

Rural and Regional Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates May 2010
Regional Australia, Regional Development and Local Government

Question No.: LGRD 01

Division/Agency: Local Government & Regional Development
Topic: Early Payment of Financial Assistance Grants (FAGs)
Hansard Page/s: 19 (26/05/10)

Senator Joyce asked:

Senator JOYCE—Okay. Going back to the local government one, all these payments have been transferred, the \$511.6 million. That is correct, is it?

Mr Mrdak—Not as yet, but they will be before the end of this financial year.

Senator JOYCE—They will be before the end of the financial year. On 7 June, I imagine?

Mr Mrdak—I do not think they will go in the 7 June payment.

Senator JOYCE—When will they go?

Mr Mrdak—I will find out the exact date for you, but we will make that payment before 30 June.

Senator JOYCE—Will you give a schedule of exactly where they are off to, exactly which local governments are going to get them?

Mr Mrdak—Yes.

Answer:

Early payment was made to the Australian Capital Territory on 22 June 2010 and to the States on 23 June 2010.

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Question No.: LGRD 02

Division/Agency: Local Government & Regional Development
Topic: Better Regions Independent Viability Assessment
Hansard Page/s: 6 (27/05/10)

Senator Nash asked:

Senator NASH—And doing them against that. In October estimates last year—we have been doing this for a long time, have we not, and we will keep doing it—Mr Wood, we were talking about the process that the department would go through that applied to all of the projects, and you also said at that time: We will also take an assessment to see if an independent viability assessment is required for projects. Out of the 92 projects, was an independent viability assessment needed for any of them?

Mr Wood—For a small number, yes. An independent viability assessment was undertaken for a small number of projects. As the vast majority of projects in this program were being undertaken by state or local government entities, a decision was taken early on in the program that many of those projects would not require an IVA. However, as I say, for a small number an independent viability assessment was undertaken.

Senator NASH—When you say ‘a small number’, how many do you think?

Mr Wood—I think I would like to just check that number and come back to you.

Answer:

Following an initial risk assessment by the Department, projects that had risks identified against a Financial Viability Assessment checklist were referred for an independent assessment.

Independent Financial Viability Assessments were undertaken for two projects under the Better Regions Program.

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Question No.: LGRD 03

Division/Agency: Local Government & Regional Development

Topic: Better Regions Completed Projects

Hansard Page/s: 7 (27/05/10)

Senator Nash asked:

Senator NASH—Can we just quickly run through the 17, because I am interested to know which ones are actually finished.

Mr Wood—Certainly. The Grafton regional saleyard, which is Clarence Valley Council.

Senator NASH—They are not going to be in the same order, are they?

Mr Wood—No, they are not.

Senator NASH—Can I get somebody this morning just to put that list of 17 together for me just so we can table it? I am sure you might have an officer next door that could just quickly run through and do that. If somebody could do that, that would be really useful.

Mr Mrdak—We will take that on notice.

Answer:

As at 31 May 2010, there were 19 projects that had completed under the Better Regions Program, including 2 projects that were completed with funding from the Regional Partnerships program.

These are listed below.

Project Name	Proponent	Funding GST Ex	Location
Grafton Regional Saleyard Upgrade	Clarence Valley Council	\$125,000	Grafton, NSW
Yamba Indoor Sport & Recreation Centre-Upgrade	Clarence Valley Council	\$2,000,000	Yamba, NSW
Barcaldine Tree of Knowledge	Barcaldine Regional Council	\$2,600,000	Barcaldine, QLD
Emerald Town Centre Revitalisation	Central Highlands Regional Council	\$3,100,000	Emerald, QLD
George Alder Tennis Centre	Ipswich City Council	\$575,000	Leichhardt, QLD
Moorooka State School-Construction of New School Hall	Moorooka State School	\$300,000	Moorooka, QLD
Nambour Town CBD Revitalisation	Sunshine Coast Regional Council	\$1,300,000	Nambour, QLD

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Kyabra Community Association - Installation of Rainwater Tanks and Lighting	Kyabra Community Association Inc	\$40,000	Runcorn, QLD
New Hegvold Stadium	Rockhampton Basketball Inc	\$1,700,000	Rockhampton, QLD
New Kele Softball Facility	Rockhampton and district Softball Association	\$160,000	Rockhampton, QLD
Blackwater Aquatic Facility and the Blackwater Multi-use Sports Complex	Central Highlands Regional Council	\$1,000,000	Blackwater, QLD
Pioneer Women's Hut Quilt Display Room (previously known as Tumbarumba Pioneer Women's Hut Preservation)	Tumbarumba Shire	\$40,000	Tumbarumba, NSW
Building Healthier Communities	City of Playford	\$2,200,000	Elizabeth, SA
Launceston Regional Aquatic Centre	Launceston City Council	\$2,000,000	Launceston, TAS
Port Sorell Surf Life Saving Club - Extensions to Hawley Facilities	Port Sorell Surf Life Saving Club	\$200,000	Port Sorell, TAS
Construction of Wynyard Hall	Roman Catholic Trust Corporation, Archdiocese of Hobart	\$200,000	Wynyard, TAS
Lardner Park Pavilion, Baw Baw	Gippsland Field Days Ltd	\$650,000	Lardner, VIC
Mackay Aquatic Centre and Riverside Development	Mackay City Council	\$4,000,000	Mackay, QLD
Adelaide Hills Business Centre	Adelaide Hills Council	\$275,000	Adelaide Hills, SA

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Question No.: LGRD 04

Division/Agency: Local Government & Regional Development

Topic: Funding Opportunities for Projects by Community Associations

Hansard Page/s: 11 (27/05/10)

Senator Macdonald asked:

Senator IAN MACDONALD—Minister, could I just follow up that last point in the predicament that Ms Marsden raised with the number of it. Is there anywhere you could suggest where she might go to try and get some help in that particular project she is involved in? She was looking forward to the Regional Partnerships and would have been eligible for that. Is there anywhere else you could suggest she might go?

Senator Conroy—We will take that on notice and see what is possible, but the government has made a focus on funding rounds through councils. There may be others that I am not aware of, so I am happy to take that on notice.

Answer:

The GrantsLINK website has information about federal, state and local government funding program opportunities available to community groups at <www.grantslink.gov.au>

This will be available on the Department's web site in the near future at www.regional.gov.au

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Question No.: LGRD 05

Division/Agency: Local Government & Regional Development

Topic: Regional Development Australia - Payment of Salaries or Allowances

Hansard Page/s: 13 (27/05/10)

Senator Macdonald asked:

Senator IAN MACDONALD—Because you are answering a question I am not asking. We have the information that Victoria is putting in cash and other states are putting in in-kind—hence my question. In those states where state governments are not contributing cash money, payment of salaries or allowances would be a matter for the federal government.

Senator Conroy—We will give you any information available on what is paid to people. If we have got any handy, I am happy to give it to you now, but I suspect we would probably need to take it on notice.

Ms Foster—We would need to take it on notice to give you the detail of that.

Answer:

Regional Development Australia committees (with the exception of committees in Victoria, Adelaide Metropolitan and Perth) are provided with annual funding by the Australian Government for operational purposes, such as leases, employee salaries, reimbursement of out-of-pocket travel costs and community engagement. The amount paid as salaries to each officer is the responsibility of RDA Committees and is not reported to the Department.

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Question No.: LGRD 06

Division/Agency: Local Government & Regional Development

Topic: Regional Development Australia - Process for Payment for Salaries or Allowances

Hansard Page/s: 14 (27/05/10)

Senator Macdonald asked:

Senator IAN MACDONALD—Okay. I do not want to waste the complete time of the committee, but as a Queensland senator I would be interested in what the arrangement is in Queensland and go back to my example. Who would a chair of a Queensland organisation put the bill in to, and who would sign the cheque for him? Which area of government?

Ms Foster—Can we take that on notice and come back to you with an answer?

Answer:

Regional Development Australia (RDA) committees are provided with annual funding by the Australian Government for operational purposes, such as leases, employee salaries, reimbursement for out-of-pocket travel costs and community engagement. Committee members' salaries and allowances are the responsibility of RDA Committees.

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Question No.: LGRD 07

Division/Agency: Local Government & Regional Development

Topic: Regional Development Australia - Assistance to Compile Business Plans

Hansard Page/s: 15 (27/05/10)

Senator Macdonald asked:

Senator IAN MACDONALD—Could you give me, on notice, a list of all the professional help that you mentioned would be given to the various RDAs to prepare their business plans?

Mr Carmichael—Some of it is that they have got some funding of their own, so they may be seeking their own support. We would have to ask every committee, and that is a matter for them to disclose. But they have got—

Senator IAN MACDONALD—You said you would be providing assistance.

Mr Mrdak—We will provide you with details of the consultancy assistance we are providing.

Answer:

The Regional Development Australia (RDA) committees are required to develop an annual Business Plan and a Regional Plan. The RDA's Business Plan is an operational document for the Committee.

The Regional Plan identifies the strengths, opportunities, issues, key activities and priorities in each RDA region. RDA Committees will review and update the Plan regularly and deliver priorities identified in the Regional Plan.

In addition to the Department providing advice and guidance, the Department also engaged Parsons Brinckerhoff Australia to provide assistance to RDA Committees with the preparation, refinement or implementation of their Regional Plans. Support includes a resource kit and through direct engagement with each Committee. The support provided by Parsons Brinckerhoff Australia is being tailored to each Committee's needs and stage of development of their Regional Plan.

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Question No.: LGRD 08

Division/Agency: Local Government & Regional Development

Topic: Regional Development Australia - Current Financial Year Spend

Hansard Page/s: 16 (27/05/10)

Senator Macdonald asked:

Senator IAN MACDONALD—Perhaps I will not waste more time on this, but could you just give me details of how the \$14 million for the current financial year was spent: how much went to each state and where it went in each state, and what it was for?

Ms Foster—We can do that.

Answer:

The Australian Government's funding to RDA committees is currently located on the Department of Infrastructure and Transport website at:

<www.infrastructure.gov.au/department/grants/index.aspx>

This will be available on the Department's web site in the near future at www.regional.gov.au

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Question No.: LGRD 09

Division/Agency: Local Government & Regional Development
Topic: Australian Centre for Local Government - Additional Financial Support
Hansard Page/s: 18 (27/05/10)

Senator Macdonald asked:

Senator IAN MACDONALD—Perhaps I might just jump to the Australian Centre for Local Government that we were just talking about. What have been the outcomes of the centre so far? I understand it was established on 1 July 2009.

Ms Foster—That is right. It released its work plan in December 2009. It has a range of programs for 2010. Its work includes delivering a range of local government leadership programs and courses, supporting councils to improve infrastructure, asset and financial management, and building capacity to meet challenges like climate change.

Senator IAN MACDONALD—And is that totally funded by the Australian government?

Ms Foster—The Australian government provided \$8 million to establish the centre.

Senator IAN MACDONALD—Yes.

Ms Foster—The centre operates with a number of partners—academic institutions. It was, in fact, a consortium bid, and so it includes the University of Canberra, ANSOG, the Local Government Managers Association of Australia, and the Institute of Public Works Engineering Australia. They have program partners from the Australian National University, Charles Darwin and Edith Cowan University, and those program partners also bring financial support or make contributions to the programs that are delivered by the centre.

Senator IAN MACDONALD—Do we have details of the financial support that those apart from the Australian government provide?

Ms Foster—I do not have that with me. We can get that for you.

Answer:

In addition to the \$8 million provided by the Australian Government, the financial contributions to Australian Centre of Excellence for Local Government, other than those made by the Australian Government, are in Tables 1 and 2 below:

Table 1: Australian Centre of Excellence for Local Government – Contributions from other parties

	Total \$ 2010-2014
University of Technology Sydney	1,500,000
University of Canberra	500,000
Australia New Zealand School of Government	100,000
Institute of Public Works Engineers Australia	100,000
Local Government Managers Australia	100,000
Other Income (Grants, Donations, Contributions)	2,200,000
Total Income	4,500,000

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Table 2: Australian Centre of Excellence for Local Government – In-kind contributions from other parties

	Total In-kind Contributions 2010-2014 \$
University of Technology Sydney	4,250,000
University of Canberra / Australia New Zealand School of Government	3,990,000
Institute of Public Works Engineers Australia	1,110,000
Local Government Managers Australia	1,110,000
Total In-kind	10,460,000

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Question No.: LGRD 10

Division/Agency: Local Government & Regional Development

Topic: Local Government Reform Fund

Hansard Page/s: 19 (27/05/10)

Senator Macdonald asked:

Senator IAN MACDONALD—How many states have actually received money to date and in what amounts? Have they been publicly announced, I guess is the first question?

Mr Carmichael—The Northern Territory has received \$1.35 million to the capacity building of council staff, elected members, and related partners on an asset management and financial planning framework. South Australia has received \$350,000 for an asset and financial management council audit, and \$1.34 million for technical support and building regional collaboration between councils. They have also received \$960,000 for a national model pilot program for an integrated design strategy for the broader Adelaide city. Victoria has got a local government sustainability project valued at \$964,000. They have also got \$1.404 million for a local government regional asset management services project. Western Australia has got \$2.351 million for an integrated planning asset management improvement program, and then there are some projects that were funded with the Australian Centre of Excellence for Local Government, which I think Ms Foster has already talked to. But some of the specifics about that are were a scholarship program for senior women valued at \$100,000, and a data collection reporting on the status of women, valued also at \$100,000.

Senator IAN MACDONALD—Thank you for that, but is it possible to table the information you are reading from, rather than going through it word by word?

Ms Foster—Yes, we can if it is not on the web. If it is on the web, we will advise you.

Answer:

Funding announcements for the state and territory projects are currently located on the Department of Infrastructure and Transport's website at

www.infrastructure.gov.au/local/LGRF.aspx

This will be available on the Department's web site in the near future at www.regional.gov.au

As at 19 October 2010, no Local Government Reform Fund payments had been made to the states.

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Question No.: LGRD 11

Division/Agency: Local Government & Regional Development
Topic: Financial Assistance Grants - Indexation Adjustment
Hansard Page/s: 21 (27/05/10)

Senator Macdonald asked:

Senator IAN MACDONALD—Before 30 June? What is the reason—perhaps I could come back to that, Chair, because I am really conscious of the fact that the minister is not here, and I do not want to put the officers in a situation. Can you explain in detail how the indexation adjustment included in Budget Paper No. 3—and I can helpfully tell you, at page 110, table 2.11.1, footnote (b), which indicates that the escalation factor is 0.7710. Can you just indicate to me how that indexation factor is arrived at?

Mr Mrdak—It is calculated by the Treasury. I can get you some details of how that is done, but it is based on Treasury analysis, which happens each year to enable the Treasurer to set the indexation figure for the year ahead.

Senator IAN MACDONALD—The indexation figure is the amount by which the FAGs increase every year?

Mr Mrdak—That is correct.

Senator IAN MACDONALD—Is that entirely done by Treasury? Your department has no input into that?

Mr Mrdak—We are consulted as part of our normal administration, but it is done by the Treasury.

Senator IAN MACDONALD—Does your department administer the FAGs?

Mr Mrdak—Yes.

Senator IAN MACDONALD—You do? You will get back to me on how that—

Mr Mrdak—Yes.

Senator IAN MACDONALD—Is the indexation adjustment figure akin to CPI increases?

Mr Mrdak—No. It is a lesser amount, generally.

Senator IAN MACDONALD—What is its purpose? Is it to try and keep the value of FAGs, which are done over, what, a rolling four- or five-year program, are they?

Mr Mrdak—There is an annual adjustment to the FAGs under the legislation, based on this indexation factor. The indexation factor varies. It is generally around CPI, but not exactly at CPI. It would be best if I can get you some detail, I think, of how Treasury calculates it. It is a formula which has been in place for many years, under the operational legislation.

Senator IAN MACDONALD—Would the recipients say that each year they are getting less value, as the value of money decreases each year? Clearly, this escalation adjustment is meant to keep it at around the same level, but does everyone accept that it does?

Mr Mrdak—Yes, generally. There has been debate in the past over whether that has kept pace with CPI at times, but my understanding is there is a general acceptance of the indexation factor now and how it operates.

Senator IAN MACDONALD—Okay. Could you hazard a guess at what that may equate to, in percentage terms? If I was good a mathematics, I would be able to work that out myself. What is the CPI running at, something like three, four, or five per cent, is it?

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Mr Mrdak—I would have to check. Can I just check with the officer at the desk and see if we have got any figures on indexation with us, otherwise I will come back to you in relation to that.

Answer:

Under Section 8 of the *Local Government (Financial Assistance Act) 1995*, the Treasurer provides the Department of Infrastructure, Transport, Regional Development and Local Government with the escalation factor for determining adjustments to the Financial Assistance Grants. The escalation factor is determined using a combination of population estimates and Consumer Price Index.

The original escalation factor provided by the Treasurer for 2010-11 was 1.0448, or an increase on the previous year's entitlement of 4.4 percent.

Budget Paper No 3, at page 110, table 2.11.1, footnote (b) quotes the escalation factor for 2010-11 as 0.7710. This factor is the original escalation factor (1.0448) adjusted to take into account the Government's 2010-11 Budget decision to bring-forward one-quarter of the 2010-11 Financial Assistance Grant entitlement to June 2010.

That is, the escalation factor of 0.7710 reflects the increase between the 2010-11 entitlement compared to 2009-10 entitlement after the one-quarter of the 2010-11 entitlement has been transferred to the 2009-10 entitlement.

The increase in CPI over the same period as the FAGs escalation factor for 2010-11 was calculated (March 2009 to March 2010) was 2.9 percent.

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Question No.: LGRD 12

Division/Agency: Local Government & Regional Development

Topic: Reduction in LGRD Staff Numbers

Hansard Page/s: 28-29 (27/05/10)

Senator Macdonald asked:

Senator IAN MACDONALD—Do you have some detail of that, or can you get it on notice?

Mr Mrdak—I can get you some details of that, but it is an approximate reduction of around 70 staff over the last year or so.

Senator IAN MACDONALD—Seventy?

Mr Mrdak—Yes.

Senator IAN MACDONALD—Out of how many?

Ms Foster—Around 200.

Mr Mrdak—Originally, I think, it was around 200 to a reduction of, today, around 130 or 140 staff.

Senator HEFFERNAN—Did they disappear completely out of the system or just get rebadged?

Mr Mrdak—In some situations, people have transferred to other positions within the department or to other departments.

Ms Foster—In some cases, they are non-ongoing staff and so we do not renew their contracts or we terminate their contracts when they are no longer required.

Senator IAN MACDONALD—Can I just clarify that. It used to be about 200—and you will get me the exact details—and it is now about 130?

Answer:

At 30 November 2009, Local Government and Regional Development had 179.87 full time equivalents (FTE). At 31 May 2010, Local Government and Regional Development had reduced to 130.69 FTE.

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Question No.: LGRD 13

Division/Agency: Local Government & Regional Development

Topic: Regional Development Australia - Pilbara Area

Hansard Page/s: 39 (27/05/10)

Senator Eggleston asked:

Senator EGGLESTON—Local government. Are there regional development commissions—the Pilbara Development Commission, for example, in the Pilbara?

Ms Foster—There are different arrangements across the states and I do not have all the details of WA to hand, but where there are existing development corporations, for example, in a region, in some cases the committees have cross-membership. In other cases, they just work very closely together.

Senator EGGLESTON—Where could I get further detail on this from—from you or from the state government?

Ms Foster—We can provide you with some more detail on RDA on notice.

Senator EGGLESTON—Could you do that on notice, please?

Ms Foster—Certainly.

Answer:

In Western Australia, there is a strong relationship between the Regional Development Commissions (RDC) and Regional Development Australia (RDA) committees. Cross membership is encouraged, with up to two RDC representatives on each of the RDA committees.

The Pilbara Development Commission has two representatives, Ms Annette Eyre and Ms Veronica Rodenburg, on the RDA Pilbara Committee.

Further information about RDA can be obtained at the RDA website: <www.rda.gov.au>

This will be available on the Department's web site in the near future at www.regional.gov.au

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Question No.: LGRD 14

Division/Agency: Local Government & Regional Development
Topic: Regional Development Australia - Role and Funding
Hansard Page/s: Written Question

Senator Nash asked:

- 1) Outline the role of Regional Development Australia?
- 2) Where will the funding come from for projects that have been identified by RDA as worthy of receiving funding?

Answer:

- 1) Regional Development Australia (RDA) is an Australian Government initiative that brings together all levels of government to enhance the growth and development of Australia's regions.

Fifty-five committees have been established across Australia, and are focusing on the economic, social and environmental issues in each region. RDA committees are:

- supporting informed regional planning;
 - consulting and engaging with the community on economic, social and environmental issues, solutions and priorities;
 - liaising with governments and local communities about government programs, services, grants and initiatives for regional development; and
 - contributing to business growth plans and investment strategies, environmental solutions and social inclusion strategies in their region.
- 2) The Australian Government provides annual funding to Regional Development Australia (RDA) committees for operational purposes, such as leases, employee salaries, reimbursement for out-of-pocket travel costs and community engagement.

RDA committees are currently developing a Regional Plan (called a Regional Roadmap in South Australia and Queensland). The Regional Plan identifies the strengths, opportunities, issues, key activities and priorities in each RDA region. RDA committees are responsible for delivering key issues and priorities identified in the Regional Plan. Funding for initiatives may be obtained from a variety of sources, including government grant programs, partnerships and alliances with government and the private sector, or directly from the not-for-profit sector and private sectors.

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Question No.: LGRD 15

Division/Agency: Local Government & Regional Development

Topics: Local Government Reform Fund; Australian Centre for Excellence; and Financial Assistance Grants

Hansard Page/s: Written Question

Senator Nash asked:

Local Government Reform Fund

- 1) What was the process for identifying the projects to be funded?
- 2) How many states have received money and has this been announced publicly?
- 3) Were all projects which are being funded, jointly supported by state government and state associations and included in submissions received from state government? Were there any others funded?
- 4) Did the Government seek advice from any other body other than the Department about these projects? Eg. ACELG?
- 5) Has all the money (\$25m) been spent?

Australian Centre of Excellence for Local Government

- 1) What have been the outcomes of the Centre so far – since its establishment on 1 July 2009?

Financial Assistance Grants

- 1) What is the value of bringing forward 25% of next years FAGs into this financial year?
- 2) Can you explain in detail how the indexation adjustment included in Budget Paper Number 3 (p 110, Table 2.11.1, foot note (b) indicates the escalation factor is 0.7710) was derived?

Answer:

Local Government Reform Fund

1. The process for identifying projects is described on the Local Government Reform Fund website at <<http://www.infrastructure.gov.au/local/LGRFn.aspx>>. This will be available on the Department's web site in the near future at www.regional.gov.au
2. As at 19 October 2010, no Local Government Reform Fund payments had been made to the states.
3. As at 16 June 2010, all state and territory projects announced for funding were jointly supported by state governments and local government associations and included in submissions received from state governments. The Fund is also providing \$300,000 to projects to increase the participation of women in local government. These projects were part of a national strategy for women in local government endorsed by the Local Government and Planning Ministers' Council and the Australian Local Government Women's Association.

4. Yes. The Department took into consideration advice from the Australian Centre of Excellence for Local Government for all state and territory projects.
5. No.

Australian Centre of Excellence for Local Government

A list of oaa projects undertaken can be found on the Australian Centre of Excellence for Local Government website at <<http://www.acelg.org.au/>>. This will be available on the Department's web site in the near future at www.regional.gov.au

Financial Assistance Grants

1. \$511,573,436.
2. Under Section 8 of the *Local Government (Financial Assistance Act) 1995*, the Treasurer provides the Department of Infrastructure, Transport, Regional Development and Local Government with the escalation factor for determining adjustments to the Financial Assistance Grants. The escalation factor is determined using a combination of population estimates and Consumer Price Index.

The original escalation factor provided by the Treasurer for 2010-11 was 1.0448, or an increase on the previous year's entitlement of 4.4 percent.

Budget Paper No 3, at page 110, table 2.11.1, footnote (b) quotes the escalation factor for 2010-11 as 0.7710. This factor is the original escalation factor (1.0448) adjusted to take into account the Government's 2010-11 Budget decision to bring-forward one-quarter of the 2010-11 Financial Assistance Grant entitlement to June 2010.

That is, the escalation factor of 0.7710 reflects the increase between the 2010-11 entitlement compared to 2009-10 entitlement after the one-quarter of the 2010-11 entitlement has been transferred to the 2009-10 entitlement.

The increase in CPI over the same period as the FAGs escalation factor for 2010-11 was calculated (March 2009 to March 2010) was 2.9 percent.