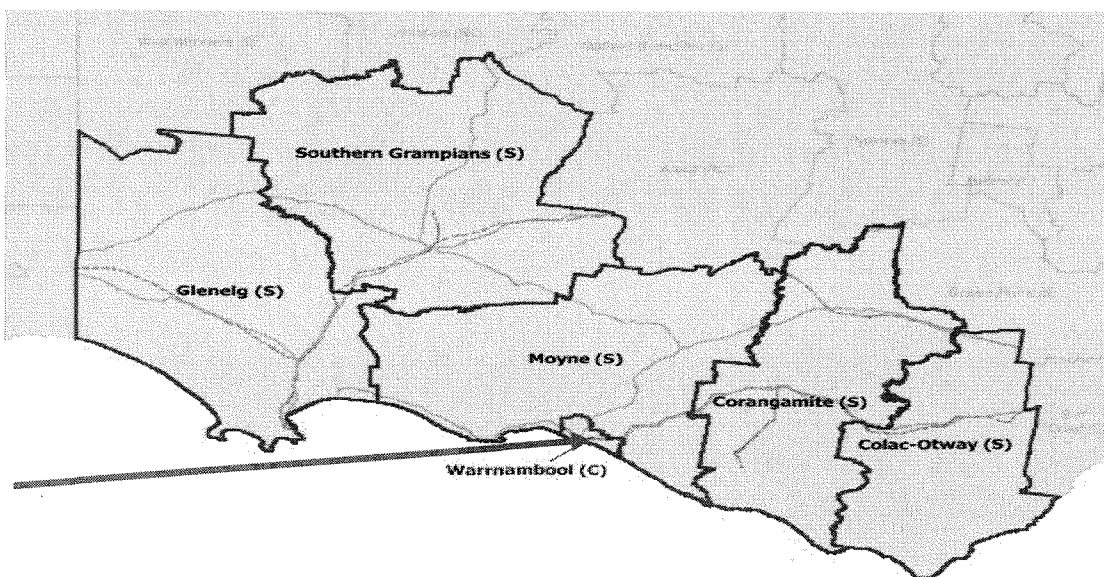
Warrnambool City Council ("Council") welcomes the Federal Government's Inquiry into a New Regional Development Funding Program. Council believes that such an inquiry is timely as it should identify important issues that if acted upon will enhance the development of much needed infrastructure projects in regional and rural Australia.

Council is keen to assist the Inquiry and would encourage the members of the Inquiry team to visit Regional and Rural Victoria. Council would welcome the opportunity to host such a visit in Warrnambool.

Warrnambool

In presenting this submission, Council initially wishes to provide a brief overview of Warrnambool that in turn impacts on some of the matters that will be raised in it.

Warrnambool is located in south-western Victoria, about 260 kilometres from Melbourne. Warrnambool is Victoria's largest coastal City outside Port Phillip Bay, and is one of Victoria's fastest growing regional cities with a current population of approximately 32,500. Council attributes this growth to the strength of its diverse regionally-based economy and the liveability of the City and its region.

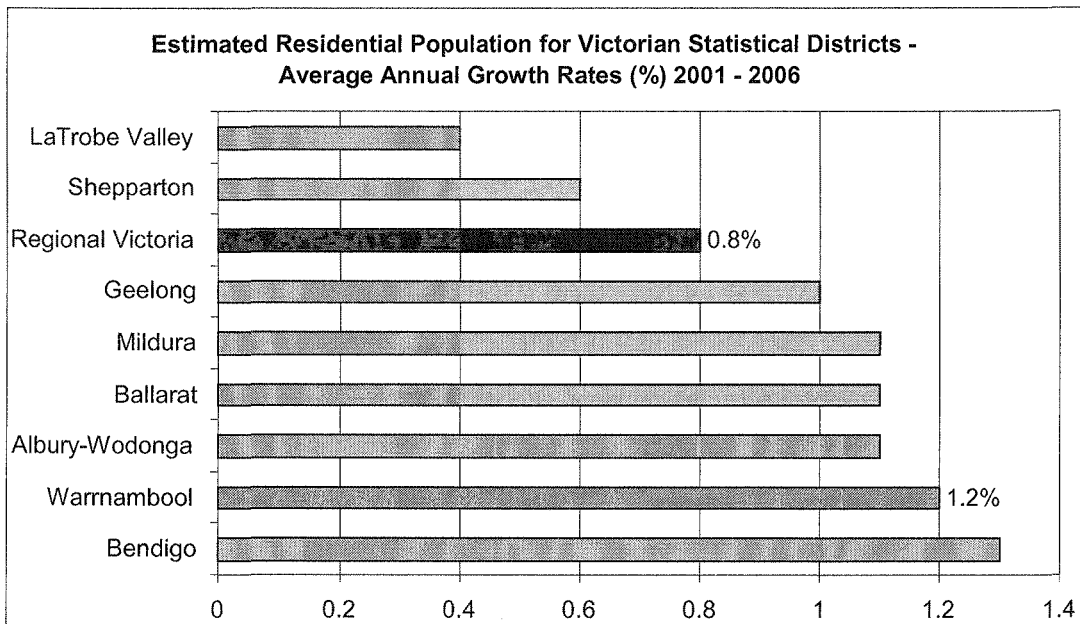


The strategic importance of Warrnambool is underpinned by its location as: SUBMISSION 75

- the Western Gateway to the Great Ocean Road tourism region;
- the retail, professional services and commercial hub for the Great South Coast region;
- the Australian centre for dairying and milk processing; and
- the health and education centre for the Great South West Coast Region.

Figure 1 below shows Warrnambool to be one of Victoria's fastest growing cities with an average growth rate of 1.2% per annum in the period 2001-2006.

Figure 1



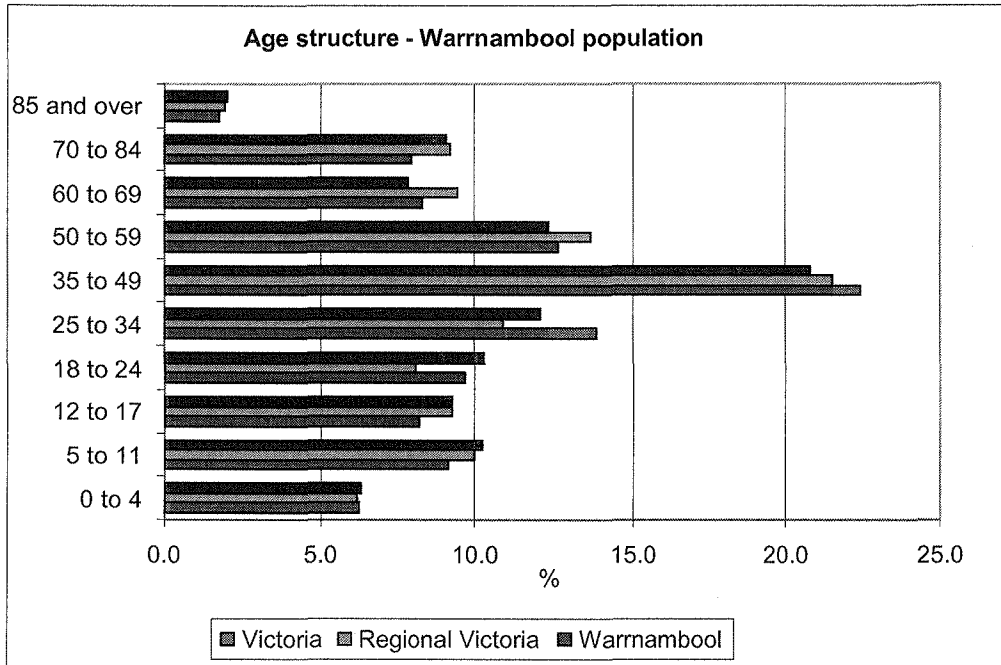
Source: ABS Cat No. 3218.0, Regional Population Growth 1996 to 2006

Population projections published in 2004 by the Victorian Government's Department of Planning and Community Development forecast Warrnambool's population to rise to around 38,000 by 2021. Based on more recent analysis undertaken by Council, this figure is viewed as conservative. Council suggests that the City's projected population could be around 43,000, or possibly higher, by 2021. Council is planning for a City of 50,000 by 2030.

Warrnambool's role as a regional hub for retail, commercial, trades, education, health and professional services means Council provides an extensive range of services not only to Warrnambool but to the broader South West Coast of Victoria catchment area. The provision of these services plays a pivotal role in the health, social and economic wellbeing of the broader community. It also means Council must gear itself to service a population that is significantly higher than that which resides within its municipal boundaries.

Figure 2 below sets out the age profile of Warrnambool residents. Warrnambool has an ageing profile which is consistent with the Australian population in general. However, Warrnambool's population is also above the Regional Victorian and Victorian State average for all age categories between 0 to 24. The capacity of Warrnambool to attract and retain families is evident. When coupled with the ageing profile, considerable demands are placed upon Council to provide and expand services to support this population.

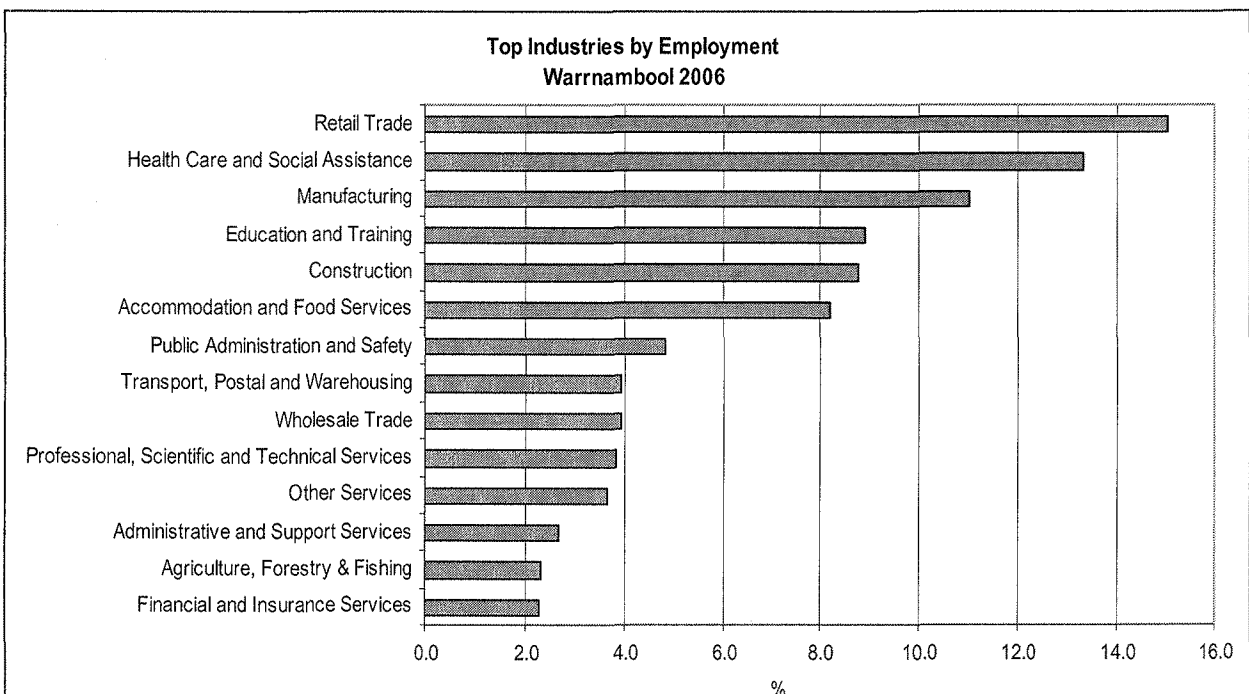
Figure 2



Source: ABS, Census of Housing Population, 2006

Figure 3 below details the leading industries by employment in Warrnambool. The importance of a strong retail and manufacturing sector, and the provision of quality healthcare and education in the region, is evident.

Figure 3



Note: Employment refers to people who work in Warrnambool but may live elsewhere.
 Source: ABS, Census of Housing Population, 2006

Response to Terms of Reference (ToR)

Council seeks to respond to the Terms of Reference (ToR) Points 1 and 2.

The following comments apply generally to point 1.

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

a) Matching of State, Federal and Local Contributions

Council believes a significant factor in the success of projects in Victoria has been the partnership of Local Government funds, State Government funds and Commonwealth funds on agreed projects.

Care needs to be taken that all levels of Government consider the role other levels of Government will play when considering particular projects and that larger and more significant projects are supported at each level of Government.

b) Council Role

An important factor in ensuring accountable community infrastructure projects is to ensure that all regional development funding is submitted through local Councils or groups of Councils. This would ensure that projects developed by business groups and communities align with local or regional plans, and allow Council to maximise local and regional partnerships within the project.

Council submits that funding applications at a local level should be processed through individual councils or groups of councils.

c) Current Area Consultative Committee Membership

Council submits that there should be a careful and planned transition from Area Consultative Committees ("ACC's") to the new regional advisory bodies. Members of ACC's have performed a valuable role at a local level striking relationships with local government. Greater provision for local projects to be pre-screened will focus opportunities meaning better use of Council resources.

Local membership of the ACC's in Victoria has been based upon good representation from Local Government and local business, together with representation from the community.

Such regional committees provide a good interface between the community and Government. The new regional structures could provide, for example, initial assessment against regional plans and priorities, assess delivery agents and regional partnerships, and advise how the business case ranks against department criteria.

Council submits it is important that Local Government and key business representatives are considered for membership of the new bodies.

d) Regional Planning

Guidelines for assessment of funding applications must involve some consideration of regional planning. Applications should be able to demonstrate they have considered and fulfil existing regional plans or as a minimum do not conflict with existing regional plans.

In Victoria State Government, State Government authorities and groups of Councils have developed regional plans across a wide range of issues. Examples of regional plans include

e) Infrastructure Australia Considerations

Council submits the new regional development funding program needs to be closely linked to the newly established Infrastructure Australia Council which has oversight of national coordination of infrastructure.

A strong linkage between the new regional development funding program and the newly established Infrastructure Council, during the project development phase, may be an advantage in providing advice and effective administration of some projects. A similar process works at a State level in Victoria where Regional Development Victoria projects are referred to the Regional Infrastructure Development Fund for consideration.

It is important that Council is kept informed of infrastructure projects of a regional nature.

f) Community Development

One of the successes of past regional funding programs has been the availability of funding for community development projects not entirely focused on economic growth or the development of economic or "hard" infrastructure.

The importance of providing regional infrastructure in the areas of cultural services, recreation services and services for families and children, should be recognised and accorded a significant priority when funding guidelines are established.

g) Allowing salaries to be funded in projects

Local Government is often criticised for the extensive use of consultants in the development and implementation of infrastructure projects. Short term funding, perhaps over a 12 – 18 month period, could be made available to finance resources to undertake dedicated project work outside the usual business of Council. An example of such a mechanism currently in practice is the employment of a Project Officer for the economic development of the Great South Coast, bringing together five municipalities in the South West of Victoria to harness the economic development potential of the wider region.

h) Funding programs to be aligned with Local Government budget timetables

Federal funding assessment and allocation process could be better aligned with Council budget timetables. The Council budget for the new financial year is generally established in May each year. Better visibility of the size and scope of funding programs prior to the setting of Council budgets would inform priorities and the feasibility of projects over the short to medium term.

i) Standardisation of in-kind contributions

Some applications for funding involve an in-kind contribution as part of the project financial model. In these instances, the application process would be simplified if labour and plant hire rates for in-kind contributions were assessed at a standardised rate. Such a mechanism would also ensure consistency in the way applications were presented.

This type of process is currently in use for projects funded by the Victorian State Government's Department of Planning and Community Development.

The following comments apply generally to point 2 of the Terms of Reference.

Examine ways to minimise administrative costs and duplication for tax payers.

- a) Many projects communities have previously sought funding for have been jointly funded through State and Federal funding, and this has often also matched local funding through community groups and/or Councils.

This "multi-funder" approach increases the level of complexity and duplication in application processes, and extends the time for approval of projects and the uncertainty around whether the project will proceed. Ideally, funding for common projects would come from a single funding body. This could be achieved by the Federal Government directly funding the States to provide regional development funding on a matching contribution basis.

- b) In the absence of this approach, there needs to be consistent and regular interaction between State and Federal departments. It is vital that mechanisms are put in place to facilitate consistent approaches to consideration of applications at a Federal and a State level. For example, if State Government approval has been received for a funding project, the assessment of the project at Federal level should be prioritised to speed up the decision making process. It is also important there is early advice to applicants where applications will clearly not meet funding guidelines.
- c) Consideration of rolling funding approvals instead of designated application periods may assist the assessment process, as long as there are time limits on the assessment.
- d) Adopting a maximum number of monitoring reports per project based on value would help streamline project reporting processes. Currently, some relatively small projects are required to report on up to ten dates. For small to medium sized projects, the report might not change materially between one milestone and the next;
- e) Waiving some reporting requirements for smaller projects would help streamline project reporting processes. For example, some relatively small projects with capital expenditure of less than \$50,000 require an audit opinion. In these instances, a statutory declaration, comprehensive report and photographic evidence should be sufficient proof the project has been satisfactorily completed.
- f) When acquitting projects that involve joint funding from Federal and State Governments, a standard acquittal form should suffice.

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DIRECTOR CORPORATE STRATEGIES

