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**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON INFRASTRUCTURE, TRANSPORT,
REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT

(Roundtable)

Reference: New regional development funding program

FRIDAY, 8 AUGUST 2008

SHEPPARTON

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**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON
INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT**

Friday, 8 August 2008

Members: Ms King (*Chair*), Mr Neville (*Deputy Chair*), Ms Campbell, Mr Cheeseman, Mr Clare, Mrs Gash, Mrs Mirabella, Mr Raguse, Dr Stone, Mr Sullivan and Mr Windsor

Members in attendance: Ms King, Mr Cheeseman and Dr Stone

Terms of reference for the inquiry:

To inquire into and report on:

The Australian National Audit Office's Performance Audit of the Regional Partnerships Program and recommendations on ways to invest funding in genuine regional economic development and community infrastructure with the aim of enhancing the sustainability and livability of Australia's regions.

The Committee's report is to:

1. Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects;
2. Examine ways to minimize administrative costs and duplication for taxpayers;
3. Examine the former government's practices and grants outlined in the Australian National Audit Office report on Regional Partnerships with the aim of providing advice on future funding of regional programs; and
4. Examine the former government's practices and grants in the Regional Partnerships Program after the audit period of 2003-2006 with the aim of providing advice on future funding of regional programs.

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Committee met at 9.01 am

BUCKLEY, Mr Paul, Member, Regional Cities Victoria

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SHARP, Mr Doug, Chair, Regional Cities Victoria

SLADDIN, Mr Paul Andrew, Chief Executive Officer, Mansfield Adult Continuing Education

TURNER, Mr Peter Mitcham, Business Development Manager, Regional Development Victoria

CHAIR (Ms King)—Welcome, everyone. I declare open this roundtable of the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government for its inquiry into the new Regional and Local Community Infrastructure Program. Please take this opportunity to provide additional information about the capacity in which you appear, should you feel it necessary.

Mr Keenan—I am also Director of City Sustainability at Hume City Council, but I appear here in my capacity as Chair of Economic Development Australia.

Mr Buckley—I am also the CEO of Latrobe City Council but am representing Regional Cities Victoria today.

Mr Sharp—I am also the CEO of the Rural City of Wangaratta but am representing Regional Cities Victoria today.

Mr Nicholls—I am also representing the North-East Victorian Local Government Network today.

Mr Sladdin—I am also representing Mansfield allied community enterprises today.

CHAIR—Thank you very much for coming. A few of you have travelled some distance to get here, and others not too far at all, which is just terrific. The committee has brought together a range of participants, all of whom have varying levels of experience in regional development, for the roundtable, and I am sure that the discussions we have here today will be fruitful.

I do need to remind all of you that, whilst the committee is not requiring you to give evidence under oath, these are formal proceedings of the parliament and, as such, should be treated with respect. I also remind witnesses that giving false or misleading evidence is regarded as a very serious matter and may be regarded as a contempt of the parliament. Now that the scary bit is over, thank you for coming.

Today we are trying to pretty much pick your brains to get your ideas and experiences about how we might structure a new program. Many of you have lots of experiences of the former Regional Partnerships program, but you also have lots of experiences applying for state government funding, working within your local council and developing projects. We are very keen to get good ideas as to how this new funding program is going to work. In order to do that, we have put out an issues paper. It is not exhaustive at all; it just raises some of the questions that have been in our minds about how we structure the new program. Today what I propose is that, because we have limited time, we start on a discussion about the overall policy framework, looking at issues like who should be funded, what sorts of things we mean by community infrastructure and how we might put some boundaries around this program so it has some meaning and people have clear ideas as to what will fit under this program. Then, after the break, we will move into some of the nuts and bolts concerning the application and assessment process.

The first issue is the overall framework. One of the things which everybody tells us that they loved about Regional Partnerships was how flexible it was, because anything could fit. Medical infrastructure could fit under it, as could something from local government such as sporting facilities. Private sector organisations could also be funded by it. But that very flexibility is

probably one of the things that posed the greatest challenge in providing good, solid administration for the program. Perhaps I can get your ideas on what you think should be encompassed in this program. What sorts of things do we mean by community infrastructure and what sorts of boundaries do you think there should be around this particular program? In doing that, I need you to bear in mind that there was an audit report on the previous program, which has provided some challenges for government to deal with.

Mr Harriott—We would appreciate a range of projects being funded out of this program. The examples we have seen in the past have been very beneficial to the region. I can throw up some local examples, small and big. The Dookie community, through a community planning process, identified that they needed to consolidate a range of activities at a single site, and they were fortunate enough to get some funding for a new community centre. That worked well—a great partnership between state, federal and local governments and community. At the other end of the scale are a large intermodal logistics centre, which was another partnership arrangement, and the North Shepparton community hub. They are three totally different projects but are all common in some regard, with federal, state and local governments and community coming together in a partnership arrangement. There are a whole range of things you can talk about in relation to that. Specifically in relation to whether it should be for particular infrastructure projects or whether it should be broad, I just make the comment that I think we have seen the benefit of it being for a broad project base.

CHAIR—Thank you.

Mr Keenan—In relation to the broadness of the project, while there are certain advantages there are many disadvantages as well. Some of the feedback from the 500-odd Economic Development Australia members is that they would prefer to see separate streams associated with funding. When one looks at what some of the objectives are of funding for regional development programs, one needs to keep in mind that the original Regional Partnerships program looked exactly at creating employment opportunities. Creating infrastructure will provide employment opportunities. Unfortunately, I am aware that there is another program that was put forward by the interface councils about funding the gap in relation to community infrastructure. I fully support funding the gap for community infrastructure, but the members believe there needs to be some differentiation between funding what is going to result in employment, investment attraction and creating long-term employment opportunities and funding what is really meeting some of the ‘funding the gap’ shortfalls. That may be in the form of things that have been funded in the past, such as ovals and the like, coming through there.

CHAIR—I think the difficulty with Regional Partnerships was that it became a catch-all fund. It was described at our hearing in Ballarat as the fund of last resort. If you could not get funding from anywhere else then—bang—‘It will fit under Regional Partnerships in some way, shape or form.’ Can you expand a little bit on the stream that you are thinking about?

Mr Keenan—Some of the streams that come through relate directly to infrastructure. I am glad an intermodal facility was brought up as an example. That sort of hard infrastructure and how it can be funded separately should be looked at. There are other specific initiatives. In the past, the various departments funded accelerators—I am cautious about using the phrase ‘business incubators’; I think that nowadays, if we call them ‘accelerators’, we can sometimes get a better piece of funding applied to it. Those sorts of things that relate directly to

employment generation and incubation are integral. Unfortunately, they are funded by neither state nor federal government at the moment.

I think there is some tourism infrastructure. There is a good rationale for arguing for separate tourism funding that goes into infrastructure or provides marketing material. The Regional Solutions Program and Regional Partnerships used to fund all of those sorts of areas, and now they are completely devoid of funding. The stream that worries me, working in an interface council and having worked in regional councils as well, is that there are certain things where there is a gap that must be met. That gap is sometimes in relation to ageing infrastructure that councils will not keep up with rates. I think a brief discussion on indoor recreation facilities is probably the best example. Swimming pools are not-for-profit centres. Those sorts of things need to be taken into consideration.

CHAIR—In terms of the notion of having a separate pool for employment generation streams, one of the dilemmas we have is that Regional Partnerships did fund for-profit organisations. That has been one of the debates that we are having.

Mr Keenan—In the EDA's submission we actually outline that. We disagree with some of the suggestions that funding should go to for-profit organisations. The first example of for-profit organisations being funded was under the old Dairy RAP—Dairy Regional Assistance Program—as people might remember. I think there is a role. Local government, as outlined in the submission we put forward, has identified economic development strategies that actually go through. We can work in partnership and hopefully get funding from the private sector to go into those, but I believe that the actual funding should go directly through local government or not-for-profit organisations. That would be ideal.

CHAIR—So you are saying that for-profit organisations should not be the main applicant but could be a partner.

Mr Keenan—Yes. I will just throw in one other point. I think it is great to have funding from local, state and federal government, but there are major issues there about the timing of programs. Local government has things called 'budgets'. We often find ourselves in a situation where a new funding program is announced and there is no capacity within local government to actually match any of the funding that is required.

The second point is that the expectation that local government should always match funding dollar for dollar is not correct. There are certain councils that simply will not have the dollars to match a two- or three-to-one scenario coming through. I will share a very recent experience. People would be aware that South Pacific Tyres closed down recently, subtracting 700-odd jobs from our local economy in Hume. One of the options we were given, from a state government perspective, was to participate in a study which would have cost us another \$20,000. To first lose 700 jobs and then be told, 'You'll get another \$20,000 if you kick another \$20,000 in,' seems a bit ridiculous, from my point of view, when what should be undertaken is something that is not going to impact further on the local economy, or ratepayers for that matter. We should look at how better coordination can occur between local, state and federal government budgets. That would require a bit more strategic planning in relation to what sorts of initiatives would occur.

CHAIR—Certainly that is one of the issues that we want to canvass in terms of the relationships between the planning that is done at local government level and the strategic plans that area consultative committees were asked to develop. I understand there is a major planning process being undertaken in Victoria at the moment. Each state is so completely different, but we are keen to hear about that sort of interface as well. Are there other comments?

Ms McPherson—I would just like to follow up on the previous comments and support the idea of streams within the program and also the exploration of some different ways in which the private sector might be involved. I very much agree with the comments that have been made previously. There are some very good examples of projects that, perhaps, involve clustering or organisations of businesses that have come together to deliver a project on a skills basis.

CHAIR—Have you got an example of that that you can give us?

Ms McPherson—I can give you a current example of a group we are working with who have not received any funding and are not necessarily looking for it at this time. There are a group of quite large food processors who are forming a network in Gippsland at the moment. They may have a whole range of projects which would emanate from that group, which could be eligible for a future funding program.

Dr STONE—There is one you will hear evidence from later on, a local consortia of fruit growers a couple of kilometres from here who were successful in getting some innovative infrastructure, for example.

Ms McPherson—The idea of partnering with councils to deliver some of those projects is useful. The context of our submission to the inquiry has really been around needing flexibility within the program that Regional Partnerships provided but to some degree tightening those constraints so that there are some very clear streams around how those projects might be delivered. I would speak in support of the EDA comments.

Mr Roff—Whatever you are going to fund, it needs to be supported by some sort of plan. In the case of the north east, for example, a regional plan—there are regional priorities being worked on at the moment. Also, each individual local authority would have their own plans for their project—there are a couple of levels: your regional stuff and your local—so that smaller councils do not get swamped by mega projects, so there is a pool available. It would need to be identified in the council's own planning or, in the case of a region, through the region's planning. Then you can be comfortable that it is achieving some sort of objective and has been evaluated.

CHAIR—Certainly, one of the difficulties with this is the multitude of different plans that exist which cover a different region. With the area consultative committees, I guess we added to that layer. Most of the area consultative committees dragged all of the local councils and did huge amounts of work to put those things together. It was yet another plan. We are interested in hearing about that.

Mr Roff—I will make a final comment about gap and renewal. There are a couple of issues there. Obviously there is the renewal gap, which we all know about, which has been found in every state in the country and is a problem for the funding of the sector as a whole. I would not

like to take that away and not have a funding pool for other projects. There are two different buckets of money that need to be looked at.

Mr Buckley—From a Regional Cities perspective, I have a couple of comments about what is being said. We have suggested four streams—liveability, economic development, community sustainability and environmental enhancement. We also support the notion of things needing to be within either regional or subregional plans.

CHAIR—Can you expand on the notion of regional and subregional plans? Some people are saying, ‘Don’t do that on geographic area.’ They are saying it is around issues and that regions shift all over the place; others are saying there is a geographic boundary and you should look at the geographic boundary.

Mr Buckley—That is a bit of challenge. I am from the Gippsland region, which is fairly compact. There are only six municipalities in total, so it is probably easier for us—we have developed a framework for regional planning. In defining there are a couple of options. In Victoria, there are the regional management forum regions as one model, some of which are now working on subregional plans within those regions. We would suggest that a framework which includes both regional and subregional plans is appropriate.

CHAIR—Certainly for Victoria.

Mr Cator—Moving on to looking at the subregional plans and regional plans, in the north east we are looking at a regional plan with extremely strong state government support for that regional plan. Our region, for example, does not include Campaspe Shire but we have recognised their importance to the overall region. They are actually part of a subregion involved in that activity. There is flexibility available to what is a region. Lines on maps are really difficult. While we could probably walk over the Murray River at the moment, cross-border issues also come into it in relation to councils, particularly Victorian councils which are generally providing, in our part of the world, the majority of services to New South Wales counterparts as far as education and health are concerned. There needs to be some understanding that while we have to concentrate on the Victorian catchment generally there is the New South Wales, particularly for the Murray, group of councils that are important.

CHAIR—And New South Wales has completely different planning processes from Victoria, which makes it difficult.

Dr STONE—I think that business of what a region is is an interesting one. We have had quite a bit of debate in this area. This area does not call itself north-east. Where we sit is called northern Victoria but the region is called north-east. That does not necessarily mean it is a problem, but for a lot of people, when they are told to apply to north-east, they say: ‘No. We’re not in north-east. We’re in Shepparton.’ That is an interesting concept of community interest and culture versus geography and some other artificial boundary.

Who do you think should actually be applying? Should there be some threshold or gateway? Should it be that people only apply through local councils? Someone mentioned that we should always have regard to some sort of regional planning process. But who should be eligible and able to apply for a fund like this, in your view?

Mr Sharp—Representing regional cities, we would say that it should be through local government

Dr STONE—Every time?

Mr Sharp—We are saying that, to get the maximum leverage and benefit out of this sort of funding and to do so with state government, we would probably need a three-way partnership between state, federal and local government. Therefore, local government is best placed within the community to be able to put up that partnership arrangement.

CHAIR—What role does that leave for Regional Development Australia or the area consultative committees in that process?

Mr Sharp—They could form a consultative type body for local government to arrange the federal partnership that is necessary to get the funding package together.

CHAIR—Does that not add another layer that you have to go through?

Mr Cator—Really, the ACCs are the federal government representatives in the region. I know with north-east we use our area consultative committee very much that way. We have Regional Development Victoria, local government and the ACC. They are the three partners we see. We do not see federal government, state government and local government. So I think they do play a role. I really have no comment on whether the governance structure of ACCs is appropriate—which I think is your question. But I know that, at officer level, we work very closely with our north-east office and with Regional Development Victoria and the other government agencies. We have regular discussions about projects within Moira: how they can be funded, who is contributing and what the contribution needs to be locally as well as from government. So I think the structure works well at officer level. I really have not got a comment on it at board level.

Mr Sladdin—One of the positives of the Regional Partnerships program was the flexibility in who could apply. I think it is important to keep in mind small, local community groups and their eligibility. They must be included; it must not be prescriptive. Where it must be in tandem or in partnership with a local government or a state government program, I think it is important that those local community groups have the capacity to apply directly to this program. On the ACC role, that is crucial in assisting local community groups. Where they may not have the expertise to develop their application, they need a body such as an ACC or RDA to assist in that local community group application.

CHAIR—We will get into that a little more during the application process.

Mr Buckley—I want to reinforce the importance of having a local representative organisation—in this case RDAs or ACCs—to assist and support the partner with the preparation of submissions and applications, to work up the projects and to make sure that all the bases are covered for potential successful application for funding. In Victoria, if we use the RDV model then the local Regional Development Victoria people work with the applicants to make sure that applications have the best chance of success once they get to the assessment process.

CHAIR—I will pose a question. I am just playing devil's advocate; I do not have a view about this, particularly. The local RDV person is a departmental person, not from an area consultative committee, and there are different relationships that seem to have evolved around that. Have we got a view about that in terms of the networks that the departmental person may bring to the table as opposed to the area consultative committee and its access to government?

Mr Buckley—We would support this partnership model and some process whereby there is a good understanding about where projects fit within whatever the streams might be—for example, in the new fund. If we can make sure that there is a local presence that can work with each of the other two partners, as we describe them, then I think that is important.

Mr Keenan—Going back to the original question about the suitability of people to apply, the biggest concern that I have with smaller groups—and the history of applying for grants, whether through this program or another program, proves it—is often their inability to prepare an appropriate submission. Once they have prepared an appropriate submission, there is the issue of auditing and project management, which goes all the way through. I would therefore add my support to the Regional Cities Victoria initiative, which indicates that local government should be the conduit that those grants go through if they are to smaller groups above and beyond that. Local government already does that with a number of other grants that are funded by state and federal governments; it becomes the conduit for smaller grant programs that come from there. One of the biggest issues is to have a group that often changes the make-up of its board or changes its project direction, where it takes two to three years to complete a project and during that time a lot of the impetus is lost by some of the leaders who are running that group. From my perspective and my own experience, I know that in the old audit processes that used to come through local government would often intervene and try and help some of these local groups. But, again, if they fit back into a local strategy then that fits in even better.

The other thing I want to comment on is the ACCs and RDV. The ACCs network is fantastic. They manage to share information about projects that are happening not just in their own state but right across Australia, so something that is working in Queensland can be transported into a Victorian situation and vice versa. One of the issues that you raised, Chair, is that sometimes the RDV people can become rather focused solely on delivering their programs within the spectrum where they are required to do so. Therefore there can be some challenges when those programs require innovation or broader interpretation. Therefore, the role of the ACC board can often bring in the sort of private sector involvement that may bring that innovation forward or bring in experience from other places.

Mr Sharp—We at Regional Cities believe that the focus of a funding source like this is about growing regional Australia, with the outcome that regional Australia becomes a natural alternative to the continued growth of the capital cities. If we base it on regional or subregional planning, it would mean that if we do that regional planning correctly then a lot of the community groups and their issues and priorities are taken up into that regional plan, and then the best vehicle for advancing that would be through local government and then with the other two tiers. That would be the basis of our argument.

CHAIR—I think that on Wednesday we had some evidence, which was disputed by pretty much all the local councils around the table, that local councils as well can often be pretty parochial about their boundaries in terms of the projects that they are interested in. Trying to get

cooperation on a regional basis, in some areas, is difficult. Some do it better than others. If the fund is to go through a local council, what is to say that it will not then set all the local councils in a region against each other in competition as opposed to cooperation? Once money is involved, it is pretty hard to get cooperation.

Mr Sharp—I will respond to that. In the Hume region, where there are 12 councils, we are involved in a regional planning project. We have broken that up into four subregions that, we believe, are around natural catchments. If we do it properly—and we believe we can do it properly—then a lot of that competition will be overcome by the fact that we have agreed on certain priority projects that will grow the Hume region and the various subregions, and we should eliminate that competition.

Mr Crouch—In regard to the program and who should provide it, I probably should declare an interest. I am also a councillor on the Mildura city council, so I probably wear two hats. I think the current system of how the ACCs deal with a lot of councils in providing advice to applicants who come in has been a very successful program in that it gives them the ability to discuss a range of options for funding, not just local council funding or state or federal but a range of options. They can then mould it into a project that suits some of those funding models, which has been very successful in the past.

The other thing—and I am obviously involved in local government as well—is that unfortunately in a lot of cases it really depends on the people who are on the council. They may have a political whim that they pursue within those communities, so that could force some projects forward that probably are based on politics rather than what the community need is, and that can be seen as a problem. One of the great things about ACCs that I have seen in the past is that they have a lot independent people who are community leaders who have, I suppose, a visionary approach to their region, and they are all volunteer committee members. They are not there for any other reason but for betterment of the community, so I believe that a program like this should run.

We have had a number of consultation sessions with our community over the last month and there were a number of people who came along who said: ‘Finally, one organisation that we can come along to and get it all in one go without having to go to state government, local government, federal government departments. We can actually go to one area, a one-stop shop, and actually look at this program’. They see this program as the only way they can actually get funding for regional Australia in the future. There is no other way of getting funding, and I think we will all agree that it is very important that this program is given a lot of credence in the next budget.

CHAIR—Thank you.

Mr Buckley—I am only going to comment on the parochial issue. I think certainly in most regions in Australia—and I can speak particularly in respect of Victoria—that is changing. This move towards subregional and regional plans makes it very clear that councils need to make sure that they get their projects in line or in sync with those subregional or regional plans. Therefore I think that takes out the parochial nature of competition, if you like, between councils for funding in some sense.

Ms Owen—From the point of view of the MAV, I want to also emphasise the position, put very strongly by the regional cities group, which is that it has to be recognised that local government is right there at the front line and is, I believe, the most appropriate body to be the applicant for any programs under whatever is determined. I think also that it is absolutely true that in the state of Victoria there is a real recognition of the importance of regional planning or subregional planning and councils working together. That is particularly true with the smaller rural councils who have really recognised the benefit of working together. And there they are at the front line, representing and assisting local community groups.

CHAIR—Ms Owen, what has been the experience of local government under the previous program? We have heard different evidence across the country. Some area consultative committees are very engaged with local government. Some are not as engaged with local government. They are not all alike. You know that. You go around and you meet them yourselves. So (a) what has been the experience of local government under this program and (b) how do we get local government more engaged with the area consultative committees across the country?

Dr STONE—If I could add to that, perhaps you need to reflect on the membership of the ACCs. There is a variety here. We have not heard from CMAACC yet, but some have councils and some do not, so you might reflect on different sets of outcomes for communities when some ACCs are council dominated and some are not.

Ms Owen—Again I would agree. I think it was Mr Cator, I may be wrong, who was talking about the fact that there are the three levels of government, the importance of the partnership and the ACC representing the federal government. In various parts of the state I think the relationship will naturally vary in the way local government might work in association with ACCs. But generally, I think there is good cooperation and that that recognition of the three levels of government within the ACC—Regional Development Australia is the representation of federal government. I think it works pretty well.

Mr O'Brien—I would just like to support all of that and particularly the importance of regional planning. Prior to the Hume Regional Managers Forum there was an organisation which was the father of the Hume region, the North East Regional Managers Group. We had a north-east regional plan and all the councils agreed and prioritised 10 or 15 major projects right across the region and everybody supported that. It also allowed each of the councils to pursue their own funding for their own projects underneath that and it was supported. That is now coming through with the North East Regional Managers Group—it is the same process but on a grander scale and I think that is important.

In relation to how you work better with local government, I would just like to point out that in this area—and this supports what a lot of the people at the other end of the table have been saying in this region—we have been very lucky in that between Regional Development Victoria, the former DVC, now the DPCD, and ourselves, to be able to visit each of the shires on a formal basis, meet with senior staff and councillors, sit with those people and discuss what we have to put on the table. The councils then say: these are our projects and this is where we are seeking funding. That allows the three organisations to say: yes we can fund that bit, or this bit, or we can all fund that, or no, we cannot fund any of it.

In a lot of cases we have gone back and conducted workshops in the shires with shire staff to work through what our programs are about and how to apply for funding. That has been most successful. I would like to see that model developed where the levels of government and the ACCs are going around and meeting on a formal basis with councils maybe two or three times a year.

The follow-up to that is we then had the opportunity—with my staff and staff from the state departments—when going out and visiting a proponent, as we call them, they go together. So again there is that formal representation with state government and the ACCs, and local government if necessary, and meeting with the proponent. You can sit down and say: ‘We will do this bit and they will do that bit, or do these two bits first and then we will get this bit done. You need to go to local council and get support. If you have not got support, what is the block? Can we help you?’ And we sort it out that way.

Mr CHEESEMAN—Obviously, with that approach that you have taken I suspect you have probably identified a number of examples of projects which are good projects and ought to be supported one way or another, but the previous program might have had gaps in it which did not enable Commonwealth intervention and Commonwealth assistance. Can you explain where some of those gaps might have been with your examples?

Mr O’Brien—I do not think we ever had any gaps we could not jump over, get through or go around because creativity comes into all of this. If you have got the state government, the local government, the community, the ACCs, as I said, representing the federal government, and if you all sit down and have a talk about it there is always something that you can find that you can fund out of a project or you can break it down. I am not talking here about breaking something down that fits into a state government program or funding grant. It is what is best for the community. The process that we have had here demonstrates that we are going out and meeting with the community. We are not asking the community to come into a government office, sit down and be told: this is what you need to do.

Sharman alluded to an innovative project, and I hope that I am not going to steal her thunder. A group of six large fruit growers in this area came to the ACC and various other groups, probably about two years ago, worried that Coca-Cola Amatil might wake up one morning and decide that they did not want to be in fruit canning anymore. They came to us with a project to purchase machinery, bring it in and set it up. It would be the first in Australia and it would be available for other fruit growers to come and have a look at. By working with state government, local council and ourselves, that fruit machine is now in operation—Sharman graciously opened it at the national conference of Australian fruit growers. There were over 600 growers there having a look at it. They had to say to people: ‘Hey! The buses are going to the next thing.’ They did not want to leave; they just wanted to watch this machine work, because it was important to all of them. That is how the community can work with each other, their various local authorities and state and federal governments. Things can happen.

I do not think that we have ever had a gap that we have not been able to find a way around. The gap might be: ‘No, I can’t help you with Regional Partnerships but the state government can.’ Because we are involved and we know what other federal government programs there are, we might be able to say to someone that we cannot fund this under Regional Partnerships but under the National Water Initiative there is money available, or under the state government there

is money available. In some cases we have stepped outside our boundaries and helped them write the application to state government. Another example was where a fellow came in wanting some money—and I may be wrong on this—for a motor for the State Emergency Services boat. We could not help in that particular instance but we did help him get money through small grants money and that type of thing. We helped him write his application, vet it and put it in. He came back to us and said: ‘If you hadn’t helped us, if you hadn’t known about that, we wouldn’t have got our motor.’ It was not Regional Partnerships, but it was the ACC that helped get that little bit of money back into the region.

CHAIR—One of the difficulties with that is that in one area someone did get funding for the boat under Regional Partnerships, or put in an application under it, but how do we make sure that this program is equitable in what it funds across regions? Why should the emergency boat or the surf-lifesaving boat get funded in some areas when in other areas it does not?

Mr O’Brien—I have asked the same questions many times.

CHAIR—Many of you would have read the audit report and you will have seen some of the things that did get funded in some regions. You were probably frustrated that you were not able to get those up and thought that you would not have even applied for them. That is the issue for government that we are struggling with. Mr Cator is next.

Mr Cator—Thank you. Major projects based on the regional and sub-regional plans are critical because if the federal government puts money in, they would want to ensure that there were some logical reasons behind it through that planning process.

Mr CHEESEMAN—What would you define as a major project, because that might vary depending on where you are?

Mr Cator—In my view it is dollar-wise, more than anything. But if you are looking at grants, it would be grants over a million dollars—just off the top of my head. There would need to be some justification for that on a regional and sub-regional basis. Below that—and Nick Bush may want to comment as well—there are also local community projects where partnerships are developed between local government and other agencies that are important in relation to the program that has been delivered. The ability to obtain funding through a number of different means—for example, the hospital itself putting in money, council providing project management experience and some dollars, the local community groups raising a significant amount of money and then the federal government coming on board as well—enabled a really significant project for the Cobram community to go forward. If we had just totally relied on regional and sub-regional plans, that may not have been a priority project across the whole region. So we need to be aware that the previous fund was particularly well used in our communities to obtain funding for major local projects that would not have happened. For example, the Waaia Recreation Reserve was a partnership between local government, which provided \$100,000, the RDV, which provided approximately \$100,000, Regional Partnerships provided another \$100,000 and I think that \$70,000 was generated by the local community. It was a tremendous project but Waaia catchment is only 80 or 90 people. If we rely, again, only on sub-regional plans, that project would not get up. So we need to be aware of the really good work that the previous program did.

Talking about the gaps, I agree totally with what Shane O'Brien was saying. We meet, I think, around May—when council budgets are being developed and state and federal budgets are generally being handed down—to talk about what partnerships and projects are important so that we can actually say, 'Let's move forward with some applications.' At the same time, the role that the north-east office have played is that, if we have both private and public projects coming forward, we generally have the discussion with all the players around the table—that is critical—including the private players who want to be part of that process. We have had Numurkah Recreation Reserve, which again is a \$2.5 million project, supported by the state government through three different grant programs, by the federal government, by the local community raising \$400,000 and by the council putting \$500,000 in. That project would not have happened without the cooperation of the state and the north-east to enable it to push forward. I do not know whether our region is different to other regions, but I think there is a really close working relationship among all the players. The other point is that at Moira we have a dedicated grants officer in the council. I am not sure whether we are unique, but at the same time we are able to have someone dedicated to start that process and bring the players together very early—right at the start.

CHAIR—What is the population base of your district?

Mr Cator—Moira has 29,000 people. However, it does not have a major centre. Yarrawonga is the largest, at around 6½ thousand, growing at seven per cent—I thought I would put that in. There are also Cobram, Numurkah and Nathalia. We are unusual in the sense that we are a very diverse community of 4,058 square kilometres. We have 18 smaller communities, and I believe five or six have benefited from the previous program. Those projects would not have happened without that previous program. While we talk on the global and macro level, I do not know how you do the micro level, but that was a very important part of the previous program.

Mr Sharp—With regard to your earlier question about how effective we perceived the area consultative committee and our relationship with it to be, I thought that in the north-east we had a particularly productive relationship with our area consultative committee. It was based around cooperative arrangements. I think the focus of the submission from us at Regional Cities is that those partnerships should be more formalised.

CHAIR—In what way? How have you suggested that that be done?

Mr Sharp—The best way to do it would probably be just by example. For instance, if we were looking at a project such as a performing arts centre—which we believe would add to the liveability of regional Australia and our particular region—and we proceed down the path of trying to get the players together, the state would say that it would fund a certain component. Say the performing arts centre was worth \$12 million. The state would fund a certain component, but the area consultative committee would have to look at it. The state would fund the concept—say, up to \$4 million or \$5 million. The area consultative committee would have to look at a component of the project and try and fund that for a far lesser amount, and then the council would have to make up the difference. What we would say is that it should be a three-way partnership type arrangement, so that the concept and the funding arrangements are agreed upon and you do not have to pick out little components in order to get those things funded. It gets too difficult. As I say, we had a particularly productive relationship with the area consultative

committee and were able to fund a component of it, but it was not in that three-way partnership approach that you would expect up-front so that you know where you stand.

Mr CHEESEMAN—Are you saying, perhaps, something similar to what Mr Keenan was saying earlier—that there ought to be a number of streams and that one of those streams should focus on those sorts of major regional projects like arts centres and whatever else?

Mr Sharp—Liveability type projects?

Mr CHEESEMAN—Yes, servicing larger communities—not just the immediate shire but the whole of a region.

Mr Sharp—Within a region, aquatics centres and those sorts of things that are the big-ticket items with the big dollars need an up-front partnership arrangement, and this fund should be directed towards helping get those projects up and running.

Dr STONE—So it is a capital infrastructure fund at some level.

Mr Sharp—Yes.

Mr Harriott—I will come back to another issue, but, while we are on that, if those streams link with the liveability criteria I think you have solved all our problems. If we all have great liveability, we have affordable housing, we have economic development and we have fixed our environmental issues. It encompasses all that. My initial comment is just to say: let us have sufficient streams to ensure that we are covering a range of issues and we are not just focusing on a single matter or a couple of matters.

I want to go back to the issue of prioritising projects and the potential conflict that may exist amongst councils. We probably have an example right in front of us at the moment where we are dealing with these issues, and that is the regional transport strategy that we are doing. It is part of the north-east region plan that is being put together. One of the components is for the subgroups to put together their regional transport strategies. Six councils have all thrown their projects on the table. We have had several meetings. There has been interesting debate to start with. But it is important that there is a model for considering the projects—a sound model that is based on matching policy. For example, if one of your projects fits within one of the state government strategies or if it has come out of a local community plan and it has some sound basis it is going to fit nicely within that model and it is going to take out a lot of the local politics and debate. It also needs to survive a decent cost-benefit analysis. It is not that difficult. You have a little bit of argy-bargy.

We have had two or three meetings where we have started to go through the priority list. It is fair to say that at the first meeting there was debate about whether some councils were in the right spot or not. But I think there is a sound process that we are going to work through, and we are going to get there. I just cite that as an example of where it can work, where it fits with the regional model, going back through a regional strategy, and where we are working with the likes of RDV and the area consultative committee.

Mr CHEESEMAN—With the major projects stream, if we were to go down that path, would it be capped or uncapped? Might we cap it at \$10 million? Or would it be completely and utterly uncapped, which would mean it would involve very significant buckets of money.

Mr Sharp—I think it should be uncapped. It should be done on its merits. If the project is good enough, if the case is good enough and if the local, state and federal governments can warrant the funding, it should be funded.

Mr Buckley—I can give you an example of that. If you are talking about a regional aquatics facility or a regional arts centre, including performing arts and visual arts, they cost about \$25 million to \$35 million on a regional basis. We might also be talking about million dollar projects. I do not think it is a good idea to cap a fund like this, because you could be talking about major infrastructure projects.

Mr Crouch—I want to comment on a number of points. I strongly agree that many of the projects that go through this program need to be based on regional plans. But I think the stream system would be a fantastic system in the context of what the actual program is called: the Regional and Local Community Infrastructure Fund. There should be a regional stream for larger projects that are based on regional plans that have been put together by a group of councils and so on. There should also be a smaller stream which should be local. That could be based on local community plans that are done in small towns—which Victoria has been doing across the state. They have been fantastic and the communities have backed a number of issues that they want to have addressed in their towns.

With regard to local government and the partnerships with ACCs, I think there has always been a very strong relationship between local councils and ACCs. I do not think ACCs work without local government being close. We have mayors on our ACC; others have CEOs. There has always been a very strong relationship between ACCs and councils.

The other thing with the streaming system is that in the old Regional Partnerships program there was in-kind support—small communities could supply that type of thing. I know some state government programs are one to one and communities understand that—‘If I fund half, you will fund half,’ that type of thing. For small communities, I think we have to start looking at one to two, two to one or three to one. That should be based on the capacity of some of those communities to help fund some of the infrastructure they need. I know with many local councils, not just across Victoria but across Australia, there is a very big shortfall in infrastructure. We have indoor centres which are 40 years old and very old swimming pools. That is now starting to catch up with local government. That funding gap needs to be addressed quickly. If we do not address that gap, we are going to see some major risk elements coming into regional Australia and you will see swimming pools and indoor centres close because they cannot meet the insurance needs of the Australian public. That will be a major problem for the federal government in the long term if we do not address those major infrastructure needs.

Mr Russell—The first thing I want to start with is resourcing the program. It is all good and well to talk about a lot of these things but if funding is going to be only \$50 million or \$100 million put in relative to \$500 million, that changes the whole dynamic of what we are talking about with major infrastructure. That is some of the feedback we have received from our

community consultations as well. You are trying to design something but you do not know what is going to look like.

From our point of view, too, which is three ACCs in the same boat in that they are cross-border—we actually have three shires in Victoria and seven in New South Wales—we get a good look at both states and there is a big void in between how they do operate. We have a population of over 100,000 in our 10 shires; 70 per cent of the three shires is in Victoria. The average population of our seven shires in New South Wales ranges anywhere from 1,700 to about 8,000 people. Some of those shires have no rate base and changing water and things like that is getting harder. Now with water security, a lot of their funding is going into shoring up water security for their towns. These communities are struggling and do not have any capacity to develop. Many of them are trying to develop tourism et cetera, but they do not have the capacity. That is what Tom was saying. We really need to look at something.

I think the Department of Planning and Community Development in Victoria do a similar structure depending on the size of a population, whether it is a council with under 5,000 or 10,000 et cetera. The ratios can change, as can the type of rate base. Some of the small communities need to look at one to three et cetera. They have managed to a certain extent with Regional Partnerships putting in one-third of a project but they have got to the stage now where they cannot because they do not have the money to do it. So we really need to look at that side of things.

We have feedback on for-profit. Some people think that it is essential for growth in the region, helping for-profit, but we also need to look at the fact that there are other government departments—DAFF and AusIndustry, et cetera—which target businesses and agriculture. The issue there is that some of those programs have been stopped—the food development grants, Australian tourism development grants et cetera. That has put a lot more pressure potentially on this program. I do not see that this program should be solving all our problems. That should be done through all the different departments as well.

On the point of ratios, which we have just talked about, with growth areas and low-rate growth areas, we have a couple of shires that are growing similar to Yarrowonga. They are struggling to keep up with the infrastructure and probably need help as well. Funding pools, we also need to look at under \$50,000 as a separate stream. We are all for subfunds but for under \$50,000 your high-volume grant applications—which a lot of people do not have the skills to fill out and it takes a lot of time—feedback from the department was that they were costing a lot more in some cases than the grant was worth.

That needs to be looked at. A lot of philanthropic groups can do it in a three- or four-page application, streamline it and in eight weeks it can be gone. We should be able to do that. That takes pressure off the ACCs as well because then we do not have to spend as much time. We can do grant workshops with them and upskill them. It is easy to understand the process. That would free up a lot of time from an administrative point of view.

I have an issue with LGAs being the only applicants. We work with a lot of Indigenous land corporations. In many cases, the council are supportive and will do a letter of support for it. They do not want to be involved in those sorts of things. The same with some of the medical centres when we are doing medical infrastructure. Some councils had to be dragged kicking and

screaming because they were the only ones who could be the applicant, but they did not want to be involved in that sort of infrastructure. I understand that, but we have to be careful in going 100 per cent down that track.

You mentioned representation on our board. We try to keep a mix so it is not all one group, and that works well. We need to be mindful of trying to time federal funding so that it ties in with state funding. That has caused a lot of issues. In a lot of cases, we help develop a project, do all the work, get it there and the state will come in and give their money three months quicker than us and the project will fall over. That needs to be worked out a lot better.

We have talked about cross-border issues, but types of projects for funding are an issue. I think we need to put in heritage and tourism. The focus in a lot of our towns is on heritage. Some of the state funding bodies, like RDB, are looking at job creation, which we have had an issue with at the Port of Echuca. It needed to be redeveloped, but it was actually trying to keep jobs so that the wharf did not fall over. It was trying to maintain jobs. They do not look at that as job creation. That is job retention, so it is not looked at. We need to look at those sorts of things as well.

Dr STONE—Just following on from what you have said, Mr Russell, about drawing our attention to an incredible disparity within your ACC of some smaller councils versus larger councils and their different capacities to raise their own funds and in their interest in some community issues, do you think we should be looking very closely at the idea of identifying where, for example, there might be a drought or some other natural disaster impact on an ACC type region across the country so that they have supplementary support? Should this type of funding be used by the federal government to deal out, in a sense, an EC type response? So you can look at a particular ACC and say, ‘You are actually in your 15th year of drought, flood or fire,’ or, ‘You have just been subjected to an earthquake or have just had 50,000 extra people come from a refugee’—

CHAIR—Or you have had 700 jobs go at a tyre factory.

Mr Keenan—Sorry, if I may interrupt: the ACCs already did that through exceptional circumstances at the city of Onkaparinga when the Mitsubishi plant closed down. That was a special piece of grant funding that was set up there. There was another piece of exceptional circumstances funding that was set up in relation to the Ford factory in Geelong when the engine plant shut down there. That was only in relation to 600 and 700 jobs. I would welcome any of those exceptional circumstances that can be declared, but they should not be just for climatic reasons. Structural adjustments in the local economy should be recognised as majorly significant and as having a bearing on how things go. I sometimes hear from Wangaratta, and obviously the recent announcements within the textile industry there are going to have a significant impact.

Dr STONE—We cannot pick winners in this. We all have terrible disasters descending upon us in this part of the world at the moment.

Mr Russell—Tongala lost the Nestle factory and lost 20 per cent of their workforce, which had a huge impact.

Dr STONE—That is right. It was 1,000 people.

CHAIR—Equally, we are hearing from regions that are absolutely booming that the pressure on their infrastructure is phenomenal. They cannot keep up. Does that mean that government should not fund them because they are doing pretty well and they have lots of money and we are really worried about the people lagging behind?

Mr Russell—In that instance, a lot of them do not have a lot of money because they are actually coming from a lower base but growing very quickly—especially in some of the border towns, which we have quite a lot of here. They have started from a small base and are now growing quite quickly, and the infrastructure, in most cases, is old. I come back to that original point about resourcing a program. RDA has been asked to consult on priorities such as sewerage, utilities and all that. To me, some of that does not look like it comes in under this program as much as we have been told it does. It almost looks like it is a separate bundle of funding. It is not clear exactly to what point we are going down that track.

Mr Crouch—It is a significant point that you make, though, because climate change is obviously having a significant effect in the Murray-Darling Basin and I think a program like this could look at the change processes that have to occur in those areas. It could be industry changes that need to occur; it could be changes in looking at implementation of new industries that need to go into an area. There is some significant change happening in the Murray-Darling Basin, and we need to make sure that that is catered for under some sort of program.

Dr STONE—So a weighting could occur, depending on certain parameters that are identified nationally as issues, on an application for a particular region. That could be something that happens.

CHAIR—Sure. Mr Eastoe, you have been waiting a while there.

Mr Eastoe—That is fine. Thank you very much. I am from Albury Wodonga. Our region covers both sides of the border and has the major cities of Albury and Wodonga in it. If we look at state based and regional plans, they sit in isolation; you have the New South Wales entity and the Victorian entity. I would doubt whether we need to have two arts centres and two big aquatic centres in the two towns.

Dr STONE—Two universities and two hospitals.

Mr Eastoe—Certainly, or three hospitals. We are going pretty well on that duplication. One of the things to look back at with this program is that it was funded to the tune of \$75 million, which meant that we had \$1.2 million in notional budgets per ACC. If you divide that by seven shires, we actually had \$200,000 per local government area, so we had to look at the reality that we could overpromise and underdeliver. I would welcome an uncapped program because I could probably come up with \$10 million or \$20 million worth of valid projects tomorrow, but the reality was that the bucket was not that big and that what we really had to do through our strategic regional plans was to identify and get up those priorities that we could on the best basis. In one area a tennis court and a swimming pool were important; in other areas they were not. Hence, there was a reason why in some instances things got up in one area but not in others. I think that is important to recognise in terms of the scope and size of this program.

The other thing was that the minister delivered statements which were of national significance. What we as ACCs really needed to do was to go back into our communities and find those projects that were most aligned with those priorities. Irrespective of which government is in power, there are probably six or seven things that should apply across the nation, and those are the things that we went out there looking for, such as disadvantaged communities and the Indigenous communities within our group. So that was another overlay.

On the partnerships with local government, we have one local government person on our board. We do, in fact, have both state regional development organisations represented—RDV and the New South Wales Department of State and Regional Development. We see that as important. We kept the politics out of the room, but we get the people around the table who have the strategic knowledge of what is happening in our communities so as to assist our board to make the best decisions. The one thing that I have always said—and I have been in this for about four years now—is that we would be really successful when local government had a line item called ‘Regional Partnerships priority projects’, so we were in there with local government looking for them. Bear in mind that we go from the Albury Wodonga cities out as far as to the shires of Towong and Urana, which have 3,000 or 4,000 people, so the capacities of those local governments to deliver projects were quite different. That is painting the picture of where we have been. I would welcome an open, uncapped program, but I do not think that is reality.

CHAIR—I do not know what the cost of it is.

Mr Eastoe—But I can assure you that, once government has aligned its priorities and given us a budget, we will give you very good bang for your buck.

Mr Keenan—I think that if I could convince my council to go through with a line item that said ‘Regional Partnerships’, with a piece of funding in there, then I would be doing very well, because the scrutiny level comes in fairly high, and the uncertainty that has occurred in the past about what you are actually going to apply for, and knowing that an application that you have submitted might take 12 months to get an announcement on, means that councils cannot carry that amount of funding. The same applies to state government as well. I refer to a recent example that involved building a facility for the Richmond Football Club in Craigieburn. I will just mention at this point that I want to be clear that, in our submission, regional development should encompass all areas, not just those that are rural or remote, because skill shortages are the same in interface and metro areas. There are the same infrastructure shortfalls. A performing arts centre still costs \$30 million in a metro area, the same as it does in a rural area, as does an aquatic centre. So any thoughts about drawing artificial borders at the end of what might be defined as a metro area are not going to benefit anyone, especially the people living in periurban areas and making long commutes, as I well know.

In the Richmond example, we waited and waited to get some indication on funding from a third or fourth source. You do get to the disappointing stage within a project where you just say: ‘That’s it. We now change the terms of reference for the project. This bit now drops out.’ There are other imperatives and community expectations that come through and operational requirements that come through.

Another comment I want to make is that I think it is really good to get some of these projects up. It is great that council puts money into some of these projects because, in the end, it is

council that has to maintain many of these projects with recurrent funding into the longer term. When you do a performing arts centre, on the average—off the top of my head—it employs somewhere between 17 and 25 people, but suddenly you go into your recurrent wages. I am not going to do an estimate on an aquatic centre because there are too many casuals there.

Going right back to another question about the membership of an ACC board, where I put my hand up, I think there is good merit in having representatives from local government on an ACC board. I also think there is good merit in not having them. That is something I think really needs to come out of a review of the program, and that will further determine the role of RDAs, but there is good reason for not doing that.

The last bit I want to put in there as well is that a lot of these projects have been determined by people and assessed by people. In my own local government situation, I do not know the skills of the people that I have assessing the merit of some of these projects that they put up—and I believe grants officers are a great idea. But their challenge is to have a holistic, comprehensive vision of what can go through and then undertake that assessment. Therefore, from an EDA perspective, we are also seeking an additional formalisation of training for people working in this area—and I believe it covers grants officers as well—to actually know what is a valid project and what is not a valid project.

The other bit I will put in at this point in time—and I know it will probably be discussed after the break—is that it is always important to go back and look at what projects have worked. We have spent a lot of time on, and I know the audit report looked at, some of the not-so-good ones, but there are some projects out there that have worked really well.

My last comment—I promise—is on the admin one. You made a good point before, Tom. I reckon I might be one of the few people that actually refunded a RAP grant years ago because we could not be bothered going through the admin on it. It was not worth it. I think it was \$25,000 or something. From that point of view, the amount of time taken for some of these levels of grants—and that is also in our submission—in doing an audit at the end, making sure that everything is done et cetera and going through the proper meeting processes really has to be reviewed for what the involvement is and what the level of probity is going to be. I think in our submission we suggest that something over \$200,000 should have a higher level of probity, but sometimes it is not worth going through the effort or waiting for the announcement, or the momentum has passed within the community, so it disappears.

CHAIR—Thanks very much for that. After the break, we will move on to another topic. Two issues have come out of the discussion here that I would not mind people having a think about. One is the issue around cost-shifting in local government. Obviously, when big projects are put up and they get funded, often they do not cover maintenance and recurrent funding, so I want to have a little bit of discussion about that. The other is that, while the federal government has ceased some of the funding, I want to ask the question: why should Regional Partnerships fund a tourism project—and I am not saying that we should do this—if there is a tourism fund out of the tourism department? Why should they fund a medical precinct if there is a Rural Medical Infrastructure Fund out of the health department, or an industry fund out of AusIndustry? Why should Regional Partnerships fund those projects?

Mr Buckley—I think you might have read my notes! I was just going to raise a word of caution around utilising this fund to substitute for or supplement other funds—and exceptional circumstances funding is one of those. If we start to look at this fund to either supplement or substitute for a responsibility for exceptional circumstances funding, I think we need to be very careful about that. I think we are going down the wrong path, and that is similar for tourism or medical whatever it might be. This is really about regional and community infrastructure and, in my view, supporting new infrastructure projects to complement liveability, economic development and those sorts of things.

I just have a couple of other comments. In terms of the cooperation between ACCs, I can only talk about Gippsland—and Maree is the executive officer for our ACC. A good example would be the Gippsland Regional Development Strategy. The steering committee for that strategy includes Maree as the exec officer of the ACC, the Regional Development Victoria rep and the six CEOs of the councils involved in the region. We think that is a pretty good model to progress the regional planning and to make sure that the priorities are assessed on that sort of a basis.

The third comment is in relation to the point that David raised about the ongoing cost of the operation of these major facilities as they go forward. I think the submission of a well-founded, well-established business case associated with these infrastructure projects is critical in the assessment process for funding for them.

CHAIR—Thank you.

Ms McPherson—To some degree my points have just been covered, interestingly. I would like to also talk about the regional planning alignment across regions. There has been a lot of discussion about that today. I think the regional plans become an enabler for things to happen in regions. I am not suggesting for one second that regions can plan for exceptional circumstances events like bushfires and floods or massive job losses, but I think good regional planning which includes all of the partners does make regions more resilient and does enable us to perhaps forecast the industries that might be affected by things like climate change, the types of impacts that might be about to hit a region over the next five or 10 years and perhaps longer. I would like to argue that it would be useful for RDA to have some resources to bring to those planning processes. So, as opposed to just the in-kind contribution or the physical presence of somebody like me on the regional development strategy committee, it would be useful to have some hard cash resources to bring to those processes in order to assist regions to perhaps be more proactive and to come back to government even outside this program. I guess I am thinking even of the longer term, larger role for RDA to be able to come back to government and say: ‘Here is our suite of issues. From a community infrastructure perspective, these are the sorts of things we are looking at, but, beyond that, here might be some of the other projects that belong in other portfolios.’

Ms Owen—Could I just make a quick comment to draw attention again to the issues for smaller rural councils. I think that the consideration of the funding ratios of two to one or three to one is really very significant. The other thing, and it is not just for the smaller rural councils, is flexibility in the fund in terms of timing and the capacity to really make things happen a whole lot quicker than has been the case.

CHAIR—Certainly we will cover some of the assessment stuff next. I think that has been a fairly good discussion on topic 1. As neither of my colleagues wishes to add anything, we will have a break here. When we come back, we will have a look at the application and assessment process, probably together, and the contract management processes as well.

Proceedings suspended from 10.18 am to 10.42 am

CHAIR—Mr Haslinghouse joined us during the break. Welcome. I want to move into the two other areas in the issues paper. Topic 2 is about the application and assessment process. Topic 3 is about how the funding agreement is managed and how the program's outcomes, performance and those sorts of things are managed. We have heard evidence—and as local MPs I am pretty sure this is not new to us—of some frustration around the application process of Regional Partnerships, particularly around its timing. We are very keen to hear not only some of the frustrations but also how you think those processes might actually be fixed and what things are really crucial for us to do in that regard. If we have time at the end, which I think we should have, I am going to do one last quick whip around the table to get you all very briefly and succinctly to tell me the one message you want us to go away with in terms of what we put into the new funding program. Some of the issues that are canvassed under these topics are fixed rounds, non-fixed rounds and so on.

Mr Crouch—I would like to start by talking about the ACCs' role in project development because I think it was quite substantial. I have been sent a message from my community to make the point that we feel that the new RDA should still have a role in having someone available for project development. You have heard a number of people talk about local councils and so on. I think there has been a niche market that ACCs have been involved in over a number of years, which has been bringing together all those partners and a project and getting the right people at the table to make it work. That is a fundamental thing that needs to happen. Some councils have grants officers and that is fantastic, but some do not. Some communities only work with a local volunteer group, which can be hard work when it comes to looking at projects. They have some fantastic ideas, but they just do not have the people on the ground to bring it together. That is where I think there is a fundamental role for RDA to keep playing within the application process. I will not talk now about what happens after the project is put in because I think there are probably other people here who have actually been involved in that. But, from the perspective of application process, the community have been telling us that that is a fundamental role that they see that RDA needs to continue to undertake.

Mr Sharp—Regional Cities Victoria would argue that it should be a rolling fund; there should not be set application times. It should be done on the basis of when an application has been properly developed and a business case is there. Then it should be able to be considered in a timely way. There should be none of these set deadline type application periods. As we have mentioned before, it should be based around regional plans so that the application should be supported by a regional plan and the priorities in that regional plan. There should be a dedicated fund—we should know what we are dealing with and the objectives of the fund. It should not be too open ended. I am just picking up on the points made before about it potentially being used for tourism or exceptional circumstances. It should not be so broad as to be so widely focused that we do not know what we are applying for.

Mr Roff—We support Doug on the idea of the rolling program and also on the comment about talking with the ACC or whoever else. There could be some sort of dialogue earlier on; even a simple EOI process where you can ask, ‘Are we on the money here or do we need to change the project? Do we have a chance?’ If we have not got a chance and if we are a small organisation then we do not go away and waste a lot of money drafting a submission that is probably not going to get up. So we support a communication process, whether it is written or even just a contact, to see whether we are on the right track with the project.

Mr O’Brien—On the expressions of interest, some ACCs used to use that. All ACCs were told to discontinue that process because some proponents, when they put their expression of interest into the ACC and it was accepted and got the go-ahead, took that to mean that they would get funding. I just raise that as a caution—that is what happened with that process.

Mr Haslinghouse—There are a few views here that I would like to support. I would like to support the view about having support and assistance from the ACC. There is a need for some sort of staged process. We are a very small municipality—18,000 people. We have a main town of 7,500 people and a fairly small workforce which struggles sometimes with numbers and expertise. We are forever putting in applications. It is an around-the-clock business for us. Some sort of staged process would certainly help. Our council has a \$1.2 million project sitting at the moment waiting, hopefully, for \$500,000 from the federal government. When we first started the process our lack of expertise in being able to fulfil the requirements of the application was such that the federal government component floundered for some time until we were lucky enough to get somebody on board who was able to take that application forward. They have produced an absolute thesis—what that person produced could get a qualification at a university! So I support a staged process whereby you get an indication that your project is a goer and then you have the ability to go on from that.

Mr Sharp—We put forward that the RDV RIDF model in Victoria is a good model to use. It is built on the basis that Nick has suggested—not so much on the expression of interest basis but you go and see relevant people from RDV and they give you an idea whether your project is going to fly and whether it is going to be supported in any way through the funding. A lot of that unnecessary preparatory work is taken away or is overcome if you get that indication early. It is not so much a formal expression of interest process. But, if the body is there and the mechanism is there to have that sort of consultation, it can alleviate a lot of unnecessary work.

CHAIR—One of the comments that we consistently hear is that the ACCs will do lots of work to develop up a project, which then goes into the departmental processes. We have heard from a number of people about the amount of questions that are then asked by the regional or the state office of where Regional Partnerships went—it keeps changing its name. That almost creates another layer. In the RIDF project you are dealing directly with the departmental officer. You are dealing with the department; you are not going to the ACC and then going to the department. The department has a whole different filter or layer and different eyes that it puts on it. Some people say that sometimes they ask questions for the sake of asking questions—we do not know. I am just interested in trying to flesh that out a little bit. I do not want to put down the role of ACCs in that; I am just conscious that there is a difference, and I wonder whether that difference is significant.

Mr Sharp—We have found that the RIDF type approach has been very efficient. Dealing with the department straight up has been a very effective way for Regional Cities and I would say other councils to deal with these things. It provides a fairly direct conduit into government as well. We find that we know where we stand very early on and we are not having to play one against the other.

Mr Buckley—Our suggestion would be that RDA become the departmental reps in the regions so that we can actually talk to them.

CHAIR—The difficulty is that they are not funded public servants; they are incorporated under different pieces of legislation—they are independent. They were set up to be community consultative bodies. That is the tension in that. It is a difficult issue for area consultative committees at the moment as well.

Mr Crouch—I tend to agree. You can go direct to the department but the department will not give you an answer based on a project. They will give you an answer, ‘Yes, we think that that may be right.’ ACCs always said the same thing. We have always been a filtering mechanism for a lot of projects that come in to us. The department sees probably one-third of what we see. We never had the ability to say no. If a local government or a community group said that they wanted to still put that project in then we would go ahead and help them. We have to be a little careful about saying that, if a department says, ‘Yes, go ahead with that because we think it’s a good idea,’ it will get up. That is sometimes the impression that a lot of local community groups get—not so much local government because they probably do their homework. I do not think that we would give, or have given, any different answer than any departmental person would say in the context of, ‘We think this is a good project. We think it meets the guidelines, so we think we should go ahead.’ Where it goes after that process and whether it gets a yes or a no really depends on the priority of the government of the time and what they see as something that they wish to fund.

CHAIR—I was not saying that there is any different quality in terms of the advice that is being given from area consultative committees, because I do not think that is true. It is just another layer; that is all. Obviously, it does then go to a department and there are a series of questions that the departmental officers ask, for different purposes, perhaps—I do not know. People are saying from a local council that they do not have to do that when they go through RIDF. They are dealing with one layer. That is all I was asking about.

Dr STONE—So the question really is: what do the ACCs and the future RDAs uniquely add that is commendable? Or is it just another layer of red tape? Their memberships are all different and we have some at the table that are across two states, so they do not have a handy RDV RIDF. They have nothing.

Mr Crouch—And we are in the same boat in Mildura.

Dr STONE—Indeed you are.

Mr Crouch—We are across the river.

Dr STONE—As is Albury Wodonga. So, what is unique and special that you would therefore say needs to be there or forget it?

Mr Crouch—I think the ACCs bring the perspective that they actually go to the table or they talk to the proponent. If they agree that it is a really good regional project, they are going in there to bat for the community in the context of saying, ‘Yes, we think this is a good project.’ It is not just going to be thrown out based on departmental guidelines and so on. We look at ways to make sure it meets the requirements and that we can get through those steps that need to be got through. We tend to find, when a departmental person looks at it, that they may slow the process down—and I will give you an example. We put in a project for an arts centre, would you believe. We wanted that three ways: \$6 million from the council, \$6 million from the state government and \$6 million through Regional Partnerships. A question came back from a departmental person in Canberra about the coffee shop that was in there and how much they were charging for coffee. Obviously, we did not address that in the information that we gave them because we thought that there were bigger issues that we needed to consider. That is the kind of stuff that really gets in the way of projects and the history of what has happened with departmental assessment stages.

CHAIR—The difference with RIDF, though, is that, whilst you have a departmental person, it is actually a person who is within that local community who you would expect would not ask those questions, as opposed to it being someone in Canberra, Bendigo or Melbourne. I just make the point.

Mr Russell—Just tying on from what Tom was saying, we filter a lot of those questions from the department. We are constantly getting questions like, ‘Is this LGA financially viable?’ or ‘How long have they been in business?’ We try and filter all that. Leading on from that in 80 per cent of the cases, a project is going to involve local government. It is going to be based on local government land and they are going to be the applicant or doing the DA or approvals or putting financials into it. In a lot of cases, with their applications, they still have to go through and put in all the financials of that local government. They have to actually justify that they are capable of doing this infrastructure. That is their bread and butter. There are all these questions that are quite frustrating from a local government point of view and from ours in doing it. Now that it is all in the one department, I cannot see the need for them to actually put all that information in in a lot of cases. That would streamline the application process considerably. From a smaller point of view—I touched on this earlier—streamlining the application process down to three or four pages, especially for the smaller ones, is all they need. That process will streamline things considerably. There are the guidelines also. That has been a big feedback from the communities. Regional Partnerships is like 60 pages of guidelines. I do not know of any community group that has actually waded through that, other than us. We pretty much highlight the main points and that is what you go for. If a program has to have 60 pages of guidelines, I think it has got a little bit out of control.

Mr O’Brien—They have all read it because they ticked down the bottom that they have read it and understand it!

CHAIR—Despite the 60 pages of guidelines, there is still an Australian National Audit Office report that says it has been problematic.

Dr STONE—There is also the department of finance admin which is another filter. After it is gone through the department of whatever—DEWR or whatever it was—it then goes to the department of finance. I know that because, when I used to do this, I was doing finance. Before the money gets paid out, there is another set of questions internally which says: is it LGA viable?

Mr Russell—Getting back to the RDV model, we work very closely with RDV on a lot of our projects. I like the way their program works in that regard. But, when it comes to partnerships, in a lot of cases they are focused on their component, so a lot of our work is actually doing the whole project. Now the local person comes to me and says, ‘Where is the spreadsheet so we can get the whole workings of it?’ and things like that, so we work closely in that regard. They are primarily focused on their bit.

CHAIR—Is your role more along the lines of project development and project management as opposed to assessment of applications?

Mr Russell—In the assessment, we used to have to give our view in about five pages on what we thought of the eligibility of the project. Personally, I am not sure how much that was used. I do not think it added a lot of value. But for the fact that we actually put it up originally and it has got through that process, we would have dumped it a long time before it got through to that application process. If the department wants to come back to us and ask us our view after that, that is fine, but I think there is quite a bit of the assessment process that I think was just an extra burden on us that was not used.

Ms McPherson—I want to use the example of a different program. In this instance, I am thinking of the Fishing Community Assistance program where DAFF contracted several ACCs nationally to assist with that specific structural adjustment program. It would be useful to refer the committee to some of the other government programs where we have been involved. I quite clearly asked the department what it was that they thought we would value-add to the process, what they were really asking ACCs to provide. The view was expressed that the value-add was the local information, the local knowledge of applicants, not just viability but local demographics, the issues on the ground. It was really recognition that perhaps the Commonwealth, in a relatively small structural adjustment program of that type in several regions, could not necessarily take that view right across Australia. In the new program we are talking about, it would be quite difficult to do that and to understand every region. So it is the localised knowledge in assisting project development. We did have a role in making comments on the applications similar to the Regional Partnerships program. I would also refer to the AusLink program where we had a similar role in commenting on applications from the region. I think it was very much the overlay of the regional knowledge.

Mr Keenan—Supporting the comment put forward by Regional Cities, EDA outlined that the RIDF was one of the programs which should be used as an exemplar in doing the review through here as well. I am also pleased to hear that someone else had an issue with the cafe within one of their applications. In our application years ago at Warrnambool, the private sector was one of the areas where there were major issues from a federal government point of view and a state government point of view in relation to how the funding would apply. One of the comments came down to assessment and I believe the executive officers or staff of the ACCs often guide people through a process, but then you will often have phone calls directly from the department or the delegate who signs off, which confuses the matter more in trying to ascertain how those

processes can be achieved and how you can deal with the timeframes going through there as well.

I would also suggest, going back to the RIDF program, that one of the key focuses of the RIDF which is probably supporting more the original recommendation by a few people at this table for the development of streams, that a business case scenario needs to be put forward for the majority of the RIDF programs, if I remember correctly, that refer to employment and investment generation that is going to occur over specific periods of time. Almost every issue we are discussing has been covered in a paper put forward in August 2004—I have left copies for people—by Grant Meyer, *Commonwealth regional development activities—links with local government*. I commend that to the committee.

Mr O'Brien—To go back to what ACCs bring, we are the local eyes, ears, legs and arms. We can go out to meet people to talk to them about that. I would like to put my two bob's worth in. We had a very good relationship with staff in our Melbourne regional office. Then a decision was taken and everything was re-centralised back to Canberra. That is when we lost a lot of regional knowledge in our application and assessment processes. Unofficially, there would always be a phone call go to the Melbourne office: 'You haven't received this phone call and I haven't received your answer, but what do you think about this sort of the project?' That was invaluable to us. You could then go back to the proponent. The things which might come back would be things like, 'It's a good project as you're describing it. Be careful of cost-shifting in this area. Make certain you cover off,'—those sorts of things. We lost all of that when it went back to Canberra.

Another example—I was mentioning this over morning tea—was a project which I alluded to before. An assessor from Canberra phoned me and asked why we had not put in our application the effects of the local jail on the local economy. Most people would know Dhurringile. It is a low-security prison where they have caught more prisoners breaking back into Dhurringile than out of it. After discussion, the assessor was talking about Goulburn, New South Wales, not Goulburn Valley, Victoria. So that was extremely difficult. But she had already spoken to the proponent about the same thing. In talking to very busy businesspeople who have just put up \$6 million of their own money, that is the question they get asked. They understand Dhurringile; they do not understand the Goulburn jail.

There was comment before about the ANAO report. I am one of those silly people who have read all 1,200 pages—I have a wonderful life! My understanding is the ANAO did not in any way, shape or form pass any discredit on the ACCs or proponents. I believe that was also the same with the Senate inquiry that was held. One anomaly that would always frustrate me when we did our ACC reviews—and I do not know that many people would realise this—was that 26 out of 28 was the best score that a project could get. If it got 28 out of 28, it actually failed. I still do not understand that arithmetic. That was part of the assessing process.

I would also like to raise departmental issues and their assessment processes. We have recently been told that, because the regional office in Melbourne has been closed, our current contracts will be handled out of Wollongong. That is wonderful for us. We look forward to meeting those people when and if they come into our region. I believe some of Maree's projects in Gippsland are now being handled out of Hobart. None of our projects are being handled out of Bendigo, which is an hour's drive away from here. They are things the department have put into place. I

think the couple of examples I have just given show the way the department do their business. That is where the ANAO were directing their criticisms.

The assessment process once it left us was always an unknown factor. We have tried to plot it through, and we have provided our example of what it is like. It is very maze like. Often when a project went in there was absolute silence, and there may have been silence for three months or up to 12 months before people heard things. It is very frustrating. People do lose interest. We only put one Aboriginal project up from this area. I know there were issues with that in that they did not supply everything but they got around to getting it in. It took so long. In the end those people were saying to me, 'Shane, is it because of who we are?' I said, 'No, there are problems with the project.' It is a fair assumption for a marginalised group to make that their project is being held up.

There needs to be a better assessment process. When we look at a project we can say straightaway that it does not meet the guidelines. The department should be saying the same thing on the same day, not sending a letter 12 months later saying, 'It failed the guidelines for these reasons.' That was true the day it went in.

Mr Sladdin—It is important to realise the independence of the ACCs and how important that is, particularly to community groups. When dealing with department staff, keeping in mind they are paid department staff who have a certain political party line to follow, the independence and the breadth of the volunteer members of those ACCs are crucial, particularly for community groups.

CHAIR—What value do they add in terms of the process of applying for funding, bearing in mind that ACCs have a much broader role and should have a much broader role than just funding applications for community infrastructure?

Mr Sladdin—As Shane alluded to earlier, they have that knowledge. They are out there in the community talking to private and community groups and to local government. They have their finger on the pulse. They are lateral thinkers and have the broader view of what is going on and how your particular project may fit into the larger plan.

Mr Keenan—Is the role of the ACC board or the RDA board in the future—if there are those boards—then to really be only the guiding hand around the regional plan rather than do any sort of assessment of projects going through? Will they just simply put that regional plan forward as the framework and not be involved any further from there? I do not need the answer; I am simply putting it forward.

CHAIR—That is fine.

Mr Keenan—I will also make the quick point that, as I understand it, different ACCs appointed people to their boards in different manners in the past.

Dr STONE—Their terms of office, replacement cycles and so on have not been specific and have been all over the place as well.

Mr Keenan—Yes.

Mr Sladdin—I can only speak from my experience with the local ACC.

CHAIR—Are there any other comments in terms of the application and assessment process? We have had a couple of comments about having rounds versus not having rounds.

Mr Haslinghouse—From a council point of view, we are putting in applications which are pretty straightforward. If you take the Roads to Recovery program, you are not dealing with multiple funding of projects. We deal with department people, which can be a little bit frustrating because in a sense they are not there to be encouraging your project or to be determining whether it should be there or not—it is a processing aspect. Our experience with the ACCs is that there is advice, encouragement and local knowledge. I think some of the ACCs are doing that, but maybe their portfolio needs to be broadened so they become an umbrella organisation that brings all parties together to work properly. We tend to find that we deal with the ACC and RDV, and we may deal with Heritage Victoria. The other issue that we have is that going for one stream of funding prevents us going for other streams of funding. As a small council, we are not up to date with those sorts of knowledge type things. I think ACCs, or whatever they are going to be called, would help with that.

CHAIR—Thank you. Are there any other comments on the application and assessment process?

Mr Crouch—I think it comes back to project development. Again, the niche market that the new RDAs could take up is the project development side. That is something that we have always done, which has been really valuable to communities and to local government. If someone comes in with a project, a project officer will sit down with them and say, ‘Have you thought about the cost, the total project, where the funding opportunities are and that type of thing?’ A lot of project development people, who are working with all levels of government, can just pull things out from state government programs and say, ‘We can see this part of the project will fit that program.’

One of the big problems, again, for project development people is timing. That has always been an issue for communities. Until state governments and the federal government have the same timing, it is always going to be a real issue. We have a state government that needs the funds spent by 30 June, but the federal government might not approve it for nine or six months. So the state government will say, ‘You’ve got to do our part before the end of June, but we can do this other part’—it is just a mess. They need to align those direct reporting mechanisms for one project across state and federal governments so that they are the same.

There have been suggestions that perhaps four funding rounds a year could happen. If you had four funding rounds, that would be need to be done underneath by the department so that they are constantly coming out. Four funding rounds would be like a rolling process for the rest of us, because we could just put applications in as they are ready. Some projects can take 12 months with some community groups. If you had lots of rounds the department could say, ‘Before the next one starts we need to make announcements about the ones that were put in during the previous three months.’ That would give some clear direction to the people putting applications in that an announcement is going to be made about those projects.

Mr Eastoe—I am very supportive of the continuous round basis. I appreciate that the idea of having three tranches or four tranches a year might be viable. However, that would bring the time it needs to be responded to down from 90 days. The other thing is about the time that these projects start to develop. I am personally involved with the refurbishment of hockey facilities in Albury Wodonga, which is a \$1.2 million project. The hockey association is putting up \$600,000 and the council is putting up \$600,000, but the state and federal governments are not to be seen anywhere. It would have been a viable Regional Partnerships project, but it is not going to happen.

The ACC does add to the quality. I think there are 25 projects that are under development. Probably only five or six of those will be viable by the time they get to the lines. Nineteen of those would have been culled out by the process of going through the grant writing workshop to come up with a decent project plan. The ACC does help with adding value to that project development which may have to be outsourced. I have seen \$20,000 and \$30,000 plans which develop a big wad of paper, a thesis, but do not actually produce an outcome. The skill sets that we bring to the table are quite important there.

The other thing is about the leverage—we get better quality outcomes by having some leverage money in there. If government can put in one-third or 25 per cent, the outcome of that project can be of a higher quality than what it would be if it were of a lesser funding base.

Mr Cator—There is one other issue within the application and we have spoken a lot about partnerships and everything else but there is also the compartmentalisation of funding. Discrete components will be requested within projects that are being funded by the federal government and discrete components will be requested by the state government in the project. Trying to write an application with, as we used to refer to it, a ‘federal government room’ and a ‘state government room’ and also trying to deal with the different announcements of when the funding comes through—with one group trying to announce it before the other group—the person who loses the most in that is usually local government where, under the contracts that have to be signed through the ACCs and through the state government, most of the media there is in the court of those major funding authorities.

The issue is twofold. One issue is within the applications; compartmentalisation means that one has to be specific in what one is getting, for the state government funding, and one has to be specific for the federal government funding. And then the second issue is the local government, or private sector, or not-for-profit funding which is the shandy that flows across the top of it to do all the things that will not be funded—like cafes or visitor information centres—that flies across the top of it. That is not beneficial and actually makes the application process more demanding.

CHAIR—We certainly had some evidence yesterday around the notion of a project and how you could be trying to pull together an overall project whereas what happens is that you are having to hive off components of it, or stage it, and say: ‘This is the Regional Partnership room, bridge or whatever,’—that you can label and someone can unveil—versus the overall project.

Mr CHEESEMAN—There was some evidence that was put to the table earlier this morning about perhaps having a number of silos or discrete programs. You might have major capital regional significance type projects or you might have pride of place projects for smaller

communities. Within that there might be a number of different models applied. We might have all of those different silos and different avenues open rounded. We might have them with just one round a year or we might have a number of them that might have three or four rounds a year. Do people have comments on that? We have had some evidence from other forums that we have held in other locations. I would be interested to know what your perspective is.

Mr Russell—On the issue of financial viability assessments as well, for projects over \$250,000, it was very unclear sometimes on what would be done. That needs to be clarified for the fact that it holds up applications. We had one application that was for a wharf which was just listed on the national heritage register. It was a major tourist icon and it went through a financial viability assessment to see if it was viable, which delayed it. I think it was Ernst & Young, or one of the big accounting firms, that did it. They actually had not read the application. It delayed it by three or four months and, subsequently, it never got funded. There seems to be a lack of understanding of what needs to be financially viable in those regards.

We have been talking about the state and federal sides of things. The departments need to talk from a state view. I know that seems quite obvious, but we had a project in New South Wales where New South Wales Sport and Recreation were about to send out their letter for approval for a project. Then they decided they would not because they heard that Regional Partnerships were not going to fund it, and Regional Partnerships sent out their letter the next week which said, 'Yes, we are approving it.' They only did their funding rounds once a year, so we had to wait for a whole year for this community. Subsequently the steel price and everything went up, and they are floundering at the moment. It is a small thing. We have that in line now and they actually do talk.

CHAIR—Someone put forward a proposal for there to be one application for a project whether it be an application to state or federal, which is extremely difficult to do but it may work really well in Victoria and it may not work in New South Wales. It may not work in other places. I would not mind hearing some comments about that.

Mr Sharp—In response to Mr Cheeseman's questions, I think we are arguing for a new philosophy when it comes to dealing with this sort of funding. It should be totally project based; we are talking about a partnership approach so that the three levels of government do not look to compartmentalise it or pick out their components. They need to say, 'It's worthy of funding; we'll put in our third share,' or whatever that partnership arrangement is. It should be based on streams, and the streams we are arguing for are liveability, economic development, sustainable communities and environmental enhancement. The reason we have put forward the streams is that you are able then to assess the value of the project against the outcomes of particular streams. It gives you the chance to assess whether it is a valuable project against certain outcomes or not. The model should be around the RDV approach where you can develop those partnerships at the start rather than through the process of trying to build up the application.

Mr Roff—Following on from Doug's comment, I think that depends on whom you have involved in the process. If we have RDV, which is accessible and easy to deal with—and we are obviously there—then the federal leg of it needs to be accessible and timely rather than maybe in Wollongong, Hobart or somewhere like that.

Mr Buckley—You made a comment about it being very difficult to have the same application forms and processes. I would have thought that both state and federal governments would need pretty much the same information.

CHAIR—It is not about the information; it is a control issue!

Mr Buckley—I understand that, but that is one of the clear frustrations of both local government and community groups trying to get through the maze of the application process and the frustration of having to address all of the criteria here and similar criteria written in a different way there. We need to be able to get some level of cooperation between the levels of government to make sure that we are not spending a fortune in trying to respond to the same issues for the same project.

Dr STONE—I have a different question. We touched on it in the earlier section when someone I think said, ‘Local government should be the predominant membership of the ACCs,’ or perhaps implied that and then someone else said, ‘No local government.’ I am interested in what you think, if there was going to be an ACC type or RDA in the future, about who/what should be the representatives on that and how they should be found—through a democratic process or ministerial appointment, or how would that happen? We have had a few comments about minority groups—they might be Indigenous; they could be ethnic minorities. What are people’s experiences of ethnic minorities, racial minorities, maybe even refugees, in accessing the ACCs and having successful grant applications, or do you not think it is appropriate to even think about that because we work at a different level? So there are two questions in there. First of all, who should be on an ACC and how should they be appointed, and, second, have minorities been successful in accessing all of this?

Mr Buckley—It might be a bit controversial, but I think it is an unfair question. I have not come here today to be asked to review the membership or the ACC process in itself.

Dr STONE—That is part of the future framework. I am not asking you to name names. It is about what categories you think are appropriate or could work. If you feel uncomfortable with that question that is fine; others may not.

CHAIR—To some extent it is beyond the scope of the inquiry; that is true, although the way in which RDAs work in the future and the sorts of functions and roles that they have are important to know—what sort of mix of people you have on them and how they might be structured—so obviously the two are not completely separate.

Mr Buckley—I am not too concerned about who makes up the ACCs. I am more concerned about how we streamline the process to make sure that applications are considered in a timely fashion and that we have some very clear guidelines around what is going to be funded and how it is going to be funded. If the ACCs are going to continue to be consultative committees, then I am not really too concerned if the representatives come from the private sector, from councils or from wherever else in the community. If there is an opportunity to boost representation from minority groups to make sure that their projects can be considered as well, or more than they have been in the past, then I think that that is a good thing. But I am not too concerned about the membership.

CHAIR—To some extent this goes back to the crux of some of the questions we asked, in that the first section is around the role of local government and area consultative committees and how they work together. We are hearing two different things: it works really well and that it is terrific in some area, et cetera, but then we are hearing that local governments prefer, to some extent, to deal straight with the department—just get the decision—particularly when it is in relation to getting access to dollars.

Mr Buckley—If there is a broad consultative process around the development of regional and subregional plans that include the ACCs and everyone else in the community in that process, then I think you are covered—hence the reason Regional Cities Victoria say that, unless a project can be identified as contributing to a subregional or a regional plan, it is going to have difficulty getting up.

CHAIR—What value do they add, though, if you already have a regional body? You have all of your regional councils and you may have some extra people—and I am thinking, for example, of Darren’s region with G21 in Victoria, which is pretty huge really and very successful. I do not want to denigrate their role; I am just interested, from a local government point of view, in what value they would add to that regional planning process.

Mr Buckley—I go back to the point that I made before from a Gippsland perspective. Maree sits on the steering committee for a similar plan to the G21 plan, and that plan gives us an opportunity to get a federal government perspective, if you like, into the development of those plans.

Mr Crouch—Again, we have to come back to the role of what—

CHAIR—The issue reflects on the role—exactly.

Mr Crouch—Yes, and that has not really been defined with the new RDA—that is, whether they are just going to be facilitators or they are going to have an active role in this new program. It could mean that you may have to have a more diverse board if you are going to be involved in project development and that type of thing. If it is just about facilitation and strategic planning, it could mean a whole different group of people who have more of a visionary approach, rather than a direct skills based approach. If you are involved in the direct management of projects, you obviously need a board that has an RDV person on it—it may have a local government person on it. We had a facilitator at one of our forums who suggested that if you are going to have a facilitator they should not be someone with a skills base; they should be visionary people from the area who look forward and have big-picture ideas. You can always get people in with the skills to tell you about some of the issues, but you need visionary people who have ideas about where the region is going and so on. So there are a few things that you need to look at in the context of the role that we want the new RDA to play, and they are the skills or so-called visionary people who need to be onboard.

Mr O’Brien—To answer Sharman’s question, I think that the chair should continue to be a ministerial appointment because that is very important. But the chair should also carry the minister’s imprimatur in the local region. The government has to make certain that the chair and the Regional Development Australia committee have a high standing in the committee and that

they are speaking for it on behalf of the government up to a certain point, and that has yet to be decided.

As far as membership goes, we are preparing a paper that is to go somewhere else and that answers this question, but I think it has to be your local leaders in your community. They have to have a broad picture of what is going on; they have to be lateral thinkers; they have to be your local champions; they have to be apolitical or have no political aspirations in the longer term—I think that is important—or be seen to have none. It does not mean they cannot stand for politics at a later date or that RDAs are like the old school council and the local water board in the days when you had to go through one of those before you got to be a state politician. But I think, most of all, that you should be selecting people who have both the ability and the credibility to say no and, when they say no, have the ability to defend that decision, because if we are going down the road of deciding whether these projects get up or go forward then they need to have that. They need the credibility in their local communities so that, when they say no, that carries weight and no-one is going to come back and challenge them, because they know that those people have, through due process and consideration, made a proper decision.

Mr Sharp—I am going to take the opposite view and say: if we do our regional or subregional planning correctly, what is the point of having an area consultative committee that second-guesses the work that has already been done at the local or regional level? I would say that RDA, however it is established, should then be regionalised and should be the contact for developing the projects in accordance with the regional plan.

Mr O'Brien—I will support that, though. I would not disagree with it, because that would be an integral part of their due consideration. The easy thing might be to look at it and say, 'Sorry, we can't fund this because it's not in the regional plan, but go away, have a talk and come back with something that might fit.' It should not exclude it either because, as Sharman and you guys up at that end of the table said earlier, none of us would ever have planned to put the two lots of bushfires that we have had, the droughts and all of that in a regional plan or say, 'If these things come along, this is how we will deal with them,' but they did. We have also had unseasonal frost here that wiped out the apricot harvest one year. That put financial strain on a lot of people. We should have the ability to access money to help in those situations, but you cannot plan for those sorts of things.

Mr Cator—To be honest, I have no relationship with the board. What the board do, the board do. I have a relationship with the executive officer to deal with it. The membership of the board is not important to me. What is important to me is my ability to talk to the executive officers about the various projects. I would not have a clue what happens at the board table and really, to be honest, I am not interested. I would sooner have the relationship and the honesty between the executive officers.

I am with the Murray Group of Councils for another six hours and am then jumping ship to Regional Cities Victoria, with the fence. The bottom line is that, while I agree with regional and subregional plans, I reinforce the importance of this fund for small local community projects that would not otherwise get up because they will not make it onto subregional plans. So somewhere along the line, if there are streams, there needs to be something available for the smaller regional communities.

CHAIR—Victoria has a component that is specifically for small towns.

Mr Crouch—Small town development.

CHAIR—Is that the sort of thing that you are thinking of?

Mr Cator—Yes, and the partnership that comes with that is very, very important. I think we access that fund considerably at Moira, but it is leveraged as much as we can with every other funding agency to get the bigger projects. I agree totally with regional and subregional plans for the major capital projects that we might be talking about, but it is a really big winner for smaller communities. We must not forget that there is not the population base to fund a lot of those, as well.

CHAIR—I want to ask, probably, quite a cynical question. I apologise in advance for it. Is the only reason that local governments are engaged in area consultative committees that there is funding at the table? Would that be fair to say?

Mr Cator—Yes.

Mr Buckley—Probably yes, because we see the need to have the support of the area consultative committee if our applications to the federal government are going to be successful.

CHAIR—So, if they did not have a role in giving you access to federal funding, it would be very difficult to—

Mr O'Brien—I will answer that simply by saying that, since we lost Regional Partnerships, I do not think anybody has phoned in from that end of the table.

CHAIR—Sorry, Mr O'Brien. I am very happy to—

Mr Crouch—I rang you the other day!

CHAIR—Sorry, I departed from the list there, but I just felt that question needed to be asked!

Mr Crouch—It really shows the importance of the new RDA, because I think local government see RDAs or ACCs as their only shopfront for getting to the federal government. They do not see how they can get to the federal government in any other way. They see the conduit of the ACCs as a way of getting advice about what the federal government priorities are and so on. There is no other precedence within regional Australia of any other federal government body that they can actually meet with, get the information they want and leave. It is really their avenue to getting to where they want to go—other than their local politician!

CHAIR—I was going to say!

Dr STONE—Both Catherine and I, and indeed Mr Cheeseman, day and night have people coming directly to see us.

Mr Crouch—But our local politicians even pass that information directly to the local ACC to say, ‘Can you help these people through one of your programs?’ So, indirectly, we are still the conduit into the departmental sense of getting that information. The other thing is that strategic plans and so on are all great—I have a million of them going around—but none of them necessarily get down to an actual project.

Dr Stone interjecting—

Mr Crouch—They do not get down to that stage. They always get to the strategic sense of a regional centre and the importance of that. I think the liveability type things and so on are important, but a lot of that does not get down to a project, and that is what we deal with. We deal with making sure those projects fit into a strategic plan, and a lot of the strategic plans do not get into that depth. We are down at the next level, I suppose, in making sure that those projects fit into those regional type strategic plans.

Mr CHEESEMAN—Can I ask a question, and it is a fairly cynical one as well. Why couldn’t the federal government, if it designed the program like this, simply give the money to the state government to allocate?

Mr Cator—We would lose too much of it.

Dr STONE—Yes, 20 per cent in administration.

Mr Cator—We said the money is important, but I think there is no other mechanism for the federal government to fund projects in local communities, so I think it is dual. It is not just that we use the program for funding; it is the fact that, from a federal perspective, we are also able to deliver small community projects for the federal government. There is no other mechanism for doing that. AusIndustry, Tourism et cetera do not care about that—well, they do, but there are not the mechanisms to have those discussions on a local level, particularly in the rural environment.

Mr Buckley—In response to that question, a really good model to look at is the Roads to Recovery modelling, where the funding has gone directly to local government, has been put on the ground and has been a fantastic outcome for both the federal government and the local government. I think that if that were to be channelled through the states we would lose too much of that in terms of getting projects on the ground.

Mr CHEESEMAN—So what would happen if we just funded it straight to local government?

CHAIR—That would make you very happy!

Mr Sharp—That is a really good model!

CHAIR—I am just conscious that the Local Government Association—I am not 100 per cent sure about MAV—have the put the Community Support Fund forward in submissions to budgets based on the Roads to Recovery model for a few years now. Ms McPherson was next on the list.

Ms McPherson—I just wanted to say that I do not find any of these questions particularly cynical. I think they go to the crux of the matter and I think that they are fundamental to the Commonwealth's view about the role it wants to play in regional development more broadly. Around the table today we have heard lots of views about what ACCs and RDAs potentially bring to regions. Our board would take the view that it is not just about the dollars, but that in fact does give them a fairly important role to play. I just wanted to make the point that I do not think it is cynical; I think it is something that has to be looked at very closely. What does the Commonwealth see as its long-term role in regional development? How can it interact with the regions around Australia more effectively? I also wanted to point out that we have a reasonably sophisticated approach to public expression of interest for positions on our committee. I would be more than happy to supply copies of the materials to the inquiry, if that were useful.

CHAIR—Certainly that would be helpful. I am conscious that there is another process looking at the structures for area consultative committees that you are going through at the moment as well.

Mr Eastoe—I am the chair of the Albury Wodonga Area Consultative Committee. I am not sure that there are too many other chairs here, but one of the things we look for is a skill based board. I am a member of the Australian Institute of Company Directors, so therefore I am very cognisant of what our role is. It is about employing the executive officer. And, Gavin, if they were not turning up to your office, I am sure you would be complaining about it. That is why we keep on our executive officer to keep up with the KPIs we have to deliver. You should not have to see or know about the board provided the operational side of things is working. I think that is important from that point of view. That is our role.

The other part though is that we have been used in multiple other programs—the AusIndustry Small Business Answers Program, the program for the Indigenous employment officer some years ago and, more recently, the training and mentor program. At those levels particularly our board members bring a large skill base to the people in those programs. They are one-off opportunity programs that come out, and our board members are able to add value to those projects. I think that is pretty important.

I think the other thing to be aware of is that area consultative committees have not all performed in a uniform fashion, so there is a large range in skill sets and the performances involved. While I understand that the minister should appoint the chair, there is a bit of a risk in that in terms of performance. I am not sure how you can get both of those things right 100 per cent of the time because I know that some boards are highly fractionalised and would be dysfunctional and have difficulty performing, I believe.

The other thing from the area consultative committees is to have a board—and we meet once or twice a year in Canberra—that is able to provide feedback to government about what is actually happening out there. In cases such as exceptional circumstances, major lay-offs, we have a group where we join with Job Network, CES, the company that is involved if they are closing their business and state and regional development in New South Wales and Victoria. We will meet with that company within a fortnight of an announcement of a closure to say, 'This is the pathway forward.' We would then look to go to our political representatives and say, 'What can we do here?' I think that is an important skill set and resource that should not be overlooked.

Mr Keenan—I will just cover a couple of things. I tend to agree with Mr Buckley that it is very hard to determine what may make up a board when you do not know what funding streams are going to be auspiced by that board in the longer term. I disagree with Mr O'Brien—sorry, Shane—

Mr O'Brien—As usual.

Mr Keenan—in relation to the chair of the board having any imprimatur from the minister or being a representative in the region. I think that causes issues in relation to the political representation in the area and also the role of the executive officers in that area as well.

One of your original questions, Dr Stone, was in relation to ethnic communities and how they access the funding. In front of me I have the approved Victorian Regional Partnerships applications from 2005. In looking at them superquickly, I would say there are none that have gone through there. I would also say at the same time though that many of the ethnic communities are accessing funds that are specifically provided for those ethnic communities at both a state and a federal level. It goes back to the question that has been raised: is this a catch-all or are there streams coming through?

I am going to have to disagree with Tom a little bit too in that I believe—and this was part of the EDA submission—that your strategic planning should be of such a level that you do identify specific projects within the strategic planning. Within an economic development strategy, they should be identified. Within a municipal health plan, they should be identified. Within a review of your arts, leisure and culture strategy, you should have the PAC or the aquatic centre or the rec reserve identified, adopted by council and in the hierarchy of projects that you can put up into that invisible ledger number that sits within the budget. They should be clear. It is the only way that we are going to line up the state government funding and the federal government funding to get that trifecta of funding that will come through in the longer term.

CHAIR—Just on that point—and we have sort of got away from the nuts and bolts stuff again, but that is fine because this is the stuff that engages people more—there is the issue of the local government priorities. As a local member I know my area fairly well. We get priorities that clearly reflect to some extent the politics of the council and the councillors and their particular needs in areas and how the council officers have managed to influence that process. Projects come into my office that the council is not interested in because it does not own the facility—it is not interested in trying to get something else it does not own. This means that quite a lot of those other organisations that are not on council land or not priorities—it might be women's netball as opposed to cricket—

Mr Keenan—Riding for the Disabled is probably a fairly good example.

CHAIR—That is probably the one that is right up there in my community. They just do not get on that list of capital expenditure priorities because of a whole range of political reasons and because they are not owned by council. How do you manage those in the planning process or shouldn't they be in there because they have not gone through local council?

Mr Keenan—In going back and looking at the streams, which comes back to who is on the board and what funding has actually been allocated, there may be a whole separate stream

specifically for those types of activities. Keep in mind that we are focusing on funding that is coming out of one department. We seem to be blinkered to the activities of other departments that fit through here. It may be that those organisations seeking funding are better directed towards a community support fund or another place.

If you were arguing in purely local government terms, you would say that each of these groups has an opportunity to advocate for their programs to be included in a council plan, in the review of the council plan process, when there is a leisure strategy done or when there is a facilities strategy done. All of those opportunities are open to them at the same time.

Mr CHEESEMAN—Hang on. In the example that has been used there, I suspect that that organisation would not have the same capacity to influence a plan let alone understand the importance of getting involved in that planning document as the cricket association or the football association would. Different communities and different groups within those communities have different capacities to influence these things.

Mr Keenan—If they do not have the capacity to be included in the plan, do they have the capacity to deal with a grant? The answer is probably going to be no; therefore, they are going to need assistance to have that grant and the development of that facility managed for them. The advocacy done by some of these smaller groups is very effective and very good indeed. Keep in mind that many of these smaller groups are really pushing their own barrow at the same time and may be bringing infrastructure forward that is not really required. Every local government has dealt with groups that have said, ‘If we don’t get this as a matter of urgency, the world will end tomorrow,’ and the sun rises the next day and the next day.

When it is put into the scenario where they can see that it is going to be done but will not be done until year 3—and by year 3 your contribution will be different because we can hook it into some funding—there will be individuals who will say: ‘I don’t care. It’s my passion. I’m going to keep pushing with it.’ You say: ‘That’s great. You keep going with it. We will incorporate it into the plan so at least we have a reference document.’ That, going back again, is part of the EDA’s submission—note it down in a strategy, note it down in a regional plan: have the project go through some sort of process so it sits in a hierarchy of documentation; otherwise you get your footloose ones and some of the ones that have been picked up in the National Audit Office’s summary going through at the same time.

Mr Sharp—It gets back to: what is the objective of this fund? If it is to be a community catch-all fund, yes, you will be including everything in it. We are saying that it should be focused on strategic regional planning and subregional planning. If those projects warrant that sort of assessment within that regional plan, so be it; otherwise it should be kept where it is really going to make a difference and some of these other projects could be picked up by another funding source.

Mr Buckley—I guess it is a bit outside the Regional Cities’ view and follows on from Mr Cator’s suggestion about local projects, but there could be various streams. We would certainly support that. There could be a two-tiered system: you have significant projects included in regional and subregional plans and in the other tier you have local community group projects and they might have some other form of assessment that is less complicated and obviously they will have a lesser dollar value et cetera.

CHAIR—Do you have any idea about where you would cap that?

Mr Buckley—I am thinking out loud now, but I would have thought up to half a million dollars might be considered to be a more local project rather than a regional or subregional project, because, if you look at the list of examples of projects that Regional Cities have given, the sorts of projects we are talking about are between \$5 million and \$30 million.

Mr Sladdin—I just want to reiterate: keep the flexibility open so we do not have local community projects that do not make the council plan for whatever reason. Local government can be consultative when they want to be, but, if your project does not fit their local government plan, you will not get a look in. This is the only way we, as local community groups, can get a look in and have access to funding. That must be maintained. We cannot hand over control and have applications solely by local government. It has got to be kept broader.

Mr Russell—I will just quickly tie in with Sharman's comment before about Indigenous communities. Our Indigenous population is larger than the national average. The only ways we engage with those communities are that we have an Indigenous youth mentoring program and also through projects. We have not been successful yet, but we have worked on a number with them. It is the only way we engage with those communities and the only way we can assist. Tying back to the comment that David made before, these communities will not get onto local government plans. It is just not the way it works. They really need us to help them through that whole application process. In most cases, we have had to help them completely, right through it. They have great ideas, but it is just the skill sets and stuff to support it. So I would be reluctant to say that it has to be all in the local government plan and local government in that regard as well.

CHAIR—Certainly we have heard evidence about some of the value—that, whilst some projects may not get up in the end, it has actually been some of the capacity building that you have done and the process that are quite important.

Mr Russell—The big push of the government at the moment is engagement. Getting back to the whole thing about working with communities and our relevance, a lot of our relevance is to do with engaging with the smaller communities. How we can do that is through grants. The best way we can actually talk with some of these smaller community groups—and we find out heaps of information through that—is through assisting them with grants. Without that, we lose that whole connection.

Mr Buckley—Could I just respond to that?

CHAIR—Yes, of course.

Mr Buckley—Regional Cities talk about subregional and regional plans; they are not talking about local government plans.

CHAIR—No.

Mr Buckley—They are talking about broader—

CHAIR—Yes, I understood. I think we have covered that area and gone back to topic 1 quite extensively.

[11.52 am]

Theme 3: Management of Funding Agreements

CHAIR—In the remaining time we have, I would like to discuss the management of funding agreements and people's experiences with those in terms of how you may structure your funding agreements, what sorts of performance-monitoring mechanisms you might put in those and whether different types of projects require different sorts or different models of performance monitoring. I am also interested in the sorts of audit overall. We have heard some evidence about perhaps outsourcing some of the audit responsibilities. I will just open up that last topic, if people have some comments on that—or no comments at all, if we have done all that!

Mr Haslinghouse—Could I make a comment about auditing. I think it needs to be known right from the start that there is going to be an auditing process. I go back to the first round of the Roads to Recovery program. We had gone along merrily spending money and doing our jobs, and right at the end of the process, at the end of the four-year program, we were confronted with a very ambitious and detailed audit program that we were not prepared for. We had to go back into archives and source information and the like. So I think that, if there is going to be an audit program, it needs to be upfront that that is going to happen.

I am going to hark back to the RDV process and the agreements that we strike with them. We have to meet certain milestones, there are agreement dates—we have a contract, and we treat that as any other contract. I think it is fairly straightforward. They are on our back if we are not meeting targets and things like that. It is not onerous, but I think it is accountable. I think it is a very good process.

CHAIR—Does anyone else want to speak on topic 3?

Mr O'Brien—I would just like to point out—and I think I speak for all ACCs—that we did not have a project management component. It was all done out of the department. But I believe we could have helped a lot, and we did. I see that part of our role is that we are all aware of what our local projects are and, as Jason said, there is a lot of information we pick up and sometimes a lot of information we wish we did not pick up. You can red-flag something to the department very quickly—that they need to get someone up to have a look at such and such a project, or, 'We have heard that this has happened.' If it is on the market, or it has changed, or the committee is having difficulties, all those sorts of things become known very quickly, and then it is up to the department to send someone up to manage and/or monitor that project.

From a personal viewpoint, something that I would not want, as an ACC or RDA executive officer, is to suddenly have project management thrust upon us. Other people may have different views, but that is a personal one. I think the project management belongs to the people that own the contracts, not to an outside organisation. We can certainly help with what is going on locally and pass on information, but it is not our role. If you want to give it to us, fund us. Resource us. We can do it.

Mr Cator—Just in relation to the volume of paper that is consumed with a contract: I do not know whether anyone has read one. I had the pleasure of doing that for the first one, and I will not read another one. There are whiteboards and then there are contracts. I think we have gone from the sublime to the ridiculous—I think our RDV contracts are four pages—especially with local government. I think we have a reasonable, viable future as local government. We are not going to disappear overnight. I find the amount of paperwork just amazing.

CHAIR—Do you have an example of how many pages it is and the complexity of it?

Mr Cator—I think the contract is about 100-odd pages.

Mr Keenan—I have been through a number of the contracts.

CHAIR—What was the level of funding for that particular project?

Mr Cator—It was from \$25,000 up to half a million dollars. They are the same contracts.

Mr Keenan—It is the same contract for all. Milestones within the project were mentioned. I will just make the point that the evaluation after the projects is limited. You may meet all your milestones and everything else, but I hark back again to the point: where would you identify best practice in the projects and initiatives that have been put up? Which are those that have delivered long-term, sustainable benefits to a region? If someone were to ask me which was the one that has done that—and I know a bit about economic development—I would not be able to tell you which has been the most successful.

CHAIR—In terms of the department, has there been some sort of clearing house or way in which, if you do want to ring the department and ask whether someone has done that, you can, or has that just evolved through the area consultative committee network in your meetings?

Mr Keenan—You used to have a book that said which the showcase projects were. I reckon that was probably six years ago.

Mr O'Brien—The report to the community.

Mr Keenan—That is right. It indicated what had been successful.

Mr O'Brien—One project per ACC.

Mr Keenan—That is right, but that was only at the end of the year, after the project had been finished. As to looking at what impact it had on the community over two or three years and saying, 'It's just as well we funded that because it's really fallen into line here,' there is nothing that you can use as an exemplar that goes through from that perspective.

Mr O'Brien—My understanding is that the department do follow-up audits on projects three years after their completion, so they should be now reviewing first-year projects that were approved back in 2003-04. It is my understanding that there was a unit set up within the department to do that, but it would always be three years after the completion of a project.

CHAIR—Thank you. In the remaining time we have before we go to the public forum, I will go around and ask each of you very, very briefly: what is the one take-away message that you would like the committee to hear about how the federal government should develop a new community and local government infrastructure fund? I will put Mr Sladdin on the spot first.

Mr Sladdin—Thank you, Madam Chair. I will be very brief: do not make it overly prescriptive.

Mr Nicholls—I would use similar words. Possibility, I think, has come through today, and some sort of clear guidelines underpinning that, to give that flexibility.

Mr Harriott—The most important thing is the quick return period. I think we can do that by the coordination between the state and federal levels and we can do that through the regional plans. That is the No. 1 thing because the work has been done to identify whether the projects are viable or not. It really is getting from that point to the funding and back to delivery—quick process.

Mr Sharp—It should be focused around making the regions the attractive alternative to capital city growth.

Mr Crouch—I think it is important, as the wording of the actual fund puts it, that we have a regional stream of funding and we have a local community stream of funding, so the regional funding for the major ones is in regional plans, and I think that is important. Also, the smaller ones should be on a different ratio basis than the larger ones.

Ms McPherson—I have three quick points: do not duplicate other funds, which we have talked about; good program design; and good evaluation mechanisms. I am glad you raised evaluation; it can avoid duplication, it can clarify assessment processes and it can be clarified around Commonwealth, state and local responsibilities for different components of projects. I would also like to make the point that any future RDA model needs to be cross-portfolio.

Mr Russell—Essentially, it has to be relevant to the actual title; it has to be equitable, which we determine with all of these smaller councils and the larger ones; and the whole process has to be streamlined in a lot of areas.

Mr Eastoe—It is about the federal government setting a vision for the nation. I have two masters: the federal government is my master, but my community is my other master. What that is about is empowerment to me and my organisation to deliver the best outcomes and get the best dollars in. I would go back to the audit question about when you have in-kind support. We bring a lot of in-kind input to this thing. It is not measured in dollars in terms of what comes from local government or federally; it is just brought to the table by the community. That is invaluable. That requires that audit process to police that because I know that from a finance point of view Mr Tanner has this headache at the end of the year about unspent funds. It can get out of control and that has been a part of the aggravation with this program in the past. Given the vision empowerment, it is then about flexibility. I agree with the other speakers around here on that. And the other thing is about transparency, about what projects are going to get up and what are not, because that is going to speed up the approvals process and it will allow us to learn from those to see what we can put forward to get support for.

Mr O'Brien—The program should be flexible, non-capped, available to anybody who wants to apply, supported by regional plans with a local group to sign off that it is needed, assistance should be provided by an ACC local organisation to those who want it and, most importantly, there should be quick decisions.

Mr Keenan—The program sits as a major conduit into the federal government. The process of deciding streams that will be equitable to all parties is the way to go. I would encourage the funding for this program to be considered relatively soon, because at the moment there is a very large void there.

Ms Owen—We need a dedicated fund, a fund which is very clearly focused and which recognises the needs of local government in particular—I think that means the communities—and that local governments across the state pick up on smaller councils' needs. And it should have significant dollars.

Mr Haslinghouse—I was just going to add the need for some form of hierarchy of funding ratios, especially for those projects and those organisations that would struggle to get projects up on a one-to-one basis, so one-to-two, one-to-three, depending on the nature of the project and the organisation.

CHAIR—Thank you.

Dr STONE—It has been very useful. Thank you very much.

CHAIR—Yes, it has been extremely helpful. I understand that no-one from the public gallery wishes to make a comment at the next part, so that means we are going to finish very early. I thank all of the participants here today and members of the gallery for attending. The two Victorian sessions have been very productive. We do not have any answers at this stage at all; it is an extremely complex issue to try to resolve. I do want to thank all of you for taking the time—some of you have come from a long way away—because it is a really important program to try to get some improvements in the district.

Resolved (on motion by **Dr Stone**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 12.05 pm