

# **INQUIRY INTO THE REGIONAL PARTNERSHIPS PROGRAMME AND SUSTAINABLE REGIONS PROGRAMME**

## **SUBMISSION BY THE DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES**

**28 JANUARY 2005**

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**1. Introduction**

The Senate Finance and Public Administration References Committee invited the Department of Transport and Regional Services (DOTARS) to make a submission to its Inquiry into the Regional Partnerships programme and Sustainable Regions programme on 13 December 2004.

DOTARS is the agency responsible for administering these two discretionary grants programmes for the Australian Government.

In this submission, DOTARS addresses the Terms of Reference by providing background on the two programmes as well as a summary of the processes that are used to approve and administer the funding.

As requested by the Committee, DOTARS has separately provided data for both programmes on approved projects and on those applications rejected or withdrawn.

Included with this submission are copies of documents which detail the processes by which DOTARS manages and administers these two programmes.

The documents include:

- Guidelines for the Sustainable Regions programme (Attachment A)
- assessment criteria for Sustainable Regions application (Attachment B)
- Sustainable Regions internal procedures manual (Attachment C)
- Guidelines for the Regional Partnerships programme (Attachment D)
- DOTARS internal procedures manual for Regional Partnerships (as at September 2004) (Attachment E)
- Area Consultative Committee (ACC) Handbook (Attachment F)
- standard ACC funding contract (Attachment G)
- Procedures for Strategic Opportunities Notional Allocation (SONA) under Regional Partnerships (Attachment H)

Where possible in this submission, DOTARS will refer to the relevant section in guidelines or procedures to assist the Committee.

## **2. Background**

In the late 1990s, while many regions were reaping the benefits of a long period of economic growth and successfully attracting national and international investment across a broad range of industries, others continued to struggle with change. In 1999 the Government held the Regional Australia Summit, where over 280 delegates representing communities, business and government met to develop a national appreciation of the challenges facing regional Australia. The Summit identified the following priority areas of action:

- improving access to essential services in regional areas;
- upgrading physical infrastructure;
- designing more flexible assistance programmes,
- addressing major environmental concerns; and
- empowering communities to drive their own futures because they are in the best position to propose their own plans for dealing with the challenges and opportunities confronting them.

The Government's response to the Regional Australia Summit was the *Stronger Regions, A Stronger Australia* Statement in August 2001, which outlined the Government's framework for regional development through the next decade. Key directions include:

- a partnership approach between the community and government;
- priorities determined by the local community; and
- location based approach to delivering regional programmes

Through applying the *Stronger Regions* principles, the Government is working in partnership with other tiers of government, regional communities and the private sector to increase the economic diversity of regional areas. The Government looks to communities themselves to identify and work to realise the potential of their regions.

### **3. Sustainable Regions Programme (SRP)**

The Sustainable Regions programme was the major initiative proposed under the *Stronger Regions, A Stronger Australia* statement.

The Sustainable Regions programme runs until 30 June 2006 in the eight regions selected in 2001. It assists these regions to plan for their future, build capacity for strategic and informed decision making at the regional level and contributes to the implementation of significant projects that can make a difference to economic opportunity and quality of life.

The Sustainable Regions Programme was designed to test a new locational approach to the delivery of regional programmes. It offered a planned and integrated approach to structural adjustment in particular regions undergoing major economic, social or environmental change.

The aims of the Programme are to:

- provide a national approach to supporting designated regions across Australia to lead their own development in accordance with the locally established priorities;
- assist regions undergoing major economic, social and environmental change to build a viable foundation for the future; and
- promote a whole of government approach to regions by Commonwealth Government agencies and forge partnerships between the private sector and all three spheres of government.

Regions (including urban fringe areas as well as those outside capital cities) were identified against criteria that included remoteness as well as important socio-economic and demographic indicators, such as levels of unemployment, family income and structural change indices, amongst others. Importantly, each of the eight regions selected initially demonstrated a strong degree of initiative, self-reliance and commitment to community action.

The eight regions are: the Atherton Tablelands and Wide Bay Burnett in Queensland; Campbelltown-Camden and Far North East New South Wales; Gippsland in Victoria; North West and West Coast of Tasmania (the Cradle Coast); Playford-Salisbury in South Australia and the Kimberley in Western Australia.

The desired outcomes in the selected regions are:

- improved understanding of the characteristics of the region;
- identification of future directions;
- creation of employment;
- establishment of businesses;
- provision of key resourcing for sustainable development;
- closer community interaction;
- partnerships between the private sector and government for the sustainable development of the region; and

- developing the leadership and capacity to address regional priority issues and develop local solutions.

Six of the regions each have up to \$12m available over the life of the programme. Wide Bay Burnett has up to \$8m in addition to the \$4m from a previous adjustment package and the Atherton Tablelands has up to \$18m.

Funding is available for a wide range of projects including minor infrastructure, skills building, encouraging small businesses and local enterprises, as well as for addressing social development, environmental and cultural issues.

Strategic regional priorities for projects to be supported are determined locally, with communities taking the lead in their own development. Guidance is provided by a locally-based advisory committee comprising business, government and community representatives, who are committed to making a difference in their region. Projects are assessed against the locally developed strategic directions and regional priorities, as well as against programme objectives and selection criteria that determine which projects are most likely to benefit the region and provide sustainable solutions. The Sustainable Regions Advisory Committees make funding recommendations directly to the Minister for Transport and Regional Services.

In September 2004, two new regions were announced during the election period: Northern Rivers and North Coast NSW (\$12m) and Western QLD and Western NSW (\$21m).

### **3.1 Sustainable Regions Programme Procedures**

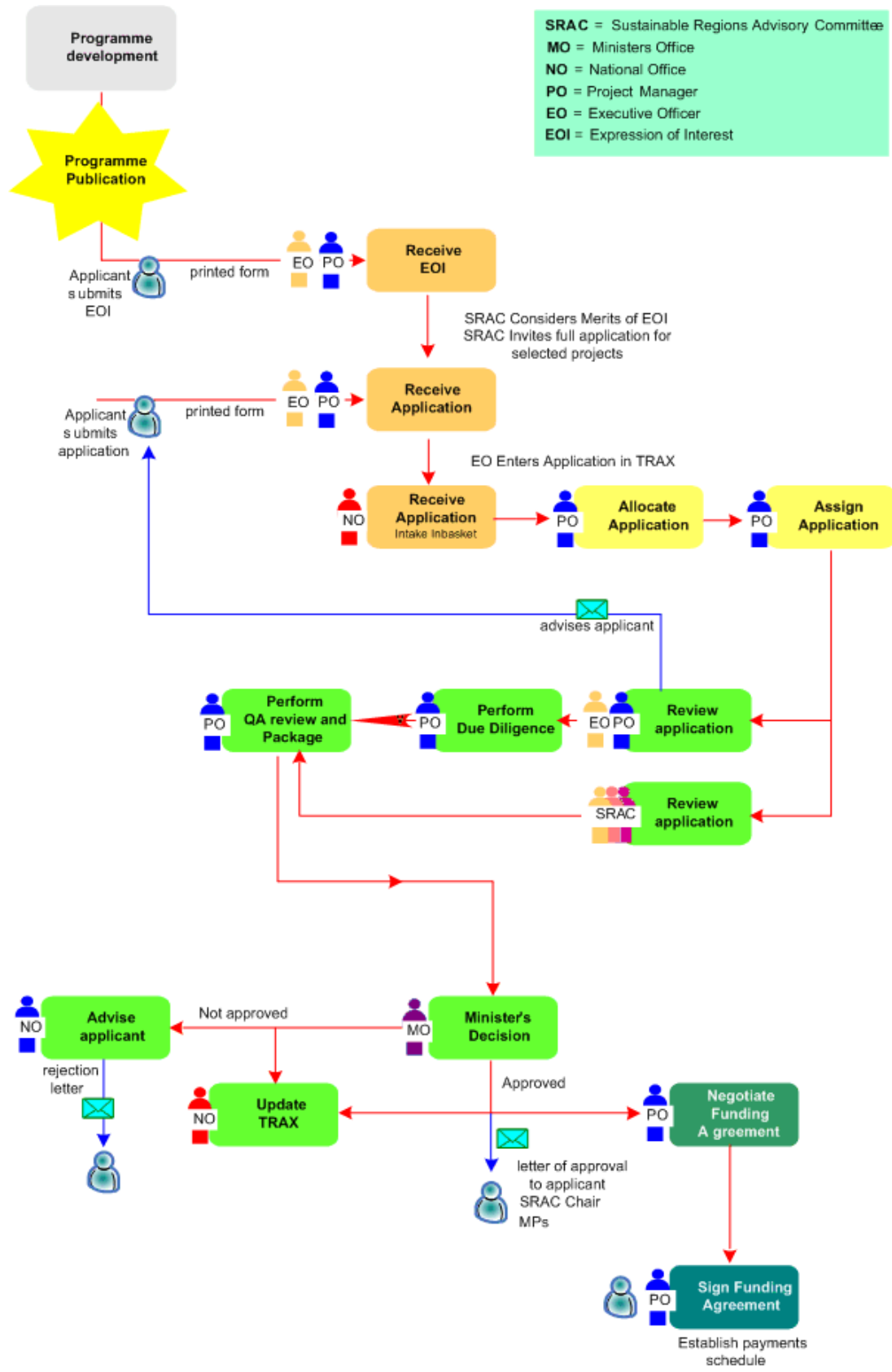
Public information on the Sustainable Regions programme can be found on the Sustainable Regions programme website ([www.sustainableregions.gov.au](http://www.sustainableregions.gov.au)), which has information to assist applicants including the programme guidelines (included at Attachment A), programme assessment criteria (included at Attachment B), region profiles, approved projects and the contact details for each Sustainable Region Advisory Committee Executive Officer.

The complete procedures for the administration of the Sustainable Regions Programme are recorded in an Internal Procedures Manual for use by Departmental staff (Attachment C). References to this document will be provided where possible in this submission.

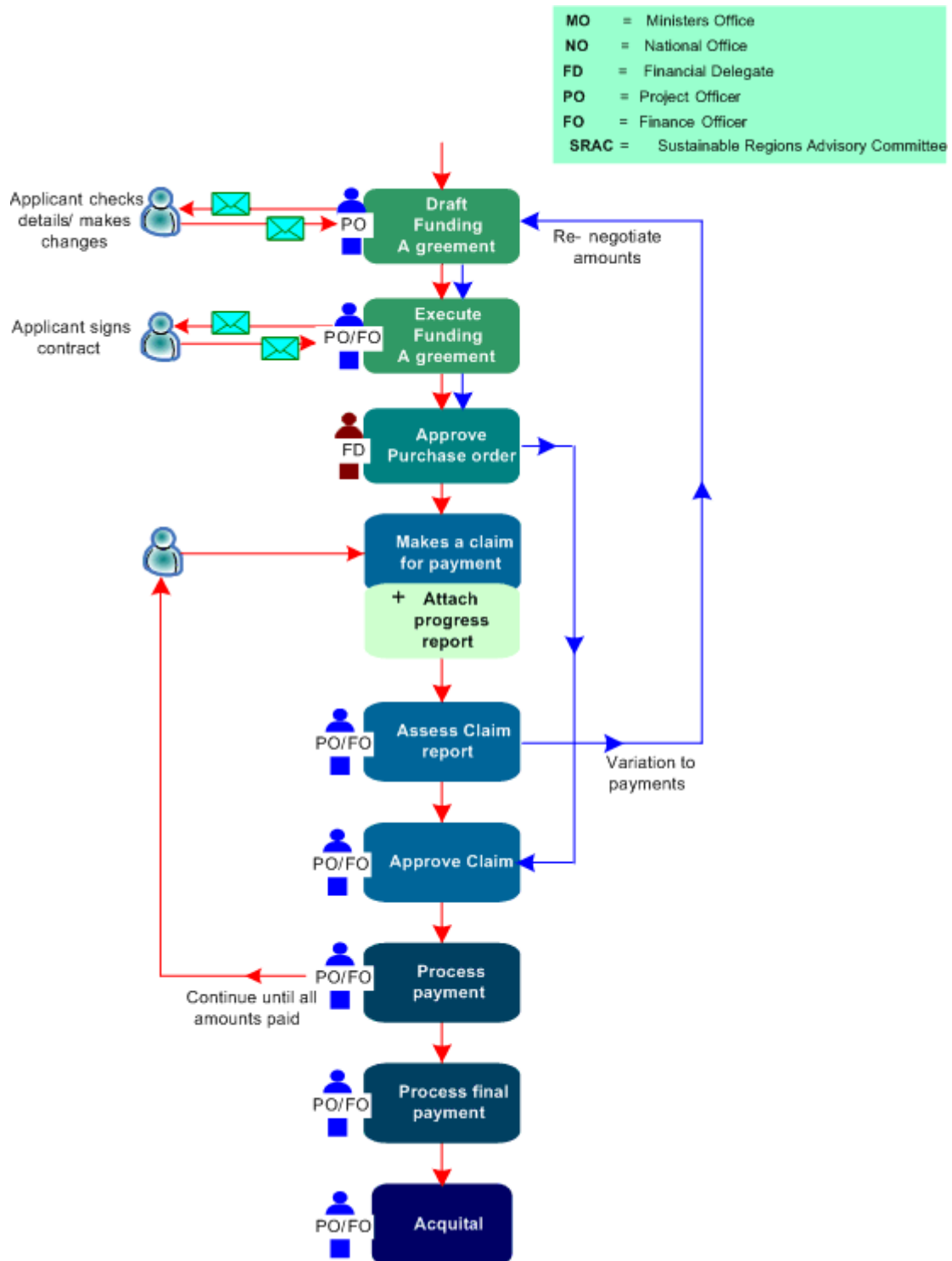
The diagrams on the next two pages, which have been adapted from the TRAX (online grants managements system) Training Manual (August 2004), illustrate the processes for:

- applying, assessing and approving funding applications, and negotiating funding agreements; and
- making payments to the acquittal of funded projects.

## Applying and Assessing – Sustainable Regions



## Claiming and acquitting – Sustainable Regions



Sustainable Regions Advisory Committees (SRACs) review existing strategic plans for their regions and/or consult with their community to establish priority areas for action (the Sustainable Regions website provides details). Applications under the programme must address one or more of these priority areas.

SRACs invite expressions of interest and applications (see below) and assess each application against regional priorities and the programme assessment criteria.

Each SRAC is supported by a local Executive Officer who reports to the SRAC Chair. The Executive Officer provides information on the Sustainable Regions Programme to the local community and assists applicants with developing and preparing project proposals. Generally, Departmental officers attend SRAC meetings in an observer capacity to provide advice to the Committee.

### 3.1.1 Expression of Interest Stage<sup>1</sup>

The SRAC calls for expressions of interest (EOIs), eg. via newspaper advertisements.

The Executive Officer is available to answer inquiries from interested applicants and makes a preliminary assessment on whether a project would be eligible under the programme. This assessment is made against the programme assessment criteria and regional priorities. The Executive Officer then refers this recommendation on the project's eligibility to the SRAC.

The SRAC meets and assesses each EOI to determine which should be invited to submit a full application. Applicants who are unsuccessful at the expression of interest stage are sent a letter by the Executive Officer.

### 3.1.2 Application Stage<sup>2</sup>

The Executive Officer works with applicants to develop and finalise a detailed formal application. DOTARS is available to advise where broader whole-of-government issues are relevant to the application.

Applications for funding under the programme must satisfy locally determined regional priorities and the programme assessment criteria, have significant regional support and impact and demonstrate that a project is likely to achieve sustainable outcomes.

Once the project proposal is fully developed by the applicant, it is lodged with the Executive Officer for consideration by the SRAC, who enters it into the TRAX system (the DOTARS online grants management system).

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<sup>1</sup> The Expression of Interest process is at page 5 of the DOTARS Internal Procedures Manual for the Sustainable Regions Programme.

<sup>2</sup> The application process is discussed at page 5 of the SR Internal Procedures Manual.



### 3.1.3 Assessment Stage<sup>3</sup>

The Executive Officer provides preliminary advice to the SRAC to assist it in objectively analysing and assessing all project applications.

Where project applications include issues outside of DOTARS portfolio responsibilities, DOTARS seeks comments from the relevant Australian Government agencies to assist the SRAC with its assessment.

Each application is fully assessed by the SRAC against the Sustainable Regions assessment criteria and the region's priorities and is competitively assessed against other applications from within the region.

The SRAC then provides its recommendations to the Minister.

DOTARS confirms that the recommended project proposals match the selection criteria and arranges any required independent due diligence checks.<sup>4</sup>

All decisions regarding due diligence checks are made in consultation with the DOTARS Director of Sustainable Regions. Due diligence is generally done for private sector projects, however there may be circumstances where due diligence is not undertaken such as when another area in the Department has dealt with the company in another Programme, or if they are a large, established company with very minimal risk. For non private sector projects (eg local government, not for profit, universities etc), circumstances in each case are considered in determining whether due diligence is necessary.

The following is a general guide to the level of due diligence required:

- 1) A **Lawpoint Check** for applicants seeking funding of approx <\$50,000
- 2) A **Company Viability Check** for applicants seeking funding of approx \$50,000 - \$500,000
- 3) A **Company and Project Viability Check** for projects over \$500,000

Where a due diligence check on a project raises any issues of concern, the matter is referred back to the SRAC for further consideration.

The SRAC recommendations and the Department's advice are then presented to the Minister for Transport and Regional Services.

Sustainable Regions is a discretionary grants programme. The decision to fund projects ultimately falls to the Minister. When making decisions, the Minister has the benefit of recommendations from the relevant SRAC and advice from the Department in accordance within the established guidelines and criteria.

The Minister decides to approve or not approve projects after considering the recommendations of the SRAC and advice from the Department. Projects may be referred back to the SRAC for further deliberation.

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<sup>3</sup> Information on the Assessment process is at page 7 of the SR Internal Procedures Manual

<sup>4</sup> The process for due diligence assessment is at page 8 of the SR Internal Procedures Manual.

DOTARS provides a draft media release for approved projects, speaking notes where there is a project launch, and draft letters for the Minister to the applicant, SRAC and the local MP or Patron Senator.

DOTARS advises unsuccessful applicants of the Minister's decision.

As soon as a project is approved, its details are entered into the Discretionary Grants Central Register, maintained by the Department of Finance and Administration. Once a project is announced, details of the project are also put on the Sustainable Regions website.

#### 3.1.4 Post Approval Management Stage<sup>5</sup>

Until recently, the Sustainable Regions programme was managed by DOTARS National Office, with the exception of the Playford Salisbury Sustainable Region and the Cradle Coast Sustainable Region, which were managed by DOTARS Adelaide and Hobart Regional Offices respectively.

Following the success of this model, the management of the remaining regions is progressively being transferred to the regional office network, with all Sustainable Regions expected to be managed by a regional office by early 2005. The regional offices are responsible for negotiating funding agreements with successful applicants, monitoring project implementation, assessing project reports, making milestone payments and reviewing and acquitting final reports.

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<sup>5</sup> The procedures for the post-approval management of projects are included at pg 14 of the SR Internal Procedures Manual

## **4. Regional Partnerships**

In July 2003, several key Australian Government regional programmes administered by DOTARS were brought together to form the Regional Partnerships programme. These programmes included Regional Solutions, Regional Assistance, Rural Transaction Centres, Dairy Regional Assistance and the structural adjustment programmes for the Wide Bay-Burnett, Namoi Valley, Weipa and the South West Forests region of Western Australia.

Through Regional Partnerships, the Australian Government provides assistance to projects that focus on:

- strengthening growth and opportunities by investing in projects that strengthen and provide greater opportunities for economic and social participation in the community;
- improving access to services by investing in projects that, in a cost effective and sustainable way, support communities to access services. In particular those communities in regional Australia with a population of less than 5,000;
- supporting planning by investing in projects that assist communities to identify and explore opportunities and to develop strategies for action; and
- assisting structural adjustment for communities by investing in projects that assist specifically identified communities and regions to adjust to major economic, social or environmental change.

Under Regional Partnerships there is on-the-ground help to make it easier for communities to apply for Australian Government funding for regional development projects. A network of local Area Consultative Committees (ACCs) is the first point of contact for communities/organisations wanting to access funding through Regional Partnerships. ACCs can provide information and assist proponents in developing applications, and are key providers of independent advice to the Minister on all applications under this programme. More information on the ACC network's role in the operation of Regional Partnerships is provided below.

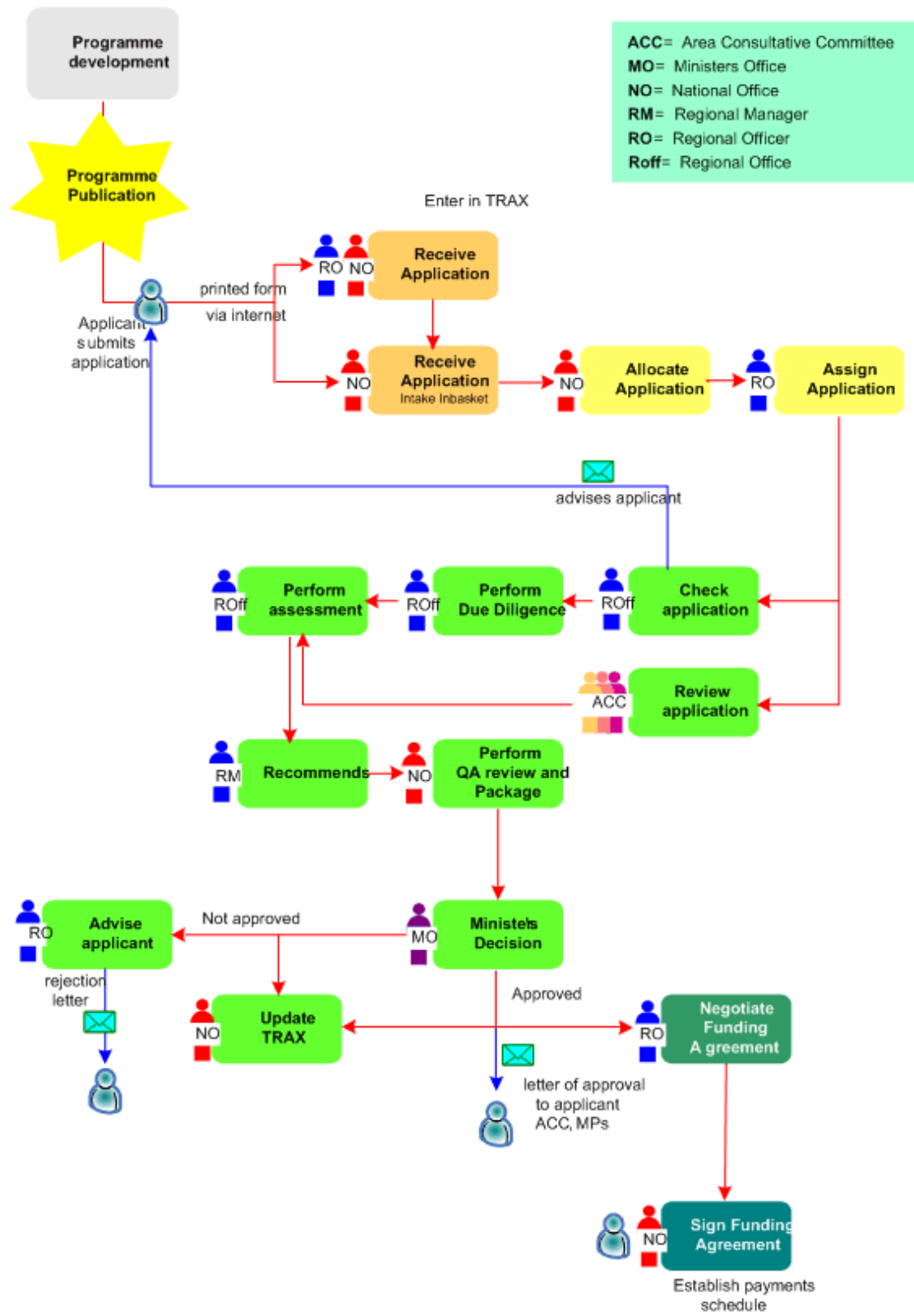
### **4.1 Regional Partnerships Procedures**

Public information on the Regional Partnerships programme can be found on the programme website ([www.regionalpartnerships.gov.au](http://www.regionalpartnerships.gov.au)). Information on programme procedures to assist prospective applicants can be found in the Guidelines for the Regional Partnerships (Attachment D). The complete procedures for the administration of the Regional Partnerships programme are detailed in the "DOTARS Internal Procedures Manual" (Attachment E).

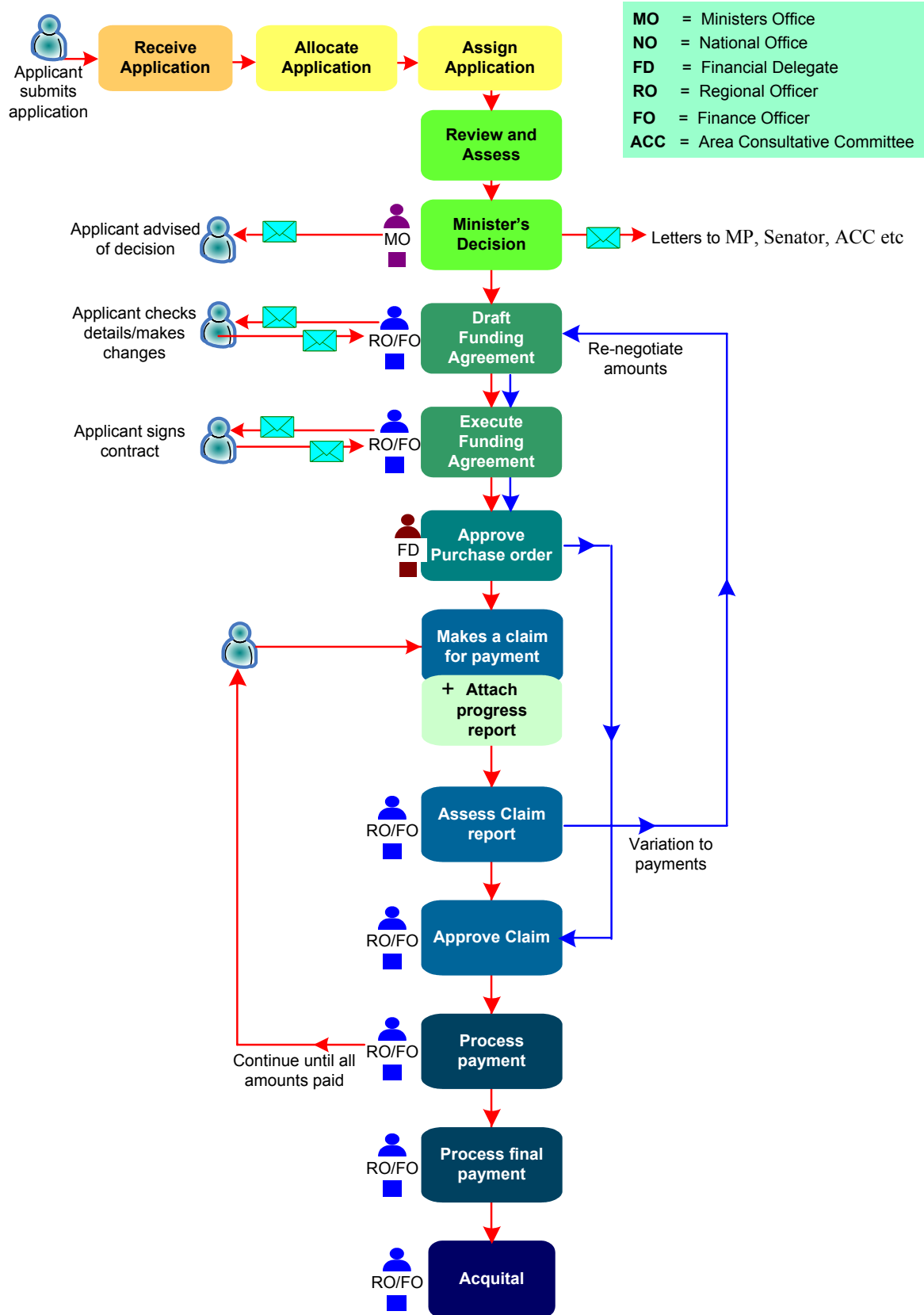
The diagrams on the next two pages taken from the TRAX Training Manual (August 2004) illustrate the processes for:

- applying, assessing and approving funding applications, and negotiating funding agreements; and
- making payments to the acquittal of funded projects.

### Applying and Assessing – Regional Partnerships



## Claiming and acquitting - Regional Partnerships



#### 4.1.1 Area Consultative Committees

Area Consultative Committees (ACCs) are non-profit, community-based organisations funded under the Regional Partnerships programme. There are 56 ACCs across Australia serving rural, regional, remote and metropolitan communities.

ACCs position themselves as key regional stakeholders to build networks and partnerships to find local solutions to local problems. Through these networks, ACCs promote and disseminate information on Australian Government priorities and programmes for the benefit of business and the community.

The Minister for Transport and Regional Services appoints a leading member of the community as Chair of each ACC. The ACC Chair provides strategic leadership to the ACC in fulfilling its charter and functions, and is responsible for the ongoing operations of the Committee.

An important role of ACCs is to identify and facilitate projects for funding under Regional Partnerships.

The method of operation of ACCs and how they perform their functions are outlined in the ACC Handbook (Attachment F) and the operational funding contracts they enter into with DOTARS. A copy of the standard operational funding contract is included at Attachment G.

Additional information on the ACC network and the operation of ACCs can be found at the ACC website ([www.acc.gov.au](http://www.acc.gov.au)).

#### 4.1.2 Application Stage<sup>6</sup>

Prospective applicants can obtain an application form from the Regional Partnerships website ([www.regionalpartnerships.gov.au](http://www.regionalpartnerships.gov.au)). The website advises applicants to contact their local ACC in the first instance.

ACCs encourage applicants to submit Expressions of Interest (EOI) which can be used to assess a project's eligibility against the Regional Partnerships guidelines.

ACCs assist applicants in developing their project proposals by identifying possible funding partners for projects, identifying project outcomes, obtaining community support for the project and assisting in the completion of the application form.<sup>7</sup>

Once the project proposal is fully developed by the applicant, with ACC assistance if the applicant chooses, the applicant can lodge their application in a number of ways. This can be done on line via the TRAX system, with an electronic 'smart' form that is available on the Regional Partnerships' website, or through filling out a hard copy form and submitting it to the Department (that will be manually entered into TRAX).

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<sup>6</sup> The application stage of RP is outlined from pg 18 of the RP internal procedures manual.

<sup>7</sup> The role of ACCs in assisting applicants develop projects is explained from pg19 of the RP internal procedures manual.

Applications for funding of \$25,000 or less can be submitted on a shortened application form and are subject to a streamlined assessment process.<sup>8</sup>

#### 4.1.3 The Strategic Opportunities Notional Allocation (SONA) Procedures

Regional Partnerships (RP) programme funding is available for new projects that are seen as strategic opportunities. Strategic Opportunities Notional Allocation (SONA) allows the Australian Government to respond quickly and easily to a diverse range of situations which may fall outside the administrative constraints of RP, but which are consistent with the purposes of RP. The procedures for SONA are included at Attachment H.

SONA projects and initiatives need to be consistent with the goals and priorities of either Regional Partnerships or the *Stronger Regions, A Stronger Australia* statement and must meet the majority of the Regional Partnership programme's selection criteria.

SONA was modelled to satisfy the principles set for the Regional Assistance Programme (RAP) Projects of National Significance.

The Australian National Audit Office (ANAO) *Report on the Regional Assistance Programme* agreed the concept of the Projects of National Significance element of that programme and made a number of observations regarding consistent decision-making and public accountability, in particular that "the assessment process should be sufficiently rigorous to provide reasonable assurance that the projects selected are consistent with the guiding principles of RAP". (Regional Assistance Programme Audit Report 2002- Conclusion 3.62)

These projects are assessed in the normal way, including against the Regional Partnerships' assessment criteria of clear outcome, partnership, benefit to the community and sustainability.

Projects that could be considered under SONA include those that meet a broad national need, for example, they:

- are of national or cross-regional significance;
- are a whole of government response; or
- respond to a significant event, such as a regional economic or social crisis, where support is not available from existing relief programmes.

In addition, SONA may be used to address programme constraints of a more administrative nature. Examples include:

- where funding sought for a high priority project is significant in terms of the Regional Partnerships budget; or
- where a decision not to support a project is reversed following formal review and additional funding flexibility is required; or
- where a project or initiative would require the waiver of some specific part of the guidelines or eligibility criteria in order to be funded.

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<sup>8</sup> The process of application submission is discussed at pg 51 of the RP internal procedures manual.

SONA arrangements are not advertised and specific applications for consideration under SONA arrangements are not called for. Applicants cannot apply “under SONA”; any decision to apply these procedures rests with senior executives of the Department and ultimately the Minister. Projects which might be considered under the SONA procedures may come from a number of sources. Some may come through the normal channels via an ACC and regional office. Others may originate from representations made to the Minister, Parliamentary Secretary or other members of Parliament; direct representations to DOTARS; the Standing Committee on Regional Development; or as a commitment made by the Australian Government.

#### 4.1.4 Assessment Stage<sup>9</sup>

Lodged applications are allocated by the DOTARS National Office to a DOTARS regional office.

A project officer in the regional office sends a letter of acknowledgement to the applicant, completes an eligibility check for the applicant organisation and advises the organisation of its eligibility<sup>10</sup>. Where required information is missing, the regional office will write to the applicant providing the choice to either submit the information or withdraw their application within 20 working days.

DOTARS national office simultaneously assigns applications to the relevant ACC for review and comment. ACCs:

- consider the application against the priorities identified in their Strategic Regional Plan;
- consider and rate the application against the objectives and criteria of the programme;
- provide comments on the strengths and weaknesses of the project; and
- provide comments on any other regional issues impacting on the application.

Area Consultative Committees (ACCs) make recommendations to DOTARS and the Minister on local projects as well as outlining their priority in the region for funding the project based upon the its consistency with strategic regional plans.

The DOTARS regional office project officer completes an assessment using the internal procedures manual assessment guide.<sup>11</sup> Following this assessment, the Regional Manager reviews the assessment and sends the final assessment and recommendation for the project to the DOTARS national office.

The national office then performs a quality assurance review using the TRAX system, which ensures all criteria are addressed and that there is consistency in assessments across projects, both across locations and over time.<sup>12</sup>

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<sup>9</sup> The details of the Assessment Stage are outlined from pg 56 of the RP internal procedures manual.

<sup>10</sup> The process for eligibility checks is at pg 60 of the RP internal procedures manual.

<sup>11</sup> Procedures for undertaking assessments are detailed at pg 69 of the DOTARS internal procedures manual.

<sup>12</sup> Procedures for undertaking quality assurance are detailed at pg 89 of the DOTARS internal procedures manual.



Once projects have undergone quality assurance checking, full details on projects and recommendations on their funding are sent by the national office to the Minister for Transport and Regional Services (or the Parliamentary Secretary) or the Minister for Local Government, Territories and Roads.

The decision to fund projects rests with the Minister or the Parliamentary Secretary; the Minister for Transport and Regional Services makes the decision if projects are based in the Parliamentary Secretary's electorate.

The recommendations provided to one of the Ministers or to the Parliamentary Secretary are accompanied by draft letters about successful applications to applicants, the relevant local MPs (and Patron Senators where applicable) and the local ACC.<sup>13</sup>

In accordance with Australian Government procedures, the approval of the Minister for Finance and Administration is required for any grants involving multi-year funding.

#### 4.1.5 Post-Assessment Management Stage<sup>14</sup>

After the DOTARS national office receives the signed documentation back from the Minister or Parliamentary Secretary, it advises the relevant regional office of the decision.

Details of all approved projects are put on the Regional Partnerships website and entered into the Discretionary Grants Central Register, maintained by the Department of Finance and Administration.

When projects have been approved and announced, the regional office will commence preparation of a funding agreement to be entered into with the proponent. Regional offices then monitor the project, evaluate progress reports provided by proponents and review and acquit the final reports.

Where applications have not been successful, the regional office advises project proponents and their local ACC of this decision in writing and the reasons the project was not successful.

Unsuccessful proponents may have their projects reviewed. Reviews are undertaken by the DOTARS national office.<sup>15</sup>

## **5. Analysis, Audit and Evaluation**

### **5.1 Analysis of Regional Partnerships Projects**

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<sup>13</sup> The packaging of projects for Ministers is outlined at pg 91 of the DOTARS internal procedures manual.

<sup>14</sup> Procedures on the management of projects following approval is outlined from pg 96 of the RP internal procedures manual.

<sup>15</sup> The process for review of projects is at pg 96 of the RP internal procedures manual.

Between July 2003 and 31 December 2004, 504 projects had been approved under Regional Partnerships, to a total value of \$123.3m (GST inclusive).

A detailed analysis of the projects funded to date under Regional Partnerships by location is provided on the following page.

The number of applications varies by remoteness and by electorate. Overall, the rate of project and funding approval is higher in rural/regional and remote locations; it is consistent across electorates held by government and non government members.

# ANALYSIS OF REGIONAL PARTNERSHIPS APPLICATIONS (as at 31 December 2004)

## Analysis by electorate - all locations

	All applications			Approved		Not-approved		Project approvals (by party)	Funding approvals (by party)	
	Party	Electoralotes	projects	\$ (bids)	projects	\$	projects			\$ (bids)
Note 1	ALP	64	205	33,928,177	96	18,112,408	27	3,606,285	78%	83%
	Coalition	82	800	176,640,043	375	76,857,546	114	20,952,928	77%	79%
	Other	4	62	42,860,953	31	15,417,145	9	1,114,886	78%	93%
	Various	-	2	12,878,000	2	12,878,000	0	0	100%	100%
	<b>TOTAL</b>	<b>150</b>	<b>1069</b>	<b>266,307,173</b>	<b>504</b>	<b>123,265,099</b>	<b>150</b>	<b>25,674,099</b>	<b>77%</b>	<b>83%</b>

## Analysis by Remoteness Class / location

Remoteness Class	All applications			Approved		Not-approved		Project approvals (by party and location)	Funding approvals (by party and location)	
	Party	Electoralotes	projects	\$ (bids)	projects	\$	projects			\$ (bids)
Metro	ALP	43	80	10,457,355	35	3,878,131	13	1,542,782	73%	72%
	Coalition	45	117	20,767,151	61	10,928,479	25	3,555,393	71%	75%
	Other	0	0	0	0	0	0	0	-	-
	<b>Subtotal</b>	<b>88</b>	<b>197</b>	<b>31,224,505</b>	<b>96</b>	<b>14,806,610</b>	<b>38</b>	<b>5,098,174</b>	<b>72%</b>	<b>74%</b>
Regional/Rural	ALP	14	59	7,821,386	28	3,019,656	5	946,000	85%	76%
	Coalition	29	506	115,170,828	242	50,127,270	62	12,223,328	80%	80%
	Other	3	42	34,261,462	18	7,981,445	7	769,651	-	-
	<b>Subtotal</b>	<b>46</b>	<b>607</b>	<b>157,253,676</b>	<b>288</b>	<b>61,128,371</b>	<b>74</b>	<b>13,938,979</b>	<b>80%</b>	<b>81%</b>
Remote	ALP	7	66	15,649,436	33	11,214,621	9	1,117,503	79%	91%
	Coalition	8	177	40,702,064	72	15,801,797	27	5,174,208	73%	75%
	Other	1	20	8,599,491	13	7,435,700	2	345,235	-	-
	<b>Subtotal</b>	<b>16</b>	<b>263</b>	<b>64,950,991</b>	<b>118</b>	<b>34,452,118</b>	<b>38</b>	<b>6,636,946</b>	<b>76%</b>	<b>84%</b>
Australia wide	Various	-	2	12,878,000	2	12,878,000	0	0	100%	100%
<b>TOTAL</b>		<b>150</b>	<b>1069</b>	<b>266,307,173</b>	<b>504</b>	<b>123,265,099</b>	<b>150</b>	<b>25,674,099</b>	<b>77%</b>	<b>83%</b>

### Notes:

1. Locational analysis is based upon electorate at time of application.
2. ie. 72% of Metro projects have been approved to date and 74% of Metro funding bids (by \$) have been approved
3. All applications includes withdrawn projects.

## 5.2 Review and Audit

DOTARS regional programmes have been reviewed regularly for their administrative propriety and regional impacts both by external and internal audit and evaluation experts. None of these reviews and audits have found any major issues in the administration of the Australian Government's regional programmes. Indeed, Regional Partnerships has incorporated lessons from several of these reviews to ensure it operates in line with best practice programme administration.

Audits and evaluations undertaken into DOTARS regional programmes include:

### *External*

- The Auditor General *Performance Audit Report No.48 (2001-02) Regional Assistance Programme*. \*
- Senate Finance and Public Administration References Committee Report, *A Funding matter under the Dairy Regional Assistance Program (June 2003)*. \*
- The Auditor General *Performance Audit report No.12 (2003 -04) The Administration of Telecommunications Grants* - which looked at the Rural Transaction Centre (RTC) programme. \*
- Deloitte Touche Tohmatsu, *Evaluation of the Commonwealth Regional Assistance Programme (2004)*. \*
- Deloitte, *Evaluation of Dairy Regional Assistance Programme (2004)*. \*

### *Internal*

- KPMG (2004), *Findings and Recommendations on the Review of Regional Partnerships Programme (internal delivered in April)*. \*
- KPMG (2004), *Review of Regional Office Delivery* \*
- KPMG (2004), *Review of the Sustainable Regions Programme Internal Audit (in progress)*.

Copies of the Executive Summaries of the evaluations and audits marked with an asterisk (\*) are included at Attachment I.

KPMG also audit Area Consultative Committees as part of their ongoing contract to provide DOTARS with internal audit services.

DOTARS has used the ANAO *Better Practice Guide on the Administration of Grants* (May 2002) and findings of the above audits and evaluations to scrutinise its administrative procedures for regional programmes. A copy of that assessment is provided at Attachment J.

This assessment demonstrates that DOTARS has been proactive in implementing external suggestions on programme management and has strived to achieve continuous improvement in the development and administration of its regional programmes.

In administering these programmes, DOTARS has adopted best practice in the planning stages, the processes for selecting projects, the management of funding agreements through to the monitoring and evaluation of programme success.

DOTARS has achieved high levels of success through:

- clear documentation of guidelines and procedures to ensure transparency and accountability,
- training of staff and creating a culture of accountability,
- the use of key performance indicators to monitor and ensure the objectives of the programme are being met,
- consideration and management of risk,
- the establishment of mechanisms for feedback to applicants, and
- the development of a comprehensive evaluation strategy for the regional programmes (discussed below).

### **5.3 Evaluation**

As well as the audit and evaluation activities listed above, there is a rigorous evaluation framework for the Regional Partnerships and Sustainable Regions programmes. This Evaluation Strategy puts in place processes and mechanisms to gather performance data on the impact of programmes against their stated objectives (and outcomes).

Both the Sustainable Regions and Regional Partnerships programmes are being evaluated routinely at three levels — project, programme and location — in order to obtain the most comprehensive information on programme outcomes as possible.

There are three stages to the evaluation strategy. The first is a post-implementation review which measures each programmes implementation activities. The second stage gathers information on the impacts of projects under each programme, eg, number of jobs generated, capital works completed. The first two stages are conducted in-house by DOTARS. The third stage is an external evaluation of each of the programmes conducted by an independent consultant through a tender process.

The first stage post-implementation review of the Sustainable Regions programme was completed in April 2004. The stage two evaluation of this programme is currently underway and will report in the first half of 2005.

The post-implementation review found that the implementation of the Sustainable Regions programme measured across 11 areas of activity was rated as ‘satisfactory’ or better by majority of survey respondents. This reflects a very high overall satisfaction with the implementation of the programme. This review also identified a number of areas where the programme could benefit from improvements. Some of these have already been implemented. For example, new annual budgeting processes that allow greater discretion and flexibility for Sustainable Region Advisory Committees to address their resource and skill needs have been introduced.

The post-implementation review of Regional Programmes is currently underway and will report in the first half of 2005, with the stage two evaluation scheduled to commence in the second half of 2005 (reporting early 2006).

As part of the first phase of the Regional Partnerships evaluation framework, an internal review of a selection of projects funded under Regional Partnerships was concluded in October 2004. It provided an idea of the impact that programme funding is having on communities and organisations, including how it is helping to attract support from other partners. A copy of this internal evaluation is included at Attachment K.

This internal review found that Regional Partnerships is delivering substantial benefits to communities across Australia. Apart from funding a wide range of projects from community infrastructure to assistance for new commercial enterprises, Regional Partnerships plays an important role in local capacity building to enhance the competitiveness and resilience of many regional communities.

The success Regional Partnerships funding has had in attracting other partnership funding is demonstrated with at least \$3 being contributed by State, local government and the private sector for every \$1 of programme funding delivered. In addition, for every \$50,000 Regional Partnerships invests in communities, an average of three jobs is generated, with this rising to over four jobs in the longer term.

The successful outcomes are a result of the hard work and efforts made by Area Consultative Committees and DOTARS staff in the regional and national offices in administering the governments funding to Australian communities while maintaining the highest standards of administration and accountability.

## **6. Conclusion**

The submission has provided Committee members with comprehensive information on the Sustainable Regions Programme and Regional Partnerships and the processes employed by the Department to approve and administer funding.

Under conventions accepted by successive governments, departments are not required to disclose the nature of their advice to Ministers. For the purposes of this inquiry, “advice to Ministers” is deemed to include recommendations made by Area Consultative Committees (ACCs) or Sustainable Regions Advisory Committees (SRACs) and DOTARS’ assessment of projects. These recommendations are formative steps in preparing the final advice and disclosure of them would disclose the content of the advice to a Minister.

DOTARS will not provide details of the level of funding sought by applicants where the approved level is different from that sought. Details of funding contributions being provided by other partners for each project will also not be provided as these are not matters which are subject to a Minister’s (or Parliamentary Secretary’s) decision.

Similarly, where applicants have had their applications rejected or have withdrawn their applications, the submissions of these proponents should be subject to minimal scrutiny as they have not received any government funding.

## **SUBMISSION BY THE DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES**

### **LIST OF ATTACHMENTS**

- A. Guidelines for the Sustainable Regions programme**
- B. Assessment criteria for Sustainable Regions applications**
- C. Sustainable Regions Internal Procedures Manual**
- D. Guidelines for the Regional Partnerships programme**
- E. DOTARS Internal Procedures Manual for Regional Partnerships (as at September 2004)**
- F. Area Consultative Committee (ACC) Handbook**
- G. Standard ACC funding contract**
- H. Procedures for Strategic Opportunities Notional Allocation (SONA) under Regional Partnerships**
- I. Executive Summaries of Audits and Evaluations of DOTARS Regional Programmes**
- J. Internal assessment of DOTARS regional programme procedures against ANAO Better Practice Guide, audit and evaluation recommendations**
- K. Internal Evaluation of Regional Partnerships – Part of Phase 1 of the Evaluation Framework**