



Date: 11 February 2005

Senator Forshaw,
Chair,
Senate Finance and Public Administration Reference Committee,
c/o Committee Secretary
Senate Finance and Public Administration Committee
Department of the Senate
Parliament House
Canberra ACT 2600
Australia
fpa.sen@aph.gov.au

Dear Senator,

RE: INQUIRY INTO THE REGIONAL PARTNERSHIPS PROGRAM.

Orana Development & Employment Council (ODEC) wishes to state the Regional Partnerships Programme overall is a very good programme as it has been used by many communities in the Orana Region to kick-start many very worthwhile projects.

The Orana Development & Employment Council Inc (ODEC) is the Area Consultative Committee (ACC) for the Orana Region of NSW. Our region covers approximately 25% of the geographic area of NSW with a population of 116,000.

ODEC has been particularly successful over the years in facilitating grants from Federal Government funding agencies. This includes the more recent program administered by the Dept. of Transport and Regional Services, called Regional Partnerships.

ODEC has been very proactive in the marketing and promotion of the Regional Partnership Programme since its inception in July 2003. ODEC welcomes an opportunity to present a paper on the Regional Partnerships (RP) Programme based on our sound knowledge and understanding since the introduction of this initiative.

The following Terms of Reference have been addressed:-

(1) The administration of the Regional Partnerships program and the Sustainable Regions program, with particular reference to the process by which projects are proposed, considered and approved for funding, including:

a) Decisions to fund or not to fund particular projects;

- Often the most difficult part of project funding process is the encouragement of the proponent to actually lodge an application in the first instance.
- Often proponents see the process as just too hard and cumbersome and many opportunities for project assistance are lost.
- The decisions to fund or not to fund appear at times to be too arbitrary and inconsistent across the national scene.

- A similar or the same project proposed in different areas may receive a different fate for no apparent reason, although unique circumstances may exist behind the scenes.
- The process of assessment by Departmental officers and recommendations to the Delegate should therefore be published and open for public scrutiny. **(This is not the case at the moment which often leaves proponents confused and sometimes angry when their project is refused and another is funded.)**

(b) the recommendations of area consultative committees;

- **ODEC believes ACC comments and recommendations are often not given adequate weight and consideration by the Department, during the assessment process.** However, when an adverse decision is made the ACC comments are quoted as the reason to the proponent for non-approval. This is especially the case when a rating overall is not a 4 (four)
- The ACC's current scoring method for projects, may be considered flawed for the fact that if there is a score of 4 (high priority and highly recommended), it would more than likely be considered for funding however there is no guarantee.
- Many proponents then become disillusioned after refusal as they see the refusal often being "on technical grounds" when most if not all eligibility criteria are satisfied. **Now the Board sees any lower score may be used as a scapegoat for the Department to not approve it.**

The ACC Board comprises members of the community who are aware of the needs of the community and see directly the local solutions for local issues.

- This on the ground intelligence should be more highly valued in the assessment process by the Department in their assessment.
- A suggestion is that an additional score should be placed above 4 (high priority and Highly Recommended) and that would be used to indicate the urgency/highly essential nature for project funding.

(c) the recommendations of departmental officers and recommendations from any other sources including from other agencies or other levels of government;

There is a perception that DOTARS staff in the application of the eligibility criteria is often over zealous and critical in applying the **cost shifting** scenario to many projects.

This issue has many proponents now thinking the Regional Partnerships Programme is only a funding opportunity of last resort, despite meeting all of the stated eligibility criteria.

The perception is:-

- that the decision and support of the DOTARS is critical for a successful funding application.
- proponents believe if the DOTARS staff do not like the project, it will not get funded regardless of the intrinsic merit of the project.
- Especially so for projects where Local Government is the proponent.

Although projects are being developed and lodged from the Orana Region, ODEC is fearful that the guidelines (as they stand) may preclude the much-needed stimuli for our communities that the Regional Partnerships Programme was intended to achieve.

The guidelines of the programme are very broad, but however the process of "testing eligibility" against other funding sources can have significant impact on time as this is seen as stalling and delaying the project as put by the community. Sometimes project focus may have to be changed to meet the guidelines of other funding agencies which then does not marry with the application for RP (if RP is used in partnership funding).

In addition, socially orientated projects often have great difficulty to securing partnership (co-funding) support from other sources. These projects are often not considered by the Department for funding because of the fact that they have recurrent needs.

(d) the nature and extent of the respective roles of the administering department, minister and parliamentary secretary, other ministers and parliamentary secretaries, other senators or members and their advisers and staff in the process of selection of successful applications.

More private input should be included in the Departmental assessment process rather than solely relying on career public servants who may have little or no experience of the implications that a project can have on some communities as a result of Commonwealth intervention. Again, if the departmental assessors like the project, it has a far greater chance of funding success.

(e) the criteria used to take the decision to fund projects;

The guidelines of the programme are very broad and as such project scope vary from small to large. The issue is whether the project is big or small and their respective benefit or value for money. **Is there weighting on large dollar projects for major regional centres considered more value for money compared to small dollar projects from smaller communities?**

Delegate and Departmental decisions/recommendations not to fund projects on the perception of cost shifting are now a real barrier to future projects.

There needs to be a more flexible approach to this issue:-

- if a project fits the guidelines then it should be able to be funded under the Regional Partnerships programme.
- If there is an issue of cost shifting **there is an opportunity for DOTARS** to become the whole of Government broker/facilitator on behalf of all Commonwealth Departments. This initiative if implemented would be very well received in the electorates, as it would be a real step forward to a workable whole of government one stop shop approach. It could apply to Tourism, Family and Community Services, Aus Industry, ATSI, AFFA and others.

(f) the transparency and accountability of the process and outcomes;

ODEC believes the Departmental Brief to the Secretary should be made available to the proponent (and the ACC) irrespective of approval or non approval of a RP project. The access to all briefing papers would allow transparency throughout the Department as well as to the Secretary for their decision.

(g) the mechanism for authorising the funding of projects;

The process of taking ideas to funding fruition is very difficult. The flexible and broad guidelines are often stifled by the departmental process. This process has a very **strong focus on delivering a program which will withstand intense scrutiny from the Department of Finance, Senate Estimates Committee or questions from the floor of Parliament while protecting the role and identity of Australian Public Service staff.** This often stifles lateral thinking on many project opportunities that may be deemed to be high risk or of lower value for money, despite having immense potential benefit to the community hosting the project.

There needs to be a freeing up of the process to allow communities/proponents to devise solutions to their own issues of concern without the restriction of a process which may come under criticism.

In addition, often a subjective determination of a Departmental Officer in relation to cost shifting, retrospectivity of funding or application of eligibility guidelines will knock out a project which could have very significant long term local and regional benefit. These decisions are often taken without adequate consultation with the proponent or ACC which has endorsed the project.

There needs to be more flexibility in the application of the rules and criteria for this discretionary funding programme. There should be even more special consideration and lenient guideline application for smaller and remote communities/proponents who continue to face adversity caused by drought and isolation. This fact is not given enough weight in the assessment process.

In addition, many of these small remote communities in the Orana Region have a high proportion of people of aboriginal origin which brings additional issues of income support dependency and other social issues.

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.

(h) the constitutionality, legality and propriety of any practices whereby any members of either House of Parliament are excluded from committees, boards or other bodies involved in the consideration of proposed projects, or coerced or threatened in an effort to prevent them from freely communicating with their constituents;

ODEC believes there is a significant role for political input through the development stage of the project. Local members are often seen as a "voice of the community" and can easily assist in showing how a need can be properly demonstrated by the community. Politicians continually receive representations from their constituents and it is not unreasonable for the politician to seek help for their electorate. Often members consult and seek advice with and from ACC's on projects within the region.

(i) whether the operation of the program is consistent with the Auditor-General's 'Better Practice Guide for the Administration of Grants', and is subject to sufficient independent audit.

- As stated above it appears all aspects of better practice are followed by Departmental officers **but they may be over zealous in the process in an attempt to ensure there is absolutely no capacity for come back in the political arena.**
- With respect to the future administration of similar programs, any safeguards or guidelines which might be put in place will ensure proper accountability for the expenditure of public money, particularly the appropriate arrangements for independent audit of the funding of projects.
- ODEC asks all recommendations made to Ministers by Departmental Officers should be made public to at least the proponent unless they are of a private and confidential nature. This would ensure and demonstrate a totally transparent process to all.

(3) Any related matters.

- The Board of ODEC is extremely supportive of the intent and objectives of the Regional Partnership programme and also of the initiatives of the Coalition Government to encourage and assist regional communities of Australia. The above issues are raised in an attempt to highlight factors that continue to stifle communities from devising and achieving long term sustainability and prosperity.
- However, the process of making electioneering promises, which is often practiced by all political parties and members is open to criticism. This should not be allowed to happen as it appears to be political influence to subvert a public process which has relatively clear guidelines and eligibility criteria.
- Project funding must be allowed to cover extended periods and not be essentially be restricted to short term annual projects. Many projects are long term in nature and should receive a commitment at the outset for an extended period. This could be done by entering into contract with annual milestones, which once satisfactorily met, automatically generate the next allocation of funds. Some projects need assistance for in excess of five years and they should not be ruled out. **It appears projects which do not fit into an electoral cycle have difficulty in getting funding.**
- ODEC suggests a more positive approach to be taken in the involvement of ACC's in the announcement process being front line supporters of the Regional Partnership Programme within the community.

Yours faithfully,

TOM WARREN
Chief Executive Officer