

Inquiry into integrity, efficacy and value for money of NSW Government grant programs - Post-hearing responses

QUESTIONS ON NOTICE

1. **The CHAIR:** Councillor, thank you for coming in today. When it came to the Stronger Communities funding, can you advise us as best you can what notification the New South Wales Government gave to Local Government NSW about what were the two rounds of Stronger Communities funding before the last State election?

Ms SCOTT: I am not aware of those notification processes, Chair. Again, as you can imagine, councils receive a number of grants, so I am not aware of those. I am happy to take that on notice.

LGNSW response: LGNSW was advised by the NSW Government of Round One of the Stronger Communities Fund (grants of \$10 million and \$15 million to merged councils). LGNSW has no record of being advised by the NSW Government of Round Two of the Stronger Communities Fund (tied grants round).

2. **The CHAIR:** If you were told by the Government about the opening-up of criteria for a grants program in the hundreds of millions of dollars you would make it your business, would you not, to tell your members about it?

Ms SCOTT: Yes. Any grant program that we know about that local governments are eligible for is something that we would certainly communicate about. I am happy to take the details about communication about this program on notice.

LGNSW response: LGNSW issued communications to members about Round One of the Stronger Communities Fund. Guidelines for Round One were also publicly available on the NSW Government Fit for the Future website. LGNSW did not issue communications to members about Round Two of the Stronger Communities Fund as the association was not advised of this funding round.

3. **The CHAIR:** I am sure that surprises you. At the end of June 2018, the Government changed the guidelines for Stronger Communities funding. Previously they had only been available to councils that were created as a result of a merger. I will read from their papers: *The Stronger Communities Fund will provide funding for specific projects, identified by the NSW Government, within the new councils and to councils previously subject to a merger proposal.* The words "and to councils previously subject to a merger proposal" were added. Was Local Government NSW consulted in any way about that broadening of the guidelines?

Ms SCOTT: I certainly was not. I would have to take on notice whether we received any correspondence or consultation about this. I certainly was not consulted and I was not aware of it.

LGNSW response: LGNSW has no record of being consulted about the broadening of the guidelines for Round Two of the Stronger Communities Fund.

4. **The CHAIR:** Because of this change in funding, Hornsby Council found itself eligible to get some \$90 million in public funding out of these grants rounds. Have you had any communication to your office from any councils about the fact that such a large amount of funding was opened up to just one council?

Ms SCOTT: Again, with respect to the specifics of the question about correspondence, I would have to take that on notice. But I have certainly had communications with Hornsby Council about their funding and I understand that they are going to appear before this inquiry as well. It is probably best to address the details of that question about how they managed it to them. As I said earlier, councils who are in receipt of State and Federal Government funding typically need to expend it in a way that is determined by a contract or some sort of agreement. I do not think that there is any suggestion or evidence here that councils who are in receipt of that funding have not done so.

LGNSW response: **LGNSW has no record of any correspondence relating to Hornsby Council receiving funding under Round Two of this Fund.**

5. **The CHAIR:** Could I ask you to have a look at the ICAC submission, and particularly at their recommendations on page 17, and provide us on notice with Local Government NSW's view about those recommendations?

Ms SCOTT: Yes, happy to.

LGNSW response: **Please see responses in the table below.**

ICAC recommendations	LGNSW response
<i>In the Commission's submission, it is open to the PAC to recommend that the DPC's Good Practice Guide to Grants Administration be revised. A revised Good Practice Guide should address:</i>	
Obligations to act ethically and in accordance with general probity principles such as transparency, accountability and fairness	Supported
The proper role of ministers, other elected officials and their staff in the grants process	Supported
Better practice from other jurisdictions, such as the Commonwealth Grants Rules and Guidelines	Supported
The key findings and recommendations in Operation Tarlo	Supported, noting that the recommendations from Operation Tarlo don't specifically relate to local government.
The need for some mandatory requirements in grants administration such as: <ul style="list-style-type: none"> • elements of a grants scheme that must be made transparent • use of formal funding agreements with standard terms and conditions • independent audits for large or complex grants. 	Supported, noting that councils are already subject to stringent compliance and reporting requirements and any additional requirements should take into account recommendations and findings from IPART's Review of Reporting and Compliance Burdens on Local Government.

The need for a single online directory of available grant schemes, including their terms and conditions	Supported
The need for follow-the-dollar powers should also be considered by the PAC	Supported, noting that councils are already subject to stringent compliance and reporting requirements and any additional requirements should take into account recommendations and findings from IPART's Review of Reporting and Compliance Burdens on Local Government.