

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

1. QUESTION – Regional Cultural Fund grants in 2018

The Hon. JOHN GRAHAM: I guess my question is, is this something that the agency is aware of? Does the agency check? There has been significant public criticism, not just in this area, but that the rain is falling in very specific parts of the State. Is that a matter of inquiry or awareness or any checking process by the agency about in which these electorates these grants fall?

Ms FOY: The obligations for us are to adhere to the guidelines in the project, to observe all the probity requirements and to make analysis and provide advice to government for governments to make decisions.

The Hon. JOHN GRAHAM: And if the Government makes a decision where all of these projects fall in Government seats, the agency would not check at any point?

Ms FOY: To my knowledge on this particular project we have not done that. We do not normally do that to look at where specific projects are. We do look for whether they are projects of merit that warrant funding and then we make the recommendations or provide advice to that effect.

The Hon. JOHN GRAHAM: Yes, but this is something that has been of concern to the Parliament and to the public. You are saying it has not been something which has been of concern to the agency in approving these.

Ms FOY: I would have to take on notice if there has been any particular assessment or analysis done. I am happy to take that on notice, but we look for eligible projects.

The Hon. JOHN GRAHAM: The question to take on notice is that there is a process here and there is ministerial involvement in that process. At any point does the agency check? "Look, these are falling exclusively or largely in a particular political way. That might cause some public concern, which might cause the program itself to come into question."

Ms FOY: I am happy to take that on notice.

ANSWER:

Funding decisions (including where projects are located) are a matter for Government.

All Regional Cultural Fund (RCF) funding decisions are made by the Minister for the Arts in consultation with the Deputy Premier.

The only geographical eligibility stipulation for the RCF is applications can be from all areas of NSW excluding the Greater Sydney, Wollongong and Newcastle Local Government areas.

Applications are assessed by an independent panel against four assessment criteria, none of which are geographical. Location details are provided to the panel as part of the description of the project details.

The Department documents all applications to the RCF and would, if requested by the Minister, provide geographical information on projects such as local government area, region and electorate.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

2. QUESTION – ICAC concerns about funding decisions

The Hon. JOHN GRAHAM: Ms Foy, given that you have given that extensive answer about the checks that you have done, I will ask you to take this on notice: The ICAC submission says it has real concerns if there are political considerations that are primarily driving funding decisions. Has the agency undertaken any checks, as ministerial discretion has been exercised here, about whether those concerns have or have not been breached? Are there any checks at all?

Ms FOY: I will take that on notice.

ANSWER:

The RCF is administered in accordance with:

- NSW Department of Premier and Cabinet, *Good Practice Guide to Grants Administration, 2010*
- NSW Independent Commission Against Corruption, *Report on Managing Conflicts of Interest in the Public Sector, 2012*
- Department of Planning and Environment's, *Code of Ethics and Conduct for Employees, 2015*
- Relevant principles from the Australian National Audit Office's, *Better Practice Guide for Grants Administration, 2013*.

The program's Probity Plans for rounds one and two were developed by the Probity Advisors in accordance with the principles outlined in these documents. This provides that the RCF would be administered in accordance with five probity principles:

- Attaining the best possible value for public money under the prevailing circumstances
- Fairness, impartiality and honesty in carrying out the process
- Management of actual, potential and perceived conflicts of interest
- Maintenance of confidentiality and security of documentation and information
- Accountability of the participants and transparency of the process

At key intervals during the administration of all rounds of the program, the Probity Advisor has given advice regarding administrative matters and process improvements.

Early in the program, additional to the probity advice, a further independent audit was undertaken by Ernst and Young regarding round one - stage one – the Expression of Interest process. The report found Create NSW 'has developed effective application processes...with robust controls in place'.

Create NSW implemented actions to address matters flagged for improvement by the audit.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

3. QUESTION – Updates to DPC Good Practice Guide to Grants Administration

The Hon. COURTNEY HOUSSOS: Ms Foy, in your answer you referenced the DPC 2010 guidelines. Are you aware of any updates to those since 2010?

Ms FOY: I would have to take that on notice. We have a lot of guidelines. I will check that.

ANSWER:

The 2010 *Good Practice Guide to Grants Administration* is the current guide. It reflects recommendations of the Audit Office's *Performance Audit on Grants Administration* and the *Non-Government Organisation Red Tape Reduction* report, as noted in the Department of Premier and Cabinet Circular - [C2010-16 Good Practice Grants Administration \(nsw.gov.au\)](#).

4. QUESTION – Implementation of SARA recommendations

The Hon. COURTNEY HOUSSOS: You might not have seen this, but NSW State Archives and Records has released a report, which has been publicly reported on, around the record keeping practices that were undertaken in the Premier's office. The report found that the Premier's office did break the law in its record keeping practices. Ms Foy, have any changes been implemented by the Department of Premier and Cabinet that you are aware of in response to this report?

The Hon. TREVOR KHAN: You can ask her what she is responsible for but not in a broader sense. That is inappropriate.

The Hon. COURTNEY HOUSSOS: That is exactly what I just asked her.

The Hon. TREVOR KHAN: No, it was not.

The CHAIR: I think Ms Foy can handle herself and respond. Ms Foy, of course all of the questions to you are so far as you know and in your capacity. I will let the question go.

Ms FOY: I cannot comment. I do not have the information in front of me to comment on any specific reports. I can say that of course we work very hard to make sure that we are complying with whatever guidelines there are for record keeping grants administration.

The Hon. COURTNEY HOUSSOS: Ms Foy, I am happy if you want to take this on notice but have there been any changes? This report was released last month and I am interested to know whether DPC is implementing any changes.

Ms FOY: I will have to take that on notice.

ANSWER:

The Department of Premier & Cabinet (DPC) provides advice, training and support on the *State Records Act 1998* to Ministers and their staff. Political offices are, however, responsible for ensuring their record keeping practices comply with the Act.

The State Archives and Records Authority (SARA) is a statutory body established under the Act. Staff are employed in DPC to assist SARA with the exercise of its statutory functions. DPC is working with the Premier's Office and SARA to implement SARA's recommendations to improve records management in Ministerial offices including working with SARA and the Premier's Office to update the general retention and disposal rule for Ministers' Office records (known as GDA13).

At the same time, DPC has commenced work reviewing the Ministers' Office Handbook, which will include updated guidance about record keeping (GDA13) when it is issued.

DPC has also taken immediate action in the interim while the GDA13 update and Handbook review are underway. This includes offering refresher training sessions for Ministerial staff on recordkeeping responsibilities and practices and re-distributing detailed factsheets and guidance material to Ministers' offices on obligations under both the *Government Information (Public Access) Act 2009* and *State Records Act 1998*.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

5. QUESTION – Assessment of funding for Wagga Wagga conservatorium project

The CHAIR: So did Create NSW have no part in assessing or recommending the allocation of \$20 million to the stage two of this project in Wagga?

Ms FOY: I could say neither yes nor no. I do not know, but I would be happy to take that on notice, but that particular project is within Mr Hanger's area of responsibilities.

The CHAIR: Could you take on notice as well whether or not this project was assessed against any existing criteria, whether it is grants criteria or any other criteria, by Create NSW and, if so, what?

Ms FOY: Again, that would be for Mr Hanger. We have agencies that are accountable, rather than having all of us looking at this one. So I would rely on Mr Hanger's advice around that, but I am happy to take on notice, if you wish, to see if Create NSW has had any role over the last period of time.

ANSWER:

There was no assessment by Create NSW of the project prior to the announcements regarding funding for the project. The Riverina Conservatorium was not an applicant to the Regional Cultural Fund.

6. QUESTION – Projects approved under RCF 2018 second round

The CHAIR: Alright. Could we deal with, perhaps—we will work back in time. So would it be right to say that for the second round in 2018 there were in the order of 50 projects recommended for approval?

Ms FOY: I can talk in terms of totals—I may have to take specifics on each of the rounds on advice.

The CHAIR: Did you say 136 were funded?

Ms FOY: Yes, 136 projects were funded.

The CHAIR: How many of those were actually recommended by the panel?

Ms FOY: All of them were considered eligible.

The CHAIR: It is my understanding that some were funded from the "do not fund" category. Is that not true?

Ms FOY: I would have to take that on notice. I am not aware of a "do not fund" category

ANSWER:

When assessing RCF applications, the panel provides advice if the project was 'recommended for funding, if funding is available' or 'not recommended for funding'.

Across Rounds One and Two of the RCF, 237 and 159 applications were received, totalling 396. From that total, 172 projects were advised by the panel as eligible and having merit for funding.

There were 136 projects in total funded from RCF Round One and Two. All projects that were funded were eligible for funding.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

7. QUESTION – Projects recommended but not funded - RCF 2018 second round

The CHAIR: To what extent did the 136 match the top 136 recommended by the panel?

Ms FOY: I would have to take that on notice. I do not have that to hand, I am sorry, Mr Shoebridge.

The CHAIR: Could you give us those answers in round one and round two about what changes were made? How many projects that were not in the top 136—and you can break it up into the two different rounds however that plays out—how many of the projects that were finally funded were not in that list collectively of 136 recommended by the panel?

Ms FOY: I am happy to.

The CHAIR: It is true though, is it not, that there was a significant change from the ranking given by the panel to the final projects funded after the Minister and the Deputy Premier had a look at it?

Ms FOY: I am not sure I would accept the word "significant" but if there were changes I will check on what those were and come back to you with the advice.

The CHAIR: Ms Foy, you know there were changes.

Ms FOY: There was advice provided to the Government. The panel made certain recommendations. The Government ultimately made its decision on the basis that all of those that were funded were eligible for funding. I am happy to take on advice.

The CHAIR: Yes, but you know while sitting there, Ms Foy, that there was a substantial difference between the final list of projects that were funded and the list of preferred projects recommended by the panel. You know there was a substantial difference do you not, Ms Foy?

Ms FOY: If there was a difference I would—no, sorry, Mr Shoebridge, I do not know that it was substantial. If there was a difference I am happy to provide that advice,

The CHAIR: On notice, can you identify the projects that were recommended by the panel to be included in that priority list of 136, however described, that were not funded?

Ms FOY: Yes, I am happy to.

ANSWER:

Please refer to answer to question 6.

Identification of applicants and projects that were recommended by the panel but not funded, is not appropriate as disclosure of this information would enable a person to deduce projects that were funded that were not recommended for funding and prejudice the commercial interests of third parties and is subject to privilege.

On 14 August 2020, documents concerning the applications, panel assessments (including rankings), correspondence, recommendations, approvals and funding allocations, were produced under a resolution under Standing Order 52 concerning the Regional Cultural Fund. These documents are subject to a claim of privilege by the Department as disclosure of this information would prejudice the commercial interests of third parties.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

8. QUESTION – Funding for the Bega Gallery project under RCF

The Hon. JOHN GRAHAM: Thank you. Ms Foy, I will turn back to the Regional Cultural Fund, that second round of grants. As you have confirmed, those grants are ranked by the panel. One of the rankings that attracted some public attention as going seriously awry was that of the Bega gallery. It is ranked number one in that process—I am now relying on public reporting. Is that your understanding?

Ms FOY: I have not got that to hand but I am again very happy to take that on notice. Was that the Bega—

The Hon. JOHN GRAHAM: It is the Bega gallery. One of the things that has had attention drawn to it is that the Bega gallery, ranked number one, did not receive funding. The Batemans Bay leisure centre, which is not a long way from that Bega gallery, ranked number 72.

The CHAIR: Bit of a drive.

The Hon. JOHN GRAHAM: Yes. It received significant funding. In fact, \$8 million out of this fund, the biggest allocation out of this fund. Are you able to confirm that ranking as well, that number 72 ranking?

Ms FOY: I am happy to take that on notice. I am not as familiar with the detail because that was prior to my time in the role in that year. I am happy to take that on notice.

ANSWER:

Both projects were eligible, and both were recommended by the assessment panel for funding.

On 14 August 2020, documents concerning the applications, assessments (including rankings) and , recommendations, were produced under a resolution under Standing Order 52 concerning the Regional Cultural Fund. These documents are subject to a claim of privilege by the Department as disclosure of this information would prejudice the commercial interests of third parties.

9. QUESTION – Project ranking under RCF

The CHAIR: Mr Foy, rather than us peppering you with individual questions, which may be legitimate in some circumstances, could you just give us the projects by ranking from the panel from round one and round two?

Ms FOY: I am happy to take that on notice and seek advice about providing the information.

ANSWER:

On 14 August 2020, documents concerning the applications, panel assessments (including rankings) and, recommendations, were produced under a resolution under Standing Order 52 concerning the Regional Cultural Fund. These documents are subject to a claim of privilege by the Department as disclosure of this information would prejudice the commercial interests of third parties.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

10. QUESTION – Funding for the Bateman’s Bay leisure centre project under RCF

The Hon. JOHN GRAHAM: Very good. Can you tell us anything about that Batemans Bay leisure centre project, which has been approved?

Ms FOY: I cannot tell you anything about it at the moment but I can take those things on notice.

The Hon. JOHN GRAHAM: Okay. I will invite you to take this on notice, given your responses today, but one of the community concerns is that this has now received significant funding—\$51 million in total from the State and Federal governments. It is still \$19 million in deficit and it is now a much-reduced proposal: a 25-metre pool where there was a 50-metre pool, a reduced auditorium and the art gallery which was to be part of it has now been reduced to hanging space—all changes from the original project that was approved. The community is quite upset that this, what they see as poor planning, has led to a significant amount of money but a small result on the ground. Can you give us any background on that, or would you prefer to do so on notice?

Ms FOY: Again, I have just tried to check if I have anything information but I will have to take that on notice, I am sorry.

The Hon. JOHN GRAHAM: One of the community concerns is this: That the \$8 million funding that has been allocated from the round two of this fund, as this catapulted up the ranks, was announced on 26 March 2018 by the Premier and the local member, Andrew Constance. That is months before the round opened, 1 July, and months again before it closed. How is that possible, Ms Foy?

Ms FOY: I would have to take that on notice to fund out what—I do not have the releases in front of me on any of the information, but I am happy to take that on notice.

The Hon. JOHN GRAHAM: But on the face of it that is quite concerning that the largest project is announced before the round even opens.

Ms FOY: I would be reluctant to make any comment, given I do not have any of the documents in front of me. But I am very, very happy to go and have a look at that.

The Hon. JOHN GRAHAM: Yes. When you do, could you look at the ICAC submission to this inquiry, which points out specifically concerns about projects not being dealt with in the ordinary timing. I mean, I just fail to understand how this project could have been announced and could have been approved before the round even opened. Is there any way that could have happened in the ordinary course of events?

Ms FOY: Honestly, I would have to take that on notice.

ANSWER:

Eurobodalla Shire Council received \$8 million in round two of the RCF towards the arts and cultural facilities for the Batemans Bay Regional Aquatic, Arts and Leisure Centre. These facilities will be a purpose-built exhibition, workshop, rehearsal and performance centre and storage space that will service the region’s art, theatre and dance groups as well as the broader community.

The facility will have a flexible auditorium with retractable seating; rehearsal rooms, dressing rooms, a green room, an exhibition space and storage. The site will also play an important role as the gateway of the new recreation, community and tourism precinct for the town.

The Department entered into a legally binding Funding Agreement with Council which defines the scope, timing and budget of the project. The project is well underway.

The project was assessed in Round Two by the panel and deemed as eligible and with merit for funding.

On 6 March 2018 an announcement about the project was made by the Premier and local Member Andrew Constance. Create NSW was not involved in the announcement and the announcement did not refer to the RCF as the source of funds.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

11. QUESTION – Documentation for announcement of Bateman’s Bay leisure centre project under RCF

The Hon. JOHN GRAHAM: Does the department hold any paperwork in relation to that 26 March announcement?

Ms FOY: I will check whether the department, what information the department holds with respect to that particular announcement, and how that relates to this particular grant project.

The Hon. JOHN GRAHAM: Mr Hanger has been really clear about what the processes are in regional New South Wales, in Create NSW in the Department of Premier and Cabinet, for \$8 million to be announced. What paperwork has to be in place?

Ms FOY: I will follow up and get—

The Hon. JOHN GRAHAM: No, I am not asking you about this project. If \$8 million of cultural funding is announced, you are a senior public servant: What paperwork would you expect to be in place? There has to be some, does there not?

Ms FOY: Well, again, I am going to check the details of this particular one.

The Hon. JOHN GRAHAM: All right. So, accepting you are taking this on notice, can you provide the paperwork that existed on or before 26 March for that \$8 million—well before the round opened and well before it closed? It eventually allocated this. Well before the ranking, the panel, the 10 processes you outlined ever happened ever happened this was announced. What was the paperwork that existed in the Department of Premier and Cabinet when that happened, because there must be some?

Ms FOY: I will definitely take that on notice with the information about what exists with respect to that particular project.

ANSWER:

No documentation around the March announcement is held in Regional Cultural Fund records.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

12. QUESTION – Decision to bring RCF funding forward

Ms PITMAN: To answer your question as I understand it, the original vision was that a smaller allocation of initial funding would be made. I think it was \$25 million in the first round. As Ms Foy has said, we received 237 expressions of interest in the first round. There was an incredible amount of interest in the program and the total amount that was requested in the first round was \$189.8 million. So, as I understand it, the decision was around making the—essentially providing more funding in that initial round to enable more of those projects to be successful in a shorter period of time because of the demand.

The Hon. COURTNEY HOUSSOS: Okay. That is the assessment that is basically shown in the briefing note. There are some slight discrepancies in the figures but we will take it that your figures are correct. I am interested in then knowing what then happened to the applicant who had already expressed interest. At what

point was the decision made to actually merge the two rounds and bring the funding forward?

Ms PITMAN: I do not know the specific answer to your specific question. I would have to take that on notice, the specific timing of that.

The Hon. COURTNEY HOUSSOS: So if there was an applicant who had decided to hold off, who had earmarked that round three that they wanted to make an application for, was round one only reserved for those 237 submissions that were initially received?

Ms FOY: I would have to take that on notice

ANSWER:

The need for this investment was immediately apparent. During Round One, 237 expressions of interest were received, requesting a total amount of \$189.8 million. During its assessment, the panel noted that immediate demand warranted release of additional funds should Government so determine.

Round Two was an open round, which was open to new applicants and those applicants who had been unsuccessful in Round One.

During Round Two, 159 applications were received requesting a total amount of \$187.1 million.

The RCF was announced in 2017 as providing '\$100 million over four years'. Due to oversubscription to both Rounds, by the conclusion of Round Two the full \$100 million was allocated. To address this, the time in which projects can be completed has been extended from two to three years, with the program now running over four years from 2018 until June 2022.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

13. QUESTION – Success of additional applications received

Ms FOY: The administration of this particular grant program which was a subset of that fund was administered by Create but jointly administered between the two ministers, the Minister for the arts and the Deputy Premier. What I will not do is try and draw conclusions without checking evidence, but at this stage, round one applications in the end was 237 expressions of interest and 159 for round two. So I will not try and draw any conclusions but I will check the evidence on your question on round three. I think I have responded to the one regarding the administration.

The Hon. COURTNEY HOUSSOS: If you are finding things on notice, can you also find if there were any additional applications that were received and if those applications were successful?

The Hon. NATALIE WARD: In which round?

Ms FOY: Which round?

The Hon. COURTNEY HOUSSOS: Round one. It seems round one was opened and then midway through that they decided to eliminate round three and put the money into round one.

Ms FOY: I will check the facts but it seemed from this brief that round one and two, which were 25 million each, were brought together and round three, which was 50 million, must have been round two, but, again, I do not want to go into hypotheticals. I will check the facts but the 100 million, which was the allocation for the fund, remained 100 million, ultimately funding 136 projects with some in excess of 300 applications overall. I will go back on the basis of your question to make sure that I am getting that advice correct for you.

The CHAIR: Mr Barilaro's letter suggests that what happened was round one and round two were both doubled. Instead of 25 and 25 they both became 50 and 50.

Ms FOY: Yes, round one is a two-step; round two is a one-step. I will check the facts and come back to you.

The Hon. COURTNEY HOUSSOS: And the information that Ms Pitman just provided to us is actually similar to the expression of interest stage round one which is similar to bullet point two underneath the table, which says 237 submissions were submitted—so roughly the same—for \$189 million. That implies that no additional submissions were received despite the increase in funding and means that organisations could have missed out if they had held off expecting that there was going to be a \$50 million pot of funding that was going to be available to them in the future. Can you tell me whether there was any additional funding to the 237 submissions received in round one?

Ms FOY: Of course.

ANSWER:

Please refer to answer to question 12.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

14. QUESTION – Documentation for funding of projects

The Hon. JOHN GRAHAM: I am asking about the reservation because that is where the announcement is happening. That is when the public hears about it; that is when they expect this is going to happen.

You are going back to get the specific paperwork for this one at the time the reservation is made.

Mr HANGER: For the conservatorium and the processes. We absolutely will talk about the general reservation process as well as the conservatorium one specifically.

The Hon. JOHN GRAHAM: Yes, but can you give me that assurance that when these announcements are made—at that time, not later on—there is paperwork in place in your agency?

Mr HANGER: We will take that as part of the description of how reservations and commitments are made.

The Hon. JOHN GRAHAM: Okay. Ms Foy, for your agency, you are going back to look at the specifics.

Ms FOY: I will look at the specifics of that.

ANSWER:

Create NSW was not involved in the reservations or announcement.

This matter is referred to Department of Regional NSW for answer.

15. QUESTION – Legislative changes to protect live music venues in NSW

The CHAIR: One of the reforms that is pressing ahead in Victoria to protect live music are planning law changes to prevent live music venues being recycled as inner-city apartment blocks, and so effectively reserving them for live music through the planning system. Have you spoken with your interstate colleagues about that? Have you had any advanced discussion with New South Wales planning about that? Because sometimes the best way of dealing with a grant is to avoid the need of it in the first place.

Ms FOY: Indeed. I have not personally, but I suspect there would have been conversations between my colleagues and other departments.

The CHAIR: Could you take that on notice and get back to us on that?

Ms FOY: I am happy to take that on notice.

ANSWER:

The NSW Department of Planning, Industry and Environment has responsibility for planning laws.

The Environmental Planning and Assessment Act 1979 (EP&A Act) sets out the laws under which planning in NSW takes place. The Minister responsible for the Act is the Minister for Planning and Public Spaces. The NSW Department of Planning, Industry and Environment, holds the key responsibilities within the NSW Government for long-term planning and infrastructure priorities.

As part of DPC, Create NSW works with all levels of government and the sector to support vibrant and diverse music and performance in NSW. No specific conversation has occurred regarding this issue from Create NSW.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

16. QUESTION – Devolved funding for Writing NSW

The CHAIR: Well, it was not just Writing NSW devolved funding that was removed. All devolved funding was removed in those 2019 reforms, is that right?

Mr KEELY: No. Devolved funding still exists for museums and galleries, for historical societies. We have actually just increased devolved funding by making it available through the Regional Arts Development Organisations. So the 14 Regional Arts Development Organisations received funding of about \$2.8 million over the year.

The CHAIR: So what was the rationale? I do not understand why Writing NSW was then singled out, if that is the case, to have their devolved funding removed from them—long history of delivering a highly valued project, fairly low level of paperwork, they paid for all the costs of the administration. What was the rationale for taking it off Writing NSW?

Mr KEELY: I have to take that on notice. Thank you.

ANSWER:

In 2019, the NSW Government undertook a reform of the arts and cultural funding program. At that time, it was determined the 11 devolved programs would be reduced to five and managed by the following clients

- 14 Regional Arts Development Organisations
- Museums & Galleries NSW
- The Band Association of NSW and
- The Royal Australian Historical Society.

These clients all deliver outcomes for the volunteer and/or community sector. The remaining funds were brought in house at Create NSW to deliver quick response grants. This would provide more opportunities to the sector through a rolling grant round which could provide outcomes within a three-week turnaround.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

17. QUESTION – Review of NSW Arts and Cultural Sector Service Needs

Mr KEELY: So, in 2020, Mr Chair, Create NSW completed a review of service organisations. The review was intended to identify gaps in the provision of services for the arts and cultural sector, and on the future direction and content of funding programs directed to the services sector. Create will be working with all the service organisations to deliver the outcomes of the review. The review found a number of gaps and demands from the sector in relation to how services could be better provided through support from Government. One of those was further digitisation, which of course in the light of COVID-19 is an issue that has been absolutely very prominent across the whole arts and cultural sector.

The CHAIR: Is this with an eye to cutting out some of the existing peak organisations whom the department would normally work through, such as NAVA or the Theatre Network or others? Is that part of the goal of the review?

Mr KEELY: The goal of the review is to ensure that the Government funding that is devoted towards services delivers to the sector that the services are being provided to.

The CHAIR: Is part of your review, part of the conclusions to do what I suggested, to step past these organisations, the existing organisations?

Mr KEELY: Absolutely not. The review identified areas of gaps and after consultation with various arts and cultural sectors identified a whole range of ways that service organisations could provide further services.

The CHAIR: Is the review publicly available?

Mr KEELY: The review document is publicly available, yes.

The CHAIR: Can you provide a copy to the Committee or a link to where we can identify it?

Mr KEELY: Absolutely.

ANSWER:

The Review of NSW Arts and Cultural Sector Service Needs is available on the Create NSW website at <https://www.create.nsw.gov.au/resources/research-and-statistics/review-of-nsw-arts-and-cultural-sector-service-needs-final-report-and-recommendations/>

18. QUESTION – Drafting of media release for Batemans Bay leisure centre project

The Hon. JOHN GRAHAM: I might ask Ms Foy in relation to the Batemans Bay leisure centre, would the agency have drafted the media release for that announcement on 26 March?

Ms FOY: I would have to check. Media releases are drafted in different circumstances by different people, as you would well appreciate. I will check with respect to that particular one.

The Hon. JOHN GRAHAM: Take that on notice, great.

ANSWER:

The 26 March 2018 announcement was made by the Deputy Premier and local Member Andrew Constance. This announcement was not handled by the Department.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

19. QUESTION – Total funding provided to contemporary music in NSW

The Hon. JOHN GRAHAM: The other thing you could take on notice is if you could give us an update about the total funding to contemporary music in New South Wales, that would be useful.

The CHAIR: Broken down by financial year?

The Hon. JOHN GRAHAM: Yes, by financial year, as the agency has been able to provide in the past. I will turn to that rescue funding. That \$50 million for financial sustainability went to a range of organisations who were very grateful to receive it. The criteria included that they were in financial distress as a result of COVID.

Ms FOY: Yes.

ANSWER:

To date in 2020/21, the NSW Government through Create NSW has provided almost \$2.69 million to support contemporary music - \$1.25 million through The Arts and Cultural Funding program and almost \$1.44 million through the \$50 million Arts Rescue and Restart package.

The NSW Government continues to be committed to revitalising Sydney city cultural life and supporting live music and events and has committed a further \$1 million to the Play the City (Sydney). This brings the total for this initiative to \$1.5 million.

Individual support is also available through Generations, a partnership with the Museum of Applied Arts and Sciences and Astral People, which offers three opportunities for musicians. The 2020/21 round for Generations closed on 18 January 2021, and recipients will be announced later this year.

In 2019/20, \$588,853 was approved through the Contemporary Music board. A total of \$12.19 million was provided to the music artform through the Arts and Cultural Funding Program.

In 2018/19, \$11.75 million was provided to the music artform.

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

20. QUESTION – Per capita arts funding in NSW

The Hon. JOHN GRAHAM: I want to ask you about the per capita funding views that have been put to us in one of the submissions in front of the inquiry and I would invite a response, either now or on notice. Essentially those figures which are in the NAVA submission indicate that we would have to jump by about a third to get to the Victorian level of arts funding per capita, or nearly double to get to the Queensland level of funding per capita. A range of the organisations have said they would like more arts funding, that is unsurprising. I invite you on notice to respond to those specific figures and give us the agency view about whether they are an accurate representation of the per capita arts funding.

Ms FOY: I will invite Mr Keely to answer that.

Mr KEELY: Mr Graham, obviously we will take that on notice, but after hearing the proposition put forward by the NAVA executive director this morning we did refer to some calculations that had been done by the Meeting of Cultural Ministers in 2016-17, which showed a very different set of numbers to those that were put forward by NAVA. Obviously we want to examine those and come back to you but I also note that the statistics group from the Meeting of Cultural Ministers has been in the process of creating additional calculations for the current day. Hopefully that will form part of what we provide to you if that work is completed. I note in relation to the response to COVID that New South Wales has absolutely been in the lead. The \$50 million arts Rescue and Restart was the largest package across the whole of Australia. Already out there in the community and in the arts, cultural and screen sector we have \$26 million of that funding.

The Hon. JOHN GRAHAM: I am happy to get those other details on notice.

ANSWER:

The Cultural Funding by Government Survey was initially undertaken annually from its re-introduction in 2015-16 until 2017-18 before moving to a two-year collection cycle. The collection for the 2019-2020 financial year was undertaken in late 2020, with the results expected mid-2021.

The \$18 per capita referenced by NAVA in its submission is for the 2015-16 financial year. The figure is based on the earlier publication of the *MCM Cultural Funding by Government* report and this same figure is referenced in the *Economic Value of Arts Screen and Culture to NSW* report prepared by KPMG for Create NSW.

At the time of the report's publication this was the most accurate representation of Arts funding across jurisdictions. However, after the publication of the report the ABS revised the 2015-16 funding numbers as new data became available and updated its subsequent publications.

Following these revisions, the reported NSW Arts funding increased to \$20.24 per capita, Victoria to \$38.12 per capita and QLD to \$30.72 per capita.

It is noted this relates to Arts Funding only, and not the heritage category which includes funding provided to art museums, other museums and cultural heritage, libraries and archives. With these categories included the NSW per capita spend increases to \$61.97, \$79.60 for Victoria and \$68.57 for Queensland (2015-16 figures).

The latest collection, which was undertaken on the 2017-18 funding showed a significant increase in NSW funding to \$627 million, an increase of 31% (or \$148.3M) on 2016-17 figures¹.

The below table shows the 2017-18 per capita funding for NSW, Queensland and Victoria.

State	Heritage	Arts	Total
NSW	\$43.34	\$35.81	\$79.15
Queensland	\$48.63	\$35.15	\$83.78
Victoria	\$46.04	\$39.63	\$85.67

A full breakdown on funding per categories is included in the full data set available from the ABS <https://www.arts.gov.au/sites/default/files/mcm-cfmcm-2017-18.xls>.

This data set includes figures for the 2015-16, 2016-17 and 2017-18 financial years.

¹ Cultural Funding NSW 2017-18 - <https://www.arts.gov.au/file/10980/download?token=wdCVuM0J>

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

21. QUESTION – Distribution of grant funding

The CHAIR: Do you have any analysis that goes back over the past two or three years to show where the overall grant pie is going in the sector and how much is going to the big State-owned institutions? Do you have any of that analysis and could you give us some answers on notice that show us where it has been going for the past few years?

Ms FOY: Happy to. We are also happy to overlay that with a broader assessment of impact, both audience impact and those who can access arts through larger organisations, medium organisations and small organisations; and impact with respect to jobs, job creation, economic contribution and other things that might be relevant. I am happy to provide that advice.

The CHAIR: It would be useful if we could see that starting from 2017-18, from a pre-COVID period, to get a sense of how much of the funding is going to the big statutory bodies like the ones that you are specifically responsible for, how much is going to the big non-government players like Sydney Theatre and the like and how much is going to the medium and smaller entities.

Ms FOY: I also add that the number of smaller organisations that those large institutions support as far as those that perform at the Opera House or show at the Art Gallery of NSW et cetera. We will pull something together that will help to tell that story.

The CHAIR: Yes, if there are rationales and thinking that has driven the funding—and I am sure there is—by all means provide that as an explanation, but the raw numbers would be very useful as well. You will take that on notice?

Ms FOY: We will absolutely take that on notice.

ANSWER:

Funding for the grants program is separate to that provided for the NSW State Cultural Institutions. Cultural Institutions are funded directly by NSW Treasury, while funding for the Arts and Cultural Funding Program is separately provided to the Department of Premier and Cabinet for the purposes of providing grants.

NSW State Cultural Institutions

Budget details are published annually in the NSW Treasury Budget papers and are extracted below.

Cultural Institutions - Annual Budgets ^{1,2}

Total Budget

	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Budget	Budget
All figures \$m	\$m	\$m	\$m	\$m
General Government Sector (GGS) Agencies				
Art Gallery of New South Wales	68.8	111.2	197.8	260.9
Australian Museum	51.7	54.4	95.3	94.5
Historic Houses Trust of New South Wales (SLM)	34.9	35.2	34.2	37.2
Museum of Applied Arts and Sciences (MAAS)	49.8	51.0	71.0	72.7
State Archives and Records Authority of NSW	35.3	37.7	41.0	50.8
State Library of New South Wales	115.1	108.1	121.3	123.8
Total GGS Agencies - Reported for Budget Papers	355.6	397.6	560.6	640.0
Public Non Financial Corporation (PNFC)				
Sydney Opera House Trust	250.9	215.7	244.8	268.0
Total - Cultural Institutions	606.5	613.2	805.4	907.9

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

¹ Data Sources - Published Treasury Budget Papers (BP3), PRIME Treasury System (uneliminated data) - Approved Budget Limits, Published Annual Reports

² Cultural Institutions in FY2017-18 and FY2018-19 - reported under the Planning and Environment Cluster, Agencies transferred into the Premier and Cabinet Cluster under Machinery of Government Changes effective 1 July 2019

Funding available for the Arts and Cultural Funding Program

2017-18	2018-19	2019-20
\$52,912,135	\$56,201,899	\$60,957,646

Arts and Cultural Funding Program funding provided to Regional NSW, Western Sydney and Metropolitan Sydney

Region	2017/18	2018/19	2019/20
Regional NSW	\$9,018,092	\$9,750,762	\$10,207,636
Western Sydney	\$5,313,377	\$6,401,788	\$5,152,039
Sydney	\$38,364,666	\$39,931,348	\$45,478,966

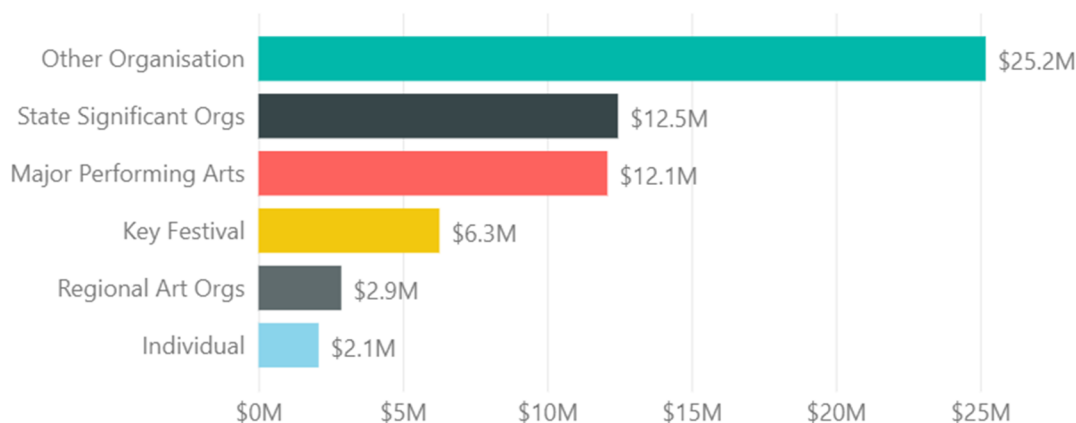
Infrastructure Support Program

In addition to direct funding grants, Create NSW also provides additional support to organisations through the Infrastructure Support Program. The program is designed to assist not-for-profit arts and cultural organisations based in NSW, by providing subsidised rent at one of nine properties owned or operated by Create NSW.

In 2019/20, this subsidy represented a discount of \$10.3 million on market rents, increasing to \$11.1 million when the COVID-19 rental relief is factored in. Create NSW also spent \$2 million on minor capital works to maintain the properties, which cannot be covered from the rent received.

Funding by Applicant Type

Amount Approved by Applicant Type 2019/20

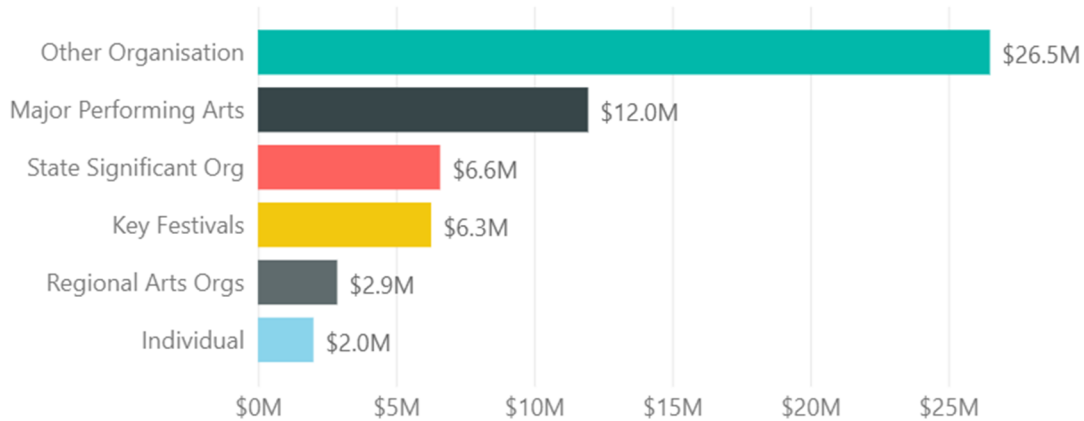


Public Accountability Committee

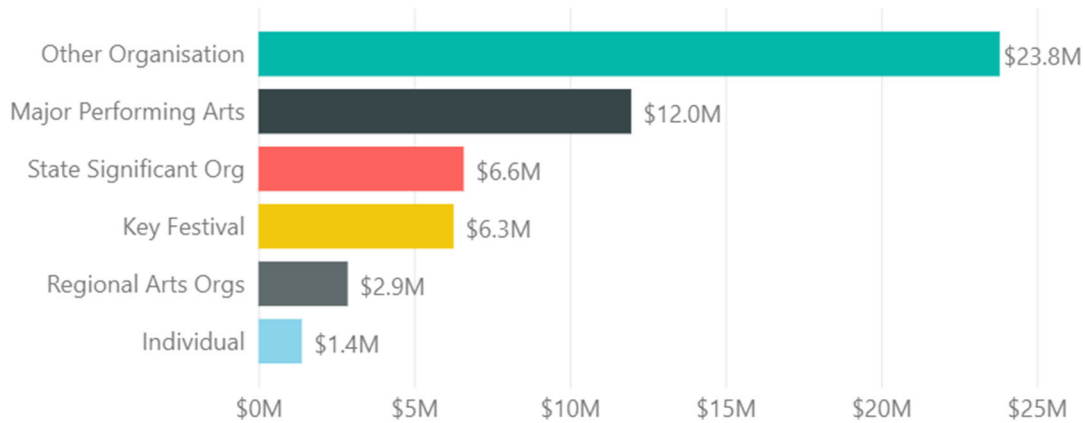
Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

Amount Approved by Applicant Type 2018/19



Amount Approved by Applicant Type 2017/18



2019-20 Funding Breakdown of \$60,957,646

Program Total		\$53,150,586
	19/20 Premier's Literary and History Awards *	\$345,000
	Key Festivals	\$6,269,940
	Major Performing Arts Companies	\$12,089,476
	Organisation Funding (Multi-year, Annual and Service Organisations)	\$19,277,670
	Regional Arts Boards 2019	\$1,964,000
	State Significant	\$12,454,500
	Strategic Organisation Investment	\$750,000
Professional Development Total		\$854,415
Project Total		\$6,952,645
Total		\$60,957,646

* Premier's Literary and History Awards was moved from Professional Development to Programs in 2019/20

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

2018-19 Funding Breakdown of \$56,201,899		
Program Total		\$47,080,124
	Key Festivals	\$6,269,940
	Major Performing Arts Companies	\$11,955,067
	Organisation Funding (Multi-year, Annual and Service Organisations)	\$18,806,117
	Regional Arts Boards	\$1,964,000
	State Significant	\$6,595,000
	Strategic Funds	\$1,490,000
Professional Development Total		\$1,360,541
Project Total		\$7,761,233
Total		\$56,201,899
2017/18 ACFP Funding Breakdown of \$52,912,135		
Program Total		\$45,928,899
	Key Festivals	\$6,269,940
	Major Performing Arts Companies	\$11,972,809
	Organisation Funding (Multi-year, Annual and Service Organisations)	\$18,252,150
	Regional Arts Boards 2018 (Year 3)	\$1,964,000
	State Significant	\$6,595,000
	Strategic Funds (Program) Multiyear	\$575,000.00
Project Total		\$5,586,020
Professional Development Total		\$1,397,216
Total		\$52,912,135

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

22. QUESTION – Success rates for grant applications under Artform Boards process

The Hon. NATALIE WARD: Can you elaborate further on project success or otherwise? I would like to hear some further information about that. Can you elaborate on the success rates of the Create NSW grant rounds? Can you tell the Committee a bit about that?

Ms FOY: Thank you, Ms Ward. I will say that, before Mr Keely goes into the detail, I am delighted with the role that the Artform Advisory Boards and the expertise that the Artform Advisory Boards have brought to the assessment process. I am very pleased that Create NSW has made significant effort to acknowledge there is more to do in terms of engaging with the sector. I look forward to any recommendations that might come from this inquiry in that respect. Mr Keely will take you through those grant programs and the approach.

Mr KEELY: Thank you, Ms Foy. I think the critical point as an introduction would be that in 2019 Mr Harwin introduced a sweeping range of reforms to arts and cultural funding. That followed a very extensive period of consultation with the sector, which was concerned about making funding simpler and easier to access. The findings from that were part of the 2019 reform. Those reforms continue and they include, for instance, the reference to the services organisation review or the Regional Arts Network review. The period on which we have to provide data is quite limited—it is from October 2019—but in that period the success rate in the recent rounds of the Arts and Cultural Funding Program for 2019 and 2020 was 33 per cent.

The Hon. NATALIE WARD: It would be good to have some more information on that if you are able to provide any more on notice to the Committee about that 33 per cent and what makes it up. We have heard that a number of entities are concerned about success rates and transparency. It would be very good to have some more information about those.

Mr KEELY: Absolutely. Broken down into the various art forms and regional?

The Hon. NATALIE WARD: Yes, what you have so far. I appreciate it is a short time and obviously data collection is only able to be collected in the period in which it has been asked for.

The CHAIR: Maybe the different grant funding rounds would be useful so that you can see the breakdown of one to the other and how they range.

Mr KEELY: Absolutely. We can certainly provide that on notice.

ANSWER:

Results for 2019/20 Open Rounds (Projects, Annual Organisations, Creative Koori)					
Category	Number of Applications submitted	Amount Requested	Number of Applications recommended	Amount Approved	Success rate based on number of applications
Projects	469	\$19,258,051	137	\$4,538,481	29%
Annual Organisation	137	\$15,263,102	71	\$5,517,131	52%
Creative Koori	60	\$3,038,535	14	\$590,586	23%
Totals	666	\$37,559,688	222	\$10,646,198	33%

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

2019/20					
Artform Board	Approved %	Apps	Declined %	Apps	Total Apps
Aboriginal Arts and Culture	28.57%	22	71.43%	55	77
Outside NSW	0.00%		100.00%	2	2
Regional NSW	27.45%	14	72.55%	37	51
Sydney Metro	25.00%	4	75.00%	12	16
Western Sydney	50.00%	4	50.00%	4	8
Classical Music	42.42%	14	57.58%	19	33
Regional NSW	40.00%	4	60.00%	6	10
Sydney Metro	44.44%	8	55.56%	10	18
Western Sydney	40.00%	2	60.00%	3	5
Contemporary Music	36.62%	26	63.38%	45	71
Outside NSW	100.00%	2	0.00%		2
Regional NSW	36.36%	8	63.64%	14	22
Sydney Metro	35.29%	12	64.71%	22	34
Western Sydney	30.77%	4	69.23%	9	13
Dance & Physical Theatre	38.60%	22	61.40%	35	57
Regional NSW	42.86%	9	57.14%	12	21
Sydney Metro	34.48%	10	65.52%	19	29
Western Sydney	42.86%	3	57.14%	4	7
Literature	45.24%	19	54.76%	23	42
Outside NSW	33.33%	1	66.67%	2	3
Regional NSW	62.50%	10	37.50%	6	16
Sydney Metro	27.78%	5	72.22%	13	18
Western Sydney	75.00%	3	25.00%	1	4
(blank)	0.00%		100.00%	1	1
Multi-arts & Festivals	23.61%	34	76.39%	110	144
Outside NSW	20.00%	1	80.00%	4	5
Regional NSW	19.67%	12	80.33%	49	61
Sydney Metro	19.61%	10	80.39%	41	51
Western Sydney	42.31%	11	57.69%	15	26
(blank)	0.00%		100.00%	1	1
Museums & History	37.50%	12	62.50%	20	32
Regional NSW	37.50%	9	62.50%	15	24
Sydney Metro	28.57%	2	71.43%	5	7
Western Sydney	100.00%	1	0.00%		1
Opera, Musical Theatre & Chorus	50.00%	13	50.00%	13	26
Regional NSW	33.33%	2	66.67%	4	6
Sydney Metro	62.50%	10	37.50%	6	16
Western Sydney	25.00%	1	75.00%	3	4

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

Theatre	29.33%	22	70.67%	53	75
Outside NSW	0.00%		100.00%	1	1
Regional NSW	23.53%	4	76.47%	13	17
Sydney Metro	30.43%	14	69.57%	32	46
Western Sydney	36.36%	4	63.64%	7	11
Visual Arts	29.23%	38	70.77%	92	130
Outside NSW	50.00%	1	50.00%	1	2
Regional NSW	25.86%	15	74.14%	43	58
Sydney Metro	30.19%	16	69.81%	37	53
Western Sydney	37.50%	6	62.50%	10	16
(blank)	0.00%		100.00%	1	1
Negotiated funding or Small Grants	24.49%	371	75.51%	1144	1515
Outside NSW	66.67%	2	33.33%	1	3
Regional NSW	25.51%	138	74.49%	403	541
Sydney Metro	28.39%	182	71.61%	459	641
Western Sydney	24.87%	48	75.13%	145	193
(blank)	0.73%	1	99.27%	136	137
Grand Total	26.93%	593	73.07%	1609	2202

Public Accountability Committee

Integrity, efficacy and value for money of NSW government grant programs

Questions On Notice – 1 February 2021

23. QUESTION – Level of funding for literature

The Hon. NATALIE WARD: Thank you. We had some questions earlier about literature. I just asked if you could elaborate or provide on notice the level of funding from Create NSW for literature specifically?

Ms FOY: Sure.

Mr KEELY: Ms Ward, we could absolutely provide that.

The Hon. NATALIE WARD: You can take it on notice if you like, if it is easier. There were just some questions around that, being some implications that that may well be lower than other sectors.

Ms FOY: We do have that information. I just do not immediately have it.

The Hon. NATALIE WARD: If you can provide that on notice, just comparatively also to other sectors.

Ms FOY: There is \$2.4 million of total funding allocated to literature. By way of example, key festival funding of about \$500,000 a year to the Sydney Writers' Festival, \$48,000 in small project grants of up to \$5,000 in a rolling quick-response funding round to individual writers, and that is a program that replaced the devolved program delivered in 2018. That was \$30,000, so, as I said before, part of what we are trying to do is make sure the maximum amount of money can go into the sector.

The Hon. NATALIE WARD: Yes, it actually went up.

Ms FOY: And then certainly supporting the Premier's history and literary awards at around \$345,000.

There are 11 projects and eight annual organisations with grants of around \$890,000, and there are multi-year agreements in place for 2021 through to 2024 for organisations such as WestWords, Sydney Review of Books, the Red Room Company and Varuna writers' house in the Blue Mountains. There are other writers festivals and annual funding for Writing NSW and South Coast Writers Centre. I could go on, but I am happy to provide the rest on notice.

The Hon. NATALIE WARD: If you do not mind, and comparative to other sectors as a proportion.

That would be useful, thank you. A final question is just in relation to the regional arts funding and the reallocation of that and the reasons. If you just let the Committee know about the reasons why that Regional Arts NSW funding was reallocated to the Regional Arts Development Organisations?

Ms FOY: Sure.

ANSWER:

2019/20:

\$2.4 million (4% of total ACFP funding) and 50 successful applications.

2018/19:

\$2.2 million (3.8% of total ACFP funding) and 33 successful applications.

2017/18:

\$2.2 million (4% of total ACFP funding) and 27 successful applications.

Funding calculated by successful applicants who identified Literature as their primary artform.

In response to Regional Arts Funding:

In 2019, the NSW Government commenced a Review of the Regional Arts Network which included 14 Regional Arts Development Organisations (RADOs), funding for Artstate, Country Arts Support grants and core funding for Regional Arts NSW.

Stage 1 of the Review focussed on the funding model of the Network. This stage is now completed and resulted in an increase in distribution of the funding to regionally based organisations. This provided an increase in the core funding of the RADOs of \$28,000 per annum per RADO, and a pool of funding, \$150,000 per annum, for the Network to deliver a unique arts and cultural activities like the Artstate program over the past four years.

Stage 2 of the Review is currently underway.