

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

**Organisation:** Canterbury Bankstown Council

**Date Received:** 20 August 2020

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*Please reference in all correspondence*

Public Accountability  
Committee Parliament House  
Macquarie Street  
SYDNEY NSW 2000

By email: [Public.Accountability@parliament.nsw.gov.au](mailto:Public.Accountability@parliament.nsw.gov.au)

Dear Chairperson,

**Re: Inquiry into the integrity, efficacy and value for money of NSW Government grant programs**

Canterbury-Bankstown Council (Council) welcomes the opportunity to provide a submission to the Public Accountability Committee Inquiry into the integrity, efficacy and value for money of NSW Government grant programs.

Our Council has the highest population of any LGA in NSW and given the particular relevance of this Inquiry to us (discussed in the overleaf submission), I owe our residents an explanation and the opportunity to represent them at the inquiry.

I fully support the inquiry and its intentions and make no secret I have openly campaigned for an independent inquiry, as well as an investigation into the process and the distribution of grants, under the Stronger Communities Fund.

This matter is critical, as our city was denied funds which had been set aside for Councils to assist them with amalgamation and building infrastructure.

My concerns about the distribution of funding were heightened having read excerpts of the 2019/2020 Budget Estimates Committee Meetings and other material.

Of most concern were:

- Almost the entire funds were allocated to Councils in Coalition held seats and only \$5m to Councils in Opposition seats.
- Hornsby Council, one of the Council's least affected by the mergers, received the biggest share, some \$90m.
- Council's in the Coalition held marginal seats of Murray and Coogee received funding under the program. These two seats were facing serious challenges in the State election.

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- Lack of transparency and clarity about how the funds were to be allocated and who would receive them.

Notwithstanding my concerns above, as Mayor, I wrote to the Minister in June 2018 requesting consideration for further financial assistance to deal with the cost of merging our Council.

My request for help was rejected and no mention made that our Council could apply for additional funding under the Stronger Communities Program.

I have much to contribute to the Upper House Inquiry and believe it is in the public interest to allow me to personally put forward my City's case.

Let's put politics aside and work together to ensure public funds and how they are allocated is of the highest scrutiny and in line with what the public expects.

Yours sincerely

Clr Khal Asfour  
**MAYOR**

## Submission

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Council's submission will focus on the local government funding *Stronger Communities Fund* with an emphasis on the transparency of decision making under grant schemes and the oversight of funding determinations. In addition, Council's submission will also comment on the *Community Building Partnership Program*, in particular the role of Members of Parliament in proposing projects for funding.

Council recognises the significance of grant programs and the opportunities they afford to fund important community projects, key infrastructure/major projects in the local government area (LGA) as well as broader capacity building approaches. Such projects support the community in vastly different ways and help deliver positive outcomes for the area.

Council's submission supports a democratic and impartial approach to the governance and administration of grant programs relevant to the local government sector. As such, Council's key recommendation proposes a cross party panel to administer grant programs that offer council capacity building, development support and other resources across critical functions of local government.

Council provides the following submission in response to the Committee's invitation.



## Background

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The amalgamation of the cities of Canterbury and Bankstown in May 2016, produced a local government area (LGA) with the largest population in NSW, currently estimated at 377,917 residents.<sup>1</sup> Population forecasts suggest the LGA will be home to approximately 463,311 people by 2036.<sup>2</sup>

According to the 2016 Australian Bureau of Statistics Socio-Economic Indexes for Areas (SEIFA), the Canterbury Bankstown LGA is ranked 102 of 130 on the index (lower ranking equates to more disadvantage), highlighting the vulnerability of the Canterbury-Bankstown community.<sup>3</sup>

Canterbury Bankstown Council (Council) is by far one of the largest Council entities in NSW, given it has the 8th largest economy in NSW with a gross regional product (GRP) of \$15.52 billion, equating to 2.62% of the NSW economy.<sup>4</sup> Data (2017/18) from the Office of Local Government (OLG) notes in the 2017-18 period, Council had 32,437 active businesses, second only to the City of Sydney at 66,697.<sup>5</sup>

Tasked with the provision and maintenance of 907km of local roads, 1,185km of footpaths, 600 parks, 75 sporting complexes and 432 council and community buildings, Council relies on State and Federal grants as an essential funding source.

However, Council notes its unfunded renewal at \$84 million, its annual maintenance renewal gap at \$4.5million, and its asset backlog at \$41.2million. Though indicative of the pressures facing local governments across the nation, these infrastructure burdens present enormous challenges for Council to meet the needs of current and future generations.

While there are many opportunities to be gained, the amalgamation of the two LGAs continues to present enormous challenges. Grant funding opportunities are therefore prime opportunities for Council to obtain much needed funding to support the delivery, maintenance and improvement of infrastructure and services.

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<sup>1</sup> Canterbury Bankstown Council 2020, Community Profile, <https://profile.id.com.au/canterbury-bankstown>, viewed 10 August 2020.

<sup>2</sup> Canterbury Bankstown Council 2020, Population forecast, <https://forecast.id.com.au/canterbury-bankstown>, viewed 10 August 2020.

<sup>3</sup> Australian Bureau of Statistics 2016, Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA), Australia 2033.0.55.001, <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2033.0.55.001~2016~Main%20Features~Data~2>, viewed 10 August 2020.

<sup>4</sup> National Institute of Economic and Industry Research 2019, <https://economy.id.com.au/canterbury-bankstown/gross-regional-product>, viewed 10 August 2020.

<sup>5</sup> Office of Local Government, Time Series Data 2017-18.

# 1. Stronger Communities Fund

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The Stronger Communities Fund (SCF) announced by the NSW Government in 2016, provided newly merged councils, such as Canterbury Bankstown, with funding to assist in the delivery of projects set to improve community services and infrastructure. Council was provided with \$10 million funding as a result of the merger.

With the \$10million funding provided as part of the NSW Government's Fit for the Future reform program, Council was able to fund 27 out of a total 87 Community group applications totalling \$985,326. Further, Council approved 4 high priority major projects totalling \$3.6 million as part of its Stage 1 process. The remainder of the Major Projects Program, totalling \$5.4 million, was announced in 2017, as part of Stage 2.

Amalgamated councils were required to adhere to the *Stronger Communities Guidelines* that included establishing a Stronger Communities Fund Assessment Panel to assess and make recommendations for projects received. Further, an external probity officer (from O'Connor Marsden), was engaged to oversee the process. To further assist in the process, Council developed its own *Stronger Communities Fund Assessment Panel Terms of Reference* that detailed a mandate, membership and panel protocols.

## a. Issues

Generally, Council is notified of relevant grant opportunities provided by State and Federal Governments. This enables Council to coordinate and consult accordingly and adequately prepare an application for funding. As you know, such funding is quite competitive and assessment is based on the merits of the application. In the case of the Stronger Communities Fund, however, funding was automatically provided to Councils that amalgamated as part of the 'Fit for the Future' reform program.

However, in 2017 and unbeknownst to Council, a second round of Stronger Communities Funding (tied grant round) with \$250 million of potential funding for local councils was surreptitiously provided to some councils, which in many instances, had not amalgamated as part of the reform program nor applied for this funding, in the first instance. Such evidence of distribution bias in the awarding of the tied grant funding is problematic.

Most notably, Council was knowingly excluded from the process given it was not notified of this potential grant opportunity by the NSW Government. As an eligible Council that emerged as the largest in NSW by way of population, Canterbury Bankstown would have immensely benefited from the second round of Stronger Communities funding. Its exclusion from the process was not in the best interests of the Canterbury Bankstown community.



The exclusion of Council from the second round of Stronger Communities funding seriously questions the decision-making process involved in the assessment of grant applications at the highest level of the NSW Government. It denotes the inherent risks involved in a process that should be based on principles of objectivity, transparency, integrity and equity where applications are presumed to be assessed on the basis of merit, given the broader financial and political implications. Importantly, it erodes trust in the governing body, in this instance the NSW Government, and its practices and processes that failed to include Council in a scheme that was instituted to assist it.

Politicians that proactively disengage from the practice of transparency and good governance must be held accountable to the public interest. To minimise such opportunities, robust processes are required to prevent potential corrupt activity that 'undermines public trust in government' and causes 'injustice through advantaging some at the expense of others'.<sup>6</sup>

## b. Recommendations

Council recognises the significance on this issue and calls for the institution of effective governance mechanisms. It supports a process that is predetermined, clear and equitable, where grant funding is administered in a transparent and non-discriminatory manner. As such, Council recommends the following:

1. A cross party panel be tasked with the administration of grant programs that provide Councils with capacity building, development support and other resources across critical functions of local government. This will potentially reduce the inherent risks evident in the current process of administering grant programs across the local government sector, and rebuild trust in the NSW Government and its processes.
2. That the NSW Audit Office provide a best practice guide on implementing better practice on grants administration to encourage robust administrative outcomes, similar to the one created by the Australian National Audit Office in 2013.<sup>7</sup> Such a guide will provide practical assistance to those involved in the administration of grant applications. This will enhance transparent and accountable decision-making processes for the awarding of grants as well as focus on risk management.<sup>8</sup>

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<sup>6</sup> Independent Commission Against Corruption 2019, 'Why exposing and preventing corruption is important', <https://www.icac.nsw.gov.au/about-corruption/why-exposing-and-preventing-corruption-is-important>, viewed 11 August 2020.

<sup>7</sup> Australian National Audit Office 2013, 'Implementing better practice grants administration', <https://nla.gov.au/nla.obj-494730694/view>, viewed 10 August 2020.

<sup>8</sup> See Australian National Audit Office 2013, 'Implementing better practice grants administration', <https://nla.gov.au/nla.obj-494730694/view>, viewed 10 August 2020.

## 2. Community Building Partnership Program

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The Community Building Partnership (CBP) Program is an annual opportunity for local community and sporting groups, councils, and other eligible bodies to apply to State Members of Parliament (MPs) for funding related to infrastructure projects.

An annual maximum of \$300,000 is allocated in each electorate for distribution to successful applications. A total of 4 electorates in the Canterbury Bankstown LGA are provided with this funding, equating to a total of \$1.2million available for distribution by relevant State MPs.<sup>9</sup> The State MPs provide funds to eligible bodies, divided as they like, though typically, the average grant awarded is approximately \$20,000.<sup>10</sup>

Council acknowledges the importance of investment in infrastructure projects, particularly in increasing community participation, enhancing facilities and meeting community needs, and inherently supports the intent of the program.

While applications can be made by eligible groups for projects on council land or related to a council asset, the guidelines clearly stipulate that the 'council will be required to provide owner's consent...'.<sup>11</sup> Further, the guidelines note that if an applicant has not secured land owner's consent, the applicant 'should have at least commenced relevant discussions at the time of [the] application'.<sup>12</sup>

### a. Issues

As noted above, Council supports the intent of the program and will generally consider applications proposed on Council land and/or to council assets. Council relies on the good will of the applicants to obtain Council support of the proposed project before submitting an application for CBP Program funding. In some instances, however, approval has not been sought from Council and an application submitted to the State MP for consideration.

Furthermore, Council is aware of instances where State MPs have either approved projects on the proviso that funds not be provided to Council to undertake works on its land, or approved projects where the applicant has not consulted Council or sought its expressed consent as land owner.

Such practices are inherently problematic and unduly interfere in the way Council undertakes and approves infrastructure works on its land. Further, it potentially creates a shortfall in funding and an expectation that Council will fund that gap, resulting in projects being underfunded and not eventuating.

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<sup>9</sup> Note: The four electorates in the Canterbury Bankstown LGA are Bankstown, East Hills, Canterbury and Lakemba.

<sup>10</sup> NSW Government 2020, 'Community Building Partnership 2020 Program Guidelines', <https://www.nsw.gov.au/sites/default/files/2020-04/Community-Building-Partnership-2020-Program-Guidelines.pdf>, viewed 10 August 2020

<sup>11</sup> NSW Government 2020, 'Community Building Partnership 2020 Program Guidelines', page 5, 8.

<sup>12</sup> NSW Government 2020, 'Community Building Partnership 2020 Program Guidelines', page 8.



b. Recommendation

Council recommends that it must be consulted as part of the assessment process on projects that involve works on Council assets or on land owned and/or managed by Council. This consultation process needs to be in-built into the guidelines to ensure State MPs involve Council in discussions on potential projects on its land or to its asset prior to granting approval, and receive confirmation that such projects are within the scope of Council.

Council trusts that the above mentioned will be considered as part of Inquiry into the integrity, efficacy and value for money of NSW Government grant programs. Should you require any further information or clarification, please do not hesitate to contact Council's General Manager, Mr Matthew Stewart,

Yours sincerely

Clr Mayor Asfour  
**MAYOR**