



OACC

Outback NSW Area Consultative Committee

"Creating Regional Opportunities"

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The Secretary
Standing Committee on Infrastructure, Transport, Regional Development and Local
Government
House of Representatives
Parliament House
CANBERRA ACT 2600

SUBMISSION TO THE INQUIRY INTO A NEW REGIONAL DEVELOPMENT FUNDING PROGRAM

The Outback NSW Area Consultative Committee (OACC) welcomes the opportunity to make a submission to this Inquiry.

OACC is a community-based organization that for twelve years has worked with a broad cross section of the communities located in Far Western NSW. Throughout these years OACC's membership has included many representatives of local government, the not-for profit sector, business and industry, the education sector and the union movement.

During this time OACC has gained a great deal of experience in the promotion and facilitation of Australian Government funding programs. Regional development grants programs which are well designed and delivered with on the ground support can be of enormous value to regional communities. In this regard OACC has seen firsthand the great benefits to the economy of the region, due to the funding of a broad range of local economic and community development projects.

Our first-hand observation of the operation of the former Regional Partnerships program has also led to a number of conclusions that are relevant to the Inquiry terms of reference and we offered the following submission which suggests a pragmatic and workable future direction for Australian Government Regional Development funding programs.

Yours faithfully

Kym Fuller
Acting Chairman
Outback NSW Area Consultative Committee (OACC)



**Submission to: The House of Representatives Standing Committee on
Infrastructure, Transport, Regional Development and Local Government**

INQUIRY INTO A NEW REGIONAL DEVELOPMENT FUNDING PROGRAM

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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 liveability of Australia's regions.

The Committee's report is to:

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

EXECUTIVE SUMMARY

The voluntary board members and staff of the Outback NSW Area Consultative Committee (OACC) believe like many other regional communities and regional development commentators that the most successful regional development is that which comes from the community itself and is “bottom up” rather than using the “top down” or interventionist approach.

Current Area Consultative Committees (ACC's) have been seen by past Australian Government's as providing an important link between itself and regional Australia, they are uniquely placed to respond to issues in their regions and provide a vital conduit to Government on local, social and economic conditions.

Using the aforementioned as the basis for our thinking the current Board of the Outback NSW Area Consultative Committee believes that the transition of ACC's to the new Regional Development Australia (RDA) structure, provides an opportunity for the Australian Government to deliver its policy approach on regional and community development in a new and cost effective way.

Whilst the new RDA network can provide enormous value to the Government in providing strategic advice on a broad range of issues and opportunities, this also needs to be married with the ability to respond with the appropriate financial resources to opportunities and challenges that face local communities.

This can be achieved by establishing regional development funding programs that make available financial resources for indentified community based infrastructure and development projects which help local communities to survive and grow. This financial support needs to be provided via a program which delivers funding/resources in a timely fashion and provides access to a continuous pool of funding, not a centralised bureaucratic program which effectively “drip feeds” resources to regional communities.

We believe that any new regional development programs need to put in place processes which ensure regional communities can feel confident that,

1. The Australian Government seriously values the advice they provide on local issues and opportunities.
2. Real decision making power over how regional and community development funds are distributed has been devolved to the regional community level.
3. Adequate resources are provided to promote and pursue a “whole of Government approach”.

We believe the structure and processes we have recommended in this submission for the new RDA network and future regional development funding programs provides the Government with a regional development policy delivery mechanism that is both cost effective and has robust and defendable corporate governance processes. It also achieves an approach that devolves new “bottom up” decision making power to regional communities so that they can develop and implement “local solutions to local problems”.

BACKGROUND

The Outback NSW Area Consultative Committee (OACC) believes like many other regional communities and regional development commentators that the most successful regional development is that which comes from the community itself. In summary, a “bottom up approach” rather than using a “top down “and “one size fits all” centralised interventionist approach.

At the core of this approach to regional development policy implementation are governance strategies involving community self help and do it your self (DIY) regional development, which seeks to empower local communities to take control of and make decisions about their future directions with the support and resources of various Governments.

Some of the strengths of this “bottom up “approach include,

- A localised “bottom-up” approach should enable a community to strike a balance between economic, social and environmental factors, which affect their community.
- Utilising regionally based organisations like the existing Area Consultative Committee’s (ACC’s) can provide government access to “local knowledge” of the region’s economy, community and regional actors who are important to the success of initiatives.
- Ability to harness strong local community “ownership” of regional development initiatives

It is also argued that by applying a highly centralised management and program funding decision making processes to DIY strategies in regional development that you risk severely restricting a local community’s capacity to decide and influence their future.

This results in disempowering, frustrating and pushing away the very community leaders that this strategy requires and seeks to attract. These are predominately local business / community leaders who operate in the private sector and their local communities, who have a wealth of local knowledge and are well placed to respond to local issues and opportunities in a timely fashion.

Area Consultative Committees (ACC), DIY Regional Development and Corporate Governance

In the vein of DIY regional development, ACC’s have been seen by past Australian Government’s as providing an important link between itself and regional Australia, they are uniquely placed to respond to issues in their regions and provide a vital conduit to Government on local, social and economic conditions.

Further previous Australian Government’s have publicly stated on the ACC website that,

“The Government recognises that optimal regional growth and development will only be achieved when regional communities manage change at the local level, realise their potential and plan for and lead their own development with the support of both the Government and the private sector.”

Currently ACC's are set up as local incorporated not for profit organisations with a Board made up of local voluntary members from varying walks of life, including business, community and local government. ACC's are resourced via a three year operational funding agreement with the Department of Infrastructure, Transport and Regional Development and Local Government (DOITRD LG), to assist them in developing and implementing local Strategic Regional Plans and improving access to Australian Government funding programs.

ACC's for many years have been centrally involved in promoting awareness of and access to a broad range of Australian Government programs and services. These organisations have established strong local networks in their communities and work on a daily basis with local groups on a range of community development projects.

ACC's report to DOITRD LG, the Minister and ultimately the Australian Government on its use of resources and outcomes achieved against its Strategic Plan and Annual Business Plans. DOITRD LG uses the legal terms and conditions contained in annual funding contracts and related ACC guidelines to monitor the activities of the ACC's. As such a robust system of public sector corporate governance including checks and balances is used to maintain levels of accountability required to underpin the conduct of responsible Government.

This system of corporate governance with its series of checks and balances which currently exists for the management of the current ACC network, we believe was not adversely commented on in the 2007 Auditor – General Report No 14, "*Performance Audit of the Regional Partnership Program*", from the Outback NSW Area Consultative Committee's (OACC) perspective most of the issues raised and adverse findings relate to protocols and the corporate governance system that surrounded the centralised Ministerial decision making system for this program over the past 3-4 years.

No members of the current OACC Board would deride a system which ensures that high levels of accountability for the use of Government funds are achieved. However, debate takes place within the OACC Board, many other ACC's and regional communities about whether the use of a highly centralised bureaucratic and Ministerial decision making system for past and future regional development programs has and will continue in the future to stifle the usefulness of these programs and community organisations such as ACC's.

Accessing / Delivering Regional Development Programs and Local Government

There is also much discussion and debate in the Government and community sectors about the most efficient and cost effective way to deliver government programs and services in regional Australian.

Whilst advances in telecommunications and the uptake of internet based information sources in Australian continues at a rapid rate, the reality is that members of many community based groups and organisations in regional and remote Australia have limited access to good quality / low cost broadband internet services and also in many cases have a limited or nonexistent capacity in relation to project development and submission / grant writing skills.

It is often the case that a community or community members don't have the resources or capacity to locate and then download a government funding program application from the internet, let alone having the capacity and skills to fully develop a project concept and to complete the application form to a level at which it is ready for submission.

This results in communities and community members constantly requesting assistance and support from local "on the ground" organisations such as ACC's and their local council. However local government authorities across regional Australia have limited resources to adequately assist and support members of their communities and in some cases no local government exists, which is the case in Far West NSW where communities in the Unincorporated Area of NSW operate with volunteer village committees with limited funding and operational support.

Whilst the Outback NSW ACC has over many years, with good levels of success, run community capacity building programs such as Grant Writing / Seeking Workshops and distributed regular funding information newsletters to help address this skills and knowledge shortage. The reality is that building community capacity in regional/ remote communities is an ongoing process and people in these communities need to be able to access a locally based and staffed support network if regional development programs are to be successful in ensuring funding and support is accessed and delivered in the areas of most need.

OACC recognises that in many cases that greater emphasis needs to be placed on partnering with Local Government to ensure that the community obtains maximum access to and advantage from any Regional Development funding programs aimed at community infrastructure development in particular. There are good opportunities to use existing local government governance and support structures and where these do not exist then with the right support a Village Committee can provide the role, there is also potential to auspice projects in these areas through local councils under the current S.355 Committee structure.

From a Far West NSW perspective, local and regional infrastructure funding should be directed to local government in many cases, on the basis that to do otherwise means allocating already scarce resources to duplication of administrative structures, often involving the same or similar representation.

In summary sufficient resources need to be made available to support communities in developing and submitting project proposals for Regional Development funding, this can most effectively be done by providing sufficient resourcing support to the new RDA network and providing a greater role for local government authorities in the accessing and delivery of and Regional Development funding support to regional communities.

To do otherwise risks creating a situation where successful applicants for any new Regional Development funding program will tend to be larger and more well resourced organisations in larger regional areas that have access to professional grant – writing capability.

A WAY FORWARD

Using the aforementioned as the basis for our thinking the current Board of the Outback NSW Area Consultative Committee believes that the transition of ACC's to the new Regional Development Australia (RDA) structure, provides an opportunity for the Australian Government to deliver its policy approach to regional and community development in a new and cost effective way.

As stated in Minister Albanese's statement on 20th March 2008, the current ACC network and its voluntary Board members "are a valuable source of local knowledge and advice for the Government" and are uniquely placed to advise the Government on the broad range of issues and opportunities as outlined on page 3 of the Ministers Statement, in fact in many instances current ACC's are already doing many of the things listed as part of their day to day activities.

Whilst the new RDA network can provide enormous value to the Government in providing strategic advice on a broad range of issues and opportunities, this also needs to be married with the ability to respond with the appropriate financial resources to opportunities and challenges that face local communities.

OACC believes that by establishing regional development funding programs that make available adequate financial resources for locally identified community based infrastructure and development projects, this will provide real and tangible help for local communities to survive and grow. This financial support needs to be provided via a program which delivers funding/resources in a timely fashion and provides access to a continuous pool of funding, not a centralised bureaucratic program which effectively "drip feeds" resources to regional communities.

Cost effective delivery of "on the ground" promotion and assistance with accessing any new regional development program can be achieved by provision of operational resources to RDA Boards via negotiation with DOITRDLG using the current system of 3 year funding contracts which provide some certainty to allow local RDA Boards to employ suitable staff and obtain the resources required in a practical commercial way (office and motor vehicle leases).

However, the level of global program resources and funding provided to the network and individual RDA Boards needs to reflect the amount of consultation, information gathering/dissemination activities and project development/implementation support undertaken on behalf of the Government and the real cost of doing this work particularly in the more remote and demographically diverse regions of Australia.

Whilst the OACC board recognises that local government is and will continue to be a vital partner in any new regional development program, regional and remote local government authorities across Australia have limited resources to adequately promote and facilitate access to any new program, thus the support of the new RDA network is critical.

In some instances this work would only require the co-ordination of various local agencies to gain a "Whole of Government" response, however there are many occasions where communities will require the adequate and timely financial / resource support of Government to achieve meaningful positive outcomes. This is where the new local RDA Boards in consultation with local government authorities and the regional offices of DOITRDLG are best placed to provide very cost effective economic and community development outcomes to local communities on behalf of the Government.

SUGGESTED NEW REGIONAL DEVELOPMENT FUNDING PROGRAM MODEL

The current Board of the Outback NSW Area Consultative Committee (OACC) recognises that there is an ongoing need to apply the principles of “good corporate governance” for the operation of Australian taxpayer funded activities. However, we feel that a more decentralised decision making model is required to make future regional development funding programs and RDA’s in general much more responsive and effective in Australia’s regions.

We suggest a regional development program structure and decentralised decision making model, such as the following be considered,

1. A number of the broad guidelines from the former *Regional Partnerships* programme could be retained as the basis for any new regional funding program, with the addition of a strategic focus on community owned infrastructure projects which enhance a regions economic capacity and liveability.
2. National program funding allocation for any future regional development program should be in the order of at least \$100 - \$150 million per annum, with a minimum program life of 3-5 years. This would allow appropriate resources to be made available on a continuous basis for both small and larger community infrastructure projects (major regional infrastructure projects could require Australian Government contributions of \$500,000 to \$5,000,000 per project e.g. regional airport upgrades).
3. Regional development programs to accept applications on an ongoing basis through out a calendar or financial year and not tied to funding rounds (e.g. six monthly or annually).
4. That an annual funding amount be notionally allocated from the national funding pool to each RDA region for small community projects up to \$25,000, say approximately \$100,000 to \$200,000 per RDA region depending on geographical size and number of communities serviced etc, similar to the model currently used to allocate ACC operational funding. This in our estimation would still leave 80-90% of the total national funding pool available to all regions on a competitive application basis across Australia.
5. Project funding applications for amounts up to \$25,000 that are endorsed by the local RDA board for community based projects , should have final funding decisions delegated to DOITRDLG Regional Office Managers which are then based on the recommendations of the local RDA, satisfactorily meeting the program criteria/guidelines and other appropriate probity checks . A final funding decision timeframe of 4-6 weeks from receipt of funding application is recommended as appropriate.
6. Project funding applications up to \$100,000 per application have final funding decisions delegated to DOITRDLG Regional Office Managers, subject to the application satisfactorily meeting the program criteria/guidelines, a positive endorsement by the local RDA board and other appropriate probity checks. A final funding decision timeframe of 8-10 weeks from receipt of funding application is recommended as appropriate.

7. Project applications over \$100,000 or for projects operating in a private sector / for profit environment, a centralised decision making process with final funding decisions made by the Minister based on the application satisfactorily meeting the program criteria / guidelines , the advice/recommendations of DOITRDLG national / regional office staff and the local RDA. Appropriate independent viability / probity checks would be incorporated based on the recommended improvements to the protocols / processes for Ministerial funding decisions as outlined in recommendations from the 2007 Auditor – Generals Report.

Final funding announcements would continue to be made by the Minister responsible and local MP's / Senators, however the abovementioned decision making model would allow for a much more responsive and efficient system of project funding approval whilst maintaining appropriate public sector "corporate governance" principles of accountability, checks and balances.

Precedents for this type of funding approval system have existed within the Australian Government, with local Indigenous Co-ordination Centres (ICC's) which were operated in the main by the former Department of Employment and Workplace Relations (DEWR) and Department of Family, Community Services and Indigenous Affairs (FACSIA) having delegated authority to approve funding support for local projects from a "flexible funding pool" which meet a set criteria. Local ICC managers based in regional centres had the ability to contribute funding in conjunction with the local community and other Government agencies up to \$100,000 per project.

Under OACC's proposal the new local RDA boards and staff would provide the on the ground promotion of any regional development funding program in their regions, in consultation with local government assist applicants to develop there project / funding applications and provide local recommendations/ advice on the worth and need for the project.

RDA's would continue to be benchmarked according to their performance against agreed KPI's (e.g. Number of projects submitted and funds approved) and funds not approved or allocated from each RDA regions " Projects up to \$25,000" pool to be reallocated to other RDA regions after the 31st March each year, for projects which meet the agreed criteria/guidelines.

CONCLUSION

As previously stated whilst the new RDA network can provide enormous value to the Australian Government in providing advice on a broad range of strategic issues and opportunities, this also needs to be married with the ability to respond with the appropriate financial resources to opportunities and challenges that face local communities.

Our suggested model for a more decentralised project funding decision making process for future regional development programs also seeks to address issues previously raised by local communities and members of current ACC's across Australia, with regards to the length of time taken to approve projects. RDA members would utilise their local knowledge to support quality community based projects which provide "local solutions to local problems" whilst maintaining appropriate "corporate governance" principles of accountability, checks and balances.

Whilst the current Board of the Outback NSW Area Consultative Committee is well aware that the issue of delegation for decision making on small projects (up to \$25,000) to local ACC's or RDA's boards has been considered before, we believe the model we have suggested addresses the current Governments concerns about accountability and transparency, by retaining final decision making for smaller projects within the Department whilst still delivering similar outcomes but in a robust and defensible corporate governance process.

A number of the broad guidelines from the former *Regional Partnerships* programme could be retained as the basis for any new regional funding program, with the addition of a strategic focus on community owned infrastructure projects which enhance a regions economic capacity and liveability. The proposed decision making model will allow the Government, Minister and any future regional development program to deliver "quick wins" for small community projects (up to \$25,000), in a very low risk way for Government and the Australian taxpayer.

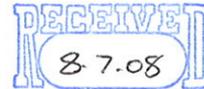
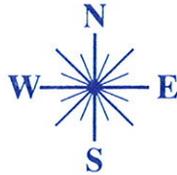
We believe the structure and processes we have recommended for the new RDA network and future regional development programs provides the Government with a cost effective way of implementing its regional development policy, which is delivering and perceived as delivering new "bottom up" decision making power to local communities so that they can develop and implement "local solutions to local problems".

CENTRAL DARLING SHIRE COUNCIL

SUBMISSION 138

CONSTITUTED 1 MAY 1959

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7th July 2008

The Chief Executive Officer
Outback NSW Area Consultative Committee
P.O. Box 1010
BROKEN HILL N.S.W. 2880

Dear Sir,

On behalf of the Central Darling Shire Council I would like to provide this letter of support to your organization in submitting a proposal to the House of Representatives Standing Committee into Regional Development Funding Programs. As you would be aware, the Central Darling Shire area is dependent on Government grants and subsidies to ensure the delivery of essential services to small and remote communities. In fact, we believe that we have developed the appropriate model for such service delivery, having staff and resources in place and ready to go.

The model of self determination, of delivery of services from the ground up, of the community taking responsibility for these services and building social and economic capacity is vital for the success of any program. The submission made by the Outback NSW Area Consultative Committee is built on these concepts and is to be applauded. The Central Darling Shire Council is proud to support the submission and would welcome the opportunity to further discuss the issue of community service delivery.

I look forward to a successful outcome from the Committee.

Yours Faithfully,

A handwritten signature in blue ink, appearing to read "Tim Hazell". The signature is written over a horizontal line.

Mr Tim Hazell
Acting GENERAL MANAGER