

Chapter 5

Response to majority report conclusions

5.1 While the majority report does make some worthwhile recommendations and findings, it appears that most of the conclusions of the inquiry were made even before the matter was referred to the Committee. The conclusions do not appear to be based on facts, but rather overused and ill-defined concepts such as 'politicisation' and 'lack of transparency'.

5.2 The government members agree with the majority report's finding that the processes and procedures of the RP and SR programs are sound. Views diverge, however, on a number of issues.

SONA Procedures

5.3 The majority report presents exaggerated concerns and problems with the SONA procedures. In fact, the very case studies cited to mount a critique of these procedures, namely the grants to Primary Energy Pty Ltd and the SiMERR National Centre, are excellent examples of the necessity of such procedures to ensure that projects deserving of public funding do not miss out.

5.4 The University of New England's National Centre for Science, Information and Communications Technology, and Mathematics Education for Rural and Regional Australia, for example, has strong partnership elements that meet the outcomes of the RPP. However, this valuable project could not be considered under the normal guidelines because of its multi-region nature.

5.5 The Committee received no evidence of the injudicious or partisan use of the SONA procedures, nor any evidence to suggest they were ever applied inappropriately. Indeed, the fact that it is the *department* and *not* the minister that decides a project should be considered under these procedures places an extra check in the process.

5.6 Due to the lack of evidence to support the pre-determined conclusion that the SONA procedures should go, the ALP members resorted to general comments such as claims that the guidelines are an 'accountability black hole'. If this allegation were true, it would raise the question of why more projects were not funded under the SONA procedures. The very fact of the SONA procedures' limited use refutes this allegation.

5.7 However, Government Senators support exploring avenues to improve the program and would not oppose a review of the SONA procedures, so long as any such review was in line with the principles of accountability and transparency.

Consultation with ACCs

5.8 Government Senators do not support the recommended requirement for all applications to be developed through ACCs. More than adequate procedures exist to obtain ACCs' advice on all relevant applications, and the government does not wish to place an additional and unnecessary burden on the resources of these hardworking local advisory groups at the expense of their other tasks.

5.9 The majority report found no real fault with the existing procedures and no ill-effects apparent in the isolated cases where projects were expedited. A discretionary program, by its very nature, requires flexibility as well as a capacity to give urgent attention to those projects that require it. Implementing such a measure would overburden the ACC network for no apparent gain.

5.10 Government Senators consider that where possible the relevant ACC should be consulted about project applications from their areas. However, at all times the fact that an application meets the program criteria is the most important consideration.

Reporting to Parliament

5.11 Government Senators consider that there is merit in the majority report's suggestion that information about RPP projects be tabled in the Parliament or published in another forum. However, we consider that the level of detail and frequency of the recommended reporting is unnecessary and onerous. Government Senators consider that an annual statement listing both the projects approved and the amount of funding approved is appropriate.

Distribution of grants

5.12 As discussed in the background to this report, the politically neutral administration of the RP program is demonstrated by the evidence of the same approval rate between applications from coalition and other electorates. The program has strong performance requirements for ACCs that relate to promoting the program and seeking applications, but ultimately, it is not the government's responsibility to ensure that numbers of applications emerging from ALP electorates are the same as those originating from other electorates. The evidence is telling in that the ALP holds few seats in regional areas, which are where most of the applications under the RPP program come from.

ACC resources

5.13 As discussed in Chapter 2, ACCs and SRACs are an integral part of the RP and SR programs. The work of these committed, mostly voluntary, bodies is a key element to the outstanding success of these programs in delivering outcomes for local communities. As noted in Chapter 2, Government Senators consider that the valuable work of the ACCs and SRACs needs encouragement and support. We therefore support the majority report's recommendations regarding a review of ACC resources

and training, and the introduction of three-year operational funding contracts for ACCs.

Planning approvals

5.14 The majority report recommends that projects be ineligible for RPP or SRP funding until they have obtained relevant approvals or licences. This recommendation is simply absurd and unworkable. The costs of obtaining necessary licences and approvals can be prohibitive and many proponents require in-principle funding approval before they can afford to obtain necessary planning approvals. It is therefore ridiculous to suggest that in all cases these approvals must be obtained before proponents can even apply for a grant.

Ministerial discretion

5.15 Ministerial discretion is an important element of the RP and SR programs and remains entirely appropriate so long as due processes are followed. The Government Senators note that the approval process has correct procedures in place to ensure that ministers do not make funding decisions on grants for projects located in their own electorates. While these procedures have been adhered to, Government Senators consider reforms may be required to ensure that there is no misunderstanding or public misconception of the procedures in place.

Review of grants-based programs

5.16 Government Senators are astounded by the majority report's conclusion that the efficacy of a grants-based approach to regional development requires review. The Committee has just spent ten months *reviewing* these programs. It has travelled the length and breadth of the country and taken evidence from 99 witnesses. It has seen and heard first hand the outstanding benefits delivered by these programs. In not one case has the Committee received any evidence that RP and SR programs do not have community support. To the contrary, the Committee has hard evidence of the hundreds of projects delivering real regional development outcomes with the support of communities, local, state and federal government.

5.17 The Committee has reviewed the evaluations of the programs and the KPIs. It has the evidence that for every dollar of federal funding invested in these programs, at least another three dollars is invested by project partners. It has the evidence that for every \$50,000 of RPP funding an average of three jobs is generated. These results are outstanding. They are a credit to all those involved with the programs and the projects they support.

5.18 Even by their own yardstick, the majority committee could find only six projects that required detailed examination. It is totally inconsistent with the evidence to suggest that a grants based approach to regional development requires further review. This recommendation is devoid of any evidentiary reasoning. It is a bald reflection of the predetermined, political agenda adopted by the majority committee throughout this inquiry.

Relationship to other programs

5.19 The Government Senators consider that matching funding is entirely appropriate for projects where State or Local governments have responsibility. As long as due processes are followed, which they are, overlap and duplication should not occur.

5.20 Government Senators consider that the majority report's recommendation regarding competition with other funding programs is based on spurious argument and made only for political purposes. The whole point of a partnerships grant model is that funding programs can complement one another. The Committee received numerous examples where this was being achieved. The majority report's recommendation confirms the ALP's approach to this inquiry – undermining the program without providing sensible or constructive recommendations.