
The Parliament of the Commonwealth of Australia

Funding regional and local community infrastructure

**Proposals for the new Regional and Local Community
Infrastructure Program**

Interim Report

House of Representatives
Standing Committee on Infrastructure, Transport, Regional Development &
Local Government

November 2008
Canberra

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Foreword

In the context of the current global economic crisis much of the focus has been on nationwide initiatives to stimulate the economy. The Commonwealth Government has signalled its intention to bring forward its Nation Building agenda which will fund large scale infrastructure necessary to ease capacity constraints in the economy and boost economic growth.

But at the regional and local level community infrastructure also has a vital role to play.

An oft quoted expression is that “we live in a society not an economy,” the reality is that we live in both.

Infrastructure is vital to a community’s wellbeing and sustainability. The halls we celebrate in, the facilities we play sport in, the community theatres and public spaces we watch and participate in all contribute to the liveability of our regions.

The development and maintenance of community infrastructure also has important economic spin-offs in regional and local communities, through increasing employment and generating income.

Yet throughout Australia, communities are struggling to provide the kind of infrastructure which enhances the liveability of their area and helps to grow local economies.

The Commonwealth Government already recognises the need to support Australian communities in building and maintaining vital infrastructure such as roads, housing development and health, education, broadband and water management infrastructure.

In the past, various community projects also received funding contributions through the previous government’s Regional Partnerships Programme (RPP).

Despite the success of many projects that received funding under the RPP, both a Committee of the Senate and the Australian National Audit Office – in a

substantial performance audit—found serious fault in the administration of the program.

This in turn tainted some project outcomes, led to questions about the transparency of the decision making processes and in some instances saw substantial amounts of funding go to projects that never actually eventuated while some recommended projects were not funded at all.

The current government has signalled its intent to overhaul regional development funding.

This will occur, in part, through the introduction of a regional and local community infrastructure program.

In developing this program, the Government has asked the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government to examine the Australian National Audit Office's performance audit of the RPP and provide advice on new funding models.

In communities around Australia, the Committee heard a wide range of views about the RPP and a replacement program. On the topics canvassed by the Committee there was, at times, very little consensus beyond a recognition that Commonwealth Government support must be maintained. Indeed it has not been possible for the full Committee itself to reach a consensus on all issues.

Nevertheless, community consultation has yielded valuable options for consideration. When combined with the recommendations of the ANAO report and the lessons derived from the RPP audit, options for a new funding program have emerged.

The Committee has made 24 recommendations which outline a number of program options for the Government as it moves forward and considers the objectives and structure of its Regional and Local Community Infrastructure Program (RLCIP).

The Committee recommends that the new program cover all regions of Australia, employ a partnership model and predominantly fund hard infrastructure. In addition, the Government should retain the option of establishing sub-programs to direct funding to strategic priority areas or applicant groups.

It is envisaged that local governments will be the auspice agencies for projects in a region where they require a local government financial contribution. With not-for-profit organisations able to apply directly, where they are not seeking a local government financial contribution, but having to work with local government to establish their support.

To ensure that local government recognises the need to support community organisation applications, the Committee has also suggested two options: the establishment of a quarantined sub-program for community organisations only; or where feasible, require that a set percentage of applications put forward by a local government area be from community organisations.

The Committee does not support the inclusion of for-profit entities in this program but does suggest that the Government consider establishing regional industry grants as a separate stream under another department.

From the perspective of a potential applicant to the program, the Committee has recommended a process whereby project proponents approach either a RDA representative or a Department of Infrastructure, Transport, Regional Development and Local Government (DITRDLG) field officer for information about the RLCIP and assistance in developing an Expression of Interest into an application.

It is the Committee's intention that the RLCIP have a sliding scale of complexity for forms and of information requirements for applications, commensurate with the level of contribution sought from the program. Contribution amounts should be separated into three streams: for those seeking less than \$50,000; those seeking between \$50,000 and \$250,000; and those seeking more than \$250,000.

Once an Expression of Interest has been lodged and the application finalised and sent to the DITRDLG, it will assess applications and prepare them for final approval.

In order to avoid lengthy delays in awarding funding and provide certainty to funding applicants, the RLCIP should adopt a closed funding round model for all streams based on three-monthly rounds for less than \$50,000 and six-monthly rounds for more than \$50,000.

The Committee is of the view that this new program should continue to utilise ministerial discretion for final decision on all applications; however, it has recommended that the Government consider employing state-based assessment panels with delegates from the three tiers of government and others to provide recommendations on applications to the ministerial decision maker and encourage harmonisation in regional funding between all levels of government.

In response to the ANAO report, the Committee has made a series of recommendations focusing on the need to ensure that the DITRDLG is properly resourced and has developed the essential expertise to administer this program.

It was always the Committee's intention to conduct this inquiry expeditiously as it is aware of community concern regarding the need for a RPP replacement program.

However, in the context of the current global economic crisis – resulting in the Government’s intention to bring forward its nation building agenda – the Committee believes that the RLCIP has the potential to help stimulate growth at the local level and contribute to nation building in Australia.

Therefore, it has chosen to issue this interim report as a means of assisting the Government in its decision making process. Further reflection on the Committee’s terms of reference and the Government’s implementation of the RLCIP will be addressed in the Committee’s final report.

The strength of Australia’s regions are its people and I would like to acknowledge the overwhelming level of community participation in this inquiry and thank the many organisations, governments and individuals that participated through submissions, community consultations or both.

Commonwealth Government funding of regional and local community infrastructure continues to be an important measure in the provision of long-term support for rural and regional Australia. The RLCIP must contribute to this process.

Ms Catherine King MP
Chair



Membership of the Committee

Chair Ms Catherine King MP

Deputy Chair Mr Paul Neville MP

Members	Mr Tony Windsor MP (from 28/05/08)	Mr Darren Cheeseman MP
	Ms Jodie Campbell MP	Mr Jon Sullivan MP
	Mr Jason Clare MP	Hon Dr Sharman Stone MP
	Mrs Sophie Mirabella MP ¹	Mrs Joanna Gash MP
	Mr Brett Raguse MP	

¹ Mrs Mirabella was granted a leave of absence for maternity reasons from 16 June 2008 to 13 October 2008 and subsequently resigned from the Committee and could therefore not participate in consideration of this report.

Committee Secretariat

Secretary	Mr Richard Selth
Inquiry Secretary	Mr Michael Crawford
Research Officers	Ms Susan Cardell
	Dr Brian Lloyd
Administrative Officers	Ms Emma Martin
	(to 11 September 2008)
	Ms Jazmine Rakic
	(from 15 September 2008)



Terms of reference

The Committee is to report on the Australian National Audit Office's Performance Audit of the Regional Partnerships Program and make 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:

- Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects;
- Examine ways to minimize administrative costs and duplication for taxpayers;
- 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
- 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.



List of abbreviations

ACCs	Area Consultative Committees
ALGA	Australian Local Government Association
ANAO	Australian National Audit Office
CSFAC	Community Support Fund Advisory Council
DITRDLG	Department of Infrastructure, Transport, Regional Development and Local Government
DOTARS	Department of Transport and Regional Services
FMA Regulations	<i>Financial Management and Accountability Regulations 1997</i>
RLCIP	Regional and Local Community Infrastructure Program
ROCs	Regional Organisations of Councils
RPP	Regional Partnerships Programme



List of recommendations

Framework for the Regional and Local Community Infrastructure Program

Recommendation 1

The Committee recommends that the government establish well defined and clear objectives for the Regional and Local Community Infrastructure Program that sit within an articulated Commonwealth Government regional development policy.

Recommendation 2

The Committee recommends that the Regional and Local Community Infrastructure Program retain the option of establishing sub-programs to direct funding to strategic priority areas or applicant groups.

Recommendation 3

The Committee recommends that the new Regional and Local Community Infrastructure Program:

- cover all regions of Australia;
- employ a partnership model; and
- predominantly fund hard infrastructure.

Recommendation 4

The Committee recommends that local government be the auspice agency for applications in a region with a requirement that local government contribute (whether by way of capital, maintenance or operational funding). Not-for-profit organisations that do not require a local government contribution would require a letter of support from local government and then be able to apply directly.

Recommendation 5

The Committee recommends that the Government consider:

- establishing a quarantined sub-program of funding to which community organisations, with local government support, only can apply; or
- where feasible, requiring that a set percentage of applications put forward by a local government area be from community organisations.

Recommendation 6

The Committee recommends that the new Regional and Local Community Infrastructure Program exclude applications from for-profit entities.

Recommendation 7

The Committee recommends that the Government consider establishing regional industry grants as a separate stream under another department, such as the Department of Innovation, Industry, Science and Research (AusIndustry).

Recommendation 8

The Committee recommends that the Government consider the following two options:

- the Government could more formally charge RDAs with the role of assisting applicants to develop their Expressions of Interest (as recommended in Recommendation 18) into an application; or
- the DITRDLG could undertake this role utilising either a regional field officer in each region or an officer allocated a specific region from either the national office or a regional office (where available).

Recommendation 9

Should the Government wish to pursue the option of having regionally based field officers (or officers responsible for regions) collaborating with local council and community groups to identify opportunities, priorities and partnerships, the Committee recommends that officers of the DITRDLG should:

- promote and publish information about the program;
- provide advice on Expressions of Interest;
- assist with developing applications;
- assess applications;
- develop expertise and provide a point of contact for each region;
- work in close contact with state government Regional Offices;
- draft and manage funding agreements; and
- evaluate project and program outcomes.

Recommendation 10

Should the Government wish to pursue the option of having regionally based field officers (or officers responsible for regions) collaborating with local council and community groups to identify opportunities, priorities and partnerships, the Committee recommends that the DITRDLG invest significant time and effort in developing and recruiting staff with expertise in designated regions, and in assisting local government and community organisations with developing expressions of interest into applications.

Recommendation 11

The Committee recommends that the Government consider developing a centralised assessment process for the Regional and Local Community Infrastructure Program.

The Committee also recommends that, in addition to employing a centralised assessment process, the Government consider establishing panels in each state and territory, with delegates from the three tiers of government and others (peak community organisations, economic development bodies, philanthropy groups and people with particular expertise), to provide recommendations on applications to the Ministerial decision maker.

Recommendation 12

The Committee recommends that, if state and territory based panels are adopted, the Department of Infrastructure, Transport, Regional Development and Local Government:

- advise the panel on applications;
- provide a delegate to chair the panel and to represent the federal government.

The Process

Recommendation 13

The Committee recommends that there be a sliding scale of complexity for forms and of information requirements for applications, commensurate with the level of contribution sought from the program, and thus the level of risk to which the Commonwealth is exposed if the application is approved.

Recommendation 14

The Committee recommends that applications be separated into three streams: those seeking less than \$50,000 in contribution from the program, those seeking between \$50,000 and \$250,000, and those seeking more than \$250,000.

Recommendation 15

If the Government decides that the DITRDLG should undertake the primary applicant assistance role (as recommended in option two of Recommendation 8), the Committee recommends that DITRDLG build capacity and staff expertise such that the Department is capable of acting as a single point of contact for applicants, providing advice, feedback and application writing and development capabilities with regard to the program.

Recommendation 16

If the Government decides that the DITRDLG should undertake the primary applicant assistance role (as recommended in option two of Recommendation 8), the Committee recommends that the DITRDLG assign staff to manage the program for particular regions, allowing them to develop and retain that expertise with respect to those regions.

Options are to:

- entrust responsibility for particular regions to identified staff in the DITRDLG central office; or
- entrust responsibility for particular regions to identified DITRDLG field officers based in regional areas.

Recommendation 17

If the Government decides that the DITRDLG should undertake the primary applicant assistance role (as recommended in option two of Recommendation 8), the Committee recommends that the DITRDLG provide resources such that there are sufficient staffing levels, and sufficient staff travel to regions or staff located in regions, to allow one-to-one support for applicants, including for application drafting, and related matters such as engaging with prospective funding partners.

Recommendation 18

The Committee recommends that for all applications, Expressions of Interest are to be lodged with the program prior to applications being lodged, and that:

- the primary objective of the Expression of Interest process is to develop applications;
- Expressions of Interest are to be accepted at any time of year;
- Expressions of Interest are to receive feedback and assistance sufficient to allow further development of application, or to allow applicants to approach another, more suitable program; and
- Expressions of Interest and feedback are to go on file, as part of the evidence upon which assessments are made, for those projects which develop into applications.

Recommendation 19

The Committee recommends that regular, closed funding rounds be adopted for all streams, specifically:

- three-monthly rounds for less than \$50,000; and
- six-monthly rounds for more than \$50,000, including applications seeking a \$50,000 - \$250,000 contribution from the program and those seeking more than \$250,000.

Recommendation 20

The Committee recommends that the Regional and Local Community Infrastructure Program be supported with sufficient resources to allow the DITRDLG to assess applications effectively.

Recommendation 21

The Committee recommends that the DITRDLG increase its capacity to perform viability and other financial analysis on applications lodged under the program, through a combination of senior appointments requiring these skills, use of third-party providers, and training for departmental staff.

Recommendation 22

The Committee recommends that the DITRDLG define key assessment criteria in the clearest possible way, and act to ensure that applicants and departmental staff are aware of these criteria. Criteria should be set for a defined period of time.

Recommendation 23

The Committee endorses the recommendation of the ANAO that Ministers (or other approvers) be obliged under FMA Regulations to record the basis on which the approver is satisfied that expenditure represents efficient and effective use of the public money and is in accordance with the relevant policies of the Commonwealth.

The Committee recommends that the review of the FMA Regulations be expedited so that any changes are in place for the commencement of the new program.

Recommendation 24

The Committee recommends that ministerial decision-makers exercise discretion over applications, and shape program guidelines and administrative arrangements to accurately reflect program priorities.

Introduction

Aim and scope of the report

- 1.1 This year, the federal government undertook to deliver ‘major investments in regional and local community, recreational and environmental infrastructure’ through the introduction of a regional and local community infrastructure program in the 2009-10 Budget.¹
- 1.2 The new program is intended to replace the Regional Partnerships Programme (RPP), which was the subject of a 2005 Senate Committee inquiry² and a November 2007 Australian National Audit Office (ANAO) performance audit³ – both of which found serious faults in the administration of the program.
- 1.3 The former program, The RPP, was managed by the Department of Transport and Regional Services (DOTARS). The new program, the Regional and Local Community Infrastructure Program (RLCIP) will be managed by the Department of Infrastructure, Transport, Regional Development and Local Government (DITRDLG).
- 1.4 In May 2008 the Minister for Infrastructure, Transport, Regional Development and Local Government gave this Committee the task of

1 The Hon Anthony Albanese MP & the Hon Gary Gray AO MP, *Joint Media Statement*, 13 May 2008.

2 Finance and Public Administration References Committee, *Regional Partnerships and Sustainable Regions programs*, October 2005.

3 ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No. 14, 2007-08.

investigating and reporting on options for the new funding program. The Minister gave the Committee the following terms of reference:

The Committee is to report on the Australian National Audit Office's Performance Audit of the Regional Partnerships Programme and make 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:

- Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects;
- Examine ways to minimize administrative costs and duplication for taxpayers;
- 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
- Examine the former government's practices and grants in the Regional Partnerships Programme after the audit period of 2003-2006 with the aim of providing advice on future funding of regional programs.

1.5 It was the Committee's intention to report to the Parliament by the end of November 2008. Throughout its deliberations, the Committee has been acutely aware of community concern regarding the need for a federal regional community infrastructure funding program. The Committee is also aware that in the context of the current global economic crisis the Government has signalled its intention to bring forward its nation building agenda. The Committee is of the view that, although on a smaller scale, the RLCIP has the potential to help stimulate growth at the local level. Therefore, in an effort to expedite this process and assist government decision making in its delivery of a replacement program, the Committee has chosen to issue this interim report.

1.6 The Committee's terms of reference do not extend to providing recommendations on the new roles and responsibilities for Regional Development Australia (RDA – formally Area Consultative Committees) as this is the subject of a separate government review. However, where the Committee has seen an intersection between the possible future roles and responsibilities of RDA and the RLCIP, it has provided comment.

- 1.7 This report is intended to provide the government with a brief description of the Committee's findings, and outline options on the structure of the new regional and local community infrastructure program. A final report will be issued at a later date.

Conduct of the inquiry

- 1.8 The inquiry was advertised in *The Australian* on 28 May 2008 and in the Australian Local Government Association News on 30 May 2008. A press release was issued to regional media outlets on 15 May 2008 and sent to all Area Consultative Committees (ACCs).
- 1.9 The Committee also wrote to federal Ministers, state and territory governments, 54 ACCs, 48 state and territory Regional Development Boards, 73 Regional Organisations of Councils and a wide range of relevant businesses, associations and stakeholders inviting them to make a submission. In total, the Committee issued 198 submission invitation letters.
- 1.10 To date, the Committee has received 266 submissions from 263 parties. These submissions are listed in Appendix A. In addition, the Committee has received 19 exhibits which are listed in Appendix B.
- 1.11 The Committee held roundtables across Australia in: Toowoomba, Bundaberg, Cairns, Darwin, Perth, Launceston, Ballarat, Shepparton, Dubbo and Nowra and a public hearing in Canberra. The roundtables were advertised in *The Daily Telegraph*, *Melbourne Sun Herald*, *Brisbane Courier Mail*, *Adelaide Advertiser*, *The West Australian*, *Hobart Mercury*, *NT News*, *Burnie Advocate* and *Launceston Examiner* on 28 May 2008.
- 1.12 In total 192 witnesses appeared before the Committee at roundtables and public hearings. Details of the hearings and witnesses who appeared can be found in Appendix C.
- 1.13 Transcripts of the Committee's public hearings and copies of all written submissions are available for inspection from the Committee Office of the House of Representatives, the National Library of Australia or on the inquiry website:
<http://www.aph.gov.au/house/committee/itrdlg/index.htm>

Brief summary of the Australian National Audit Office Performance Audit of the Regional Partnerships Programme

- 1.14 The ANAO performance audit of the RPP was undertaken in response to a Senate Finance and Public Administration References Committee recommendation in its inquiry report on *Regional Partnerships and Sustainable Regions programs*.⁴
- 1.15 The audit assessed DOTARS' management of the RPP. The ANAO reviewed all departmental records relating to ministerial decisions under the RPP between 1 July 2003 and 30 June 2006. It also examined the assessment, approval and management processes applied to 278 successful and unsuccessful applications made by applicants from a representative sample of 11 ACCs.⁵
- 1.16 ANAO representatives told the Committee that a culture of poor administrative practice was evident in DOTARS' management of the program – a key factor being a lack of effective leadership by senior management.⁶ They also observed that the level of concern over the administration of the RPP was reflected in the length of the report, some 1058 pages: the Committee was advised that it is unusual for the ANAO to prepare Audit Reports of this length.⁷
- 1.17 Identified in the ANAO report were serious problems with DOTARS' management of the RPP in the first three years of its operation. The report found that DOTARS' actions did not allow ministerial decision-makers to meet their obligations under the *Financial Management and Accountability Regulations 1997* (FMA Regulations): that is, that approvers of expenditures of public money did not:
- ... approve a spending proposal unless satisfied, after undertaking such inquiries as are reasonable, that the proposed expenditure is in accordance with the policies of the

4 See Recommendation 16, Senate Committee Report, Finance and Public Administration References Committee, *Regional Partnerships and Sustainable Regions programs*, October 2005, p.xxii.

5 ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No.14, 2007-08. Vol.1, p.16.

6 Mr McPhee, ANAO, *Proof Committee Hansard*, Canberra, Monday 13 October 2008, p.4.

7 Mr Boyd, ANAO, *Proof Committee Hansard*, Canberra, Monday 13 October 2008, p.4.

Commonwealth and will make efficient and effective use of ... public money.⁸

1.18 Whether the culture that emerged within DOTARS arose as a result of Ministerial behaviour or vice versa is a matter of conjecture.⁹

Whatever the case, meeting obligations under FMA Regulations is an essential requirement for good standards of public administration. However, the ANAO report showed that the administration of the RPP was compromised by inconsistency, in that:

- ministerial decision-makers frequently departed from departmental advice on applications;¹⁰
- ministerial decision-makers did not document reasons for so doing despite this being considered “good practice”;¹¹
- applications were accepted and approved without scrutiny by ACCs or, in some cases, by DOTARS;¹²
- the results of financial analysis were not included in advice to Ministerial decision-makers by DOTARS;¹³ and
- in instances where approvals were made subject to conditions, such conditions were reflected in Funding Agreements prepared by DOTARS.¹⁴

1.19 Other factors that compounded this included:

- the breadth of the program in terms of the types of projects it would fund;

8 Regulation 9 of the *Financial Management and Accountability Regulations 1997*, quoted in ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No.14, 2007-08. Vol. 2, pp.50-51.

9 Mr McPhee, ANAO, *Proof Committee Hansard*, Canberra, Monday 13 October 2008, pp.10-11.

10 ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No.14, 2007-08. Vol.2, p.52.

11 ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No.14, 2007-08. Vol.2, p.52.

12 ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No.14, 2007-08. Vol.2, p.71 & pp.75-81.

13 ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No.14, 2007-08. Vol.2, pp.414-15.

14 ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No.14, 2007-08. Vol 2, p.344.

- the use of an “open” format in which applications could be accepted and approved at any time of year (rather than in rounds, by cut-off dates); and
 - its design as a discretionary program in which ministers were directly involved with each decision.
- 1.20 Together, these factors generated a lack of certainty of approach, which made it difficult for the administering department to establish a culture of accountability and compliance. This is not to say that many good projects weren’t funded under the RPP. But the way in which decisions were taken, and the program administered, has undermined the program’s credibility. The RPP has, therefore, been viewed as significantly less transparent and accountable than is usually expected of public programs.
- 1.21 The Committee views the report of the ANAO as a serious indictment of the administration of the RPP. The new program, the Regional and Local Community Infrastructure Program (RLCIP), represents an opportunity for government to learn from serious shortcomings in the administration of the RPP.
- 1.22 The ANAO’s report made a number of recommendations to DOTARS designed to improve departmental procedures and practices, and the transparency and accountability of the program,¹⁵ and a recommendation was made to the Department of Finance, designed to strengthen the framework which governs the expenditure of public money.¹⁶ These are a basis for improved standards of management for the RLCIP.

A new regional and local community infrastructure program

- 1.23 The Committee has been aware throughout its deliberations that there are many views as to how the new regional program should be structured. What has emerged from the 266 submissions and the 192 witnesses is that there is no clear consensus on how the new program should be structured.

15 ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No.14, 2007-08. Vol 1, pp.121-131.

16 See Recommendation 2, ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No.14, 2007-08. Vol 1, p.121.

- 1.24 Some submissions expressed strong views that for-profit organisations should not be funded under a new program;¹⁷ others clearly had a contrary view.¹⁸ Other submissions raised the possibility of a much stronger role for local government in both the application and assessment process¹⁹ while others wanted a larger role for RDA in the decision making process.²⁰
- 1.25 The type of infrastructure to be funded was also at issue in submissions, with some viewing it as essential that the new program fund business planning and feasibility studies,²¹ while others clearly argued for funding hard infrastructure only.²²
- 1.26 The Committee has in the course of its deliberations had to form a view on each of these issues. It has done so bearing in mind the seriousness of the ANAO report, the current review of the role of RDA, government statements in relation to the new program, alongside the submissions to the inquiry and witness discussions at roundtables around the country.
- 1.27 The Committee proposes that the government consider the following options in creating the new regional and local community infrastructure program. It is envisaged that the program will:
- establish well defined and clear objectives that sit within an articulated Commonwealth Government regional development policy;
 - retain the option of establishing sub-programs to direct funding to strategic priority areas or applicant groups;
 - cover all regions of Australia;

17 Councillor Taylor, Toowoomba Regional Council, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, p.47; Area Consultative Committee Tasmania, *Submission no.183*, p.7.

18 Mr Keenan, Economic Development Australia, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.4; Mr Hansen, Geelong ACC, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.14; State Government of Victoria, *Submission no.244*, pp.10-11.

19 Councillor O'Brien, Murweh Shire Council, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, p.6; Mr Church, Tableland Regional Council, *Official Committee Hansard*, Cairns, Friday 25 July 2008, p.48; Mr Pollock, North Queensland ACC, *Official Committee Hansard*, Cairns, Friday 25 July 2008, p.21.

20 RDACCQ, attachment to *Submission no.44*, p.10; Midwest Gascoyne Area Consultative Committee, *Submission no. 22*, pp.8, 12, 13.

21 Mr Willis, Hunter ACC, *Official Committee Hansard*, Dubbo, Tuesday 12 August 2008, p.15; PERFEX, *Submission no.136*, p.1; Macedon Shire Council, *Submission no.9*, p.2.

22 Lockyer Valley Regional Council, *Submission no.208*, p.1.

- employ a partnership model;
- predominantly fund hard infrastructure;
- have local government as the auspice agency for applications in a region with a requirement that local government contribute (whether by way of capital, maintenance or operational funding). Not-for-profit organisations that do not require a local government contribution would require a letter of support from local government and then be able to apply directly;
- either have a sub-program of funding to which community organisations, with local government support, only can apply; or where feasible, require that a set percentage of applications put forward by a local government area be from community organisations;
- exclude applications from for-profit entities;
- **(Recommendation 8)** either charge RDAs with the role of assisting applicants to develop their Expressions of Interest into an application; or have the DITRDLG undertake this role utilising either a regional field officer in each region or an officer allocated a specific region from either the national office or a regional office (where available);
- depending on Government decisions regarding Recommendation 8, ensure that officers of the DITRDLG:
 - ⇒ promote and publish information about the program;
 - ⇒ provide advice on Expressions of Interest;
 - ⇒ assist with developing applications;
 - ⇒ assess applications;
 - ⇒ develop expertise and provide a point of contact for each region;
 - ⇒ work in close contact with state government Regional Offices;
 - ⇒ draft and manage funding agreements; and
 - ⇒ evaluate project and program outcomes;
- depending on Government decisions regarding Recommendation 8, ensure that the DITRDLG invest significant time and effort in developing and recruiting staff with expertise in designated regions and in assisting local government and community organisations with developing expressions of interest into applications;

- employ a centralised assessment process for the RLCIP and possibly employ panels in each state and territory, with delegates from the three tiers of government and others (peak community organisations, economic development bodies, philanthropy groups and people with particular expertise), to provide recommendations on applications to the Ministerial decision maker;
- employ a sliding scale of complexity for forms and of information requirements for applications;
- separate applications into three streams: those seeking less than \$50,000 contribution from the program, those seeking between \$50,000 and \$250,000, and those seeking more than \$250,000;
- depending on Government decisions regarding Recommendation 8, ensure that the DITRDLG build capacity and staff expertise such that the Department is capable of acting as a single point of contact for applicants, providing advice, feedback and application writing and development capabilities with regard to the program;
- depending on Government decisions regarding Recommendation 8, ensure that the DITRDLG assign staff to manage the program for particular regions, allowing them to develop and retain that expertise with respect to those regions by either:
 - ⇒ entrusting responsibility for particular regions to identified staff in the DITRDLG central office; or
 - ⇒ entrusting responsibility for particular regions to identified DITRDLG field officers based in regional areas;
- depending on Government decisions regarding Recommendation 8, ensure that the DITRDLG be provided resources such that there are sufficient staffing levels, and sufficient staff travel to regions or staff located in regions, to allow one-to-one support for applicants, including for application drafting, and related matters such as engaging with prospective funding partners;
 - ⇒ ensure that for all applications, Expressions of Interest are to be lodged with the program prior to applications being lodged;
 - ⇒ have regular, closed funding rounds for all streams;

- ensure that the DITRDLG increase its capacity to perform viability and other financial analysis on applications lodged under the program, through a combination of senior appointments requiring these skills, use of third-party providers, and training for departmental staff; and
- define key assessment criteria in the clearest possible way, and act to ensure that applicants and departmental staff are aware of these criteria. Criteria should be set for a defined period of time.

In addition, the proposed model entails that:

- Ministerial discretion over applications is retained with Ministers shaping program guidelines and administrative arrangements to accurately reflect program priorities; and
- Ministers (or other approvers) be obliged under FMA Regulations to record the basis on which the approver is satisfied that expenditure represents efficient and effective use of the public money and is in accordance with the relevant policies of the Commonwealth;
 - ⇒ the review of the FMA Regulations be expedited so that any changes are in place for the commencement of the new program.

1.28 The body of the report gives a more complete description of these program design options. Chapter 2 discusses in detail the fundamentals of the new program, including the role of DITRDLG, possible state based assessment panels, and funding the program. Chapter 3 discusses in detail the application process, from the receipt by the DITRDLG of Expressions of Interest to ministerial decisions, and the subsequent management of funding agreements and assessment of project outcomes.

Framework for the Regional and Local Community Infrastructure Program

- 2.1 This chapter outlines options for the framework of the RLCIP. The chapter addresses the fundamentals of the RLCIP; application process options; the role of the federal department; consideration of state and territory-based panels; and how the program might be funded.

Fundamentals of the program

- 2.2 The RLCIP will be one important part of the Commonwealth Government's package to address regional and local community infrastructure requirements. The government currently provides \$1.9 billion in financial assistance grants to local councils (in 2008-09) to spend on priorities including local roads and community facilities.¹ The Roads to Recovery Programme has provided \$1.2 billion over four years to June 2009.
- 2.3 There are also a number of more focused federal programs which fund regional and local community infrastructure projects; for example, in the areas of information services, planning in Northern Australia, medical infrastructure, housing development, broadband, water management, and education.²

1 Ministerial Statement, *Budget: Strengthening Rural and Regional Australia*, 13 May 2008, p.3.

2 See programs listed in Ministerial Budget Statements of 2008-09, *Strengthening Rural and Regional Australia*, 13 May 2008.

- 2.4 Funding infrastructure has consistently been identified by local government as a significant cost pressure. A PricewaterhouseCoopers report estimated the cost of the backlog of infrastructure renewals at \$14.5 billion.³ Subsequent to this report, the Australian Local Government Association (ALGA) called for the federal government to establish a Local Community Infrastructure Renewals Fund to support local and regional councils in delivering more timely and quality renewal works across a range of community assets. ALGA proposed that the Fund be around \$250 million per annum over a period of at least four years.⁴
- 2.5 Some councils have been very successful at attracting funding whilst many smaller, rural councils report that they have fewer resources to help attract additional funding. A 2008 Productivity Commission report found that 20 percent of local councils relied on federal and state grants for half of their revenue.⁵
- 2.6 A key dilemma for the development of the RLCIP is for objectives to be set that are not so restrictive as to limit innovative regional development projects, but are sufficiently precise to reduce the administrative challenges seen under the RPP. The ANAO found that flexibility in the program made it more difficult for DOTARS to ensure transparent, accountable, and cost effective administration, and to demonstrate equitable treatment of applications.⁶
- 2.7 The RPP was a very flexible discretionary grants program with broad criteria and a continuous assessment process. The Committee found that there was confusion about the objectives and priorities of the RPP, and what type of projects could be funded.⁷ The ANAO stated that the large variety of projects that were able to be approved by the RPP made it more difficult for: promotion to be targeted to particular areas; potential applicants to identify the program as an appropriate source of funding from the federal government; and applicants to distinguish between the reasons some projects were funded and others were not.⁸
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3 PricewaterhouseCoopers, *National Financial Sustainability Study of Local Government: Overview*, 2006, p.10.

4 ALGA, *Submission No.156*, pp.4-5.

5 Productivity Commission, *Assessing Local Government Revenue Raising Capacity*, 2008, p.38.

6 ANAO, *Audit Report No. 14 2007-08: Performance Audit of the Regional Partnerships Programme: Volume 1-Summary and Recommendations*, p.19.

7 Albury Wodonga ACC, *Submission No.188*, pp.14-15; Adelaide Metropolitan ACC, *Submission No.118*, p.8; Hunter ACC, *Submission No.104*, p.6.

8 ANAO, *Submission No.49*, p.2.

- 2.8 The four stated objectives of the RPP were to:
- stimulate growth in regions by providing more opportunities for economic and social participation;
 - improve access to services in a cost effective and sustainable way, particularly for those communities in regional Australia with a population of less than 5,000;
 - support planning that assists communities to identify and explore opportunities and to develop strategies that result in direct action; and
 - help communities make structural adjustments in regions affected by major economic, social and environmental change.⁹

2.9 Under the former program, government nominated additional priorities each year, providing a supplementary focus for the program.¹⁰ Another way the government could set policy priorities is to develop sub-programs under the RLCIP to direct funding to priority areas or applicant groups. For example, sub-program areas could include disadvantaged communities that are unable to match funding, strategic priority areas or applicant groups. This option has been utilised by The Regional Infrastructure Development Fund in Victoria which provides grants under one main program banner, with sub-programs evolving over time to ensure current government policy objectives are met.¹¹ It will also be important that any sub-program guidelines are clearly articulated in order to avoid the confusion that occurred under the RPP.

2.10 The Committee heard that the RPP was the last stop funding resource for projects which did not meet the criteria under any other federal or state program.¹² However, there was evidence that some projects did receive funds from other Commonwealth Government programs in

9 Department of Transport and Regional Services, *Regional Partnership Guidelines*, July 2006, p.1.

10 For example, the federal government's four priorities for 2006-07 were small and disadvantaged communities, economic growth and skill development, indigenous communities, and youth. Department of Transport and Regional Services, *Regional Partnership Guidelines*, July 2006, p.1.

11 Examples of current RIDF priority areas included arts and cultural facilities infrastructure, aviation infrastructure, water for industry infrastructure, and pathways infrastructure. State Government of Victoria, *Submission No.244*, p.15.

12 Ms Langford, Greater Brisbane ACC, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, pp.11-12.

addition to the RPP.¹³ The Committee believes that setting broad parameters for the type of projects that can be funded by the RLCIP, so that a wide range of regional and local community projects are eligible, should continue to be a key characteristic of the new program, but that the parameters should not be so broad as to cause the sorts of problems raised by the ANAO report.

2.11 The Committee believes that the objectives of the new program should include:

- encouraging economic growth in regional and local communities;
- investing in genuine community infrastructure initiatives;
- improving quality of life within local communities; and
- improving the coordination of regional infrastructure programs with the states, territories and local government.

2.12 It is important that in assessing applications for the RLCIP, consideration must be given to whether another more appropriate funding program exists. This was part of the assessment process under the RPP. The Committee notes, however, that it is difficult to know whether applicants have received funding under other programs.¹⁴ An important related assessment process is to ensure that grants funding under the RLCIP does not replace funding from another tier of government: that is, that it does not represent 'cost-shifting'.¹⁵

2.13 The Committee believes that value for money and avoidance of duplication can best be achieved by better coordination of regional programs between the Commonwealth and state governments. Coordination with the states and territories is discussed later in this chapter.

13 Ms Long and Mr Boyd, ANAO, *Proof Committee Hansard*, Canberra, Monday 13 October, pp.16-17.

14 Ms Long and Mr Boyd, ANAO, *Proof Committee Hansard*, Canberra, Monday 13 October, pp.16-17.

15 This was specified in the *Regional Partnerships Guidelines*, July 2006, p.14.

Recommendation 1

- 2.14 **The Committee recommends that the government establish well defined and clear objectives for the Regional and Local Community Infrastructure Program that sit within an articulated Commonwealth Government regional development policy.**

Recommendation 2

- 2.15 **The Committee recommends that the Regional and Local Community Infrastructure Program retain the option of establishing sub-programs to direct funding to strategic priority areas or applicant groups.**

Defining Regional

- 2.16 From a national perspective, regions have been defined in a number of ways including:
- the 85 biogeographic regions of Australia, identified cooperatively by federal and state government scientists;
 - the 69 statistical divisions, based on agreed definitions of a 'region', identified cooperatively by federal and state statisticians and used by the Australian Bureau of Statistics;
 - the 64 regions identified by the formation of voluntary Regional Organisations of Councils (ROCs), i.e. groupings of the approximately 700 local governments in Australia;¹⁶
 - the 57 regions of the federal-state natural resource management regional bodies administering the Natural Heritage Trust and National Action Plan on Water Quality and Salinity; and
 - the 54 regions of the nation's Area Consultative Committees (ACCs).¹⁷
- 2.17 In some debates, 'region' has also been used to refer to all areas outside capital cities. Some witnesses suggested that the new RLCIP

16 ALGA lists 677 Local Government Associations, see: <http://www.alga.asn.au/links/obc.php>

17 Brown, A.J. and Bellamy, J.A., *Federalism and Regionalism in Australia – New Approaches, New Institutions*, ANU ePress, 2006, pp.15-16.

be structured into separate streams of funding based on the different types of regions, or that a weighted funding mix be used to prioritise non-metropolitan Australia.¹⁸

- 2.18 The Committee considers that this definition of the term 'region' runs the risk of slanting regional policy exclusively towards rural regions, so that the requirements of metropolitan areas are not duly considered.
- 2.19 The Committee does not wish to advance a new definition of 'regional'. It believes that under the new RLCIP regions should encompass the whole of Australia. Program funding should be accessible to projects in any part of the country (metropolitan, rural, regional and interface areas) if they meet the RLCIP criteria and are not funded by other programs. All regions of Australia have justified infrastructure demands. In addition, infrastructure projects should not be necessarily contained within a particular regional boundary: projects should be able to work across regions.

Partnerships

- 2.20 Developing partnerships and securing funding support was a requirement under the RPP. Partnership funding could be money contributed to the project or time and/or materials donated to the project from other sources. Generally, a partnership contribution of at least 50 percent was required to meet this criterion. Commercial activities normally required at least 60 percent contribution to the project. Lower levels of partnership funding were considered where the community or local council faced challenges in contributing funding.¹⁹
- 2.21 The ANAO reported that there was high variation across projects of the proportion of partnership funds provided. However, it was common for the RPP to be the single largest contributor of funding to a project.²⁰
- 2.22 Most states and territories have developed programs to fund regional infrastructure projects. While these vary from state to state, they often require matching funding. The Victorian government submitted that

18 State Government of Victoria, *Submission No.244*, p.8.

19 Department of Transport and Regional Services, *Regional Partnerships Guidelines*, July 2006, pp.11-12.

20 ANAO, *Audit Report No.14 2007-08: Performance Audit of the Regional Partnerships Programme: Volume 2-Main Report*, p.252.

the ratio of matched funding should be flexible and take into account the capacity of the organisation, the geographical location and socio-economic disadvantage. For example, the Small Towns Development Fund funding ratio of 3:1 (government: rural council) is applied.²¹

- 2.23 The Committee believes that partnerships are about more than funding: partnership also refers to the building of relationships with other tiers of government and the local community. Witnesses in Ballarat described a way of conducting partnerships that builds relationships with local communities, and fosters the capacity to drive projects at a local level.²²
- 2.24 The Committee proposes that successful proponents of projects under the RLCIP continue to be required to contribute funding. Such arrangements entail the sharing of ownership, accountability and coordination of projects, and this is desirable in a number of ways. The Committee contends that a partnership model, in both a financial and management sense, for the RLCIP will assist the Commonwealth Government to:
- fund genuine regional economic development and community infrastructure;
 - minimise administrative costs and duplication for taxpayers; and
 - build on the relationships between the three tiers of government and local communities.
- 2.25 The Committee does see merit in the Victorian proposal of recognising the difficult position small local government areas have in raising partnership funds. Relationship building at the local level is referred to later in this chapter.

Infrastructure

- 2.26 The Committee acknowledges that the RLCIP is one part of the Commonwealth Government's investment in national, regional, and local infrastructure. Infrastructure Australia is currently developing priorities for national infrastructure.²³ The Australian Council of Local Government will meet on 18 November 2008 to discuss ways to build

21 State Government of Victoria, *Submission No.244*, p.9.

22 Dr Scott, G21 - Geelong Regional Alliance, and Ms Admans, Foundation for Rural & Regional Renewal, *Official Committee Hansard*, Ballarat, 6 August 2008, pp.30, 50.

23 See Infrastructure Australia website: www.infrastructureaustralia.gov.au

national and local infrastructure, boost economic capacity and improve the quality of life in communities.²⁴

2.27 ALGA stated that both hard and soft infrastructure underpins economic activity and is fundamental to an efficient and effective national economy.²⁵ In this context, ALGA notes that hard infrastructure includes items such as 'roads, water, sewage, energy/utilities and telecommunication networks'.²⁶ Soft infrastructure, in this case, includes items such as 'education, health, community and recreation services and facilities'.²⁷ The RPP accepted applications for both hard and soft infrastructure.

2.28 The Committee takes the view that a more commonly understood definition of hard infrastructure includes physical buildings, whereas soft infrastructure includes such items as business plans, feasibility studies and maps. The Committee believes the RLCIP should predominantly fund hard infrastructure projects, which would include:

- social and community infrastructure such as community halls, theatres and arts precincts;
- recreation facilities such as sports stadiums, playgrounds and skate parks;
- tourism infrastructure such as community public attractions and walking tracks; and
- children, youth and seniors facilities such as senior citizen centres, Scout and Guide halls and playground facilities.

24 Prime Minister of Australia, *First Meeting of Australian Council of Local Government: A New Partnership with Local Government*, News Release, 18 September 2008; Minister for Infrastructure, Transport, Regional Development and Local Government, *Invitations Issued for Inaugural Meeting of Australian Council of Local Government*, Media Release, 26 September 2008.

25 ALGA, *Submission No.156*, p.3.

26 ALGA, *Submission No.156*, p.3.

27 ALGA, *Submission No.156*, p.3.

Recommendation 3

2.29 The Committee recommends that the new Regional and Local Community Infrastructure Program:

- **cover all regions of Australia;**
- **employ a partnership model; and**
- **predominantly fund hard infrastructure.**

Eligibility to apply to the RLCIP

- 2.30 Under the RPP, non-profit and for-profit organisations were eligible to apply for funding. Bodies considered ineligible were: federal and state government agencies; lobby groups; organisations not incorporated under federal or state legislation; ACCs; and individuals.
- 2.31 The Committee considers that not-for-profit groups, including community groups and local government, should continue to be eligible to apply for funding under the RLCIP.
- 2.32 There are a number of possible options as to how this could occur, including:
- local government to be the sole auspice agency for all applications in a region including applications from not-for-profit organisations;
 - local government to be the auspice agency for applications in a region with a requirement that local government contribute (whether by way of capital, maintenance or operational funding). Not-for-profit organisations that do not require a local government contribution would require a letter of support from local government and then be able to apply directly;
 - local government to be the auspice agency for applications in a region with a requirement that local government contribute (whether by way of capital, maintenance or operational funding). Not-for-profit organisations would be able to apply directly (and not require to provide contributions or a letter of support from local government); or
 - local government acting as the umbrella proponent for not-for-profit organisations that may experience difficulty applying in their

own right; this would be a matter of choice for the not-for-profit organisation.

- 2.33 The Committee heard evidence from local government of their desire to align funding from the RLCIP going into a region with regional and local priorities.²⁸ This was particularly the case when community organisations in order to receive funding from state or federal governments were also seeking a local government contribution.²⁹
- 2.34 The Committee also heard evidence from not-for-profit organisations that they would be concerned by the potential that their projects would not receive local government support, as local government would be more likely to pursue funding for facilities within their control and for which they are financially responsible.³⁰
- 2.35 There is merit in both of these arguments and for this reason the Committee believes that its second option – “local government to be the auspice agency for applications in a region with a requirement that local government contribute (whether by way of capital, maintenance or operational funding). Not-for-profit organisations that do not require a local government contribution would require a letter of support from local government and then be able to apply directly” – provides an opportunity to ensure that local and community infrastructure funding in a region is better aligned with local and regional priorities and continues to ensure that not-for-profit organisation projects are funded.
- 2.36 To ensure that local government give due consideration to community applications, the Committee is recommending the following options in relation to not-for-profit organisation applications:
- establishing a quarantined sub-program of funding to which community organisations, with local government support, only can apply; or
 - where feasible, requiring that a set percentage of applications put forward by a local government area be from community organisations.

28 Cr O'Brien, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, p.6.

29 Mr Sullivan MP and Cr O'Brien, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, pp.5-6.

30 Mrs Marsden, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, p.6.

Recommendation 4

2.37 **The Committee recommends that local government be the auspice agency for applications in a region with a requirement that local government contribute (whether by way of capital, maintenance or operational funding). Not-for-profit organisations that do not require a local government contribution would require a letter of support from local government and then be able to apply directly.**

Recommendation 5

2.38 **The Committee recommends that the Government consider:**

- **establishing a quarantined sub-program of funding to which community organisations, with local government support, only can apply; or**
- **where feasible, requiring that a set percentage of applications put forward by a local government area be from community organisations.**

2.39 This central role is important because local government is pivotal in regions. Local government provides 'essential services and infrastructure that serve as the foundation for local and regional communities' and in some communities, 'local government is often the only institutional presence and one of the key drivers of economic activity'.³¹

2.40 Throughout Australia, local government and regional groupings of local government have undertaken extensive planning exercises and are working collaboratively with their state and territory government departments to develop comprehensive regional plans.³² Also, Infrastructure Australia is developing a strategic blueprint for the nation's future infrastructure needs.

2.41 The Committee believes it is essential that projects funded by RLCIP are consistent with state and local government plans and activities.

31 ALGA, *Submission No. 156*, p.2.

32 Government of Western Australia Department of Sport and Recreation, *Submission No.258*, p.7; State Government of Victoria, *Submission No.244*, pp.6-7; NSW Government, *Submission No.237*, p.5.

This would be the case if the option of local government being the main proponent of RLCIP funding is adopted (see Recommendation 4).

For-profit organisations

- 2.42 Over the life of the RPP, approximately eight per cent of projects approved for funding were distributed to for-profit organisations.³³
- 2.43 The Committee received arguments for including for-profit organisations as eligible applicants under the new RLCIP.³⁴ Some witnesses referred to the need to support private sector infrastructure projects, particularly in rural areas, which support job creation, attract other investment, and allow communities to grow and prosper.³⁵ One witness in Toowoomba claimed that more ‘bang for the buck’ and community sustainability came from supporting small business in regional towns.³⁶
- 2.44 On the other hand, there was also significant opposition to allowing for-profit entities to apply to the RLCIP.³⁷ The arguments for excluding for-profit entities included that: they had a capacity to raise finance from other sources; their capacity to make profits using public funding; and that, in such cases, questions of competitive neutrality are inherently difficult to manage.
- 2.45 At the Bundaberg roundtable, no-interest or low-interest loans were canvassed as an alternative way to fund businesses. There was also support for separating out business from local government and community groups in grant funding.³⁸

33 Department of Infrastructure, Transport, Regional Development and Local Government, *Submission No.232*, p.4.

34 Mid North Coast (NSW) ACC, *Submission No.134*, p.3; ACC Tasmania, *Submission No.183*, pp.7-8; Mr Hanley, *Official Committee Hansard*, Nowra, 14 August 2008, p.3.

35 Mr Trevor, Wide Bay Burnett ACC, *Official Committee Hansard*, Toowoomba, 21 July 2008, p.7; Mrs Baker, Ipswich & Regional ACC, *Official Committee Hansard*, Toowoomba, 21 July 2008, p.10.

36 Mr Green, *Official Committee Hansard*, Toowoomba, 21 July 2008, p.5.

37 Nimbin Neighbourhood & Information Centre Inc., *Submission No.27*, p.5; Melbourne’s North and West ACC, *Submission No.257*, p.6; Mr Keenan, Economic Development Australia, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.4; Mr Iaccarino, Melbourne’s North & West ACC *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.16; Mr Hansen, Geelong ACC, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.12.

38 Mr Ainsworth, *Proof Committee Hansard*, Bundaberg, 8 October 2008, p.33.

- 2.46 The ANAO identified difficulties encountered by DOTARS in assessing project and applicant viability for private enterprise funding.³⁹ There were also difficulties in determining ‘whether the public benefit provided by increased jobs ... exceeds the private benefit to the business which result from a grant ...’.⁴⁰
- 2.47 Further, the ANAO stated that government grants are a valuable source of funding to for-profit organisations because grant funding increases after-tax cash flows to the funding recipient without the recipient being required to pay a return on those funds.⁴¹
- 2.48 The ANAO also found that for-profit businesses had received funding from different Commonwealth Government sources for the same project, although it was difficult for DOTARS to assess whether this was the case.⁴²
- 2.49 The Committee contends that for-profit enterprises should not be eligible to apply for federal funding under the RLCIP. There are other mechanisms through which for-profit entities can be supported, including alternative federal and state government funding programs.⁴³

Recommendation 6

- 2.50 **The Committee recommends that the new Regional and Local Community Infrastructure Program exclude applications from for-profit entities.**

39 ANAO, *Audit Report No.14 2007-08: Performance Audit of the Regional Partnerships Programme: Volume 2-Main Report*, pp.456-86.

40 ANAO, *Audit Report No.14 2007-08: Performance Audit of the Regional Partnerships Programme: Volume 2-Main Report*, p.464.

41 ANAO, *Audit Report No.14 2007-08: Performance Audit of the Regional Partnerships Programme: Volume 2-Main Report*, p.464.

42 Ms Long and Mr Boyd, ANAO, *Proof Committee Hansard*, Canberra, Monday 13 October, pp.16-17.

43 For example: Federal government’s Australian Tourism Development Program, Advancing Agricultural Industries Program, Commercialising Emerging Technologies Program, Innovation Investment Fund, Regional Food Producers Innovation and Productivity Program; State government of Victoria’s Community Regional Industry Skills Program and Regional Business Investment Ready Program; New South Wales government’s Regional Business Development Scheme.

Recommendation 7

- 2.51 The Committee recommends that the Government consider establishing regional industry grants as a separate stream under another department, such as the Department of Innovation, Industry, Science and Research (AusIndustry).

Framework for regional infrastructure funding

The application process

- 2.52 The Committee heard from many applicants to the RPP who were pleased with the assistance they received from Area Consultative Committees (ACCs) during the development of applications. The members and secretariat staff of the ACCs had local and regional knowledge as well as an understanding of the RPP. However, after an application was submitted to national office for assessment, applicants felt they were not appropriately consulted or given feedback on the status of their application. From a proponent's point of view, applications seemed to fall into an administrative 'black hole', as witnesses have suggested.⁴⁴
- 2.53 Some applicants to RPP reported they waited for over a year to receive an assessment response, during which time they were not given advice from the national office on the likelihood of their application being approved.⁴⁵
- 2.54 In line with the objective of consultation with communities and applicants, promotion of the RLCIP is an important role of DITRD LG. People received information about the RPP by:
- the ACC network (now RDA);
 - government websites, including GrantsLINK;
 - media releases announcing approval for funding applications; and
 - mail-outs from, or direct contact with Members or Senators.

44 Professor Arlett, North Queensland ACC, *Official Committee Hansard*, Cairns, 25 July 2008, pp.20, 32; Ms Lewis, Southern Inland Queensland ACC, *Official Committee Hansard*, Toowoomba, 21 July 2008, p.57.

45 Mr Hodgson, South West ACC, *Official Committee Hansard*, Perth, 30 July 2008, p.19.

This should continue under the new program.

- 2.55 It is essential that well prepared guidelines, web-based information, and contact information are provided to potential applicants to alleviate potential confusion around the objectives of the RLCIP, and to avoid any perception of a lack of transparency relating to projects, whether they be successful or unsuccessful.
- 2.56 When ACCs were originally established alongside the now defunct Regional Economic Development Organisations (REDOs) their role was to advise government on issues in their region, and to 'disseminate information on government priorities and programmes'.⁴⁶ With the introduction of the RPP, this role became largely subsumed by the role they played in the RPP grants process. In a sense, it appears to have become the predominant role of ACCs.⁴⁷
- 2.57 Under the RPP, the national network of ACCs (now RDA) provided a link between the Commonwealth Government and rural and metropolitan Australia. ACCs were the primary point of promotion and assisted local communities with application development, thereby filtering applications to some extent and providing advice to DOTARS on these projects.
- 2.58 Throughout its deliberations the Committee has been conscious of a number of sometimes conflicting factors:
- the Parliamentary Secretary for Regional Development and Northern Australia is currently considering options for the roles and responsibilities of RDA. It is unlikely that these considerations will include a role for RDA in the assessment process of the RLCIP applications;
 - the DITRDLG has stated that despite the central role ACCs played in assisting with the development of applications under the RPP, 80 per cent of RPP applications were not complete;⁴⁸
 - RDAs and RPP applicants have claimed that the type of information required by DOTARS during the RPP was often 'ridiculous': there were times when they saw few valid reasons for

46 *Case Studies on impacts of water reform on communities within Area Consultative Committee Regions – Executive Summary*, 2004, p.4, www.acc.gov.au/downloads/Community_Implications_National_Water_Initiative_exec_sum.pdf

47 See DOTARS, *Area Consultative Committee (ACC) Charter 2006* <http://www.oranaacc.com.au/content/OACC%20Charter.pdf>

48 Mr Angley, *Proof Committee Hansard*, Canberra, Monday, 13 October 2008, p.32.

it being required, or where questions from DOTARS were seen as unnecessarily repetitive;⁴⁹

- Contributions to the inquiry, whether from local government, not-for-profits or RDAs, recognised the importance of having a local presence with local knowledge; the capacity to develop partnerships and to put project proponents in touch with each other; and to assist in developing applications;⁵⁰ and
- regional offices have played a role in contract management that has been of benefit in ensuring that local circumstances are taken into account and understood.

2.59 The Committee wishes to canvas two options the Government could consider in addressing these factors:

- firstly, the Government could more formally charge RDAs with the role of assisting applicants to develop their Expressions of Interest (as recommended in Recommendation 18) into an application; or
- secondly, the DITRDLG could undertake this role utilising either a regional field officer in each region or an officer allocated a specific region from either the national office or a regional office (where available).

2.60 It has been difficult for the Committee to come to a conclusion on whether RDA should provide the role of assisting proponents to develop an Expression of Interest into an application without having a clear understating of what RDA's roles and responsibilities will encompass.

2.61 There are clearly benefits to RDA facilitating local partnerships, bringing project proponents together and assisting in sourcing additional funding. However, there are also clear benefits in a system where the DITRDLG has regionally based field officers (or officers responsible for regions) to collaborate with local council and community groups to identify opportunities, priorities and partnerships.

2.62 If the Government chooses to pursue the option of having regionally based field officers (or officers responsible for regions) collaborating with local council and community groups to identify opportunities,

49 Hyden Progress Association, *Submission no.45*, p.1.

50 Mr Haslinghouse, *Official Committee Hansard*, Shepparton, Friday 8 August 2008, p.29; Ms Dorn, *Official Committee Hansard*, Wednesday, Ballarat, 6 August 2008, p.32; Mr Crouch, *Official Committee Hansard*, Shepparton, Friday 8 August 2008, p.22.

priorities and partnerships, the Committee emphasises the critical importance of regular face-to-face consultation between program officers, their state counterparts and communities. The DITRDLG should provide considerable investment in developing and retaining expertise on the regions. This could be managed by entrusting responsibility for particular regions to identified staff, who could be located in the national office or based in regional areas.⁵¹

- 2.63 The ANAO report on the former program found that it was hampered by an insufficient capacity to perform financial analysis, and an insufficient level of awareness of the significance of such analysis.⁵² Accordingly, the Committee takes the view that a component of the DITRDLG must be dedicated to assessing applications, and that it be given sufficient staff and resources to allow it to perform such a function effectively.
- 2.64 This is one aspect of the necessary separation between functions in the DITRDLG. Others that must be considered are the project management, acquittal, and project and program evaluation. In view of the apparent challenges agencies face in recruiting skilled staff, there are obvious pressures to entrust work units with more than one function. In the Committee's view, this must be balanced against levels of separation necessary to ensure high standards of public administration.
- 2.65 Whichever option is adopted, the Committee notes that under the RPP, ACCs were assigned coverage of specific geographical regions within the states and territories. The Committee heard that the ACC boundaries were not aligned with the regional boundaries identified by state governments.⁵³ The Committee believes it would be helpful if there was greater alignment between Commonwealth Government regions and those utilised by each state and territory.

51 Also see Recommendation 15.

52 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No.14, 2007-08*, pp.443-449.

53 State Government of Victoria, *Submission No.244*, p.7; Western Sydney Regional Organisation of Councils, *Submission No.229*, p.1; Local Government Association of South Australia, *Submission No.195*, p.4.

Recommendation 8

- 2.66 The Committee recommends that the Government consider the following two options:
- the Government could more formally charge RDAs with the role of assisting applicants to develop their Expressions of Interest (as recommended in Recommendation 18) into an application; or
 - the DITRDLG could undertake this role utilising either a regional field officer in each region or an officer allocated a specific region from either the national office or a regional office (where available).

Recommendation 9

- 2.67 Should the Government wish to pursue the option of having regionally based field officers (or officers responsible for regions) collaborating with local council and community groups to identify opportunities, priorities and partnerships, the Committee recommends that officers of the DITRDLG should:
- promote and publish information about the program;
 - provide advice on Expressions of Interest;
 - assist with developing applications;
 - assess applications;
 - develop expertise and provide a point of contact for each region;
 - work in close contact with state government Regional Offices;
 - draft and manage funding agreements; and
 - evaluate project and program outcomes.

Recommendation 10

- 2.68 **Should the Government wish to pursue the option of having regionally based field officers (or officers responsible for regions) collaborating with local council and community groups to identify opportunities, priorities and partnerships, the Committee recommends that the DITRDLG invest significant time and effort in developing and recruiting staff with expertise in designated regions, and in assisting local government and community organisations with developing expressions of interest into applications.**

The assessment process

- 2.69 In regards to the assessment process, the Committee is of the opinion that centralisation would be beneficial. The following sections canvass two possible options for Government. The first option discusses the merits of centralising the assessment process in Canberra, taking into account the need for quicker assessment times and other recommendations made in the ANAO report. The second option considers, in addition to a centralised assessment process, adding a state and territory based panel of federal, state and local government representatives to the process. The panel, it is envisaged, would review applications from the DITRDLG and make recommendations to the Minister.

Centralised assessment

- 2.70 It has been proposed that, under the RLCIP, either the DITRDLG or RDA will assist in developing applications and perform other background work necessary to provide high-quality advice. This section considers the option of an entirely centralised assessment process.
- 2.71 Under the RPP, applications were processed in succession by ACCs, DOTARS' regional offices, DOTARS' central offices and Ministerial decision-makers.⁵⁴ This constituted a partially decentralised assessment procedure under the RPP, particularly in its first three years of operation.

⁵⁴ See Figure 1:1.2, ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No. 14, 2007-08, p. 16.

- 2.72 The Committee wishes to acknowledge statements by a number of witnesses, that ACCs and DOTARS regional offices had been helpful to RPP applicants.⁵⁵ However, it appears that the involvement of so many parties in the assessment process had negative effects.
- 2.73 First, it appears to have contributed to the time taken by DOTARS to receive and assess applications, and to notify applicants of the outcome. This was identified by witnesses throughout the inquiry as an area of prime concern.
- 2.74 Second, the decentralised assessment model contributed to the below-standard administrative culture of the program identified by the ANAO.⁵⁶ Its report suggested that DOTARS had not sufficient capability to perform financial analysis and management to support the program,⁵⁷ and that DOTARS' regional offices, specifically, were weak in this regard.⁵⁸
- 2.75 In the Committee's view an appropriate response is to group administrative functions retained by the DITRDLG at a central office. Such an approach will enhance the agency's capacity to attract and retain the necessary financial expertise to administer the RLCIP; create clearer lines of responsibility than under the RPP; and reduce the number of administrative layers involved in the assessment process. This, together with the adoption of funding rounds and streams, and clear criteria for eligibility recommended in this report, would facilitate better standards of public administration and transparency for the new program.

State and territory based panels

- 2.76 The Committee expects that the DITRDLG will play a central role in assessing applications and making recommendations to the Minister. Yet in addressing the concerns raised in evidence provided, the Committee has explored the option of including state and territory panels in this process.

55 Ms Dorn, BGT Employment, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.32; Dr Scott, G21 - Geelong Regional Alliance, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, pp.49-50.

56 Mr McPhee, *Proof Committee Hansard*, Canberra, Monday 13 October 2008, pp.3-4.

57 ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No.14, 2007-08, pp. 443-447, 477, 482-483.

58 ANAO, *Performance Audit of the Regional Partnerships Programme*, Performance Audit Report No.14, 2007-08, p.472.

- 2.77 In addition to the DITRDLG, state and territory government agencies manage regional issues. Where these agencies have been involved in applications for partnership projects under the former program, it has at times proved frustrating for applicants, in the sense that applications have been subject to several different assessment processes. Across the country, the Committee heard that creating higher levels of consistency in guidelines, plans and priorities across the three tiers of government would reduce significantly the obstacles which applicants have encountered under the former program.⁵⁹
- 2.78 The creation of panels in each state and territory could assist in harmonising and streamlining assessments by:
- enabling funding partners to simultaneously agree to funding projects;
 - ensuring projects meet the priorities and plans of all tiers of government; and
 - timing funding rounds with those of each state and territory.
- 2.79 In Recommendation 19 the Committee proposes four rounds per year for funding projects under \$50,000 and two rounds per year for funding projects over \$50,000. Should the government decide to adopt state and territory based assessment panels, the Committee proposes each assessment panel would meet four times per year to take account of both three-monthly rounds and six-monthly rounds as noted in Recommendation 19.
- 2.80 Under this model, an assessment panel based in each state and territory could be the impetus for future harmonisation of application processes, and funding and accountability structures. Separate assessment panels in each state and territory would be required because each has a different regional infrastructure funding model. Separate, nominal funding allocations to each state and territory would also be required for assessment panels to rate applications.
- 2.81 This option entails an assessment panel of representatives from each tier of government to meet regularly to make assessments and align regional objectives. The federal Minister would invite nominations from local government and the state or territory governments and

59 Ms Parker, Department of Tourism, Regional Development & Industry (QLD), *Official Committee Hansard*, Toowoomba, 21 July 2008, p.18; Mr Howe, Outback NSW ACC, *Official Committee Hansard*, Dubbo, 12 August 2008, p.31; South East Local Government Association, *Submission No.203*, p.4; Albury Wodonga ACC, *Submission No.188*, p.11.

would appoint delegates to each assessment panel. The assessment panel could also co-opt representatives from peak community organisations, economic development bodies and philanthropy groups.

- 2.82 State based assessment panels would also allow for expertise from different agencies to be drawn from the States. An example of this is the Community Support Fund Advisory Council (CSFAC) which comments on recommendations made to the Victorian Community Support Grants program. The CSFAC consists of representatives from diverse backgrounds including ethnic, community, welfare, sport, tourism and the arts.⁶⁰
- 2.83 The Committee believes the makeup of the panels should be as flexible as possible. This would allow representation to reflect the size and diversity of needs in the states and territories and the expertise required.
- 2.84 The panel could be set up in a similar way to the state-based Assessment and Advisory Panel of the former federal government's *Investing in our Schools* Programme or the *Black Spot* Programme. The *Investing in our Schools* panel assessed all complete and compliant applications against a set of guidelines and made recommendations to the Minister. The panel was chaired by an Australian government officer and comprised state representatives from peak school state bodies.⁶¹
- 2.85 The panel could attach higher weightings to projects that have a higher amount of partnership funding from proponents, state government, local government and/or philanthropy. This occurred with the *Black Spot* Programme.
- 2.86 In addition, recommendations from the panel to the Minister under the RLCIP would be powerful because the three tiers of government would be supporting projects at the same time. The onus would be on the Minister to make the reasons clear if final decisions differ from recommendations of the panel.

Conclusion

- 2.87 In the preceding section, the Committee has recommended two options for Government consideration. Both options support a new
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60 State Government of Victoria, *Submission No.244*, p. 20.

61 Department of Education, Science and Training, *Investing in Our Schools Programme: Guidelines for State Schools*, 2007, pp.12-13.

program which employs a centralised assessment process. However, the Government may wish to consider the addition of panels in each state and territory, with delegates from the three tiers of government and others, to provide recommendations on applications to the Ministerial decision maker.

Recommendation 11

2.88 The Committee recommends that the Government consider developing a centralised assessment process for the Regional and Local Community Infrastructure Program.

The Committee also recommends that, in addition to employing a centralised assessment process, the Government consider establishing panels in each state and territory, with delegates from the three tiers of government and others (peak community organisations, economic development bodies, philanthropy groups and people with particular expertise), to provide recommendations on applications to the Ministerial decision maker.

Recommendation 12

2.89 The Committee recommends that, if state and territory based panels are adopted, the Department of Infrastructure, Transport, Regional Development and Local Government:

- **advise the panel on applications;**
- **provide a delegate to chair the panel and to represent the federal government.**

Funding the new program

2.90 DOTARS received funding from one administered annual appropriation for the RPP.⁶² Generally, at the end of the fiscal year, unspent funds from annual appropriations are not available to departments for the next fiscal year. There is, however, a process

⁶² ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No.14, 2007-08*, p.497.

whereby a Minister can request that the unspent appropriation be added to future financial years. This is called re-phasing.⁶³

- 2.91 Because the RPP operated on a continuous basis and was designed to provide funding to successful projects as they met their project milestones, the RPP – in the four years examined by the ANAO – underspent its available allocated appropriation each fiscal year.⁶⁴ As a result, DOTARS sought ‘significant re-phrasings of appropriated funds’ in each fiscal year between 2003 and 2007.⁶⁵
- 2.92 Unspent money in one year being rolled over to the next was not necessarily problematic, as money continued to be available for the funding of programs as milestones were reached. However, problems did arise out of the RPP’s inability to expend its yearly budget allocation.
- 2.93 For example, the total underspend in one year was not always re-phased into later years. Therefore, underspending led to a loss in funds available to the program.⁶⁶ This problem was exacerbated and compounded by a culture in DOTARS that encouraged the expeditious ‘payment of funds as 30 June drew near so as to reduce the amount of any unspent appropriation’.⁶⁷
- 2.94 DOTARS adopted various strategies to increase the RPP’s yearly expenditure (often in the latter part of the fiscal year). These included:
- reducing assessment times through the application of less rigorous assessment processes;
 - making payments in advance of project needs and before funding agreement pre-conditions had been met;⁶⁸ and
 - providing a significant amount of the funding in the first payment instalment.⁶⁹

63 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No.14, 2007-08*, p.505.

64 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No.14, 2007-08*, p.502.

65 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No.14, 2007-08*, p.505.

66 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No.14, 2007-08*, p.506

67 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No.14, 2007-08*, p.504.

68 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No.14, 2007-08*, p.508.

- 2.95 As a result, the system of budgeting yearly allocations for the RPP had a negative impact on its operation and the Committee is concerned that the RLCIP is not faced with the same challenges.
- 2.96 One option is the creation of a special account. Victoria has taken the approach of establishing a trust fund of the public account. In this instance, establishing a trust fund of the public account quarantines spending commitments and protects the program from 'the restrictions of budget carrying forward provisions'.⁷⁰ The Victorian government believes that in its case, this has ensured that regional communities in Victoria are 'afforded the assurance of government support'.⁷¹
- 2.97 In the federal context, a special account for the purpose of a new program would ensure that money allocated by the government for the program would exist at arm's length from the budget cycle. Therefore, money could be distributed when required, according to funding agreements. The pressure to expend funds by the end of a fiscal year would cease and the potential loss of funds due to re-phasing restrictions would be abated, resulting in better management of projects by the administering department to the benefit of funding recipients.
- 2.98 The ANAO advised that some advantages would be obtained by creating a special account for the RLCIP. However, the Auditor-General cautioned that he would not like special accounts opened too often and there may be other ways to achieve the objectives of better financial management.⁷²
- 2.99 The Committee is seeking further advice from the Auditor-General and Department of Finance as to how this may be achieved before making a recommendation in this area.

69 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2*, Report No.14, 2007-08, p.512.

70 State Government of Victoria, *Submission No.244*, p.9.

71 State Government of Victoria, *Submission No.244*, p.9.

72 Mr Boyd and Mr McPhee, ANAO, Proof Committee Hansard, Canberra, Monday 13 October, pp.28-29.

The Process

- 3.1 This chapter considers stages in the project life-cycle under the RPP, and its implications for the RLCIP. These stages include: applications, assessment, decision-making on grants, project management and monitoring, and project evaluation.
- 3.2 Under the RPP, stake-holders experienced considerable frustration. Delays in assessment and approval were cited as problematic, as were a lack of transparency and certainty in connection with application approvals.¹ In practice, delays and subsequent increases in cost threatened the viability of projects.² In a more general sense, delays also reduced the degree to which the program was seen as fair and above-board by applicants and associated parties.³
- 3.3 Similar concerns were expressed from an audit perspective: the ANAO cited delays and project cost-increases as matters of concern.⁴ Added to this were questions about the adequacy of DOTARS' actions relating to due diligence, financial management, and adherence to –

1 Mr Trevor, Wide Bay Burnett ACC, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, p.26; ACC – Illawarra, *Submission No.1*, pp.3-4; Ms Dorn, BGT Employment, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.32.; Mr Mike Hyde, Wingecarribee Shire Council, *Submission No.125*, p.3; Mr Ian McPhee, Australian National Audit Office, *Submission No.49*, p.3.

2 Mr Russell, Central Murray ACC, *Proof Committee Hansard*, Shepparton, Friday 8 August, 2008, p.31; Mr Marshall, Maningrida JET Centre, *Official Committee Hansard*, Darwin, Monday 28 July 2008, p.47; Dr John O'Brien, ACC - Hunter, *Submission No.104*, p.7.

3 Prof. Arlett, North Queensland ACC, *Official Committee Hansard*, Cairns, Friday 25 July, 2008, pp.20, 32; Mr Pollock, North Queensland ACC, *Official Committee Hansard*, Cairns, Friday 25 July, p.33.

4 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.124-127, pp.316-318.

and the adequacy of – departmental procedures.⁵ There have also been broader concerns about the relationship of political and administrative processes under the RPP: one example of which has been the timing of announcements for political rather than administrative advantage.⁶

Applications

- 3.4 The Committee heard that preparing an application under the RPP represented a considerable investment of resources, often entailing significant levels of unpaid work by members of the applicant organisation.⁷ It also represented an investment of hope and expectation on the part of regional communities, and in instances where the management of applications fell below community expectations, particularly where they were unduly delayed, this resulted in significant damage to morale.⁸
- 3.5 In some cases, delays have led to partners withdrawing, so that projects have ceased to be viable.⁹ Together with considerable project-cost increases where outcomes have been delayed, these factors underscore the importance of effective handling of applications through the full program life-cycle.¹⁰

Making the application process easier

- 3.6 A significant number of contributions to the inquiry expressed dissatisfaction with the application process as it stood under the RPP. A view commonly expressed in submissions and roundtable hearings was that application forms were unduly complex and difficult to complete, and that this disadvantaged applicants from less prosperous regional communities.¹¹

5 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.112, 305, 390, 310-313, 316-318.

6 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, p.133.

7 Mr Peter O'Rourke, Shellharbour City Council, *Submission No.123*, p.3.

8 Mr Peter Couper, ACC - Melbourne East, *Submission No.96*, p.10.

9 Dr John O'Brien, ACC - Hunter, *Submission No.104*, p.14.

10 Mr Ian McPhee, Australian National Audit Office, *Submission No.49*, p.3.

11 Mackay Region ACC Inc, *Submission No.198*, p.4; Mr Trevor, Wide Bay Burnett ACC, *Official Committee Hansard, Toowoomba, Monday 21 July 2008*, p.25; Mr Keenan,

- 3.7 It was suggested that the complexity of application forms, and the application process in general, often made it necessary to engage professional third parties to undertake the application process, if there were to be any hope of a successful outcome.¹² There was a perception on the part of some ACCs and applicants that DOTARS gave undue emphasis to format and presentation in assessing applications.¹³ It was suggested that in practice this led to inequities: less well-to-do regional communities had a smaller pool of local expertise to draw on, and were therefore more in need of assistance from third parties, but were less able to purchase it.¹⁴
- 3.8 Contributors to the inquiry were consistent in the view that the application process for a future regional funding program should be less complex than it was under the RPP. However, it is necessary to weigh this perceived need to improve access against the need to obtain good-quality information – particularly financial information – if the DITRDLG is to fulfil its obligation to provide a good standard of management.
- 3.9 As noted above, under Financial Management Act (FMA) Regulations, parties directly involved in delivering programs must take all reasonable steps to ensure that good value for money is obtained for expenditure from the public purse (FMA Regulation 9).¹⁵ This obliges agencies to perform due diligence in relation to grant applications, which is to say that all reasonable steps be taken to acquire appropriate financial and other information related to expenditure.¹⁶
- 3.10 For the former program, the ANAO consistently found that too little information, of insufficient quality, was brought to bear on applications, and that this had a negative effect on the Department's ability to discharge its obligations for good management.

Economic Development Australia, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.8.

12 ACC - Illawarra, *Submission No.1*, p.6; Ms Mary Walsh, Wide Bay Burnett ACC, *Submission No.114*, p.6; Mr Peter O'Rourke, Shellharbour City Council, *Submission No.123*, p.3.

13 Mr Peter O'Rourke, Shellharbour City Council, *Submission No.123*, p.3.

14 Ms Mary Walsh, Wide Bay Burnett ACC, *Submission No.114*, p.6.

15 Australian National Audit Office (ANAO), *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.50-51.

16 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, p.393.

- 3.11 With these considerations in mind, there are a number of imperatives to be balanced. Reduced requirements for applications may lower barriers to access, and may also reduce delays and program administration costs. However, good standards of public administration for a grants program require high-quality information about applicants and projects.
- 3.12 A suggested response from contributors to the inquiry was to make the complexity of the application process, including the depth of information required, commensurate with the amount of contribution sought from the program, thus differentiating levels of risk to which the Commonwealth would be exposed if funding were to be approved for smaller and larger grants.¹⁷ This is consistent with practice adopted by the former program in the latter part of its life, during which different application processes, and requirements for information, were set according to level of contribution sought from the RPP.¹⁸
- 3.13 Consistent with this, contributors suggested that there be different application forms and processes for applications seeking different amounts of program contribution.¹⁹ A number of different thresholds were proposed for this purpose, including that applications seeking less and more than \$500,000 should be treated differently; above and below \$200,000, or \$100,000; and, more commonly, that \$50,000 of program contribution be considered a significant point of differentiation.²⁰
- 3.14 Others proposed two threshold points, so that three streams would exist. One such model was that of the VicHealth program in Victoria, which has a \$10,000 ceiling for program contributions sought by small

17 Mr Trevor, Wide Bay Burnett ACC, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, p.26; Ms Admans, Foundation for Rural & Regional Renewal, *Official Committee Hansard*, Ballarat, Wednesday, 6 August 2008, p.35.

18 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, p.107.

19 Mr Russell, Central Murray ACC, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.16; Clr McLean, Central Victoria ACC, *Official Committee Hansard*, Ballarat, Wednesday, 6 August 2008, p.17.

20 Mr Iaccarino, Melbourne's North & West ACC, *Official Committee Hansard*, Ballarat, Wednesday, 6 August 2008, p.16; Mr Buckley, Regional Cities Victoria, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.40; Mr Keenan, Economic Development Australia, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.20; Ms Dorn, BGT Employment, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.50; Clr McLean, Central Victoria ACC, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.17.

grants, a range of \$10,000 to \$100,000 for middle-order grants, and an upper category for applications which seek more than \$100,000 from the program.²¹

- 3.15 The Committee agrees with proposals for differentiating between grant applications on the basis of the amount of money sought from the program. In the Committee's view, this holds out the prospect of increasing access to the program by applicants and rationalising administrative work-loads, and management of risk, by applying a greater level of scrutiny where projects involve a greater contribution from the federal government. The Committee noted that this should result in an enhanced capacity by the DITRDLG to process applications, and to perform other administrative processes associated with the program, in a timely fashion.

Recommendation 13

- 3.16 **The Committee recommends that there be a sliding scale of complexity for forms and of information requirements for applications, commensurate with the level of contribution sought from the program, and thus the level of risk to which the Commonwealth is exposed if the application is approved.**

Recommendation 14

- 3.17 **The Committee recommends that applications be separated into three streams: those seeking less than \$50,000 in contribution from the program, those seeking between \$50,000 and \$250,000, and those seeking more than \$250,000.**

Integration of state, local, and Commonwealth Government applications

- 3.18 According to former applicants and RDA representatives, further difficulties in the RPP application process stemmed from differences in administrative settings in different tiers of government: state, territory and federal.

21 Ms McCann, Melbourne East ACC, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.37.

- 3.19 With respect to applications, the Committee heard that applicants were often obliged to invest considerable amounts of time in order to conform to the formats and expectations imposed under grants schemes in different tiers of government.²² This was a particular feature of the RPP because, as a partnerships program, applications necessarily entailed synchronising contributions from a variety of funding bodies, governments among them.
- 3.20 Differences in closing dates of grants programs were noted as a special difficulty. Mismatches in round scheduling, for example, could result in one jurisdiction requiring funds to be expended before another was ready to disburse funds.²³ Indeed, it has been suggested that one of the chief virtues of the open application process employed under the RPP was that it countered the influence of these differences, allowing greater opportunities for synchronisation between the RPP and other grant programs.²⁴
- 3.21 Similar difficulties were identified for definitions, by each tier of government, of the different geographical areas they define for the purposes of program administration. Where these definitions are significantly different, it imposes a further obstacle to applicants who wish to establish funding combinations involving more than one layer of government.²⁵
- 3.22 Contributors to the inquiry, such as program clients and program facilitators, suggested ways to resolve these differences. It was proposed that delineations of area for the purposes of a program work best when they define 'communities of interest': where communities united by an area boundary have sufficiently strong interests in common to allow effective planning and administration.²⁶ This proposal holds out the possibility that regions or areas could be defined on the basis of comparatively objective criteria, on which

22 Mr Buckley, Regional Cities Victoria, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.32; Mr Ray Hortle, ACC - Albury Wodonga, *Submission No.188*, p.11; Mr Crouch, Sunraysia ACC, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.29.

23 Mr Crouch, Sunraysia ACC, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.29.

24 Ms Linley, Regional Development Victoria, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.40.

25 Mr Ferrie, Department of Planning & Community Development (VIC), *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.25.

26 Mr Iaccarino, Melbourne's North & West ACC, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.16.

local, state and federal governments would be more likely to find agreement.

- 3.23 From the perspective of governments, however, this may appear more difficult: constitutional distinctions between layers of government are reflected in a history of distinct separation at a practical level. Uniform processes may also be regarded, from a governmental point of view, as similarly difficult to achieve.
- 3.24 Recognising both the significance of these differences, and challenges in resolving them, the Committee proposes an evolutionary approach toward harmonisation of regional boundaries and administrative processes. The Committee proposes that if the state and territory based assessment panels outlined in Recommendation 11 of this report are adopted, that they be used as the vehicle through which to identify and respond to differences between federal and other governments, which would otherwise present undue obstacles to applicants and projects. This would allow the new program to drive reform in this area, without obliging it to wait on change from an external source.

Prescriptive process with understood timelines

- 3.25 Contributions to the inquiry attested to the sense of uncertainty generated by variable time-lines under the former program, a lack of known parameters in this regard, and resulting costs and other consequences. An alternative is to create timelines for the application process – including assessment, final decisions and notification, announcement and feedback – that are binding on the DITRDLG, and clearly communicated to program clients.
- 3.26 Program design is implicated in this. The open rounds format of the RPP, in which applications were accepted at any time, is less well-suited to the establishment of reliable time parameters for application assessment. Closed rounds, in which applications are accepted within a certain window of time, with the undertaking that a decision will be made by a particular date, provide better support. Adopting this approach would allow this, and other dimensions of program management, to be made more predictable. The issue of closed rounds is discussed further below.

Assisting applicants

- 3.27 Under the RPP, the ACCs performed a range of functions. In general, they have been a point of interface between the Commonwealth Government and regional communities, both gathering and disseminating information. As former applicants to the program have attested, ACCs often rendered considerable assistance and support to applicants, having a better appreciation of the format and standard of application required by DOTARS.²⁷
- 3.28 The Committee notes that the role of RDA is to be determined. One possibility is that its role will be largely of a consultative nature, advising government on regional affairs rather than directly assisting applicants to the new regional development scheme. This would be consistent with the second option canvassed in Recommendation 8 of this report. In Recommendation 9, administrative functions previously shared between ACCs and DOTARS' regional and central offices, would be performed by DITRDLG, either in a central office, or by the DITRDLG field officers.
- 3.29 If the Government decides that the DITRDLG should undertake the primary applicant assistance role (as recommended in option two of Recommendation 8), the Department needs to ensure that sufficient resources are put in place so that it can replace functions hitherto undertaken by ACCs, and regional offices. A particular focus must be to assist proponents with their applications. The Committee notes that the DITRDLG would be obliged to take deliberate measures to foster effective relationships between program clients and program officers to ensure the new program's success. Such measures could include locating field officers within RDAs, local government or Commonwealth Government programs located in regions, as is the case with AusIndustry or AusTrade. The DITRDLG will also be obliged to guard against potential conflicts of interest due to the application being developed and assessed by a single organisation.

27 Mr Nick Machan, Tulgeen Disability Services, *Submission No.106*, p.1; Ms Jean Brewer, PERFEX Working Group, *Submission No.136*, p.2.

Recommendation 15

- 3.30 If the Government decides that the DITRDLG should undertake the primary applicant assistance role (as recommended in option two of Recommendation 8), the Committee recommends that DITRDLG build capacity and staff expertise such that the Department is capable of acting as a single point of contact for applicants, providing advice, feedback and application writing and development capabilities with regard to the program.

Recommendation 16

- 3.31 If the Government decides that the DITRDLG should undertake the primary applicant assistance role (as recommended in option two of Recommendation 8), the Committee recommends that the DITRDLG assign staff to manage the program for particular regions, allowing them to develop and retain that expertise with respect to those regions.

Options are to:

- entrust responsibility for particular regions to identified staff in the DITRDLG central office; or
- entrust responsibility for particular regions to identified DITRDLG field officers based in regional areas.²⁸

Recommendation 17

- 3.32 If the Government decides that the DITRDLG should undertake the primary applicant assistance role (as recommended in option two of Recommendation 8), the Committee recommends that the DITRDLG provide resources such that there are sufficient staffing levels, and sufficient staff travel to regions or staff located in regions, to allow one-to-one support for applicants, including for application drafting, and related matters such as engaging with prospective funding partners.

28 An example of this exists in Victoria where single regional field officers are located in each of the State's regions with the job of assisting applicants to access state government programs and work up applications to the Regional Development Infrastructure Fund.

Paul Neville MP – alternate comment

Alternative Recommendation 16

I recommend that the DITRDLG assign staff to manage the program for particular regions, allowing them to develop and retain that expertise with respect to those regions. It should:

- entrust responsibility for particular regions to identified DITRDLG staff based in regional areas; and
- establish 13 small regional offices, 3 in Queensland, 3 in New South Wales, 2 in Victoria, 2 in Western Australia, and one each in the other States and Territories.

Developing applications

- 3.33 ACCs often performed an informal filtering role where the application was considered unlikely to attract funding in its present form.²⁹ Contributors to the Inquiry suggested that this reduced the cost of program administration.³⁰ However, ACCs were not empowered to perform this function in a formal sense, and this left them – and consequently the program – open to risk and uncertainty.³¹
- 3.34 The Committee also heard from the DITRDLG that 80 per cent of applications to the former program, whether they had been through an ACC or not, were insufficiently developed to allow the assessment process to begin on receipt of the application, and that this made a significant contribution to the long assessment periods noted elsewhere in this report.³²
- 3.35 In the Committee's view it would be beneficial to clarify informal practices under the former program in this regard, so that formal Expressions of Interest become a standard first step for all applicants.

29 Mr Crouch, Sunraysia ACC, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.24; Mr Eastoe, Albury Wodonga ACC, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.30.

30 Mr Trevor, Wide Bay Burnett ACC, *Official Committee Hansard*, Toowoomba, Monday, 21 July 2008, p.19.

31 Mr Crouch, Sunraysia ACC, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.24.

32 Mr Angley, DITRDLG, *Proof Committee Hansard*, Canberra, Monday 13 October 2008, pp.32-33.

- 3.36 In this proposed process, RDAs or departmental field officers would work with proponents to develop Expressions of Interest to the point where they can be accepted as fully-fledged applications under the program. It is anticipated that such a process, in which a clear delineation is made between application development and assessment, would reduce the length of time needed for assessment, and improve the transparency of the application process as a whole.

Recommendation 18

- 3.37 **The Committee recommends that for all applications, Expressions of Interest are to be lodged with the program prior to applications being lodged, and that:**
- **the primary objective of the Expression of Interest process is to develop applications;**
 - **Expressions of Interest are to be accepted at any time of year;**
 - **Expressions of Interest are to receive feedback and assistance sufficient to allow further development of application, or to allow applicants to approach another, more suitable program; and**
 - **Expressions of Interest and feedback are to go on file, as part of the evidence upon which assessments are made, for those projects which develop into applications.**

Open or closed funding rounds

- 3.38 For non-profit projects, the former program accepted applications at any time of year, regardless of the size of contribution sought. Each application was assessed by DOTARS, which forwarded applications with the results of that assessment attached as advice to Ministerial decision-makers. Ministerial decision-makers then approved, or did not approve, applications individually and at their discretion, rather than by ranking them against a field of other applications.
- 3.39 It is thought that this combination of arrangements made the program more difficult to administer, in that DOTARS was unable to be certain about the weight or status accorded its advice.³³ As noted, the

33 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.84-85, 447-448.

doctrine of ministerial discretion over application approvals obliged DOTARS to perform due diligence on all applications, regardless of merit, and it proved unable to meet its obligations in this regard.

- 3.40 These elements of program design were problematic for all parties involved in the process. Program clients were unable to be certain about the parameters of the program, and this made writing applications difficult, as it did their assessment by DOTARS.
- 3.41 A more common practice is for grants programs to consider applications in a series of rounds, which open and close on nominated dates. Applications for each round are then considered in a group, and ranked according to program criteria. This is generally considered a more transparent and reliable method of arriving at application approvals, in that the ranking process provides a further layer of assessment, in combination with attention to program criteria.³⁴
- 3.42 There are other administrative benefits attributed to funding rounds. Under this process the relationship to overall program budget is more readily perceived, and there is a clearer perception of how much is to be allocated at a given time. Because rounds entail processing of batches of applications, timeliness is also better supported by this model.
- 3.43 Some elements of the former program were better supported by the open applications process. As noted, one important attribute was that it compensated, to a degree, for differences in closing and acquittal dates employed by funding agencies in the states and territories.³⁵ Program clients also expressed positive views of being able to apply at any time of year.³⁶
- 3.44 The Committee takes the view that strong concern over lack of timeliness under the former program, and about a lack of transparency and certainty, warrant the adoption of a rounds process for grant applications: a significant number of contributors to the inquiry indicated timeliness as a primary concern.
- 3.45 The Committee accepts that some applications take longer to process than others, due to the higher level of due diligence and other

34 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.189, 386.

35 Ms Linley, Regional Development Victoria, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.40.

36 Mr Budge, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.42.

preparatory work necessary where applications seek a higher level of contribution from the program. With this in mind, the Committee proposes two separate funding rounds for the application streams recommended above.

Recommendation 19

- 3.46 **The Committee recommends that regular, closed funding rounds be adopted for all streams, specifically:**
- **three-monthly rounds for less than \$50,000; and**
 - **six-monthly rounds for more than \$50,000, including applications seeking a \$50,000 - \$250,000 contribution from the program and those seeking more than \$250,000.**

Paul Neville MP – alternate comment

Alternative Recommendation 19

I recommend that regular closed funding rounds be adopted for all (except those for deprived regions and larger grants above \$500,000), namely:

- 3-monthly rounds of grants to \$50,000;
 - 6-monthly rounds for applications seeking between \$50,000 and \$500,000;
 - rolling round of \$50,000 to \$2.5 million for deprived regions or declared areas within regions;
 - a rolling round from \$500,000 to \$7.5 million for major projects; and
 - emergency grants in exceptional circumstances to \$500,000 on Ministerial direction and with a 3-month application completion provision.
- 3.47 As noted above, the Committee acknowledges that the adoption of closed competitive funding rounds for the program, without harmonisation of application dates between federal and other jurisdictions, presents problems for some partnership projects. The option of assessment panels in each state and territory could be a

vehicle through which federal representatives, and those of the states and territories, will identify and work to resolve problems in this regard (see discussion regarding state and territory based assessment panels in Chapter 2). In addition to conducting a process to harmonise these facets of state, territory and federal programs, it is anticipated that Assessment Panel members would be in a position to negotiate optimum time-frames for the funding of particular grant applications to minimise the ill-effects of differences between programs.

Assessments

- 3.48 Contributions to the inquiry show that under the former program the assessment process occasioned concern amongst a number of participants. As noted, there were widespread perceptions that the period of time from lodging an application to being notified of an outcome was excessive, and that the process was both less transparent and less predictable than anticipated.³⁷
- 3.49 It appears that for applicants there was a significant disjunction between the experience of preparing an application and having it assessed. Preparing an application involved a consultative, regionally-based process where applicants worked in close cooperation with other local organisations, particularly the local ACC and local government. Contributors to the inquiry suggested that this process in itself was an important positive effect of partnership grants schemes, in that it created new working relationships, and consequently social capital, in regional areas.³⁸
- 3.50 While the RPP appears to have been designed, in part, to foster such outcomes, its assessment process was not entirely consistent with them. While the partnership model in the program acted as a valuable social catalyst, the process of assessment has, in part, reduced the full benefits of this effect.

37 Mr Trevor, Wide Bay Burnett ACC, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, p.19.; Mr Xynias, Greater Brisbane ACC, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, p.55; Mr Russell, Central Murray ACC, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.31.

38 Ms McCann, Melbourne East ACC, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, pp.29, 45.

Assessment models

- 3.51 By contrast, Regional Development Victoria employs a similar, but more thorough model which keeps the process closer to regional stake-holders. In this model, departmental officers work closely with potential aspiring applicants to the program, acting as facilitators, among other things, to support the application process.³⁹ RDV officers foster partnerships, identify opportunities, encourage applicants to initiate projects, and provide feedback on applications.⁴⁰ There is no formal Expression of Interest process,⁴¹ but through its close involvement with applications from their inception, RDV is able to filter applications effectively.⁴²
- 3.52 Responses to applications are made in considerably shorter time-frames than for the RPP: in as little as two-weeks, despite the program's open application process.⁴³ This provided considerable benefits in ensuring that applications did not go out of date while being considered for funding.⁴⁴
- 3.53 In essence, this approach combines, under program management, the components that were separated under the RPP, where facilitation was done at arm's length by ACCs, then assessed by DOTARS.
- 3.54 Should the DITRDLG undertake the primary assistance role (point 2, Recommendation 8), then the Committee is of the belief that there would be clear benefits in integrating facilitation of applications and assessment in the one department. Alternately, should RDAs be tasked with assisting proponents (point 1, Recommendation 8), then the former RPP model of ACC facilitation with DOTARS assessment, would have to be employed again. In either case, sufficient resources will need to be allocated to the DITRDLG in order for assessments to be performed effectively.

39 Mr Budge, *Official Committee Hansard*, Wednesday, Ballarat, 6 August 2008, p.18.

40 Mr Sharp, Regional Cities Victoria, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.31.

41 Mr Budge, *Official Committee Hansard*, Ballarat, 6 August 2008, p.18.

42 Mr Sharp, Regional Cities Victoria, *Proof Committee Hansard*, Shepparton, Friday 8 August 2008, p.23.

43 Mr Budge, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.42; Ms Linley, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.40.

44 Mr Budge, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.42.

Recommendation 20

- 3.55 **The Committee recommends that the Regional and Local Community Infrastructure Program be supported with sufficient resources to allow the DITRDLG to assess applications effectively.**

Assessment criteria

- 3.56 Contributors to the inquiry have suggested that, under the former program, it was difficult for applicants, ACCs, or even departmental staff to establish a clear sense of assessment criteria. Rather, grant applicants had the sense that ‘goal posts were being shifted’, and ACCs perceived a need to ‘seek inside information’ to gain a sense of program priorities at any given time. This situation, which appears to have been a product of insufficient communication, combined with ways in which ministerial discretion was exercised, is said to have contributed to perceptions of political bias in the administration of the program.⁴⁵
- 3.57 In the Committee’s view, this underscores the importance of clear and effective dissemination of assessment criteria for the new program, amongst applicants to the program and staff of the administering department. Elsewhere this report recommends that where ministerial decision-makers diverge from departmental advice on program applications, the reasons should be recorded. As noted, this is consistent with the recommendations of the ANAO: that reasons be recorded and that FMA Regulations be amended to make this a mandatory requirement.⁴⁶
- 3.58 Better definitions of key elements of the new program are a further means to avoid some of the drawbacks of the RPP. A key improvement in this respect depends on the clarifications of regional plans, and their ownership, recommended in Chapter 2 of this report. There are also further advances to be made by arriving at better definitions of other elements of assessment criteria that were identified as problematic for the former program. Each of these makes a contribution to the relative ease or difficulty with which applications are approved. As applicants have told the inquiry, too

45 ACC - Illawarra, *Submission No.1*, p.2.

46 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.90-92, 93.

many unfavourable conditions amount to a filter that can be unduly difficult to overcome.⁴⁷ On the other hand, clarification of such criteria can facilitate the drafting of applications, and render them more likely to succeed.⁴⁸

Partnership requirements

- 3.59 As already noted, the partnership funding model was an integral part of the former RPP. For assessment criteria, this was expressed as the requirement that, for each application considered, a particular proportion of project budget would be provided by applicants and their partners, and a particular proportion by the program.
- 3.60 Although definitions varied over the life of the program, in general the requirement for not-for-profit applications was that the applicants and partners would contribute more than 50 per cent of project budget.⁴⁹ Requirements for for-profit applications were higher, but are not considered here as this report does not recommend their inclusion in the future program.
- 3.61 Under the former program, applications that showed applicants and their partners together contributing more than half of project budget were in general rated more favourably.
- 3.62 Contributors to the Inquiry expressed concern that these requirements could result in problems with equity. Less prosperous regional communities were less likely to be able to provide money, as applicants, or to find willing partners with the financial wherewithal to contribute.⁵⁰
- 3.63 Documentation for the RPP specifically stated that economic circumstances could be grounds for waiving strict application of the requirements for a certain proportion of the project budget to come from applicants and partners.⁵¹ It is notable that although this was specifically indicated in written guidance to assessors, there remained

47 Ms McCann, Melbourne East ACC, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.29.

48 Ms Lewis, Southern Inland Queensland ACC, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, p.59.

49 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.265-266.

50 Cr O'Brien, Murweh Shire Council, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, p.15.

51 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, p.265.

a perception amongst applicants that this flexibility was not available under the program.⁵²

- 3.64 This underscores the need for reliable definitions and effective communication with stakeholders, for those circumstances where partnership requirements may be modified. Applicants from regional areas facing particular economic hardship are an important instance of this. This should be characterised in formal terms, so that adaptations of this nature can be made to program requirements without causing undue uncertainty.

Viability

- 3.65 Under the former program, applicant and project viability were both part of assessment considerations for projects. This dimension of assessment proved to be a challenge for DOTARS. Due to an apparent lack of financial expertise and capacity, the Department was unable to generate, or to commission financial assessments from third parties, and in a reliable way provide that as part of its advice to ministerial decision-makers.⁵³
- 3.66 These challenges were particularly evident in relation to for-profit applications. However, this report recommends that for-profit applications no longer be accepted. This reduces, but does not remove, the necessity for viability assessments for applicants and projects under the scheme.
- 3.67 In view of shortfalls in capacity under the former program, deliberate action must be taken by the Department managing the program to ensure that sufficient, thorough viability and other financial analysis be undertaken so that the Department can meet its due diligence obligations.
- 3.68 The Committee acknowledges the challenges involved in attracting and retaining staff with specialist skills in the current labour market. The Committee proposes a combination of senior staff skilled in these areas, to champion improved practice in this area, with continued, more consistent use of third-parties to provide this technical analysis.

52 Cr O'Brien, Murweh Shire Council, *Official Committee Hansard*, Toowoomba, Monday, 21 July 2008, p.15.

53 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, p.447.

Recommendation 21

- 3.69 **The Committee recommends that the DITRDLG increase its capacity to perform viability and other financial analysis on applications lodged under the program, through a combination of senior appointments requiring these skills, use of third-party providers, and training for departmental staff.**

Competitive neutrality

- 3.70 A further dimension of application criteria that proved challenging, and at times confusing, for applicants were requirements relating to so-called “competitive neutrality”. This term was used to indicate instances where the funding of an application would provide the applicant with an undue advantage over another provider of that good or service. This criterion was framed with for-profit applications in mind, but has also been applied to not-for-profit projects.⁵⁴
- 3.71 In general, apparent disparities in requirements caused considerable confusion amongst applicants, and competitive neutrality appears to have been a particular instance of this. Some contributors to the inquiry suggested that this criterion had been given undue weight in the RPP process, and had made it difficult for applications in some areas of activity to succeed.⁵⁵
- 3.72 While there were a number of contributors who raised concerns, few solutions were offered beyond relaxing the requirement. However, one contributor to the inquiry argued that adopting a ‘fresh legislative policy’, expressed as mild levels of reform, was the most efficient way to resolve these problems.⁵⁶ The Committee takes the view that this approach has merit and should be investigated.
- 3.73 The Committee is also aware that there were perceptions that the criteria for RPP was constantly shifting.⁵⁷ To avoid perceptions of

54 Mr Iaccarino, Melbourne’s North & West ACC, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.36.

55 Mr English, Orana ACC, *Official Committee Hansard*, Dubbo, Tuesday 12 August 2008, p.51 ; Ms Bentick, Central NSW ACC, *Official Committee Hansard*, Dubbo, Tuesday 12 August 2008, pp.51-52; Mr Clements, Gowest Regional Development Fund, *Official Committee Hansard*, Dubbo, Tuesday 12 August 2008, pp.52-53.

56 Mr Clements, Gowest Regional Development Fund, *Official Committee Hansard*, Dubbo, Tuesday 12 August 2008, pp.52-53.

57 Ms Lewis, Southern Inland Queensland ACC, *Official Committee Hansard*, Toowoomba, Monday 21 July 2008, p.59; Illawarra Area Consultative Committee, *Submission no.1*, p.2.

changing criteria in the new program, the Committee is of the opinion that criteria should be set for a defined period of time.

Recommendation 22

- 3.74 **The Committee recommends that the DITRDLG define key assessment criteria in the clearest possible way, and act to ensure that applicants and departmental staff are aware of these criteria. Criteria should be set for a defined period of time.**

Final decisions

- 3.75 The way decisions were made under the former program was a key part of its character. As noted, the full process saw applications lodged after: development and an informal filtering process associated with ACCs, followed by further processing by DOTARS' regional-based officers and the Department's central office, together with any further financial analysis which the Department commissioned from third-party providers. The process up to this point resulted in advice which was attached to applications before they were put before ministerial decision-makers for a final determination.

Ministerial discretion

- 3.76 This program design had a number of effects. First, the nature of the involvement of Ministers in decision-making allowed Ministers to have a direct impact on policy as it was expressed in the program. As noted in the ANAO audit report on the program, this entailed 'considerable' decision-making flexibility for Ministers.⁵⁸
- 3.77 This was part of an overall flexibility that has been considered a strong point of the former program. On this basis, it could support innovative projects, including those that would otherwise 'fall between stools' because they involved more than one portfolio area.⁵⁹

58 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, p.387.

59 Dr Stone MP, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.25; Mr Hansen, *Official Committee Hansard*, Ballarat, Wednesday 6 August 2008, p.52.

This flexibility was a key part of the program from its inception, and did, in fact, allow the program to fund a variety of project types.⁶⁰

- 3.78 Some other consequences of ministerial decision-making were less positive. A negative effect was that the nature of Ministers' direct involvement in decisions over applications was seen as calling the political neutrality of the program into question, and this affected the program's status in the eyes of stakeholders.⁶¹ The former government responded to these perceptions by creating a Ministerial Committee to consider applications, with the object of improving transparency and reducing time-lines for decision-making.⁶² It is unclear whether this change in design achieved either of its intended effects.⁶³
- 3.79 Another effect of Ministerial discretion, as it was exercised under the former program, was that decisions were made at variance with program guidelines, and with advice tendered by DOTARS.⁶⁴ This contributed to a sense of uncertainty about the status of those guidelines, and appears to have had a negative effect on compliance within DOTARS. The consequences of this pattern of decision-making were increased because reasons for these departures from guidelines and advice were often not recorded and were not required to be recorded under current FMA Regulations. A number of the recommendations of the ANAO Audit Report were framed to address this and related matters.⁶⁵
- 3.80 The funding of election commitments under RPP, also a function of the program's flexibility, was considered to have had a further negative effect on both perceptions of the program and standards of public administration. Representatives of the ANAO, appearing before the Committee, advised that there were other avenues through which to fund election commitments, other than through such

60 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.12, 14, 33; Mr Ian McPhee, ANAO, *Submission No.49*, p.1.

61 Mr Graham, Mount Isa Townsville Economic Zone, *Official Committee Hansard*, Cairns, Friday 25 July 2008, p.37; Mr Wallace, Northern Tasmania Development, *Official Committee Hansard*, Launceston, Monday 4 August 2008, p.5.

62 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.39-40 & ff.

63 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, Figure 2:3:2, p.104.

64 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.75-76, 77 & ff.

65 See ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.82-91, and Recommendations 2, 6 & 7, pp.93, 183, & 190.

programs, which do not produce the negative consequences seen when the RPP was used for this purpose.⁶⁶

- 3.81 In the Committee's view, a constructive approach to the new program is to maximise the benefits of the program's flexibility while reducing the risk this method of decision-making entails. This risk is that, as under the former program, it could lead to a perception that program administration falls below acceptable standards of public administration and ministerial discretion.
- 3.82 There are still some outstanding issues relating to the FMA Regulations and relevant sections of the ANAO report, which the Committee intends to examine in further detail in its final report. Nevertheless, the Committee endorses, and highlights the importance of, changes to the FMA Regulations as recommended by the ANAO Audit Report – that Ministers (or other approvers) be obliged under FMA Regulations to record 'the basis on which the approver is satisfied' that expenditure 'represents efficient and effective use of the public money' and 'is in accordance with the relevant policies of the Commonwealth'.⁶⁷ The Committee understands that the Department of Finance is currently reviewing regulations regarding the administration of government grants and will make recommendations to the Commonwealth Government.
- 3.83 Changes to the FMA Regulations will also reinforce Ministerial responsibility for the new program. For example, if Ministers are required in the future to record the basis upon which they have chosen to execute their duties under FMA Regulation 9 (expenditure represents efficient and effective use of the public money), then any breaches of FMA Regulation 9 will be recorded and therefore subject to the penalties for offences against the Regulations.

66 Mr McPhee and Mr Boyd, ANAO, *Proof Committee Hansard*, Canberra, Monday 13 October 2008, pp.28-29.

67 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, p.93.

Recommendation 23

- 3.84 **The Committee endorses the recommendation of the ANAO that Ministers (or other approvers) be obliged under FMA Regulations to record the basis on which the approver is satisfied that expenditure represents efficient and effective use of the public money and is in accordance with the relevant policies of the Commonwealth.**

The Committee recommends that the review of the FMA Regulations be expedited so that any changes are in place for the commencement of the new program.

- 3.85 The Committee notes negative consequences for program administration where ministerial decision-makers make frequent departures from program guidelines and departmental advice. However, ministerial decision-makers for the former program also retained a role in 'developing and approving Program Guidelines'.⁶⁸ In the Committee's view the consistent exercise of this power represents an avenue through which Ministerial decision-makers can exercise discretion over individual applications while informing, explicitly, both DITRDLG and applicants of program as to current priorities and parameters.

Recommendation 24

- 3.86 **The Committee recommends that ministerial decision-makers exercise discretion over applications, and shape program guidelines and administrative arrangements to accurately reflect program priorities.**

Unsuccessful applications

- 3.87 A number of contributors to the inquiry have noted the lack of appropriate feedback processes for unsuccessful applications in the

⁶⁸ ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, p.15.

RPP.⁶⁹ A situation whereby applicants are unable to ascertain the basis upon which their applications were unsuccessful may call into question the level of transparency in a program.

- 3.88 In order to address this concern, the RLCIP should have in place a process whereby unsuccessful applicants have the ability to ask for a briefing or explanation from DITRD LG as to why their application was not successful.

Monitoring and managing projects

- 3.89 While much attention has been given to the application and approval process in the former program, the ANAO Audit Report found that there were important ways in which processes, after approvals were made, could be improved. These included changes in ways Funding Agreements were managed, the timing of payments, project management, and acquittals.
- 3.90 The ANAO found that DOTARS was not, under the former program, always able to express the results of financial analysis, or conditions imposed with respect to approvals in the terms of Funding Agreements.⁷⁰ This was addressed in the Report's Recommendations 1 and 9, to which DOTARS agreed.⁷¹
- 3.91 For timing of payments, the ANAO found that the timing of payments to projects were made in response to the federal budgetary cycle rather than at times that would best fit for projects at their respective stages of development.⁷² As a result, a high proportion of first instalments paid to proponents were 50 per cent or greater of the total program contribution, and this was not considered the most efficient use of public money.⁷³

69 Centroc, *Submission No. 139*, p.6; Mid West Gascoyne Area Consultative Committee, *Submission No. 22*, p.12; Melbourne East Area Consultative Committee, *Submission No.96*, pp.8-9.

70 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.55, 58-59, 255, 330-331.

71 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, Recommendations 1 & 9, pp.59, 257.

72 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.510-11, 513, 516-527.

73 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, Figure 5:2.4, p.513.

- 3.92 The nature of project time-lines under the former program was such that the program was both unable to expend all of its appropriation and needed to seek approval from the Finance Minister to go beyond its appropriation, in successive financial years, due to the need for project payments needing to be entered against current appropriations.⁷⁴
- 3.93 As for facilitation and assessment of applications, the centralisation of functions in DITRD LG's central office will make it necessary for the Department to ensure that sufficient resources are devoted to project management and monitoring functions. Despite some inquiry participants' view that project management performed by regional offices was beneficial in ensuring that local circumstances were taken into account and understood, it appears that these functions were not carried out to an adequate standard by DOTARS' regional offices, which had carriage of them under the former program.⁷⁵ The new program will face similar challenges, and the Committee again notes the need for adequate resourcing to address these requirements.
- 3.94 As for other administrative functions, there are questions as to the degree to which project management functions can be packaged together with other functions, for the sake of economy, and the degree to which they require separation for the purposes of good public administration. An effective balance needs to be established between these two imperatives.

The acquittal process

- 3.95 The way acquittals were managed under the RPP reduced DOTARS' ability to ensure that expenditures were an efficient use of public money. The ANAO found that DOTARS' practice for the acquittals process fell below good standards of administration in a number of respects, notably that they were inconsistent, insufficiently thorough, and that they consequently formed an inadequate basis for further decisions on project funding.⁷⁶ The ANAO found that in a number of instances acquittals were either not provided by proponents, or were

74 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.50, 54-57.

75 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.578-579 ff, pp.590-591, 595.

76 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-2008*, pp.308, 355, 509.

provided with insufficient information, and that DOTARS' response had been inadequate.⁷⁷

- 3.96 The Committee believes a better standard of acquittals management is essential to the good administration and transparency of the RLCIP. The DITRDLG will therefore be obliged to ensure that it can bring sufficient expertise to bear on this issue, and to target its efforts in this respect, so that better levels of administration may be achieved.
- 3.97 Regarding information required prior to approval of projects, the level of information required for project acquittals should be commensurate with the amount of program contribution and therefore risk carried by the federal government.
- 3.98 In conclusion, the Committee wishes to note that with regards to the acquittal process there are still some outstanding issues which the Committee intends to examine in further detail in its final report.

Assessing project and program outcomes

- 3.99 The report of the Senate inquiry into the former program, and the ANAO report, both noted the connection between accurate assessment of project outcomes and that of program outcomes: project management tools can and should generate data that can be used to provide a basis on which to consider the success of the program as a whole.⁷⁸
- 3.100 Drafting of funding agreements provides an opportunity to set agreed project targets, and the means by which these will be verified. This clarifies targets for both proponent and funder, and creates a test for project success. Under the former program, this was hampered by inadequately framed and executed funding agreements – definitions were not written into funding agreements in every case and, where they were, were not always followed-up by DOTARS officers.⁷⁹ This serves further to underscore the importance of the Department

77 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 3, Report No. 14, 2007-2008*, pp.35, 79, 106.

78 Senate Committee Report, Finance and Public Administration References Committee, *Regional Partnerships and Sustainable Regions programs*, October 2005, p.39, cited in ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.613-614.

79 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, pp.602-610.

attracting sufficient expertise and capacity to support the new program.

- 3.101 The Committee believes that the prescribed details of a funding agreement are vital to assessing a project's outcomes and should be clearly defined within a funding agreement. This will avoid confusion on the part of funding recipients as to expected outcomes. The Committee would also like to see language within all funding agreements which specifies the exact purpose of the funding received. Should a funding recipient fail to meet objectives stipulated within a funding agreement and not use funding for its intended purpose, this would constitute a breach of the agreement thereby providing the Commonwealth with a measure of redress.
- 3.102 These are challenges of bottom-up data gathering for program evaluation. However, the manner in which the former program's objectives were framed also presented top-down challenges in this regard.
- 3.103 The Senate Committee report into the program criticised the form of program objectives on the grounds that they were not sufficiently precise as to allow the program to be evaluated against its objectives.⁸⁰ Indeed, an analysis of the former program's Performance Indicators over its lifetime suggests that they were not framed, to a sufficient degree, around an overriding objective that would provide a test for its performance.⁸¹

80 Senate Committee Report, Finance and Public Administration References Committee, *Regional Partnerships and Sustainable Regions programs*, October 2005, p.93, cited in ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, p.493.

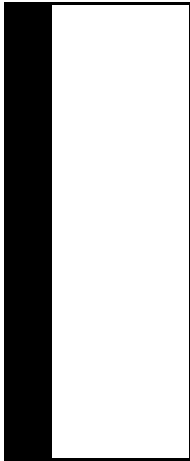
81 ANAO, *Performance Audit of the Regional Partnerships Programme: Volume 2, Report No. 14, 2007-08*, Table 5:1.1, p.492.

- 3.104 In the Committee's view, this suggests a need for further policy development that would allow the new program to retain the broad accessibility of its predecessor, in terms of the types of projects that will be considered for funding, while providing a more precise overall objective for the program.

Catherine King MP

Chair

November 2008



Dissenting comments

Mr Paul Neville MP

- 1.1 It is with some regret that I feel I must dissent from my Government colleagues in several parts of this report into Funding Regional and Local Community Infrastructure.¹ As a member of this Committee – and its predecessors – for almost fifteen and a half years, it is the first time I have dissented and I believe it is the first time an Opposition member of the Committee has dissented from a report during that period.
- 1.2 In the Minister's preamble to the Terms of Reference, he invited the Committee to:

...make 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.
- 1.3 I contend that for 'genuine regional economic development' not to consider commercial development is a denial of the stated role of the Department itself, Regional Development Australia, and ultimately, the Ministry's influence.

¹ As my colleague Ms Gash in on assignment at the UN and two of my other Opposition colleagues have left the Committee for new portfolio duties, these are essentially my thoughts, for that reason I have spoken in first person.

- 1.4 In essence, it reduces the Regional and Local Community Infrastructure Program (RLCIP) to a focus on community and social infrastructure. While these two areas are important in themselves, they become insignificant when there is no driving force in regional communities to develop new industries or draw industries back to regional Australia. Deprived of the commercial and private element of a fully integrated regional development program, the operations aren't likely to attract the calibre of directors who would be able to counsel, assess and promote such commercial projects, and also deprives the program of quality local promoters and assessors within the RDAs.
- 1.5 Prior entering Federal Parliament I spent more than 20 years on the board of a substantial regional development organisation as Deputy Chair and later CEO. This experience leads me to believe that you cannot genuinely enhance the quality of life in any regional or rural community unless you can give it an economic *raison d'être*. Community and social infrastructure are important, but in the absence of business and economic programs, it might be seen as 'papering over the cracks'.
- 1.6 Ultimately, regional development must be holistic.
- 1.7 One of the most important ingredients to successful regional development is a sense of community involvement and ownership. It is also critically important that such organisations be well led. It is no less so for RDAs.
- 1.8 I believe in the report of the Government members, there is too heavy an emphasis on Federal, State and Local Government administration of the processes and a role less important for the RDAs than their predecessors, the ACCs.
- 1.9 Regional development in the Australian states has risen and fallen over the years largely because boards and programs have been run as bureaucracies. Programs are changed, re-badged, subsumed and moved to other departments in a vain attempt at generating economic development in the regions.
- 1.10 On the other hand, the most successful boards have been those where local government and private subscription membership have combined to promote a region and attract industries. The new model for the RDAs gives them little authority – which I believe flies in the face of the overwhelming body of evidence derived at our regional hearings.

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- 1.11 The report also calls for state-based Assessment Panels to be made up of Federal, State and Local Government representatives. There is little mention of business, the professions or representatives of RDAs themselves. The danger in this is that decisions will be coloured by a bureaucratic outlook. In evidence given at Bundaberg, former Isis Shire Mayor Bill Trevor pointed out that the RDAs would fail unless they had a level of involvement and responsibility.²
- 1.12 It comes to its high point in Recommendation 12 where it is recommended that, if created, Assessment Panels should be chaired by a Departmental delegate as a representative of the Federal Government, and the Chair must then advise the Assessment Panel whether to support or not support individual submissions.
- 1.13 This could quite easily negate any genuine input at a professional or grassroots level. It is very much a 'Caesar judging Caesar' model.
- 1.14 While at first I objected to the idea of an Assessment Panel, I would support the concept if the representation was more broadly based, stood at arms length from departmental influence, and removed a layer of the assessment process.
- 1.15 The report has a strong emphasis on local government and while I am a strong supporter of local government, I believe a genuine regional development policy must allow for the capacity of other competent players to make applications to the scheme. This might include development bureaux, Chambers of Commerce, non-profit tourism organisations, service clubs, welfare organisations, environmental management bodies etc.
- 1.16 However, there should be a capacity within the program to allow local government to act in an umbrella or mentoring role for organisations which don't have the financial or organisational capacity to craft a submission themselves.
- 1.17 The overwhelming body of evidence at all the hearings wasn't critical of the ACCs themselves and I believe it is important that the RDAs have a similar if not enhanced role – albeit with the proper checks and balances.
- 1.18 I support the concept of regional offices and field officers, although I do not believe they should be located simply in a central office. A lot of the failure of the Regional Partnership program came down to a
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2 Mr Trevor, Wide Bay Burnett ACC, *Proof Committee Hansard*, Wednesday 8 October 2008, pp.22-23.

lack of understanding of the regions and how programs related to and enhanced rural communities. Small Regional Offices with a Manager, assessors and dedicated field officers would create a new and relevant conduit to the Department's Head office.

- 1.19 While the report describes a role for field officers, I believe it is too wide and duplicates the role of the RDAs CEO.
- 1.20 In dealing with the process, it was clear from the evidence that there was little faith amongst the proponents in the Department's engagements with, and understanding of, applications. There was frustration on the part of the proponents in transparency, delays, certainty around approvals and timelines. Questions from the Department showed a lack of knowledge of the regions and understanding of the projects.
- 1.21 As the Wide Bay Burnett ACC (WBBACC) said in a recent submission to the Department on the future of the ACC/RDA program:
- ...that any chance to make the Regional Partnerships program more effective in the regions was lost at this point. The Department's communication about grant applications became characterised by:
- misunderstanding about the complex place-based issues facing communities;
 - unrealistic expectations of the capacity of community organisations to prepare complex grant applications;
 - unrealistic expectations about the capacity of community organisations to raise funds for local projects;
 - unrealistic expectations about the duration of funding required for projects to become sustainable;
 - a lack of understanding about the damaging impact on community organisations and private sector applicants of delays in decision-making.
- 1.22 For this reason I favour a three-pronged pre-assessment process for applications under the new process, all involving greater understanding of projects:
- (i) Enlargement of the ACC/RDA role
 - (ii) Strategically placed Regional offices
 - (iii) A program of skilled Field Officers

- 1.23 With regard to (i) it is not within the terms of reference to examine the total structure of ACC/RDAs, other than to say that – as the first rung on the new RLCIP ladder – the quality of these organisations will be critical to the success of the overall programs. In turn, the calibre, skills and leadership quality of directors of the RDAs will be seminal to a successful outcome of the program
- 1.24 With regard to (ii) evidence at many of the Committee’s hearings favoured strategically placed Regional offices of the Department rather than State offices. In the current circumstance, the retention of Townsville is to be commended.

Queensland – 3

- Covering North Queensland
- Covering Central Queensland/Wide Bay
- Covering South East and South West Queensland

*Possible locations being Townsville, Gladstone, Hervey Bay, Toowoomba or Roma

New South Wales – 3

- Covering the North Coast, Northern Rivers, New England and North West
- Covering North and South of Sydney, and Central West
- Covering the South Coast, Riverina and South West

*Possible locations being Coffs Harbour or Tamworth, Bathurst or Dubbo, Nowra or Wagga Wagga

Victoria – 2

- Covering non-metropolitan west of the State
- Covering non-metropolitan east of the State

*Possible locations being Ballarat or Bendigo, Shepparton or Sale

Western Australia – 2

- Covering non-metropolitan south west
- Covering the rest of the State

*Possible locations being Bunbury, Kalgoorlie or Geraldton

South Australia – 1

- All State

Northern Territory – 1

- All Territory

Tasmania – 1

- All State

1.25 These offices should not be bureaucracies but small responsive units of say, six people, with local knowledge of the RDA regions and skills in financial and social capital assessment. Each office should have one Field Officer (perhaps two for larger geographic areas).

1.26 With regard to (iii) Field Officers would need to be articulate with a good understanding of country Australia, demography and social capital building. Assessment and mentoring skills would be essential. The ANAO and evidence at public hearings both indicate this capacity was lacking in the Department.

1.27 It would be vastly more effective if Field Officers were located in the regions rather than in a central National Office (ref Recommendations 16 and 17). For that reason, I'd delete the first dot point in Recommendation 16 of the report (i.e. referring to DITRDLG staff in central office from the text).

1.28 I see the role of the Field Officer as a conduit between the proponents and the RDAs on the one side, and the Regional and Central Offices on the other. They should coordinate the marketing of the RLCIP to the regions. The cities I've suggested as regional office locations are the hubs of regional TV stations and regional papers covering up to three RDA areas. They should advise, report on and mentor difficult proponent applications. They should carry out investigations on behalf of the Regional and Central Offices. They should also act as the liaison point for such other programs that the Parliament Secretary might delegate to the RDAs.

1.29 However, they should not usurp the ACC-type role of the RDAs.

Chain of command

1.30 In evidence at most hearings, participants saw the assessment role of the ACC/RDA as two-fold:

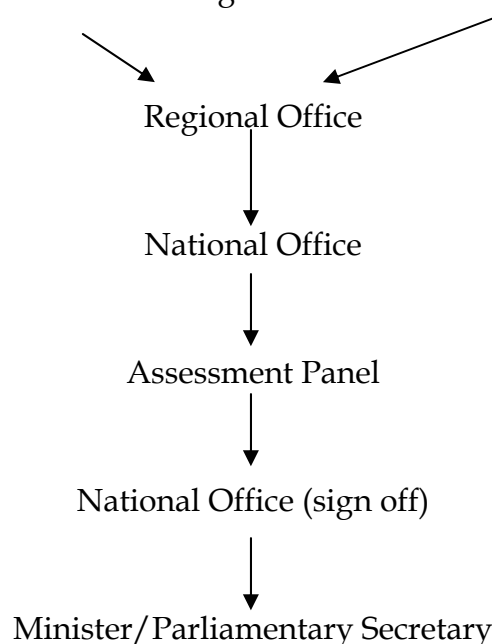
- to act as a promoter, adviser and mentor of applications; and
- upon lodgement, to recommend, caution or advise on applications going forward

1.31 For that reason, I am ambivalent to the need for 'Expressions of Interest'. I see them as adding another unnecessary layer of process and bureaucracy to a potential application. By their very nature, they add to the application's volume of paperwork whereas the evidence called for a simplified process. Any competent application with the vision of a project and knowledge of the application guidelines should not need to be tested further. That role, if required, should remain with the RDA. An RDA, given its knowledge of the guidelines, its appreciation of the community and its expectations, and its unique insight into the 'hard' infrastructure likely to work in the area, is better placed to make the initial pre-assessment. If contentious matters outside, or on the fringes of 'hard' infrastructure were to arise, the Field Officer should be involved for a second level of scrutiny.

1.32 I believe the chain of command (or process) should be:

(i) RDA - (Expression of Interest and Pre-assessment)

(ii) RDA-Advice on lodgement Field Office



- 1.33 If the Regional Office or Central Office have need of a query, objection or further financial advice, this role should be handled promptly by the Field Officer so that the overall process is not slowed down.

Funding

- 1.34 I agree to a multi-layered approach to funding (ref Recommendation 19), but believe that evidence from the public hearing supported four (or five) categories. While my colleagues agree with 'sub-programs' (ref Recommendation 2), I feel the principal sub-program discussed by participants at public hearings revolved around a model similar to the old Sustainable Regions program – one that recognised several economic problems in the regions (eg prolonged drought, entrenched unemployment, social dislocation etc).
- 1.35 I believe these categories should be:
- 3-monthly rounds to a maximum of \$50,000;
 - 6-monthly rounds from \$50,000 to \$500,000;
 - a rolling round from \$50,000 to \$2.5 million for deprived regions or areas within regions;
 - a rolling round from \$500,000 to \$7.5 million for major projects;
 - a fifth sub-set should be considered;
 - an emergency announcement by the Minister or Parliamentary Secretary - up to \$500,000 for an emerging event (eg Childers Backpacker Fire) - on the proviso that an identified proponent completes a formal application with 3 months of the announcement.

Assessment Panels

- 1.36 While I originally did not warm to the idea of an Assessment Panel, I must concede some ACCs requested an independent assessment process. Despite some misgivings, I would support the concept providing there was an Assessment Panel for each regional office.
- 1.37 Why? One central panel or one panel per State runs the risk of the panel(s) suffering the same fate as the original departmental analysis – its remoteness from the ACC/RDA areas and its lack of understanding of local dynamics and expectations.

- 1.38 This is less likely to happen if each Regional Office has an assessment team with local knowledge of its RDA area and say of adjoining RDA areas.
- 1.39 I reiterate my view that the Assessment Panel personnel should come from a wider experience than the three tiers of government (Federal, State and Local).
- 1.40 The panels should include representatives of the RDAs, business, profession (eg accountants or engineers) a service club and a union representative. In strongly rural areas, an agricultural peak body representative could add more depth on potential project impacts.
- 1.41 It should also be borne in mind, that just one central panel would only have the time to give a plethora of applications a cursory 'once over'.
- 1.42 It achieves nothing if the panel(s):
- Lack local knowledge
 - Create their own assessment bottlenecks
- 1.43 This would only repeat the problems inherent in the department's ACC process.

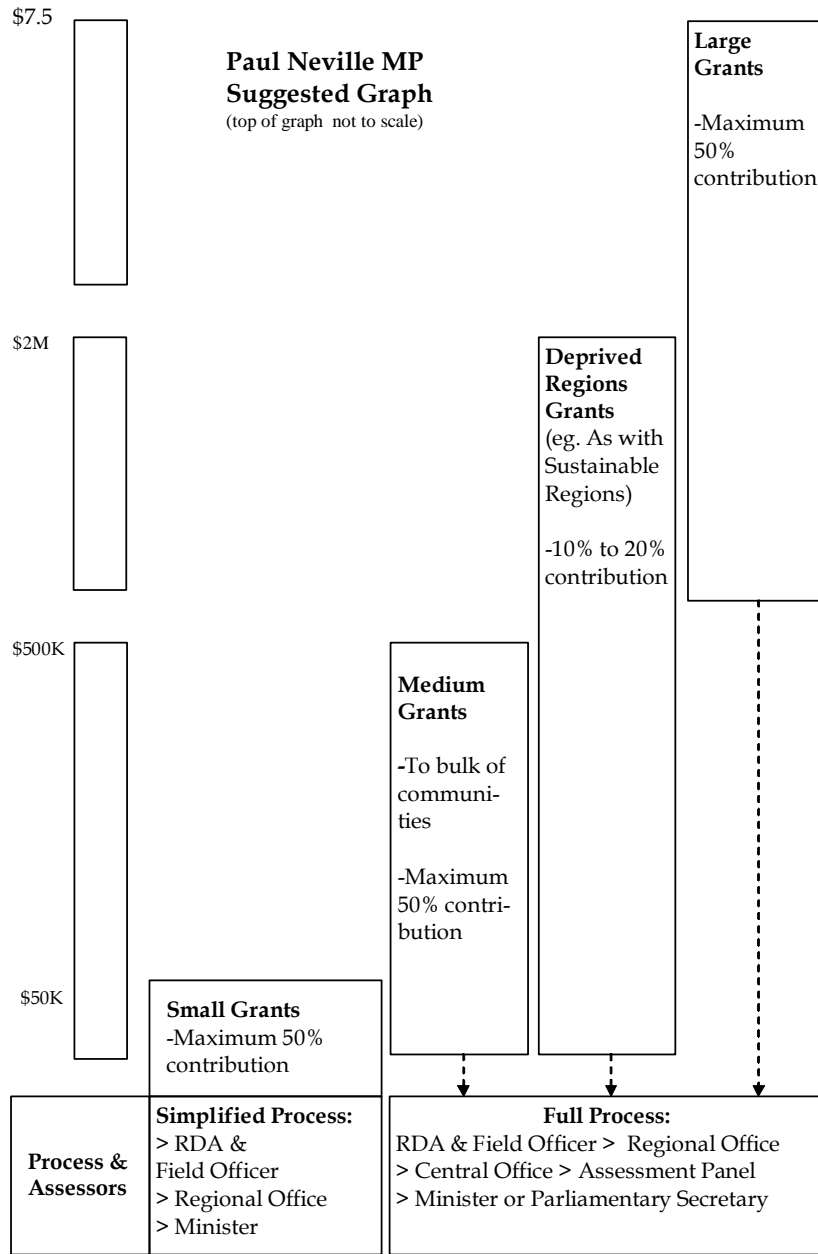
Assessment Responsibility

- 1.44 A common theme at all public hearings was the complexity of allocations and acquittals for small grants (eg up to \$50,000).
- 1.45 In Toowoomba we received evidence that the State Department of Sport and Recreation Regional offices had authority to allocate grants up to \$50,000.
- 1.46 For this reason I believe the small grants should be assessed and paid by the Department's Regional (or State) offices on the recommendation of the RDA and the Department's resident Field Officer.
- 1.47 Subjecting all small applications to an assessment panel seems unnecessarily complicated. Not having the rank these small applications, the worth of which should be self-evident, would release the assessment panels to spend their valuable time on the medium, large and deprived regions' applications where greater and valuable government resources are at stake.
- 1.48 With the medium range of grants - which the bulk of them will be - and the larger grants (which will contain projects like civic centres,

cultural buildings, community centres, grandstands, pools etc) - all should be subjected to the full process of RDA and Field Officer recommendations, preliminary assessments by Regional Office, final assessment by Central Office and ranking and comments by the Assessment Panel.

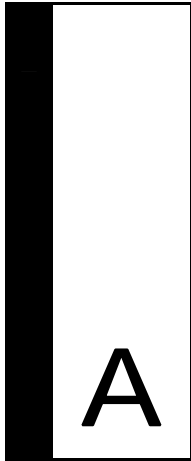
- 1.49 There was strong support at regional hearings for a sub-program to mirror the old Sustainable Regions program. The rationale was to give the RLCIP the capacity to deal with regions, or specific areas of regions (on Ministerial declaration) the ability to deal with social infrastructure where there was drought, embedded unemployment or social dysfunction - and where, for these reasons, Local Government or proponents could not fund projects to 50%. In this instance, I'd recommend a contribution of 10% or 20%. The Chairman of the Central Queensland ACC, at the Bundaberg public hearing, felt the measure should be even lower for deprived regions.³
- 1.50 I've outlined the grant limits, a suggested process and the assessment operations in the chart that follows:

3 Mr Mobbs, Central Queensland ACC, *Proof Committee Hansard*, Wednesday 8 October 2008, p.28.



Paul Neville MP

Deputy Chair



Appendix A – List of Submissions

- 1 ACC - Illawarra
- 2 Mr Philip Butherway
- 3 Tatiara District Council
- 4 Mr Jude van der Merwe
- 5 Mr Ian McCausland
- 6 Yarra Valley & The Dandenongs Marketing
- 7 Leeton Shire Council
- 8 Deniliquin Council
- 9 Macedon Range Shire Council
- 10 Adjunct Professor Tony Sorensen and Associate Professor Neil Argent
- 11 York Pony Club
- 12 Mansfield Shire Council
- 13 GWYDIR Shire Council
- 14 Gloucester Shire Council
- 15 Shire of Muckinbudin
- 16 ACC - Geelong
- 17 Australian Citrus Propagation Association Inc
- 18 ACC - Central Victoria

- 19 Mid North Coast Regional Development Board
- 20 City of Bunbury
- 21 Gillingarra Sport & Recreation Club Inc.
- 22 ACC - Mid West Gascoyne
- 23 Shire of Dumbleyung
- 24 ACC - Central Coast of NSW
- 25 McCallum Group
- 26 Murweh Shire Council
- 27 Nimbin Neighbourhood & Information Centre Inc.
- 28 Austchilli Pty Ltd
- 29 Shire of West Arthur
- 30 Cootamundra Mens Shed Inc
- 31 Upper Lachlan Shire Council
- 32 ACC - WA's South West
- 33 District Council of Barunga West
- 34 Richmond Valley Council
- 35 Surf Life Saving Australia
- 36 National Rural Health Alliance
- 37 Northern Areas Council
- 38 Superyacht Base Brisbane
- 39 Marymead Child & Family Services
- 40 Shire of York
- 41 ACC - vic Central Highlands
- 42 Colac Otway Shire
- 43 City of Mount Gambier
- 44 ACC - Central Queensland
- 45 Hyden Progress Association Inc
- 46 Ms Ellena Biggs

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- 47 Goulburn Mulwaree Council
 - 48 Nhulunbuy Corporation Limited
 - 49 Australian National Audit Office
 - 50 Central Wheatbelt Visitor Centre
 - 51 Horsham Rural City Council
 - 52 Shire of Harvey
 - 53 Blueprint Shoalhaven
 - 54 Shire of Northam
 - 55 Mildura Youth Hot Air Balloon Club Inc
 - 56 Bruce Rock District High School
 - 57 Narromine Shire Council
 - 58 Albany Bridge Club
 - 59 Linda Bulloch
 - 60 Point Lonsdale Bowls Club Inc.
 - 61 Monaro Early Intervention Service
 - 62 ACC - Perth
 - 62.1 ACC - Perth (supplementary submission)
 - 63 Shire of Gingin
 - 64 Shire of Nannup
 - 65 ACC - Sturt
 - 66 Moyne Shire Council
 - 67 Shire of Dowerin
 - 68 Andrew and Janet Schulz
 - 69 Foundation for Rural & Regional Renewal
 - 69.1 Foundation for Rural & Regional Renewal (supplementary submission)
 - 70 Strathbogie Shire Council
 - 71 Shire of Moora
 - 72 Framework Lifestyle Planning Pty Limited

- 73 Gulf Savannah Development
- 74 Albany Lions Community Care Centre
- 75 Warrnambool City Council
- 76 ACC - Shoalhaven
- 77 Hunter Economic Development Corporation
- 78 Ms Gail Short
- 79 South West Development Commission
- 80 Warren Blackwood Strategic Alliance
- 81 Wimmera Information Network Inc.
- 82 Lifeline Canberra
- 83 ACC - Goldfields Esperance
- 84 Adam Gallagher
- 85 Shire of Wyalkatchem
- 86 Grampians Pyrenees Regional Development Board
- 87 Northern Regional Development Board Inc.
- 88 Four Post Youth Camp Inc.
- 89 Chief Minister, ACT Legislative Assembly
- 90 Shire of Goomalling
- 91 ACC - Central NSW
- 92 ACC - North East Victoria
- 93 ACC - South East NSW
- 94 Murray Shire Council
- 95 Council of Mayors – South East Queensland
- 96 ACC - Melbourne East
- 97 Tuross Head Country Club Limited
- 98 Shire of Wakool
- 99 Riverina Regional Development Board
- 100 Swan Hill Rural City Council

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- 101 Golden Plains Shire
 - 102 ACC - Gold Coast & Region
 - 103 Pilbara Regional Council
 - 104 ACC - Hunter
 - 105 Great Southern Development Commission
 - 106 Tulgeen Disability Services
 - 107 Kempsey Shire Council
 - 108 Whyalla Economic Development Board
 - 109 Lotterywest
 - 110 Geelong Football Umpires' League Inc
 - 111 Central Western Queensland Remote Area Planning & Development Board
 - 112 Northern Inland Regional Development
 - 113 City of Wagga Wagga
 - 114 Mary Walsh OAM
 - 115 Somerset Regional Council
 - 116 The Jaycees Community Foundation Inc
 - 117 Wheatbelt East Regional Organisation of Councils
 - 118 ACC - Adelaide Metropolitan
 - 119 ACC - Northern Territory
 - 120 ACC - Kimberley
 - 121 South West Group
 - 122 Heart Foundation
 - 123 Shellharbour City Council
 - 124 Far Western Regional Development Board
 - 125 Wingecarribee Shire Council
 - 126 ACC - Sunraysia
 - 127 City of Ballarat
 - 128 East Grampians Health Service

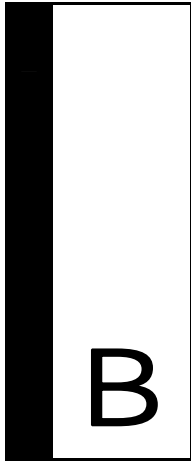
- 129 Tumbarumba Shire Council
- 130 Hidden Treasures of the Great Southern
- 131 Bass Coast Shire Council
- 132 Mackay Regional Council
- 133 Geelong Region Alliance (G21)
- 134 ACC - Mid North Coast (NSW)
- 135 Riverina Eastern Regional Organisation of Councils
- 136 PERFEX Working Group
- 137 Economic Development Australia
- 138 ACC - Outback NSW
- 139 Central NSW Councils
- 140 Department of Resources Energy & Tourism
- 141 ACC - South East Development (Melbourne)
- 142 Northern Rivers Regional Development
- 143 Hills Community Toy Library
- 144 Cardinia Shire Council
- 145 ACC - Central Murray
- 146 Wheatbelt Development Commission
- 147 ACC - Gippsland
- 148 ACC - Greater Brisbane
- 149 Latrobe City Council
- 150 Shoalhaven City Council
- 151 Regional Development South Australia
- 152 City of Bunbury
- 153 Namoi Regional Organisation of Councils
- 154 ACC - (SA) South Central
- 155 Caloundra City Enterprises
- 156 Australian Local Government Association

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- 157 Western Australian Local Government Association
 - 158 Fortescue Metals Group Limited
 - 159 Professor Adrian Walter, Charles Darwin University
 - 160 City of Mandurah
 - 161 Southern Flinders Ranges Development Board
 - 162 ACC - Southern Inland Queensland
 - 163 Ms Melissa Green
 - 164 Temora Shire Council
 - 165 Office of Regional Engagement, Southern Cross University
 - 166 Bunnaloo Recreation Reserve
 - 167 Ms Kylie Whitehead
 - 168 The Alice Springs Steiner School Association
 - 169 Mr Allan Gibson FCPA
 - 170 ACC - Ipswich & Regional
 - 171 Geelong Chamber of Commerce
 - 172 Finding Workable Solutions Inc.
 - 173 Shire of Lake Grace
 - 174 Mr Colin Grey OAM
 - 175 Central Coast Aboriginal Men's Group
 - 176 KESAB environmental solutions
 - 177 Economic Development Australia - WA
 - 178 Murray Bridge Uniting Church Property Development Team
 - 179 Whitsunday Regional Council
 - 180 Brimbank City Council
 - 181 ACC - Grow Sydney
 - 182 Wamboin Volunteer Rural Fire Brigade
 - 183 ACC - Tasmania
 - 184 Shire of Trayning

- 185 Limestone Coast Regional Development Board
- 186 ACC - Limestone Coast
- 187 Geelong Cultural Precinct Leadership Group
- 188 ACC - Albury Wodonga
- 189 Macarthur Regional Organisation of Councils
- 190 Gold Coast City Council
- 191 Local Government Association of Northern Territory
- 192 Sapphire Coast Marine Discovery Centre
- 193 Mr Wally Hirsch
- 194 ACC - Wheatbelt
- 195 Local Government Association of South Australia
- 196 ACC - Orana
- 197 Conargo Shire Council
- 198 ACC - Mackay Region
- 199 Royal Flying Doctors Service of Australia
- 200 ACC - Northern Rivers (NSW)
- 201 Yorke Regional Development Board
- 202 ACC - Wide Bay Burnett
- 203 South East Local Government Association
- 204 ACC - Greater Green Triangle
- 205 Manly Life Saving Club Inc
- 206 Ararat AP Branch
- 207 South East Australian Transport Strategy Inc
- 208 Lockyer Valley Regional Council
- 209 Shire of Donnybrook-Balingup
- 210 Regional Cities Victoria
- 211 Interface Councils
- 212 City of Ipswich

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- 213 Western Sub-Regional Organisation of Councils
 - 214 The Cockatoo Network
 - 215 City of Kalgoorlie-Boulder
 - 216 Mildura Rural City Council
 - 217 Willoughby City Council
 - 218 Singleton Council
 - 219 Minister for Tourism, Regional Development and Industry,
Queensland Government
 - 220 Foodbank WA Inc
 - 221 Wyndarra Centre Inc.
 - 222 WALGA
 - 223 Local Government Association of Queensland
 - 224 BHP Billiton Iron Ore
 - 225 WA Department of Local Government & Regional Development
 - 226 WA Department of Agriculture & Food
 - 227 Dr Frank Hurley
 - 228 ACT Sports House
 - 229 Western Sydney Regional Organisation of Councils
 - 230 Ryde Hunters Hill District Hockey Club Incorporated
 - 231 District Council of Peterborough
 - 232 Department of Infrastructure, Transport, Regional Development &
Local Government
 - 233 Department of Health & Ageing
 - 234 Cardinia Shire Council
 - 235 Peel Development Commission
 - 236 Great Southern Development Commission
 - 237 Acting Minister for Regional Development, NSW Government
 - 238 ACC - Riverina
 - 239 National Sea Change Taskforce

- 240 ACC - North Queensland
- 241 Tiwi Land Council
- 242 City of Joondalup
- 243 ACC - Capital Region
- 243.1 ACC - Capital Region (supplementary submission)
- 244 Minister for Regional and Rural Development, State Government of Victoria
- 245 Hockey Australia Inc
- 246 Goldfields-Esperance Development Commission
- 247 City of Whittlesea
- 248 ACC - Moreton Bay Coast & Country
- 249 Townsville City Council
- 250 Minister for Community Development
- 251 Cooma-Monaro Shire Council
- 252 Municipal Association of Victoria
- 253 Committee for Geelong
- 254 Associate Professor Alaric Maude
- 255 Hobsons Bay City Council
- 256 Northern Sydney Regional Organisation of Councils
- 257 ACC - Melbourne North & East
- 258 WA Department of Sport and Recreation
- 259 Greater Western Sydney Economic Development Board
- 260 Cycling Promotion Fund
- 261 Northern Regional Development Board
- 262 The District of Ceduna
- 263 Hobart City Council
- 264 National & State 2020 Delegate Regional, Rural & Remote Stream
- 265 Australian Land Management Group
- 266 Parks and Leisure Australia



Appendix B – List of Exhibits

- 1 Gillingarra Sport & Recreation Club Inc.
Regional Partnership Program - Gillingarra WA
(Related to Submission No. 21)

- 2 Superyacht Base Brisbane
Letters from QLD Government
(Related to Submission No. 38)

- 3 ACC - vic Central Highlands
Regional Partnership Projects 2005-2006
(Related to Submission No. 41)

- 4 Hyden Progress Association Inc
(Related to Submission No. 45)

- 5 Ms Ellena Biggs
(Related to Submission No. 46)
- 6 Albany Bridge Club
(Related to Submission No. 58)
- 7 Monaro Early Intervention Service
(Related to Submission No. 61)
- 8 Nhulunbuy Corporation Limited
Letter from Nhulunbuy Corporation Limited
(Related to Submission No. 48)
- 9 Office of Regional Engagement, Southern Cross University
Mid-North Coast Regional Economic Profile April 2008
(Related to Submission No. 165)
- 10 Meyrick & Associates
Meyrick & Associates - SEATS Strategic Network: A Preliminary
Definition
- 11 Department of Infrastructure, Transport, Regional Development &
Local Government
- Regional Partnership Guidelines, Assessment Criteria and
Departmental Internal Procedures Manual
 - Sustainable Regions Guidelines, Assessment Criteria and
Departmental Internal Procedures Manual
 - ACC Procedures Manual (Handbook)
 - SONA Procedures

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- 12 National Sea Change Taskforce
Appendix 1
(Related to Submission No. 239)
- 13 National Sea Change Taskforce
Appendix 2
(Related to Submission No. 239)
- 14 National Sea Change Taskforce
Appendix 3
(Related to Submission No. 239)
- 15 National Sea Change Taskforce
Appendix 4
(Related to Submission No. 239)
- 16 National Sea Change Taskforce
Appendix 5
(Related to Submission No. 239)
- 17 National Sea Change Taskforce
Appendix 6
(Related to Submission No. 239)
- 18 ACC - Gippsland
Gippsland ACC - Public Notes
- 19 ACC - Gippsland
Gippsland ACC - Role Description & Selection Criteria



Appendix C – List of Witnesses & Public Hearings

Monday, 21 July 2008 - TOOWOOMBA

Individuals

Mrs Marilyn Crompton

Mr Roger Green

The Hon Ian Macfarlane MP

Greater Brisbane ACC

Ms Alice Langford, Regional Development Coordinator

Mr Nick Xynias AO BEM, Deputy Chair

Ipswich & Regional ACC

Mrs Cindy Baker, Executive Officer

Mr Paul Emmerson, Acting Chair

Southern Inland Queensland ACC

Mr Barry Braithwaite, Chair

Ms Deborah Lewis, Executive Officer

Sunshine Coast ACC

Ms Kay Strong, Executive Officer

Wide Bay Burnett ACC

Mr Bill Trevor, Chair

Mr Cameron Bisley, Executive Officer

Caloundra City Enterprises

Ms Gerrie Carr-MacFie, Interim Chief Executive Officer

Council of Mayors (SEQ)

Mr Tony Krimmer

Department of Sport & Recreation (QLD)

Mr Neal Ames, Acting Regional Manager

Department of Tourism, Regional Development & Industry (QLD)

Mr Royce Brown, Director - Toowoomba Regional Office

Ms Maree Parker, Director - Office of Regional Development

Goondiwindi Training & Technology

Mrs Esme Cairns, Executive Officer

Granite Belt Support Services Inc.

Mrs Fiona Marsden, Management Committee - Treasurer

Local Government Association of Queensland

Mr Gregory Hoffman, Director - Policy & Representation

Murweh Shire Council

Cr Mark O'Brien, Mayor

South Burnett Regional Council

Cr Ian Carter, Mayor

Toowoomba Regional Council

Cr Bill Cahill

Cr Peter Taylor, Mayor

Western Downs Regional Development Corporation

Mr Paul Hodda, Chairman

Friday, 25 July 2008 - CAIRNS**Individuals**

The Hon Bob Katter MP

Far North Queensland ACC

Mr Frederick Marchant, Chief Executive Officer

Mr Kevin White, Former Small Business Field Officer

Ms Kathryn Sutcliffe, Adviser

North Queensland ACC

Mr Donald Pollock, Executive Officer

Professor Peter Arlett, Member, Management Committee

Advance Cairns Limited

Mr Ross Contarino, Chief Executive Officer

Australian Volunteer Coast Guard Association Inc.

Mr James Bramich, Commander QF9

Mr Brad Duck, Former Commander QF9

Cairns Regional Council

Mr Simon Clark, Director, Planning & Infrastructure

Cr Julia Leu

Ms Valerie Schier, Mayor

Cook Shire Council

Mr Stephen Wilton, Chief Executive Officer

Department of Tourism, Regional Development & Industry (QLD)

Mr Darren Cleland, Acting Director, Cairns Centre

Ms Maree Parker, Director, Office of Regional Development

Gulf Savannah Development

Mr Robert Macalister, Chief Executive Officer

Kowanyama Aboriginal Shire Council

Mr John Japp, Chief Executive Officer

Lockhart River Aerodrome Company Ltd.

Mr Peter Friel, Chief Executive Officer

Mount Isa Townsville Economic Zone

Mr Glen Graham, Committee Member

Tableland Regional Council

Mr Chris Adams, Deputy Mayor

Mr Ian Church, Chief Executive Officer

Monday, 28 July 2008 - DARWIN**Northern Territory ACC**

Mr Colin Fuller, Chair

Mr Raymond D'Ambrosio, Executive Officer

Department of Business, Economic & Regional Development (NT)

Mr David Malone, Executive Director of Regional Development

Friends of the North Australia Railway

Mr Trevor Horman, President

Great Southern Forestry NT Pty Limited

Mr Andrew Patterson, General Manager

Gwalwa Daraniki Enterprise Pty Limited

Dr Robert Rose, Farm Manager

Local Government Association of the Northern Territory

Mr Tony Tapsell, Chief Executive Officer

Mr Kerry Moir, President

Maningrida JET Centre

Mr Bruce Marshall, Executive Officer

NT Masonic Homes

Mrs Leonie Pratt, Executive Manager NT

Tiwi Land Council

Mr John Hicks, Executive Secretary

Victoria Daly Shire

Mr Trevor Troy, Director, Infrastructure and Civil Services

Wednesday, 30 July 2008 - Perth**Augusta Margaret River Tourism Association**

Ms Francine Burton, Chief Executive officer

City of Fremantle

Mr David Duncanson, Manager Economic Development & Marketing

City of Joondalup

Ms Rhonda Hardy, Manager, Strategic Development

Mr Garry Hunt, Chief Executive Officer

City of Mandurah

Mr Mark Newman, Chief Executive Officer

Department of Local Government & Regional Development (WA)

Mr Michael Walker, Acting Principal Policy Officer, Regional Policy Unit

Economic Development Australia (WA)

Mr Jay Hardison, Chair

Lotterywest

Ms Pearl Craig, Program Manager

Mr Mark Teale, Acting Assistant Director

Midland Redevelopment Authority

Mr Kieran Kinsella, Chief Executive Officer

Perth ACC

Mrs Marilyn Horgan, Executive Officer

Technology Assisting Disability (WA)

Mr Kenneth Whitaker, Chief Executive Officer

Town of Port Hedland

Mr Stanley Martin, Mayor

Local Government Association (WA)

Mr Ian Duncan, Economist

South West ACC

Mr Graham Hodgson, Executive Officer

South West Group

Mr Christopher Fitzhardinge, Director

Wheatbelt ACC

Ms Wendy Harris, Executive Officer

Yanchep Beach Joint Venture

Dr Ian Martinus, Economic Development Advisor

Monday, 4 August 2008 - Launceston**Individuals**

Mr Robert Frost

Ms Kathleen Grady

Tasmania ACC

Dr Tim Cory, Chair

Mr Craig Perkins, Chief Executive Officer

Cradle Coast Authority

Mr Roger Jaensch, Executive Chairman

Devonport City Council

Mr Ian McCallum, General Manager

Dorset Council

Cr Thomas Ransom

General Practice Workforce (Tasmania) Inc.

Mr Lawrence Donaldson, Workforce Data & Policy Officer

Huon Valley Council

Mr Glenn Doyle, Manager Economic Development & Rural Health

Launceston Chamber of Commerce

Ms Lou Clark, Executive Officer

Launceston City Council

Mr Ian Abernethy, Director, Development Services

Local Government Association of Tasmania

Mr Allan Garcia, Chief Executive Officer

Northern Tasmania Development

Mr Robert Wallace, Chief Executive Officer

Institute for Regional Development

Mr Clayton Hawkins, Project Officer

Wednesday, 6 August 2008 - BALLARAT**Individuals**

Mr Trevor Budge

Dr Frank Hurley

Central Victoria ACC

Mr David Admans, CEO

Cr Stuart McLean, Chair

Geelong ACC

Mr John Hansen, Executive Officer

Melbourne East ACC

Ms Jacqueline McCann, Board Member

Melbourne's North & West ACC

Mr Michael Iaccarino, Executive Officer

BEST Community Development

Mr Ron Stone, Chief Executive Officer

BGT Employment

Ms Gerrie Dorn, General Manager

City of Ballarat

Mr Anthony Schinck, Chief Executive Officer

Department of Planning & Community Development (VIC)

Mr Damian Ferrie, Executive Director, Community Strategy & Programs

Foundation for Rural & Regional Renewal

Ms Sylvia Admans, Chief Executive Officer

G21 - Geelong Regional Alliance

Dr Andrew Scott, Chief Executive Officer

Greater Green Triangle ACC

Mr John Collyer, Committee Member

Mr David Francis, Executive Officer

Loddon Shire Council

Mr John McLinden, Chief Executive Officer

Mildura Rural City Council

Mr Phil Pearce, Chief Executive Officer

Pyreiness Shire

Mr Stephen Cornish, Chief Executive Officer

Regional Development Victoria

Mr Richard Milne, Regional Manager, Barwon South Western Region

Ms Lynette Hughes, Rural Development Officer

Ms Justine Linley, Regional Manager, Grampians Region

The Ballarat Foundation

Mr Noel Trengove, Chief Executive Officer

Victoria Central Highlands ACC

Mr Peter Dwyer, Executive Officer

South East Metro Councils

Mr John Bennie, Member

Friday, 8 August 2008 - SHEPPARTON**Albury Wodonga ACC**

Mr Bert Eastoe, Chairman

Mr Ray Hortle, Executive Officer

Central Murray ACC

Mr Jason Russell, Executive Officer

Gippsland ACC

Ms Maree McPherson, Executive Officer

Sunraysia ACC

Mr Thomas Crouch, Executive Officer

Alpine Shire

Mr Ian Nicholls, Chief Executive Officer

Cobram District Hospital

Mr Nick Bush, Chief Financial Officer

Economic Development Australia

Mr David Keenan, Chair

Greater Shepparton City Council

Mr Peter Harriott, Director, Development & Infrastructure

Mansfield Adult Continuing Education

Mr Paul Sladdin, Chief Executive Officer

Mansfield Shire Council

Mr David Roff, Chief Executive Officer

Moira Shire Council

Mr Gavin Cator, Chief Executive Officer

Mount Alexander Shire Council

Mr Nick Haslinghouse, Director, Environment and Infrastructure

Municipal Association of Victoria

Mr Owen Harvey-Beavis, Manager, Economic Data & Policy
Development

Ms Kaye Owen, Director, Research & Policy

North-East Victoria ACC

Mr Shane O'Brien, Executive Officer

Regional Cities Victoria

Mr Paul Buckley, Member

Mr Doug Sharp, Chair

Regional Development Victoria

Mr Peter Turner, Business Development Manager

Tuesday, 12 August 2008 - DUBBO**Central NSW ACC**

Miss Sharon Bentick, Executive Officer

Hunter ACC

Mr William Willis, Executive Officer

New England North West ACC

Mrs Kate Baker, Executive Officer

Orana ACC

Mr Peter English, Executive Officer

Outback NSW ACC

Mr Kym Fuller, Acting Chairman

Mr Scott Howe, Chief Executive Officer

Brewarrina Shire Council

Ms Belinda Colless, Economic Development Officer

Central NSW Councils

Ms Jennifer Bennett, Executive Officer

Coolah District Development Group

Mrs Lucinda Thompson, Development Coordinator

Coonamble Shire Council

Mrs Lee O'Connor, Joint Economic Development Manager

Gowest Regional Development Fund

Mr John Clements, Board Member

Mr Allan Smith, Deputy Chair

Country Women's Association of NSW - Armatree Branch

Mrs Sandra Pagan, Member

Dubbo City Council

Cr Greg Matthews, Mayor

Gilgandra Shire Council

Mr Randall Medd, Promotion & Economic Development Officer

Namoi Regional Organisation of Councils

Mrs Katrina McDonald, Executive Officer

Orana Early Childhood Intervention

Mrs Janelle Burke, Director/Coordinator

Warrumbungle Shire Council

Mr Robert Geraghty, General Manager

Wellington Information & Neighbourhood Services Inc.

Ms Alison Conn, Manager

Thursday, 14 August 2008 - NOWRA**Individuals**

Mr Dennis Argall

Capital Region ACC

Mrs Marion Donaldson, Executive Officer

Mr David Malloch, Chair

GROW Sydney ACC

Ms Narelle Wheatland, Senior Project Manager

Illawarra ACC

Mr John Grace, Executive Officer

Shoalhaven ACC

Mr Brian Hanley, Chair

Mr John Lamont, Deputy Chair

Mr Milton Lay, Executive Officer

South East NSW ACC

Mr Peter Hughes, Project Manager

Basin Villages Forum

Mrs Maureen Webb, Secretary

Blueprint Shoalhaven

Ms Rhonda McGuire, Executive Officer

Illawarra Regional Development Board

Mr Garry Langton, Chairman

Mr Peter Pedersen, General Manager

National Sea Change Taskforce

Mr Alan Stokes, Executive Director

Department of State & Regional Development (NSW)

Mr Michael Cullen, Executive Director - Regional Development

Royal Volunteer Coastal Patrol

Mr Ronald Ford, Division Commander

Shoalhaven City Council

Mr Russell Pigg, General Manager

Mr Greg Pullen, Economic Development Manager

The Cancer Outpatients Appeal of Milton Ulladulla Inc.

Ms Dee Carrington, President

Wollondilly Shire Council

Mr James McMahon, General Manager

Wednesday, 8 October 2008 - Bundaberg**Individuals**

Mr Ken Wilson

Mr Phil Ainsworth

Central Queensland ACC

Mr Paul Kah-Nutt, Executive Officer

Mr Kym Mobbs, Chair

Sunshine Coast ACC

Mr Jason Law, Acting Deputy Chair

Ms Kay Strong, Executive Officer

Bundaberg Regional Council

Mr Peter Byrne, Chief Executive Officer

Cr Lorraine Pye Finch, Mayor

Department of Tourism, Regional Development & Industry (QLD)

Mr Michael Whiting, Director, Bundaberg

Wide Bay Burnett ACC

Ms Mary Walsh

Mr Bill Trevor, Chair

North Burnett Regional Council

Cr Joy Jensen, Mayor

Mr John Page, Chief Executive Officer

Rockhampton Regional Council

Cr Brad Carter, Mayor

Mr Alastair Dawson, Chief Executive Officer

Monday, 13 October 2008 - Canberra**Department of Infrastructure, Transport, Regional Development & Local Government**

Mr John Angley, Executive Director, Local Government & Regional Development Division

Mr Tony Carmichael, General Manager, Better Regions Branch

Australian National Audit Office

Mr Ian McPhee, Auditor-General

Mr Brian Boyd, Executive Director

Ms Tina Long, Audit Manager