

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

Organisation: Blayney Shire Council

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The Chair and Members
Public Accountability Committee
Parliament of NSW
Legislative Council

Submitted online to:

<https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=2606#tab-submissions>

Dear Mr Shoebridge

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

On behalf of Blayney Shire Council, I trust the following information provides some insight from our perspective in response to the terms of reference for this Public Accountability Committee Inquiry as referred on 3 July 2020.

Summary

We are a regional council in the Central West, small in size but progressive, sophisticated and thoughtful. This submission is focussed on one aspect of your enquiry where, based on our experience and with examples in support, we can add real value.

This concerns local government funding and the basis on which it is allocated. We are not so much commenting on the purpose of the funding or any particular programs, but the fact that it is local government that is the delivery agency.

This deserves special attention.

Local government is the 3rd tier of government.

Just as the State relies on Federal grants, so local government relies on State grants. This is an inevitable consequence of our vertical fiscal imbalance.

And, just as the State deserves and receives autonomy in the allocation of its share of federal grants to programs which reflect its own State wide strategic objectives, so local government deserves the same autonomy to meet its own local strategies.

As our submission shows, the move to allocated funding since 2017 recognises this fundamental structural reality.

Community Strategic Plan

In 2016, Blayney Shire Council embarked on a program to build capacity in our villages and small communities. As a result, each town and village has their own Community Plan, which identifies the community aspirations, strengths, issues and a list of projects ranging from advocacy, programs, local infrastructure improvements (Council and community owned assets) and major capital works.

These local plans provided the basis for the Blayney Shire Community Strategic Plan (2018-2028) which was endorsed by Council in 2018 as part of the IP&R framework. The development of the individual Town and Village Community Plans was an important consultation process, which has enabled Council to understand and identify those projects that needed development and stakeholder engagement, those projects that were shovel ready and what projects required more work.

Communication and involvement with our local State Member and Regional Development NSW Orange Office is critical.

The allocation model of funding based population, demographic or mining impact quotient with involvement by our local State MP has provided financial support to key projects and has provided Blayney Shire with funding that otherwise we would not have received or have been able to provide for within our current budgets in our Operational Plan or Delivery Plans.

Regional Infrastructure Review 2017

Council was pleased to participate and contribute to the Review of NSW Regional Infrastructure, following the appointment of NSW Regional Infrastructure Coordinator in 2017. Issues identified in this report included:

- Project approval timelines were too long, too complex and an inhibitor to investment
- Treasury guidelines and interpretation was inflexible, BCR for social amenity and rural community infrastructure projects (sport and recreation, amenity, health and safety) difficult to achieve >1,
- Need for Business Case documents, which was costing local government millions of dollars collectively eg for Blayney \$35k for an important road project (\$10.2m) , \$10k for the Central West Equestrian and Livestock Centre (\$2.2m)
- Beaurocracy and red tape, with silos in NSW Government departments, lack of communication, transparency and concurrence

These findings resonate with what Blayney Shire Council has experienced for many years. Aside from small Community Building Partnership, the odd Bridge Replacement or Road Block Grants from NSW Government; Council had difficulty meeting BCR criteria for our significant projects, and were continually unsuccessful in grant applications for major projects.

For a small Council, the lack of success meant that there was no value for money in pursuing unsuccessful submissions, so the outcome was self-fulfilling and self-perpetuating.

It is acknowledged that Blayney had not invested resources in developing strategic plans and funding business cases for specific projects, and as a result Council's

success rate in attaining NSW Government funding was below par. Whilst this created a lack of investment ready projects, we simply could not compete with Councils with grant writing resources on staff.

Blayney Shire Council welcomed the recommendations from the Regional Infrastructure Coordinator to improve the funding process, provide some certainty for applicants, move away from 'beauty contests' and competitive rounds and implement place based funding to ensure NSW Government Regional Development objectives are delivered.

Ever since the funding program model changed and guidelines redesigned to ensure no regional community misses out, Blayney Shire Council's level of funding from the NSW Government has been significantly improved.

When provided the opportunity, Council has delivered significant complicated projects, that involved many stakeholders on time and within budget. The changes implemented to the regional funding model to promote place based allocations, enabling us to submit applications that we know will be approved by early engagement with Department Officers whilst maintaining strong governance requirements are strongly supported.

Resources for Regions Review 2019

Similarly the review of the NSW Government's Resources for Regions program, undertaken by the University of Technology Sydney's Institute for Public Policy and Governance (2019) identified:

- an increase in the failure of projects to meet BCR requirements
- a decline in average value of successful projects
- an increase in failure rates from EOI to successful project funding stage
- low diversity of projects; and
- low rate of successful projects in the most impacted mining LGA's

As a mining impacted LGA, Resources for Regions has always been a challenge for Blayney; with Council only being successful in 1 of the past 6 rounds in 2016 for the Southern Cadia Access Route. In this case, Council invested \$35k into a Business Case and had to pay a consultant to help complete the funding application. Council then completed another submission in 2017 in Round 6 which was unsuccessful.

The review provided recommendations to the NSW Government including:

- Updating of program objectives,
- Proposed projects linked to the relevant LGA CSP or relevant NSW Government Regional Plan,
- Eligible projects broadened to include infrastructure and programs; and
- Each mining-impacted LGA will be eligible to apply for a guaranteed amount of funding for their region.

This review and new guidelines for Resources for Regions Round 7 (2020) has secured \$3.055 million for Blayney Shire Council, which subject to approval will contribute much needed investment into 2 Roads Projects worth \$1.2m, a sporting facility upgrade valued at \$1.8m and completion of Plans to progress the Blayney CBD Mainstreet revitalisation and Blayney Library to investment ready projects.

These projects would never have been achieved within Council's current Operational Plan and Delivery Programs.

Active Transport Program

Council has applied for grant funding under the Active Transport Program (ATP) which has enabled Council to expedite the construction of the Blayney Inner Shared Path loop, greatly improving the active transport options for residents of Blayney. This included \$388,683 (2016/17) for the Shared Path Loop from Carcoar to Adelaide St, Blayney and \$219,954 (2018/19) for a Shared Path along Mid Western Highway, Lyndhurst.

In recent years however, Council has been unsuccessful in receiving any funding for a number of worthwhile ATP projects. These projects have been supported by our local member and clearly identified in our Active Transport Program strategic document The Blayney Shire Active Movement Strategy, 2016.

An issue for this program is that the Western (Transport for NSW) region only received 0.2% of funding from the State Wide pool of \$50 million in 2019/20.

NSW Grants Blayney Shire Council 2015-2020

A review of funding received from the NSW Government, since 2015 follows this submission. It demonstrates the level of success and funding achieved which has grown from \$1.6million in 2015 to \$6.6m in 2020.

NSW Government Program	Project Description/Name	Funding Received	Total Project Cost
2015			
Community Building Partnerships	King George Oval Scoreboard	\$12,540	\$25,080
Fixing Country Roads	Errowanbang Road	\$1,622,315	\$1,644,442
Environmental Trust	Revive 1	\$55,000	\$55,000
2016			
Resources for Regions	Southern Cadia Access Route	\$5,174,253	\$10,540,000
Clubgrants	Redmond Oval Development	\$500,000	\$672,421
Active Transport Program	Shared Path Blayney	\$388,683	\$388,683
2017			
Round 2 Fit for the Future Innovation Fund	Installation Solar at STP, Works Depot, Community Centre and CentrePoint	\$171,781	\$291,062

NSW Government Program	Project Description/Name	Funding Received	Total Project Cost
Community Building Partnership Program	Carcoar Tennis Court fence and practice wall	\$15,850	\$25,000
NSW Government's Stronger Country Communities Round 1	Various Local Community Infrastructure Projects	\$1,106,972	\$1,178,508
Bridge Renewal Program	Browns Creek Road Bridge Upgrade	\$1,500,000	\$3,000,000
Fixing Country Roads	Browns Creek Road	\$749,447	\$1,129,098
Environmental Trust	Revive 2	\$55,000	\$55,000
Local Sport Grant	Blayney Tennis Court Resurfacing	\$15,000	\$40,000
2018			
Stronger Country Communities Round 2	Various Local Community Infrastructure Projects	\$1,249,486	\$1,305,555
Regional Growth Environment and Tourism Funding	Central West Equestrian and Livestock Centre	\$1,500,000	\$2,200,000
Active Transport Program	Shared Path Lyndhurst	\$219,954	\$219,954
2019			
T20 Legacy Fund	Dakers Oval Cricket Practice Nets	\$32,518	\$97,723
Clubgrants	Central West Equestrian and Livestock Centre	\$300,000	\$2,200,000
NSW Drought Relief Heavy Vehicle Access Program	Burnt Yards Road	\$300,000	\$713,000
Community Building Partnerships	Resurface Blayney Netball Courts	\$30,386	\$301,382
2020			
Crown Lands Showground Stimulus Phase One	Blayney Showground Road Improvement Works	\$86,400	\$86,400

NSW Government Program	Project Description/Name	Funding Received	Total Project Cost
Drought Stimulus Package	Various Local Community Infrastructure Projects	\$900,000	\$900,000
Crown Lands Showground Stimulus Phase One (2)	Blayney Showground New Front Fence, Gates, Signage and Entry Statement	\$111,622	\$111,622
Resources for Regions Round 7	Various Projects, pending submission and approval	\$3,055,718	\$4,156,718
Fixing Local Roads	Carcoar Street Rehabilitation and Pavement Repair works	\$1,864,435	\$2,900,000
Stronger Country Communities Round 2	Various Projects	\$630,996	\$731,782

Key:

 Funding Received by direct allocation

What this summary does not show is the number of unsuccessful grant applications submitted to the NSW Government during this same period.

The % of grants comparing the competitive grants and allocated amounts changed in 2017, which was the commencement of the Stronger Country Communities Funding program, when 34% of funding was allocated to Blayney LGA based on a population and formula model.

Now in 2020 with Resources for Regions Round 7 and SCCF Round 3, allocated funding is contributing 69% of NSW Government funding to our shire.

Year	Total Funding Received	competitive	%	allocated	%
2015	\$1,689,855	\$1,689,855	100%	Nil	0%
2016	\$6,062,936	\$6,062,936	100%	Nil	0%
2017	\$3,614,050	\$2,507,078	66%	\$1,106,972	34%
2018	\$2,969,440	\$1,719,954	55%	\$1,249,486	45%
2019	\$662,904	\$662,904	100%	Nil	0%
2020	\$6,649,171	\$2,062,457	31%	\$4,586,714	69%
Total	\$21,648,356	\$14,705,184	68%	\$6,943,172	32%

Conclusion

Whilst Council supports competitive grant rounds, the advent of place based funding is a fairer model especially for a small Council like us.

It should continue to form the primary basis of State grant funding to local government and a recommendation from the Committee to that effect would be both insightful and welcomed by the sector.

Yours faithfully

Rebecca Ryan
General Manager