



14 July 2008

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

Dear Mr Crawford

Re: Inquiry into a new Regional Development funding program

In response to your letter of 11 June 2008, I submit the following submission to the above inquiry on behalf of G21 Geelong Region Alliance (G21).

Background on G21

G21 is a company limited by guarantee which was established in 2003 by an alliance of five local government authorities (City of Greater Geelong, Colac Otway Shire, Golden Plains Shire, Borough of Queenscliffe and Surf Coast Shire) with the support of the State Government of Victoria and a wide range of local organisations both large and small. The membership now spans all three levels of government, non-government organisations, commercial companies and community groups.

The alliance covers a population of some 270,000 people ranging from Victoria's second city Geelong to sparsely populated rural areas. It operates through a series of nine Pillars that focus on fields of significance to the region (i.e. Transport, Economic Development, Environment, Planning and Services, Recreation and Sport, Arts and Culture, Education and Training, Health and Wellbeing, and Community Safety). Through this network, G21 consistently engages with over 500 individuals and 150 organisations in developing regional plans and projects.

The goal of the alliance in establishing G21 was to provide:

- A platform for the region to speak with one voice to all levels of government
- A forum to discuss 'big picture' regional issues across interest groups and municipalities
- Improved efficiency by facilitating multi-agency collaboration and sharing of information and resources
- Attraction of additional resources to the region by coordinating and prioritising projects to deliver greater value
- An agreed framework for a sustainable future for regional organisations.

G21's focus is on community planning and development. It is not a project delivery group nor does it have any formal legal authority. However, its enormous reach into the community has enabled G21 to develop a Plan for the region that was signed off by



all stakeholders. It has also succeeded in gaining region-wide commitment to, and securing funding for, a wide range of initiatives across the region.

You can find detailed and comprehensive information on G21 and the Geelong Region on our website at www.G21.com.au. A copy of the latest G21 Region Plan launched in late 2007 can be accessed at this site and a hard copy will also be forwarded.

In relation to your Terms of Reference, G21 can make a number of observations based on our experience of planning and driving development for the region and particularly in relation to securing funding from the various levels of government.

1. Regions are all different and this requires structures and programs that are flexible enough to reflect this.
2. There is great merit in a process which develops a coherent plan for a region, and an agreed set of priorities, provided it is based on broad community engagement.
3. Highly prescriptive, centrally driven programs often fail to match local needs.
4. The high overhead costs of engaging in Commonwealth programs means that it may not be worth applying for Commonwealth support other than for very large projects. This is particularly a problem for smaller community groups.
5. Taking good ideas to the status of a deliverable project requires resources which are often not readily available at a regional level or from government programs.

The following comments on your specific terms of reference will pick up these themes. However, an important issue that requires some preliminary comments is the definition of 'region'. The nation's Parliaments, major public service agencies, senior political leaders and senior bureaucrats are, for logical reasons, located in capital cities. This inevitably leads to a good understanding of capital city issues. While important, these issues are often quite different to those facing other localities. This can present a problem for the non-capital city areas as inevitably major programs are planned in the capital cities.

The Victorian Government's response to this issue has been to establish a separate agency Regional Development Victoria (RDV) which focuses explicitly and exclusively on areas outside of metropolitan Melbourne. While RDV is headquartered in the State capital, which is acknowledged as sensible for a range of reasons, its resources are scattered across the State. This means that policy and program development as well as project support and administration, can be informed by local issues and are often conducted as a regional level.

G21 would argue that the RDV model has been very successful for these reasons and commends it to the Inquiry.

By contrast, the Australian Government's major conduit to the regions has been through the Area Consultative Committee (ACC) network. These cover the whole of Australia, including the capital cities. While the Geelong ACC has provided valuable support to many local projects, there appears to be little local authority with most decisions being made centrally. In moving forward with the Regional Development Australia model, G21 suggests that consideration needs to be given to focusing Regional Development Australia on Regional Australia, i.e. not the Capital Cities. Effective, regional development requires understanding of the local issues, with a degree of local resourcing and authority.

Term of Reference 1: Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects

The Commonwealth can make a significant positive impact on regional communities by providing support for community infrastructure. This can take the form of both direct funding and, often equally important, coordination of activities in support of initiatives. However, each region has its own history, faces its own set of pressures and has its own mix of natural assets. Taken together, this means that each region is different and a centrally planned, one-size-fits-all approach will fail to achieve maximum impact.

One topical example in this region is a proposal to better coordinate the many services providing advice on career options. This region is making a major and rapid transition as global pressures affect the heavy manufacturing and agricultural processing which have formed the economic base for the region. Knowledge based industries such as ICT are, on the other hand growing rapidly.

This is neatly encapsulated by some recent announcements. The first was the pending closure of the Ford Engine Plant. The second was the announcement of a new facility for Indian ICT company Satyam. The third was the recent opening of a new medical school at Deakin University in Geelong. Ironically, much of the medical science support facilities will be housed in long-disused but now refurbished wool stores!

The region is therefore responding well to the challenges it faces. However, the skills base has not kept pace with these changes. There is a widely acknowledged need to improve career advice to young people and those who wish to move their career into the new and growing areas. These services are spread across a range of State and Commonwealth funded agencies dispersed across the region.

One simple and cost effective means of improving the service delivery is to coordinate it better by bringing the groups together in one physical location and developing outreach services. This has broad support locally, including from the affected agencies, and would ultimately cost no more to operate. However, achieving it requires approval of many agencies and an initial capital injection to secure the location. Commonwealth support with both the initial funding and coordination of the project delivery would be of major benefit to the region.

Your first term of reference picks up a key issue – what is ‘genuine and accountable’ project for a region? Almost every group in a community will have their own view of what constitutes a priority project. These will be many and varied and it is for exactly this reason that G21 was first discussed. A plan addressing the key forces and opportunities in a region provides a sound base to identify those projects that will make a significant positive impact for the region. The process of developing this plan, if properly conducted, raises the appreciation of the community of where the region is heading and gains commitment to actions to move it forward in an agreed direction.

The above also raises an endemic problem with regional development and that is the resources necessary to plan for the region's future. The funding to develop the G21 Region Plan was provided by the five Councils and the Victorian Government. This was supplemented by pro bono work by a very wide range of groups and individuals in the region. The list of contributors to the 2007 G21 Region Plan ran to over 500 people. Many smaller regions would find such resources and particularly the specialist skills and information required, beyond their capacity.

The Victorian Government's regional development arm RDV has played an extremely valuable and productive role in the G21 Region. Knowledgeable, locally based staff play a key role in development of many projects. Their advice on possible funding sources has been well informed and accurate. The funding provided has been flexible, matched to the demonstrated needs of the region and with accountability mechanisms that provide a good balance of rigour without being costly or cumbersome.

Local elected members from all levels of government have played a strong role in developing the G21 Region Plan. Because of their contacts with the community, they have been able to identify many groups or individuals with issues or ideas as well as adding their own authority to the process.

During preparation of the G21 Plan, some 200 individual project proposals were put forward as a means of implementing the Plan. Only a handful of these projects have been able to be developed to the stage of having an executable project. Again this reflects the difficulty in obtaining resources to carry out this work. Those that have been developed were usually of significance to large groups in the region who carried the projects forward. This greatly limits the number and type of projects and can also tend to slant the development to aspects which have clear benefits for the funding body rather than the region as a whole.

In this area, the Geelong Area Consultative Committee has played an invaluable role in assisting project proponents to refine and develop their proposals to the point where they could be considered for funding under program guidelines. Such local capability has proven very valuable and mechanisms to retain and expand this would be welcomed. Their engagement in the planning process and local knowledge also make the well placed to play a role in assessing and monitoring projects.

The South Australian and Western Australian government both have mechanisms to provide direct and ongoing funding to regional development bodies. This provides resources not only for planning but for project development. This approach has much to commend it and might be considered by the Australian Government. If the goal is to ensure that regional development assistance is provided effectively and to the right projects, a proportion of funding directed to establishing and maintaining the local structures required to achieve this would be a good investment of public funds.

Term of Reference 2: Examine ways to minimize administrative costs and duplication for taxpayers

G21 has received funding from a variety of sources, including the Australian Government for regional projects. Experience with Australian Government programs has demonstrated a number of factors which have made them less valuable to the region that they could have been.

The programs can be overly prescriptive in the uses to which the funding may be put. Given the fundamental differences between regions, this can limit their applicability. Broader criteria such as 'adding to the economic capacity of the region' or 'addressing significant social or environmental issues in the region' would obviously make programs more flexible and therefore more widely beneficial. Applicants might be required to justify, with evidence, how and why their proposals meet these criteria. Again, this demonstrates the benefits of having prepared a regional plan because this provides a clear basis for such a justification.

The timing of funding rounds can also add to inflexibility. Opportunities to carry forward worthwhile projects can sometimes arise unexpectedly due to the availability of partial funding from other sources. Waiting for the next funding round can result in opportunities being lost. The speed of processing applications can also be a major impediment in some cases. Australian Government processes are usually much more protracted than other funding sources.

There would be considerable benefit from a regional perspective in better coordinating processes of the State and Australian Governments. Projects often rely on a mix of funds from several sources. Harmonising these processes to avoid duplication of assessment and accountability mechanisms should be able to reduce costs and delays significantly. Again, the RDV processes are commended as an effective but rigorous approach which is well tailored to local needs.

Term of Reference 4: 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

G21 cannot comment directly on the Regional Partnerships program, having had very limited exposure to it. However, the program did exhibit some useful characteristics including flexibility, broadly based assessment criteria and continuous assessment rather than structured funding rounds. Ideally, these positives should be retained if possible. The imposition of onerous conditions on programs could make them much less useful to those who are the intended targets. Some of the participating G21 Council's had found that the Regional Partnerships program was cumbersome and the time taken to obtain support and funding put the project applied for at risk. Any new funding program would require more input from the local ACC to move the project forward at a more acceptable rate.



The problems documented by the ANAO appear to relate to the administration of the program and a lack of transparency. These do not appear to be insuperable as the RDV programs demonstrate. G21 suggests that the Committee might study this agency's approach as a suitable model. In particular, locally based and knowledgeable people can assist greatly in identifying 'genuine' projects, bringing them to fruition and providing oversight.

Term of Reference 5: 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.

As noted above, G21 is not in a position to be able to offer any insights into this term of reference beyond those comments made above.

G21 would be pleased to elaborate on any aspect of this submission or to provide evidence to the Committee if requested.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ed Coppe', written in a cursive style.

**Ed Coppe
Chairperson
G21 Geelong Region Alliance**