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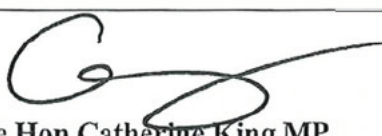
MS22-002348


**Australian Government**
**Department of Infrastructure, Transport,  
Regional Development, Communications and the Arts**

**To:** The Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government (for decision)

**Subject:** Letter to the Prime Minister –Growing Regions and regional Precincts and Partnerships Program

**Critical Date:** Please action by 16 December 2022.

<b>Recommendation/s:</b>	
1. That you agree the approach outlined in this brief.	<input checked="" type="radio"/> Agreed <input type="radio"/> Not Agreed
2. That you sign the letter to the Prime Minister at Attachment A.	<input checked="" type="radio"/> Signed <input type="radio"/> Not Signed
 The Hon Catherine King MP	
Date: 12.1.23	
<b>Comments:</b>	

**Key Points:**

***Reprofiling of funding***

1. <sup>s47C</sup> 
2. <sup>s34(2), s34(3)</sup> 
3. <sup>s47C</sup> 

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<b>Program</b>	<b>Funding type</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>TOTAL</b>
s34(2), s47C							
<b>Proposed Financial Implications (\$ millions, underlying cash balance)</b>							
Growing Regions	Administered	-	-30	-210	-360	-	-600
Precincts and Partnerships	Administered	-	-100	-150	-150	-	-400
<b>Total</b>		<b>-</b>	<b>-130</b>	<b>-360</b>	<b>-510</b>	<b>-</b>	<b>-1,000</b>

4. s34(3)  
The proposed letter to the Prime Minister is at **Attachment A**.
5. Allocating more funding for the Growing Regions program is appropriate to help drive regional economic and social prosperity, and the funding is expected to be welcomed by local communities. Providing \$400 million over three years for the regional Precincts and Partnerships program is a modest amount to begin to facilitate the Commonwealth's contribution to precinct partnerships across regions, regional cities and rural communities. Further funding will be required in the future to meet the objectives of the program.

6. [REDACTED] s47C
- [REDACTED] s34(2), s34(2) s47C
- a. The Department notes the proposed value of projects funded under the regional Precincts and Partnerships program remains \$5 million to \$50 million, with the lower end of the scale expected to support business case development and strategic planning.

7. s47C
- The proposed letter to the Prime Minister is copied to the Treasurer, the Hon Dr Jim Chalmers MP, and the Minister for Finance, Senator the Hon Katy Gallagher.

### *Regional Precincts and Partnerships Program design*

8. In the 2022-23 October Budget, the Australian Government committed to a new regional Precincts and Partnerships Program.

9.  $s_{34}(3)$   $s_{47C}$   $s_{34}(3)$

s34(2), s34(3)

s47C

Public announcements following the Budget have not disclosed the funding amount, instead announcing both Programs having a \$1 billion combined funding envelope.

10. On 23 November 2022, your office provided advice on preferred design features for the rPPP, which include:

- a. A grant process where applications can be submitted at any time during the year (as opposed to open and close dates for rounds, where applications are assessed simultaneously). We assume that applications would be considered in tranches, at intervals like quarterly.
- b. The establishment of an expert panel to be involved in the assessment process, with members to be remunerated.

s47C

- f. Extending eligibility to for-profit entities, which would allow regional universities to participate in the program.

s42

12. A draft of the Grant Opportunity Guidelines would usually be provided to Finance for feedback<sup>s42</sup>

s47C

14. The Department is considering the practical implementation of the Program design, and will provide further advice, draft guidelines and consultation paper to your office in early 2023 following your feedback on this brief and clarity around authority.

**Financial impacts:**

15. In the October 2022-23 Budget, it was agreed that \$1 billion would be allocated to both programs. Our understanding is that your preference is for \$400 million to be allocated to the rPPP over three years from 2023-24, and this request is included in Attachment A, and briefing on the Growing Regions programs reflects this (MS22-002179 refers). The redesigned program, including panel costs and increased departmental costs, could be designed to fit within the current funding envelope.

16. The funding for the regional Precincts and Partnerships program is modest and will require further funding in the future to meet the objectives of the program.

**Legal/Legislative impacts:**

s42

**Stakeholder Implications:**

18. In Budget communications, both programs were announced under a \$1 billion funding 'umbrella' – with no announcement of the funding for the individual programs. It is likely stakeholders will have high expectations about the amount of funding available under the programs. Given the modest funding for the regional Precincts and Partnerships program, it is likely more funding will need to be sought to deliver on the objectives of the program. It is likely urban stakeholders will feel excluded from these opportunities.

s47C

**Consultation:**

20. Department of Prime Minister and Cabinet; Business Grants Hub; Departmental Finance team, as well as the internal Finance and IT Divisions.

**Media Opportunities:** As guidelines for programs are settled and initial funding rounds approach, options to announce funding amounts for the Growing Regions program and the regional Precincts and Partnerships program could be considered. The Department will work with your Office on options for announcement.

**Attachments:** Attachment A: Letter to the Prime Minister

Cleared By: Tiffany Karlsson  
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Cleared Date: 14 December 2022

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**Instructions for MPS: Nil**

**Responsible Adviser:** s22(1)(a)(ii)

**PDMS Distribution List:** Jim Betts; David Mackay; Matthew Roper; s22(1)(a)(ii); Fiona Yule; s22(1)(a)(ii); s22(1)(a)(ii); s22(1)(a)(ii) Janet Quigley; Meghan Hibbert



## The Hon Catherine King MP

**Minister for Infrastructure, Transport, Regional Development and Local Government**  
**Member for Ballarat**

Ref: MS22-002348

The Hon Anthony Albanese MP  
 Prime Minister  
 PO Box 6022  
 Parliament House  
 CANBERRA ACT 2600

Dear Prime Minister

I am writing in regard to the Australian Government's new regional grant and partnership programs, as announced in the 2022-23 October Budget the Growing Regions and regional Precincts and Partnerships programs s34(2)

s34(2), s34(3)

I have considered funding for these programs, including stakeholder and community response to our Budget announcements, and seek your agreement to reprofile funding for each program in-line with the financial implications provided in the table below.

Program	Funding type	2022-23	2023-24	2024-25	2025-26	2026-27	TOTAL
s34(2), s47C							
<b>Proposed Financial Implications (\$ millions, underlying cash balance)</b>							
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<b>Total</b>		<b>-</b>	<b>-130</b>	<b>-360</b>	<b>-510</b>	<b>-</b>	<b>-1,000</b>

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The Growing Regions will be an important funding source for many regional communities. It is my view that making available \$600 million over three years to construct or upgrade community infrastructure across regional Australia will be welcomed by regional communities, and is appropriate to help drive regional economic and social prosperity. This is proposed to be undertaken in two rounds of \$300 million per round.

The regional Precincts and Partnerships program (rPPP) will facilitate collaboration and joint investment to help regions move towards net-zero emissions, a decarbonised economy and sustained regional growth. It is my view that making available \$400 million over three years is appropriate to start to facilitate the Australian Government's contribution to precinct partnerships across regions, regional cities and rural communities. I expect this program will require additional funding in the future.

Since the Budget, I have further considered the appropriate design elements I believe will deliver the best outcomes for the rPPP. These features include:

- a. A grant process where applications can be submitted at any time during the year so that applicants can spend the time they need to develop strong applications, being conscious of disparities in resourcing in regional Australia and the desire for conglomerates of partners to come together to develop those applications.
- b. The establishment of an expert panel to be involved in the assessment process, with paid members, who can apply appropriate lenses to particular types of projects. I will ensure a panel comprises relevant members and operate with clear and transparent instructions.

s47C

- e. Extending eligibility to regional universities that may be for-profit entities, to specifically allow them to participate in the program.
- f. Consideration of the best funding range to deliver both precinct development and precinct delivery. This may involve two streams – development (master planning, design, consultation, business cases) with grants from \$500,000 to \$5 million and then construction/delivery projects with grants from \$5 million to \$50 million per project. This will allow a diverse range of projects to be activated within the funding allocation.

It is noted that costs to engage Business Grants Hub (BGH) to administer the rPPP on behalf of the Department will increase with the inclusion of an expert panel, but I do believe the panel is an important feature of professional advice and additional transparency around the way grant recommendations are made. Additional funding would also be required to remunerate panel members. Any additional costs can be absorbed within the proposed \$400 million budget for the Program, and the Departmental funding already allocated.

s34(3)

s34(2), s34(3)

I seek your agreement that the Growing Regions program instead support grants valued between \$500,000 and \$15 million. Lowering the upper grant value threshold will allow the Government to support a greater number of projects within the proposed \$600 million allocation broadening opportunities for regional communities across Australia to benefit from the program.

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I seek your authority to deliver the proposed Programs on this basis <sup>s47C</sup>

<sup>s47C</sup> A delivery timeframe for the Program is still to be confirmed and will be informed by your advice, however it is proposed that consultation be undertaken in early 2023 to inform development of the Program prior to opening for applications.

I look forward to receiving your response.

Yours sincerely



Catherine King MP

12 / 1 / 2023

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PRIME MINISTER  
The Hon Anthony Albanese MP

Reference: MC23-002194

07 FEB 2023

The Hon Catherine King MP  
Minister for Infrastructure, Transport, Regional Development and Local Government  
Parliament House  
CANBERRA ACT 2600

Dear Minister

*Catherine,*

Thank you for your letter dated 12 January 2023 requesting additional policy authority for the Growing Regions program and regional Precincts and Partnership program (rPPP).

I approve your request to re-profile funding for both programs, and to lower the upper value threshold of the Growing Regions program to \$15 million from \$20 million. I also approve the thresholds for the two proposed streams in the rPPP. The clarification of the grants available to potential applicants will support continued momentum for the program as you work towards finalising program guidelines and design elements.

I also approve your proposed changes to the design of the rPPP, noting that any additional costs of these changes will be met from within the departmental funding already provided for the program. I also ask that you take these program design changes into account in your 2023-24 Budget proposal for the suburban Precincts and Partnerships Program, due to the linked nature of these programs.

I encourage you to continue early engagement with stakeholders on the design and implementation and expected eligibility of these programs.

I have copied our correspondence to the Hon Dr Jim Chalmers MP, Treasurer, Senator the Hon Katy Gallagher, Minister for Finance, and the Hon Mark Dreyfus KC MP, Cabinet Secretary.

Yours sincerely

A blue ink signature of Anthony Albanese, consisting of stylized, overlapping loops and a final flourish.

ANTHONY ALBANESE

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[www.pm.gov.au](http://www.pm.gov.au)

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