

Chapter 3

The Area Consultative Committees

3.1 As noted previously, 56 Area Consultative Committees (ACCs) contribute to the administration and implementation of the RPP. Given that ACCs have a central role in the program and are separate from, but financially linked to, the administering department, the Committee was concerned to investigate the role and operations of the ACCs in relation to the RP program.

3.2 The Committee received a wide range of evidence relating to the role, functions and operations of the ACCs. DOTARS' submission provided an overview, including documents setting out the detailed operating procedures for ACCs.¹ Nineteen ACCs provided written submissions to the inquiry and the Committee heard evidence from the chairs and executive officers of eight ACCs at public hearings. As discussed in Chapter 1, the Committee also requested and eventually received relevant minutes of meetings and recommendations from all ACCs.

Overview

3.3 DOTARS describes ACCs as 'apolitical, not-for-profit, community-based committees funded by the Australian Government under the *Regional Partnerships* programme'.² Each ACC is an incorporated or registered body under the relevant state or territory legislation. ACCs were first established as registered associations in 1995, under the Labor Government's Working Nation initiative.³

3.4 ACC chairs and members are volunteers drawn from the community, local business and local government.⁴ The Minister for Transport and Regional Services appoints the chair of each ACC for a two-year term.⁵ The remaining membership is the responsibility of the chair and members, under the terms of the articles or memorandum of association of the ACC.⁶ Each ACC employs a full-time executive officer.

3.5 DOTARS aims to convene a national conference for ACC executive officers once every nine months. In addition, DOTARS either sponsors or contributes to

1 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004 and Attachment G, Operational Funding Contract.

2 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004, p. 5.

3 *Committee Hansard*, 2 February 2005, p. 74.

4 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004, p. 5.

5 DOTARS, *Submission 14*, p. 14 and Attachment F, ACC Handbook June 2004, p. 9.

6 Ms Riggs, *Committee Hansard*, 2 February 2005, p. 55.

several state based or half-state based gatherings of executive officers.⁷ Where feasible, a DOTARS staff member attends each ACC meeting.⁸

3.6 Together the 56 ACCs cover metropolitan, regional, rural and remote Australia.⁹ ACC boundaries are not aligned with electorate or local government boundaries, instead they were designed to reflect 'regional self-definition'.¹⁰ DOTARS witnesses explained, for example, that ACC boundaries may reflect natural labour markets or geographic borders.¹¹

Structure and operation of the ACCs

3.7 Evidence to the inquiry shows substantial variation in the structure and processes in place across ACCs. Some committees meet regularly, others conduct nearly all business via email. Some ACCs have set up sub-committees with specific roles and functions. Underlying these differences, all ACCs are required to adhere to certain procedures.

3.8 Several key documents set out the parameters for the structure, operations and corporate governance arrangements of all ACCs. These are:

- The ACC Handbook, including as an attachment the ACC Charter, Ministerial Statement of Priorities and ACC Work Principles;
- The ACC Operational Funding Contract with the Commonwealth;
- The ACC Strategic Regional Plan; and
- The ACC Business Plan.

3.9 The Regional Partnerships Procedures Manual is also available to ACCs.¹² These documents are available in full either in the evidence provided to this inquiry or from the individual ACC websites. A brief overview of the documents, as relevant to this inquiry, is provided below.

The ACC Handbook

3.10 The role and functions of ACCs are defined in the National Network of Area Consultative Committees Charter, appended to the ACC Handbook.¹³ The Charter sets out three core responsibilities for ACCs, which relate to facilitating change in their

7 *Committee Hansard*, 2 February 2005, p. 75.

8 Ms Riggs, *Committee Hansard*, 12 August 2005, p. 5.

9 DOTARS, *Submission 14*, p. 14.

10 Ms Riggs, *Committee Hansard*, 2 February 2005, p. 75.

11 *Committee Hansard*, 2 February 2005, p. 75.

12 *Committee Hansard*, 10 February 2005, p. 58.

13 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004, Appendix A.

regions, forming the link between Government, business and the community and facilitating whole of government responses to opportunities in their communities.¹⁴ The Charter also includes a Ministerial Statement of Priorities for ACCs, which lists eight priority areas for regional development. This statement is designed to 'provide a nationally consistent direction for ACC strategies and activities'.¹⁵ The Charter also includes a statement of the work principles to be embedded in ACC operations. Amongst other things, these principles state the independence of the ACCs:

All activities will be conducted in a non-partisan manner and in such a way as to be beholden to no individual, group or organisation.¹⁶

3.11 The ACC Handbook sets out a range of corporate governance matters including the legislative basis and requirements of ACCs; the appointment and role of different ACC positions; conflict of interest; management of ACC operations including financial management, reporting requirements and administration; employer obligations; performance assessment and communication.

3.12 The guidelines on conflict of interest are clear. The handbook states:

Conflict of interest is one of the most important governance issues facing ACCs. As a recipient of Australian Government funds, it is essential that ACCs perform their function in a fair, non-biased, and politically neutral manner and such that there is no actual or perceived conflict of interest in the decisions taken by the ACC, on the part of a Chair, member or employee of the ACC [original emphasis].¹⁷

3.13 The handbook goes on to define conflict of interest and sets out DOTARS' expectations for handling conflict of interest. The Handbook also sets out DOTARS' expectations in relation to ACC involvement in the political process. Many ACCs, claimed in their submissions and documents provided to the inquiry, that conflict of interest procedures were rigorously applied to their operations.

Strategic Regional Plan and Business Plan

3.14 Each ACC is required to develop a three year strategic regional plan and to review the plan each financial year. ACCs are asked to consult with a range of stakeholders in developing the plan, which 'identifies strategies for addressing the key social, economic and environmental barriers to and [sic] taking advantage of local opportunities for regional development'.¹⁸ When assessing RPP applications, ACCs are asked to indicate whether project proposals are consistent with their strategic regional plan.

14 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004, Appendix A, pp 40-41.

15 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004, p. 5.

16 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004, Appendix A, p. 43.

17 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004, p. 13.

18 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004, p. 6.

3.15 Each year ACCs are required to develop a business plan setting out their objectives and the activities through which they will implement their strategic regional plan during the financial year, including projected operational expenditure.¹⁹

Operational funding contract

3.16 Each ACC enters into a funding contact with the Commonwealth for annual operational funding. The contract sets out the agreed outcomes and terms and conditions for the ACC to receive operational funding.²⁰ In addition to specifying agreed ACC activities and operating arrangements, the funding contract sets out the ACCs' reporting arrangements to DOTARS. These reports include quarterly or half-yearly reports, an annual report, audited acquittal reports, quality assurance assessments and performance reports. In addition to their own quality assessments, every two years ACCs are required to contract an independent person or agency to conduct a quality assurance assessment.²¹

3.17 Overall, ACC operational funding in 2004-05 was \$17,249,183, with individual funding contracts ranging from \$234,032 to \$1,105,314.²² Ms Riggs noted that differences in the ACCs' operational funding relate to the different costs of running ACCs in different areas. Ms Riggs said:

We recognise that there are quite different cost pressures on the smaller coastal ACCs up and down the New South Wales coast than there are on the ACCs that have large geographic regions. It is a balancing act, of course, because often the employment costs may be higher nearer some of the capital cities, but the travel costs or some other form of costs may be lower. That balance in the relative shares of the cost make-up, in some pretty broad groupings, informs the basic budget for the ACCs.²³

3.18 Ms Riggs also noted that operational funding for ACCs comes from the same appropriation as RPP projects, therefore DOTARS needs to strike a balance between spending on the ACCs and 'putting money into communities'.²⁴

3.19 The ACC operational funding contract provides 'funding for the administration, including employing staff, to conduct the day-to-day operations and to support the ACC to achieve its outcomes under the Contract'.²⁵ DOTARS expects all ACCs to employ a full-time executive officer out of their operational funding and

19 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004, p. 6.

20 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004, p. 5.

21 DOTARS, *Submission 14*, Attachment G, Operational Funding Contract, p. 29.

22 DOTARS financial year contract list, 1 July 2004 to 30 June 2005, www.dotars.gov.au/dept/DOTARS_financial_year_contract_list.doc, accessed 29 August 2005.

23 Ms Riggs, *Committee Hansard*, 12 August 2005, p. 16.

24 Ms Riggs, *Committee Hansard*, 12 August 2005, p. 16.

25 DOTARS, *Submission 14*, Attachment G, Operational Funding Contract, p. 22.

other paid staff as required.²⁶ The Committee was informed that ACC executive officers' packages range from around \$85,000 to \$105,000 per annum. Ms Riggs said there were a range of reasons for the variation in remuneration, including the different sizes of the ACC regions, different staff management responsibilities of executive officers, differing levels of travel required and also a 'relative notion of performance'.²⁷

3.20 Some ACCs indicated that the operational funding provided does not adequately account for the different costs associated with operating ACCs in different areas. For example, executive officers from the Kimberley ACC and Pilbara ACC expressed the difficulties these ACCs experienced in attracting and retaining quality staff, in part due to their inability to offer competitive remuneration packages.²⁸

3.21 The Central Queensland ACC, in a submission to the inquiry, suggested a review of the ACC funding formula was required:

...the formula used to fund ACC (Administration) regions (population based formula) needs to be reviewed as soon as practicable. Maintaining equitable access to participation of the Regional Partnerships Programme will require as the competitiveness of the programme increases, higher levels of support.²⁹

Role and functions of the ACCs

3.22 DOTARS' submission notes that ACCs provide a regional network for the promotion and implementation of a range of government programs.³⁰ In relation to RPP, ACCs have two key roles—providing information and assisting proponents in developing applications, and providing comments and recommendations to DOTARS on the applications made from their region.

3.23 The Committee received generally favourable evidence as to the competence and effectiveness of the ACCs in fulfilling these roles. Many submissions to the inquiry, from ACC chairs or executive officers, emphasised the important role that ACCs play in assisting project proponents to develop and submit applications, and in providing recommendations to DOTARS which draw on local knowledge and expertise.³¹ Some submitters questioned the effectiveness of the ACCs, indicating for

26 DOTARS, *Submission 14*, Attachment F, ACC Handbook June 2004, p. 11.

27 *Committee Hansard*, 2 February 2005, p. 75.

28 Pilbara Area Consultative Committee, Answers to questions on notice, received 3 August 2005; Mr Durant, Executive Officer and Mr Haerewa, Chair, Kimberley Area Consultative Committee, *Committee Hansard*, 15 July 2005, pp 88-91.

29 Central Queensland Area Consultative Committee, *Submission 12*, p. 3.

30 DOTARS, *Submission 14*, p. 14.

31 See for example, *Submission 3*, *Submission 7*, *Submission 10*, *Submission 11*, *Submission 22*, *Submission 23*, *Submission 29*, *Submission 35*.

example that ACC members lacked experience relevant to the program or to specific projects.³² The overall impression of the Committee, however, is that most ACCs comprise dedicated individuals committed to their region's progress.

Developing applications

3.24 Although applications for funding under RPP can be lodged directly with DOTARS, applicants are advised to first consult with their ACC.³³ The program guidelines state:

Your ACC can:

- provide you with advice on obtaining and providing evidence of broad community and business support for your project;
- assist you with identifying other project partners;
- ensure that all the relevant areas of your application form are completed in sufficient detail.³⁴

3.25 The guidelines go on to advise proponents that:

Involving your ACC in the project and application development phase will reduce the assessment time with the Department, so it is in your best interest to consult with your ACC early.³⁵

3.26 Similar advice is given in the RPP application form for projects over \$25,000.³⁶ A different application form is used for projects of a lesser value. This form does not recommend that proponents consult with their ACC, but indicates that the ACCs are available to provide assistance and asks proponents to indicate whether they have consulted with their ACC in preparing the application.³⁷

3.27 The RPP Internal Procedures Manual states that 'Although there is no formal Expression Of Interest (EOI) form or process, ACC's should encourage applicants to submit an informal EOI'.³⁸ Evidence to the inquiry shows that at least some ACCs follow this process in assisting proponents to develop applications.

32 Ms Connelly, Connelly Public Relations Group, *Submission 2*, p. 2; Mr Allen, President, North Burnett Regional Economic Development Council, *Submission 33*, p. 1.

33 DOTARS, *Submission 14*, Attachment D, Regional Partnerships Guidelines, pp 2-3.

34 DOTARS, *Submission 14*, Attachment D, Regional Partnerships Guidelines, p. 2.

35 DOTARS, *Submission 14*, Attachment D, Regional Partnerships Guidelines, p. 3.

36 DOTARS, *Regional Partnerships Application Form for more than \$25,000*, www.regionalpartnerships.gov.au/docs/application.aspx, accessed 19 August 2005.

37 DOTARS, *Regional Partnerships Application Form for \$25,000 and less*, www.regionalpartnerships.gov.au/docs/application.aspx, accessed 19 August 2005.

38 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September2004, p. 19.

3.28 DOTARS has set out a range of matters that ACCs should cover with proponents in developing RPP applications. These include ensuring adequate detail is included in the application, advising applicants of the information that may be required by DOTARS when assessing the application, and reminding proponents of the discretionary nature of the program.³⁹ Other forms of assistance that ACCs are asked to provide include obtaining funding partners and other support for projects, identifying project outcomes, identifying and budgeting for performance measures, and gathering evidence about the project's impact on other businesses or groups.⁴⁰

3.29 Once applications have been completed, either with the assistance of the ACC or by the applicant alone, they are submitted to DOTARS. Applicants are encouraged to submit applications online directly into the TRAX system, but can also use an electronic 'smart' form, a Microsoft Word based form, or submit a paper application.⁴¹

Providing comments and recommendations

3.30 DOTARS regional office staff assign lodged RPP applications to the relevant ACC for comments and recommendations. When an application is assigned to an ACC, the TRAX system generates an automatic notification to the ACC executive officer.⁴² DOTARS witnesses advised that this step normally occurs within 24 hours of receipt of the application.⁴³ DOTARS witnesses also commented that, given the above involvement of ACCs in developing project applications, 'the vast majority of projects are known to ACCs before they are lodged as applications'.⁴⁴

3.31 The RPP Internal Procedures Manual states that ACCs should provide comments and recommendations to the department within 10 working days for those projects that had been developed in consultation with the ACC. However, 'the ACCs are not required to meet this timeframe for projects they have not been consulted on'.⁴⁵ In practice, the timeframes allowed for the ACC assessment process vary widely. The Committee received evidence that in some cases the full 10 days was applicable. However, in the case of the UNE maths and science centre, discussed in Chapter 8,

39 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, pp 20-21.

40 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, pp 19-20.

41 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, p. 51.

42 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, p. 57.

43 Ms Riggs, *Committee Hansard*, 2 February 2005, p. 32.

44 Ms Riggs, *Committee Hansard*, 2 February 2005, p. 31.

45 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, p. 58.

only 24 hours was given for an ACC response. In other cases, such as the Beaudesert Rail RPP grant discussed in Chapter 4, the relevant ACC was not consulted at all.

3.32 Ms Riggs told the Committee that in some cases shorter response times are required:

The procedures manual...I believe sets a...time frame for the return of the ACC comments, but, in some cases, a project is time critical. Most commonly time criticality is identified by the applicant, because we ask them to do that, and then we would talk to the ACC and ask them whether it is possible for them to formulate their views in less than the time provided in the standard process.⁴⁶

3.33 The time frame allowed for ACC comments and recommendations was a particular issue for two projects, Tumbi Creek and the University of New England maths and science centre, discussed in Chapters 5 and 8 of the report.

3.34 When commenting on an application, ACCs are asked to consider the priorities identified in their Strategic Regional Plan, the objectives and criteria for RPP, the strengths and weaknesses of the project and any other regional issues impacting on the application.⁴⁷ In addition to an overall recommendation and priority rating for the project (rated 1-4), ACCs provide comments against seven review questions, covering the project's consistency with the Strategic Regional Plan, outcomes, partnerships and support, applicant viability, project viability, duplication and competitive neutrality issues.⁴⁸ ACCs provide their comments back to the DOTARS regional office via the TRAX system.⁴⁹

Status and format of the ACCs' advice

3.35 It was not clear at the outset of the inquiry the status that ACC comments and recommendations received once lodged with the department. The RPP guidelines state that ACCs are the '*Department's* primary provider of independent advice on all applications from their region' [emphasis added].⁵⁰ However, DOTARS claimed that the information provided by ACCs is advice to the minister. The department's submission states:

Area Consultative Committees (ACCs) make recommendations to DOTARS and the Minister on local projects as well as outlining their

46 Ms Riggs, *Committee Hansard*, 2 February 2005, p. 31.

47 DOTARS, *Submission 14*, p. 16.

48 See for example, ACC comment forms provided in Far North Queensland ACC, Minutes and Recommendations, received 1 April 2005.

49 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, p. 58.

50 DOTARS, *Submission 14*, Attachment D, Regional Partnerships Guidelines, p. 2.

priority in the region for funding the project based upon...its consistency with strategic regional plans.⁵¹

3.36 DOTARS' RPP Internal Procedures Manual states that ACC comments are encompassed under advice to the minister:

ACC comments are regarded as being advice to the Minister and as such are exempt documents under Section 36 of the Freedom of Information Act.⁵²

3.37 Departmental witnesses held to this view throughout the inquiry, repeatedly refusing to provide ACCs' comments and ratings to the Committee for scrutiny, on the basis that this information formed part of the department's advice to its minister.

3.38 This circumstance contrasted with the Committee's earlier experience in a similar inquiry, into a grant under a predecessor program (Dairy RAP), when an ACC's recommendations were discussed openly and at length.⁵³ Committee members therefore wanted to know when the change to the 'status' of ACC advice had been implemented. Ms Riggs said that the decision to use the new arrangement was made in the first half of 2003, and that the arrangement had been in place since the inception of RPP on 1 July 2003.⁵⁴

3.39 Ms Riggs indicated that the changed arrangements had in part been in response to the findings of the earlier inquiry, which recommended that the department better specify the respective roles and responsibilities of the ACCs in relation to program administration.⁵⁵ The relevant recommendation of that inquiry was:

The Committee recommends that DoTARS define the role of Area Consultative Committees (ACCs) in the implementation of Commonwealth funding programs and undertake a review of the performance of individual ACCs in relation to these responsibilities.⁵⁶

3.40 The Committee notes that there is nothing in the above recommendation that suggests that ACC advice should be withheld from parliamentary scrutiny.

51 DOTARS, *Submission 14*, p. 16.

52 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, p. 50.

53 Senate Finance and Public Administration References Committee report, *A funding matter under the Dairy Regional Assistance Program*, June 2003.

54 *Committee Hansard*, 2 February 2005, p. 63.

55 Ms Riggs, *Committee Hansard*, 2 February 2005, p. 62.

56 Senate Finance and Public Administration References Committee report, *A funding matter under the Dairy Regional Assistance Program*, June 2003, p. 45.

3.41 DOTARS witnesses told the Committee that the new arrangement was not motivated by an intention to conceal information. Mr Peter Yuile, Deputy Secretary, said:

I do not think the motivation was to keep information from the committee...the motivation was the question of putting together a robust process which combined the advice of the department and the advice from the ACCs, who also...have an independent role in assistance to their local communities. The motivation was in trying to bring that together and provide the minister with the most comprehensive picture from both the department and the ACCs; it was not to keep information away from this committee or from anyone else.⁵⁷

3.42 Nevertheless, the reality of the department's new arrangement is that information pertinent to the expenditure of public funds which was previously open to public and parliamentary scrutiny is now withheld by the department. The Committee considers this development an unnecessary obstruction to openness and accountability regarding the expenditure of public funds.

3.43 Given DOTARS' new arrangement of encompassing ACCs' comments within departmental advice to the minister, Committee members sought to clarify the independence of the ACCs' comments:

Senator CARR—Last year, was this committee told that the information of the ACCs was not related, was independent of the work of the department?

Ms Riggs—In respect of the fact that their advice is conveyed to the minister—although in a departmentally produced document—it is independent to the minister and independent of the work of the department. To the extent that my officers also take consideration of it in considering whether or not the application matches the Regional Partnerships guidelines by, for example, meeting the strategic regional priorities determined by the ACC, it is also part of the formative process of the department in formulating its advice for the minister—it is both.⁵⁸

3.44 It is not entirely clear from the evidence to this inquiry the form in which ACC comments are provided to the minister. The RPP Internal Procedures Manual states that 'Where ACC comments on an application are not consistent with the Department's recommendation, the Minister will be advised in the assessor's report'.⁵⁹

3.45 The manual also gives a checklist of items to be included in the packaging of projects for ministerial decision.⁶⁰ This list does not include a copy of the ACC's

57 *Committee Hansard*, 2 February 2005, p. 62.

58 Ms Riggs, *Committee Hansard*, 2 February 2005, p. 29.

59 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, p. 58.

60 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, pp 91-92.

review comments and recommendation. It does include individual project summaries and reasons for the department's recommendation (either 'recommended' or 'not recommended'). These summaries detail, among other things, the local ACC, ACC contact, and ACC priority. The summary also includes a project assessment, but it is not apparent the extent to which this assessment incorporates the ACCs' review comments.

3.46 Ms Riggs said that ACCs' comments are used by DOTARS staff in formulating the project assessments, but also indicated that ACC advice is provided directly to the minister:

I can assure this committee that, quite apart from any use that the department makes in formulating its assessment and therefore advice to the minister about a project, which has regard for the ACC's comments, we relay the ACC's recommendations and summary comments to the minister as part of the package that goes to the minister. So ACCs should be in no doubt that their advice about a project is directly in the hands of the decision maker—it is not hidden or obscured from them.⁶¹

3.47 Documents provided to the Committee by ACCs show that ACC comments against the review questions give important context and in some cases place conditions on the priority rating. A case in point is the A2 Dairy Marketers grant discussed in Chapter 6 of the report. Such context and conditionality may be lost if only the ACC priority rating is provided to the minister.

3.48 As the Committee was unable to scrutinise the ACC advice in the form actually provided to the minister, it cannot conclude whether this information adequately reflects the comments and recommendations made by ACCs.

ACC engagement with political stakeholders

3.49 As discussed in the case studies to follow, the committee received evidence that the progress of some RPP applications has been highly politicised, with grant approvals expedited at the expense of sound application development and assessment procedures.

3.50 In contrast to these examples, the Committee also received evidence of ACCs engaging appropriately and effectively with a range of political stakeholders, within the guidelines and procedures of the program. For example, ACC Tasmania told the Committee that contact with state and federal politicians was one mechanism through which potential projects were brought to the ACC's attention.⁶² ACC Tasmania also said that it has meetings with both state and federal politicians regarding constituents' queries about possible funding for projects, and respond to politicians' requests about

61 Ms Riggs, *Committee Hansard*, 2 February 2005, p. 22.

62 Area Consultative Committee Tasmania (formerly Tasmania Employment Advisory Council), *Submission 30*, p. 2.

the progress of applications. ACC Tasmania indicated that it is able to effectively engage with politicians in sourcing and developing applications and retain independence when assessing applications. ACC Tasmania submitted:

Minister, parliamentary secretary, other ministers and parliamentary secretaries, other senators or members and their advisers and staff, have not had and will not have a role in the ACC comments process of RP applications.⁶³

Assessment phase and funding decision

3.51 ACCs are not formally involved in the assessment of applications subsequent to submitting their comments to DOTARS. In some instances, where DOTARS considers that a lot of additional material is required to support an application, or the application needs further development, the proponent may be advised by DOTARS to contact the relevant ACC.⁶⁴ However, the usual process is that ACCs are not again involved until after the funding decision has been made.

3.52 If applications are successful, responsibility for informing the ACCs lies with the relevant minister.⁶⁵ As the minister prefers that government MPs or Senators have the opportunity to advise successful applicants, proponents may be advised of funding decisions in advance of the ACCs:

The MP / Patron Senator is notified a project has been funded and is invited to advise the applicants and make arrangements for announcement. Two or three days after this, advice to the successful applicants and ACCs will be despatched by the Minister's Office.⁶⁶

3.53 For unsuccessful applications, ACCs are advised in writing by DOTARS regional office staff. The procedures manual states that this advice includes specific reasons for non-approval and that these reasons should relate directly to the RPP criteria.⁶⁷

3.54 A number of submissions to the inquiry indicated that ACCs are sidelined during DOTARS' assessment of applications and given inadequate feedback on the progress of applications.⁶⁸ A common criticism by ACC representatives and project

63 Area Consultative Committee Tasmania, *Submission 30*, p. 4.

64 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, pp 63-64.

65 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, p. 18.

66 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, p. 93.

67 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, p. 93.

68 See for example, *Submission 8*, *Submission 9*, *Submission 18*, *Submission 29*.

proponents was the lengthy time taken from lodgement of applications to funding decisions being made. Ms Robyn Masterman, Chair of the Barossa Riverland MidNorth ACC submitted:

...once projects have been lodged, departmental officers cannot give us feedback other than to advise that the project is "currently under assessment".

This lack of communication can place us in a difficult and occasionally embarrassing position. After developing close relationships with proponents during the project development phase – it is often frustrating for them that we are no longer part of the process. This is especially relevant when projects are delayed with no explanation forthcoming.⁶⁹

3.55 The RP Internal Procedures Manual confirms that DOTARS officers are unable to comment on the progress of applications. The manual advises that once proponents have been advised that an assessment has commenced, 'there should be no further indication given on the likely timing of progress of the assessment'.⁷⁰ The manual also states:

The Department has been specifically requested NOT to advise applicants that their projects are with the Minister or with the National Office [original emphasis].⁷¹

3.56 The Committee recognises the need for independent project assessment. However, transparency of the assessment phase of RPP would be enhanced if communication between the department and ACC during the application assessment phase was improved, particularly given the lengthy delays in assessment of some applications. For example, ACCs could be provided with a statement of the progress of each application still outstanding three months after lodgement of the ACC's comments with DOTARS. The Committee notes that DOTARS and the ACCs have regular contact and forums for discussion and considers that the matters of timeliness of application assessment and communication between DOTARS and the ACCs are best considered in these forums.

Weight given to ACC recommendations – transparency in decision making

3.57 As RPP is a discretionary grants program, funding decisions will not always necessarily accord with departmental or ACC recommendations. In submissions to the inquiry, several ACCs raised the issue of transparency in regard to application assessments and funding decisions.

69 Ms Masterman, Chair, Barossa Riverland MidNorth Area Consultative Committee, *Submission 8*, p. 2.

70 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, p. 59.

71 DOTARS, *Submission 14*, Attachment E, Regional Partnerships Internal Procedures Manual September 2004, p. 59.

3.58 Several ACCs commented that decisions to fund or not to fund projects appear too arbitrary and are inconsistent across the national scene. The Hunter ACC commented that ACC recommendations are not always acted upon, impacting on the ACC's profile in the region and creating a perception that the process may not be fully transparent.⁷² The Orana Development and Employment Council (Orana region ACC) suggested that transparency could be improved by making the department's briefs to its Secretary and DOTARS' recommendations to the minister available to the ACC and proponent.⁷³

Promoting the RP program

3.59 In addition to assisting proponents to develop applications and providing assessment comments on applications from their region, ACCs also have primary responsibility for promoting RPP. Ms Riggs told the Committee that it had been a conscious decision by DOTARS to promote the availability of RPP through the work of the ACCs.⁷⁴ Ms Riggs explained:

...the predominant [promotional] work is at the local level, because of the very strong emphasis in Regional Partnerships on there being partnership, on it being tied to the local community and on it meeting the needs of the local community. I think the sorts of activities of the ACCs that are incredibly effective in spreading the word include the fact that most ACCs do not just meet in one place; they travel around the communities within their regions.⁷⁵

3.60 ACCs have access to standardised promotional material which DOTARS requests they use for generic promotion of RPP.⁷⁶ In addition, ACCs also develop their own package of marketing material. This in part reflects that ACCs also play a role in promoting and implementing other federal or state government programs as well as RPP, so may each have different marketing requirements.⁷⁷ ACC marketing budgets are scrutinised by DOTARS regional office staff. Ms Riggs explained that while RPP needs some promotion, 'we would rather see the money go into great supporting structures in the ACCs, in order to support good projects, rather than into what I would call untargeted generic marketing or promotion work'.⁷⁸

3.61 The Committee was furnished with a selection of ACC promotional material during the inquiry, including ACC newsletters and brochures. Committee members commented on the quality of the material produced, but also cautioned ACCs to be

72 Hunter Area Consultative Committee, *Submission 7*.

73 Mr Warren, CEO of the Orana Development and Employment Council, *Submission 51*, pp. 3-4.

74 Ms Riggs, *Committee Hansard*, 2 February 2005, p. 42.

75 Ms Riggs, *Committee Hansard*, 2 February 2005, p. 42.

76 *Committee Hansard*, 12 August 2005, p. 17.

77 *Committee Hansard*, 12 August 2005, p. 17.

78 Ms Riggs, *Committee Hansard*, 12 August 2005, p. 17.

alert to the possibility of inadvertent political bias in their advertising and promotional material. As noted previously, ACCs are established as independent bodies and are expected to conduct their operations in a non-partisan manner.

ACC outcomes and performance measures

3.62 One element of the Commonwealth's funding contract with ACCs is a set of Key Performance Indicators (Annexure 3 to the standard contract). This annexure describes the outcomes that ACCs are expected to achieve against their key roles and sets target performance levels.

3.63 Ms Riggs explained that the Key Performance Indicators (KPIs) had been developed with the ACC Chairs Reference Group, a group of 12 ACC chairs who meet on a monthly basis. Ms Riggs indicated that identifying and refining the KPIs was an iterative process, with the results of the current KPIs yet to be assessed.⁷⁹

3.64 Evidence to the Committee suggests that the standard performance goals and measures do not necessarily relate to outcomes preferable or achievable in all areas. For example, one of the ACC performance measures is an 'Increase in employment through approved Regional Partnerships projects to the private sector'.⁸⁰ The target associated with this measure is that, for private sector projects, three or more jobs are directly created for every \$50,000 of regional partnership funding.

3.65 The Committee received evidence that in focussing on job creation, RPP was failing to meet the needs of some communities. Mr Ron Yuryevich, Chair of the Goldfields Esperance ACC, said that the ACC been had advised that priority would be given to RPP projects with employment based outcomes. Mr Yuryevich outlined that this criterion was inappropriate for the Goldfields Esperance region which already had low unemployment and difficulty filling job vacancies.⁸¹ Mr Yuryevich stated that services and infrastructure based projects were more important for the region than employment based projects.

3.66 Other submitters raised issues regarding the level of partnership support required for projects. The KPIs set a target level of an average of 70 per cent total partnership contribution (55 per cent cash contribution) for private sector projects. For non-private sector projects the target levels are different across regions from an average of 50 per cent total partnership funding (20 per cent cash) in remote areas, to 60 per cent partnership funding (50 per cent cash) in metropolitan areas.

3.67 Evidence to the Committee showed that a number of exceptions have been made to allow lower levels of partnership funding for some projects.⁸² For example,

79 Ms Riggs, *Committee Hansard*, 12 August 2005, p. 18.

80 DOTARS, *Submission 14*, Attachment G, Operational Funding Contract, p. 38.

81 Mr Yuryevich, Chair, Goldfields Esperance Area Consultative Committee, *Submission 54*.

82 DOTARS, *Revised RPP tables*, received 11 May 2005.

RPP grants were approved to contribute 66 per cent of the Tumby Creek dredging project costs, with only 34 per cent contribution from the proponent. In the case of Primary Energy 70 per cent of the project funding was to come from RPP.

3.68 The Committee heard that partnership funding requirements can be prohibitive to small remote communities facing hardship. Mr Warren, CEO of the Orana region ACC, submitted:

Many communities have a very limited capacity to contribute cash to projects, especially in cases where the project proponent is a not for profit voluntary organisation.

Continuing hardship caused by drought has reduced the capacity of many communities to meet the guidelines for partnership contributions. A more generous consideration of these guidelines would allow more community and locally derived projects to come forward.⁸³

3.69 Ms Cheryl Gwilliam, Director General of the Western Australia Department of Local Government and Regional Development outlined that some regional communities, including remote Indigenous communities, do not have the resources or expertise to develop project applications and to liaise with multiple funding partners. Ms Gwilliam submitted that while ACCs can give advice, the direct project development assistance and community development work needed to enable these communities to access the RPP program is beyond their charter and resources.⁸⁴

3.70 As the Tumby Creek and Primary Energy case studies illustrate in Chapters 5 and 7, in some cases lower than recommended levels of partnership support have been accepted for RPP projects. The Committee is concerned that RPP guidelines have been waived for costly projects with high political profile but applied rigorously to exclude other worthwhile projects at an earlier stage.

Cross region projects

3.71 The Committee received evidence that the structure of the ACC network and KPIs discourages inter-regional development. Mr John MacDonald of the Melbourne Central and Southern ACC said:

...the program generally encourages proponents (and their local ACCs) to bring forward submissions based on (or within) the artificially defined regions covered by ACC boundaries. In fact, the Regional Partnerships Program actively discourages inter-regional cooperation via the establishment of Key Performance Indicators (KPIs) that do not promote

83 Mr Warren, CEO, Orana Development and Employment Council (Orana region ACC), *Submission 51*, p. 4.

84 Ms Gwilliam, Director General, Department of Local Government and Regional Development, Government of Western Australia, *Submission 34*.

the development of cross-regional projects. Instead the KPIs focus on further breaking down the already defined ACC regions into sub-regions.⁸⁵

3.72 Mr MacDonald also submitted that more complex and innovative RPP projects are put forward in the metropolitan regions, but that these are viewed less favourably. Mr MacDonald said that the project evaluation framework for RPP is tailored to simple projects with clearly defined short-term outcomes and indicated that for complex projects a two to three year evaluation time frame may be more appropriate, with part of the project budget specifically allocated to project evaluation.⁸⁶

3.73 DOTARS informed the Committee that by and large ACCs in the metropolitan regions have been amalgamated:

Over time the ACCs themselves have come to realise that the issues in metropolitan Australia that they were dealing with did not lend themselves to small ACCs but to those covering larger metropolitan chunks. Melbourne is the only major capital city where we do not in essence have one large ACC covering predominantly the whole of the metropolitan area.⁸⁷

3.74 The Committee considers that collaborative projects, including multi-region projects, should be encouraged and supported by regional development programs. As discussed later in the report, the Committee considers that appropriate guidelines and procedures for the development and assessment of multi-region projects can be incorporated into a standard set of publicly available RPP guidelines.

Defining the role of ACCs

3.75 Currently, the ACCs have an important role in ensuring that applications brought forward for RPP funding are appropriate for the program. As acknowledged by Minister Truss in a recent speech to South Australian ACCs, ACCs must provide sound advice to ensure that inappropriate or ineligible projects are not put forward:

Area Consultative Committees are crucial in ensuring project applications that are submitted to the Department under the Regional Partnerships program are robust and of a high standard. Without your frank and honest advice to applicants about the suitability of their early ideas and proposals, many communities would struggle to meet the very high standards of assessment.⁸⁸

85 Mr MacDonald, Melbourne Development Board (Melbourne Central and Southern Area ACC), *Submission 4*, p. 1.

86 Mr MacDonald, Melbourne Development Board (Melbourne Central and Southern Area ACC), *Submission 4*.

87 Ms Riggs, *Committee Hansard*, 2 February 2005, p. 74.

88 Minister Truss, Speech to South Australia ACCs meeting, Thursday 1 September 2005, www.ministers.dotars.gov.au/wtr/speeches/2005/WS10_2005.htm

3.76 Minister Truss also acknowledged that the RP program may be open to abuse if ACCs did not provide robust advice:

I hope that you will also assist commercial applicants, again by giving them up-front and honest advice. I would be disappointed if commercial applicants gained the impression that the Regional Partnerships program was some form of top-up finance; it should be made clear to them that they are expected to have sought funds through normal channels, and to present a robust business case.⁸⁹

3.77 In addition to emphasising the ACCs' role in providing appropriate information about the RP program, Minister Truss also acknowledged that the capacity of the RP program to deliver outcomes to communities relies on the competence of project proponents and that ACCs may be well placed to assess this capacity:

Your [ACC's] discussions with potential applicants may raise some concerns that they do not have the experience to manage the projects they are proposing. In this case, you should encourage them to ensure they have partners - or even a sponsor - who will help them with the skills needed to run the project.⁹⁰

3.78 As evident in the A2 Dairy Marketers grant discussed in Chapter 6, where the proponent's business folded *before* the project even commenced, there is currently no sound mechanism in place to ensure that proponents are equipped to deliver projects funded by RPP.

3.79 Given the Minister's expectations of ACCs stated above, including reliance on the ACCs to provide advice and to help assess proponents' capabilities, the Committee questions whether the currently specified roles for ACCs encapsulate their real contribution to the program. Further, the Committee questions whether the contribution of ACCs to the program is fully maximised. With their in-depth community knowledge, ACCs are well placed to assess whether the program is delivering the real levels of regional development required in their communities and expected from such a substantial program.

89 Minister Truss, Speech to South Australia ACCs meeting, Thursday 1 September 2005, www.ministers.dotars.gov.au/wtr/speeches/2005/WS10_2005.htm

90 Minister Truss, Speech to South Australia ACCs meeting, Thursday 1 September 2005, www.ministers.dotars.gov.au/wtr/speeches/2005/WS10_2005.htm