
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

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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.

