

Public Accountability Committee – Hearing 21 September 2020

**Inquiry into Integrity, Efficacy and Value for Money of
NSW Government Grant Programs**

**Answers to Questions on Notice from Cr Khal Asfour, Mayor Canterbury-Bankstown
Council**

1.

The Hon. TREVOR KHAN: Can I clarify whether it was \$10 million or \$20 million that went to Canterbury Bankstown?

Mr ASFOUR: It was \$10 million.

Mr BYRNE: Just to clarify—and I will seek clarification about this subsequently so I am happy to take it on notice—but my recollection is that there was \$10 million in administration costs for the cost of the merger and then \$10 million for infrastructure. I think in the end it was because we were three councils —

The Hon. TREVOR KHAN: You got another \$5 million.

Mr BYRNE: Yes. All of that was overseen by the administrator.

The Hon. TREVOR KHAN: Sure.

The Hon. NATALIE WARD: So \$25 million.

The Hon. TREVOR KHAN: So yours was \$25 million. I suggest to you, Mr Asfour, that yours was \$20 million.

Mr ASFOUR: I will take that on notice. I understood it to be \$10 million. At the time I was not the mayor of the city because I had effectively been sacked and there was an administrator. I understand that it was \$10 million and I think Scot MacDonald's letter says that to me as well. I have tabled that so I do not have a copy with me.

The CHAIR: We can give you your copy back.

Mr ASFOUR: I am happy to clarify that.

The Hon. NATALIE WARD: I think you are well advised to take that on notice and clarify.

Mr ASFOUR: I will have a look at the letter.

ANSWER

Mr Chair, to clarify the funding received. The amalgamation of Canterbury Council and Bankstown Council resulted in two separate allocations.

1. Under the New Council Implementation Fund the newly formed Canterbury-Bankstown Council received \$10million to assist with amalgamation costs. Costs like new software, stationary, systems etc etc.
2. Under the Stronger Communities Fund the newly formed Canterbury-Bankstown Council received \$10million to provide infrastructure for the amalgamated Cities. Of this amount,

\$1million had to spent on community grants. The rest on infrastructure spread across both cities.

It must be noted both schemes were heavily scrutinised, and projects and monies allocated required a sign off by the Premier and Cabinet. It was also a further requirement that Council provide quarterly updates on progress.

A key point I would like to make is that both these grants were entirely separate to the additional \$232million “secret grants “funds which we were not told about. That is the issue here. We were given a small sweetener to appease residents and when we asked for more help, we were told quite clearly, there was no more. And as I have previously stated in evidence we were also not told about the “secret funds” of which the majority went to Councils in Lib/National held electorates.

2.

The CHAIR: The response that you got back from the office of the Minister and signed by Scot Macdonald, frustratingly, like many government ministerial responses, is undated, but it was emailed to you. Do you think you could get your office to make some urgent inquiries and find when that email was received? If you could notify the Committee at some point during the hearing, that would be very helpful.

Mr ASFOUR: Yes, I will do that.

ANSWER

Mr Chair the email, with the letter from Mr Scott McDonald attached, was addressed to me at council@cbc.city.nsw.gov.au and received at 12.07pm on 31 July, 2018. And for the record it came from the email address office@upton.minister.nsw.gov.au

I trust this is the information required and supports my evidence which I presented to the inquiry.

3.

The Hon. NATALIE WARD: You are one of the top five councils in the State—the biggest council, as you have said—that I think has received the most money from State Government grants. Is that not correct?

Mr ASFOUR: I do not know what you are basing that on.

The Hon. NATALIE WARD: Of Government funding that has been given to councils across the State, you are one of the top five councils. You have received in the top five most amount of funding of all councils. Is that not correct?

Mr ASFOUR: Being the largest council, I would like that to be true. I will take that on notice. I am not aware of that.

The Hon. NATALIE WARD: Please do. From Government—

Mr ASFOUR: But I am talking about this grant program in particular.

The Hon. NATALIE WARD: Sure, but my question is about funding. You have received over \$81 million of funding from the State Government. Is that not correct?

Mr ASFOUR: Less than Hornsby, yes. Hornsby received \$90 million; we received less than that over a whole range of grants—

The Hon. NATALIE WARD: I am not asking you about Hornsby. That council will appear later—

Mr ASFOUR: Sure. I will take that number on notice.

ANSWER

Mr Chair, with respect to the Hon Natalie Ward, I am having some difficulty in understanding what State Government grants she is referring to and over what period of time.

And more so, what “other” State Government grants has to do with the current inquiry which specifically deals with the allocation of grants under the Stronger Communities Fund scheme.

I will answer to the best of my knowledge.

The Hon member put it to me that we “received over \$81 million of funding from the State Government”.

I can best answer this question by advising that Canterbury-Bankstown Council receives State Government Grants and they are detailed in our annual financial statements. Our financial statements are audited by the NSW Audit office and copies provided to the OLG, fellow Councillors and indeed on display for our all our residents to see.

During the year ending June 2019, Council received \$9.101 million in State government grants, of which \$8.772million was for operating grants the rest in capital grants. The previous year the total received was \$7.199.

As you can see, this is nowhere near the \$81million mentioned by the Hon member and if there was \$81 million dollars on offer, I should probably be asking the Hon Member where is our share?

4.

The Hon. NATALIE WARD: I am asking about your council, if I may. After being merged you received \$20 million—I put it to you that you also take that on notice. There was some \$10 million for the new implementation fund plus \$5 million per council to councils merged—10 plus 10 is 20. I understand what you are saying about what is in the letter, but can I urge you to perhaps take that on notice, because we do not want \$10 million—

The Hon. COURTNEY HOUSSOS: Point of order—

The Hon. NATALIE WARD: Can I finish? We do not want \$10 million—

The CHAIR: I will take a—

The Hon. NATALIE WARD: —to go missing, do we?

The CHAIR: I will take a point of order—

Mr ASFOUR: We have already spent it.

The Hon. NATALIE WARD: It was \$20 million.

The CHAIR: The witness has already said that he would take it on notice. That has already been taken on notice.

ANSWER

Mr Chair, to clarify the funding received. The amalgamation of Canterbury and Bankstown resulted in two separate funding schemes.

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5.

The Hon. NATALIE WARD: Okay. You hold development contributions from developers, do you not?

Mr ASFOUR: Correct.

Mr BYRNE: Yes.

The Hon. NATALIE WARD: How much do you hold in developer contributions?

Mr BYRNE: I will take that on notice but I do want to compliment the Government on a recent decision to free up the requirements around the use of developer contributions. Because they are largely dedicated to specific works attached to a particular development, a change in regulations in response to COVID has enabled us to initiate a \$20 million stimulus package in which we are investing heavily in basic infrastructure. That has been very helpful.

The Hon. NATALIE WARD: Do you spend all of that on infrastructure or do you sometimes hold some of that for a period of time?

Mr BYRNE: It has been the practice across local government that lots of those funds have been held because they are dedicated to specific projects. I compliment the Government on having changed the regulations to enable those funds to be invested now.

Mr ASFOUR: They are held because they are attached to a section 94 plan. When that plan then becomes active, that money is then spent. They are not held just to prop up the books.

The Hon. NATALIE WARD: I understand.

The CHAIR: That is the law.

Mr ASFOUR: They are held because the law is that they need to be attached to the plan.

The Hon. NATALIE WARD: I am not quibbling that; I am just trying to understand the numbers.

Mr ASFOUR: Sometimes the plan needs updating and upgrading more frequently but that is definitely the way it works.

The Hon. NATALIE WARD: You will take that on notice to let the Committee know?

Mr BYRNE: Yes.

Mr ASFOUR: The number? Yes.

ANSWER

Mr Chair in response to the Hon Natalie Ward's question about section 94 funds, I will clarify they are now referred to as section 7.11 contributions.

This response needs to be put in some context and requires more than just giving you a dollar amount.

The amount Council is holding as of June 30, 2020 is approximately \$124 million.

It is all well and good to say that our Council, along with every other Council, has these funds set aside but what is important to note is that Council's hands are tied when it comes to using this money. There are strict rules and guidelines in place.

These contributions are broken down into categories and must be used for such things like traffic facilities, open space, community facilities and other amenities.

And more importantly, only a proportion of the cost of projects can be funded by these contributions, the balance is funded by Council. This puts Councils in an awkward financial position as they must come up with the extra funding _ funding they just don't have.

The revenue Council receives is budgeted for and the costs of maintaining its asset base is exorbitant. And for established areas such as Canterbury Bankstown, this cost only continues to escalate.

If anything, I would like to recommend to the inquiry, that the Government relaxes the 7.11 guidelines to allow Councils to use the contributions on vital infrastructure without any of the restrictions. I am aware that industry, and Councils alike, have been asking the government to address this inflexibility for many years.