

**Submission  
No 12**

## **INQUIRY INTO INTEGRITY, EFFICACY AND VALUE FOR MONEY OF NSW GOVERNMENT GRANT PROGRAMS**

**Organisation:** Mosman Municipal Council

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18 August 2020

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Director  
Public Accountability Committee  
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Dear Ms Higgins

## **Inquiry into the integrity, efficacy & value for money of NSW Government grant programs**

Thank you for the opportunity to provide comment in relation to the above Inquiry.

Mosman Council has participated in many grant programs administered by the NSW Government and is appreciative of the support it has been provided through these programs. The funding received has assisted Council in the delivery of important programs and facilities and has produced valuable outcomes for our local community.

There have, however, been certain challenges and issues associated with various funding programs and, while it is somewhat challenging to provide concise commentary across multiple programs, the following comments are offered. These comments have due regard for some of Council's own experiences and observations in relation to NSW Government funding programs and for the Terms of Reference of the current Inquiry.

### **Range and Availability of Programs:**

- *Overall quantum of grant funds available* – Although Mosman Council has benefitted from modest increases in some funding programs - such as those experienced with Public Library grants in recent years - there is also a sense that the availability of grant funds more generally has fallen, particularly for large infrastructure projects in areas such as Mosman. Our figures show an overall drop in total grant funds received over the past four years. This presents real challenges given the relatively modest income streams available to this Council through other sources such as developer contributions. In the case of Public Library grants, recent increases have also been somewhat counterbalanced by the cumulative impact of under-funding over many years.

- *Uneven playing fields* - In relation to community service funding, lines are often blurred between programs and activities delivered or facilitated by councils and those delivered by other not-for-profit organisations. While all are regularly working towards common community outcomes, it is sometimes the case that relevant funding programs are not open to local government. Conversely, where programs are open to local government, but where there is only a tenuous link to projects and initiatives already in the planning stages, situations can arise where local priorities are at risk of being re-set or at best skewed to ensure funding criteria are met. The result, equally applicable to large infrastructure projects as it is to community programs and activities, can effectively be the transference of State priorities at the expense of more localised aspirations.
- *Requirements for matching funding* - This funding condition is commonly applied to local government, with instances increasing over time and even when equivalent requirements do not apply to other organisations seeking funding under the same program.

At times the implications of bringing matching funding to the table are not limited to sourcing the necessary contribution from general revenue; there are other budgetary implications that arise when part funding is formally budgeted for a project and grant funds are subsequently not forthcoming. In this situation, projects either 'fall over' and Council funding must be reprioritised mid-cycle, or the pressure to deliver a project is such that another project/s suffers – again from mid-cycle reallocation of funds. Dependent on the scale of a project and the level of matching funding required, these impacts can be quite significant and can actually be a disincentive for potential applicants at the outset.

- *Breadth of funding program remits and available grant size* - Some existing government grant programs are so broad it can be difficult to get a clear picture of true funding potential. For example, the 2020 Community Building Partnership Program offered grant amounts ranging from \$2500 to \$300,000, with extremely broad eligibility criteria ('enhancing facilities, meeting community needs, increasing community participation). For individual councils, there would likely be many potential projects that could meet such criteria, with ultimately some internal determinations needed to identify the project/s most worthy of application and/or likely to succeed.

Given the range in value of potential grants under the same program, it is also noteworthy that all applications require the same level of rigour. While it is certainly agreed that consistency is necessary, the impact is also likely to be the discouragement of some smaller applications, irrespective of their relative value to communities. Such programs contrast sharply with other programs (War Memorial improvements, for example), which have an extremely narrow focus.

- *Availability of arts funding for northern Sydney* – Mosman Council and the Northern Sydney Regional Organisation of Councils (NSROC) have previously raised the issue of inadequate funding for arts and culture in northern Sydney in a number of forums. While Mosman Art Gallery has benefitted from triennial funding from Create NSW for its extensive programming in recent years, the overall level of arts funding in the region is exceptionally small. For the purpose of funding statistics, northern Sydney is grouped with the rest of metropolitan Sydney – despite having its own cultural identity and aspirations - and the vast majority of arts funding is directed to the Sydney CBD. It is noteworthy that the NSROC region makes up 7.9% of the population of NSW, however the region only receives 0.0056% of total arts funding. By comparison, Western Sydney makes up 22% of the State's population and receives around 5% of total arts funding.

In its submission earlier this month to the NSW Productivity Commission's Review of Infrastructure Contributions in NSW, NSROC proposed a 'Review of the State government's grants system and the establishment of a fund similar to the Sports Infrastructure Fund for the provision of community and cultural facilities'. In the same submission it was also proposed that 'Grants should include provisions for the funding of ongoing operational expenditure of community and cultural facilities'.

**Manner in which grants are determined, Integrity of grants schemes and public confidence in allocation of money:**

- *Transparency* - The transparent allocation of grant funding can only really be achieved with clear protocols around grant assessment and fund distribution, consistent application of these protocols, easy access to information by interested stakeholders, meaningful feedback to applicants, and a clear distinction between administrative and political processes. While criteria and processes have improved over time, the perception remains that many decisions are ultimately made by the Minister responsible, with clear accountability for decisions not as strong as it should be.

The operation of the NSW Planning Reform Fund raises issues particularly in relation to the transparency with which allocations are made to individuals Councils. Information about the fund is difficult to access generally, and there appears to be a lack of any clear protocols regarding the grant allocation process. This lack of transparency is all the more concerning given the significant contributions being made into the fund each year by NSW councils. As a small metropolitan Council, Mosman's annual contribution in 2019/20 was over \$101,000; a figure that would be multiplied several times over in larger councils with more significant levels of development activity.

- *Levels of uncertainty* – The less-than-certain nature of different grants programs has impacted Council in a variety of ways. The sudden cessation of funding streams has resulted in activities being cancelled or downsized, and the uncertainty (and lack of timeliness) of future funding rounds or announcements has raised concerns about the ability to commit to future initiatives and has negatively impacted planning and budgeting processes. At present, for instance, Council is still awaiting announcements regarding funding under the Local Government Authorities (LGA) Arts and Cultural Program, originally due in June 2020. While 2020 is proving to be a difficult year in many respects and delays more understandable in the context of the COVID-19 pandemic, these kinds of delays, as well as changes to funding programs mid-stream are in fact commonplace. There is also typically little information provided to applicants regarding reasons for delay or likely timeframes.
- *Lack of flexibility* – In relation to Active Transport funding there is a perceived lack of flexibility with this program, which requires applicants to commit to projects well in advance by developing designs and obtaining necessary approvals. Despite this upfront commitment and good faith, some projects do fail in the planning stages however it is not possible to reallocate any funding received to similar projects with similar benefits or outcomes for a local community. As preference is given to projects that are 'shovel-ready' the level of pre-planning and community engagement required to reach application stage multiplies local expectations – and consequently dissatisfaction if funding is not forthcoming.

- *Timing of Grant Programs* – The timeframes for various funding programs are often problematic, depending where they fall in the annual (and four-yearly) planning and budgetary cycles of Councils. Different funding programs, for instance, call for applications either prior to or after the commencement of Council's annual budget preparation or and/or announce funding allocations after the formal adoption of annual budgets. Given the range of difficulties program timing creates depending on the type, size and purpose of different grant programs, it is acknowledged that this is not an easy issue to address. Notwithstanding, if there was greater certainty and confidence around timeframes, processes, protocols, and longevity of funding programs, this could alleviate matters considerably. The allocation of more multi-year grant funding (for example across the duration of a Council's four-year delivery program) also has the potential to assist.

I trust the above comments will be of some interest to the Committee in its deliberations. Once again, thank you for the opportunity to comment.

Yours sincerely

**Dominic Johnson**  
**General Manager**