

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

Organisation: Temora Shire Council

Date Received: 21 August 2020

Our reference: GCL:ATR:

21 August 2020

RE: Submission to the Public Accountability Committee Inquiry into the Integrity, efficacy and value for money of NSW Government grant programs

Temora Shire Council is a small rural local government area located in the Riverina/ South West Slopes region of New South Wales. The council has a population of 6307 (Estimated Resident Population 30/06/2019 – ABS), which has been growing steadily over the past 4 census.

Temora Shire Council, like many other local government authorities, has benefitted significantly from funding made available for rural communities, through regional programs. Our submission will address the Terms of Reference as they apply to our particular circumstances.

In the past few years, Temora Shire Council or community organisations located within the local government area have applied for funds under a number of NSW Government programs, including:

- Stronger Country Communities Fund
- Stronger Communities Fund
- Drought Stimulus Package
- Regional Cultural Fund (unsuccessful)
- Regional Sports Infrastructure Fund (unsuccessful)
- Drought Stimulus Package
- Fixing Local Roads Program
- Fixing Country Roads Program
- Growing Local Economies Fund (Pending)

Council is also aware of a range of other programs that We are not eligible for, however have benefited other communities in need. These include programs such as Cross Border Commissioner Fund, Resources for Regions, Bushfire industry Recovery Package, Connecting Country Communities Fund, Fixing Country Bridges Program and the Snowy Hydro Legacy Fund.

Terms of Reference (1)

- a) *The range and availability of funding programs, including, but not limited to:*
- I. *Discretionary grants funds such as the Premiers Discretionary Fund and the Deputy Premiers Miscellaneous Grants*
 - II. *Local government funding such as Stronger Communities Fund and Stronger Country Communities Fund,*
 - III. *Arts funding such as Regional Cultural Fund*

- IV. *Sports funding such as Greater Sydney Sports Facility Fund and the Regional Sports Infrastructure Fund,*
- V. *Jobs for NSW funding, including a review into Jobs for NSW*

Temora Shire Council are firmly of the belief that there needs to be discretion within government in the determination of funding allocations from government programs. Regional programs have long been hampered by the imposition of Benefit Cost Ratio (BCR) as the sole determinate in funding decisions. In theory, this approach appears to have validity however sole reliance would have a severe detrimental effect on regions, who, due to population and geographic scale cannot compete with densely settled areas. This would mean basic and vital services would be denied to regional areas.

BCR is an excellent indicator of the project merit however there needs to be a degree of financial discretion maintained, most likely at Minister level, to take account of local factors. Simply, a centralised, rigid system of grant allocation would remove the local knowledge, understanding and input into regional projects.

The needs of regional/ rural communities is often vastly different to larger, generally Sydney Basin located communities. In many instances, the issue at point is vital infrastructure or programs that city councils take for granted. An example would be mobile telephony. Due to population and the wide geographic spread, it would be difficult to economically justify the construction of mobile towers in remote areas. The paradox is that these areas need the service more than any other due to the need in the case of an emergency. In instances like these, discretion and local knowledge is paramount.

In terms of the programs identified in the Terms of Reference, the following is provided:

- I. *Discretionary grants funds such as the Premiers Discretionary Fund and the Deputy Premiers Miscellaneous Grants*

It is difficult, in the extreme, for government grant programs to cover the diversity of local community needs. Temora Shire Council support the use of discretionary funds, subject to audit oversight. The government is elected for a purpose, to provide for all residents of their jurisdiction. Flexibility is required to achieve this aim

- II. *Local government funding such as Stronger Communities Fund and Stronger Country Communities Fund,*

These programs have been a major boost to regional communities, providing significant benefits to local communities. The programs are non competitive and strongly supported by our Council

- III. *Arts funding such as Regional Cultural Fund*

The Regional Cultural Fund has provided a major benefit by stimulating arts and culture in a great number of local areas. Temora Shire Council made application under this program for the development of an arts precinct however were unsuccessful. This is understandable given the over subscription of the program.

- IV. *Sports funding such as Greater Sydney Sports Facility Fund and the Regional Sports Infrastructure Fund,*

As with the Regional Cultural Fund, these programs were very popular and over subscribed. Temora Shire Council made application for a sporting ground under the program however were unsuccessful. Again this demonstrates the competitive nature and need for such a program.

V. Jobs for NSW funding, including a review into Jobs for NSW

Temora Shire Council support projects that stimulate employment within the state. This is not a program that Council has applied under or gained benefit from.

Terms of Reference (2)

b) The manner in which grants are determined, including

- I. The oversight of funding determinations*
- II. The transparency of decision making under grant schemes*
- III. The independence of the assessment of projects*
- IV. The role of Members of Parliament in proposing projects for funding*
- V. The scope of Ministers discretion in determining which projects are approved*

Temora Shire Council have observed no evidence of inappropriate dealings or interference for political purposes in the NSW Government grant programs. Council strongly favour a process where there is sufficient flexibility to ensure that decisions are output based, not process drive. The ultimate aim of the process should be achieve the best possible outcome for the community. We note the following:

VI. The oversight of funding determinations

In dealings with the NSW Government grant programs, Temora Shire Council have found that there has been an ongoing oversight of the programs to a level that Council believe the integrity of the process is not questioned. With competitive grants, there is generally a clear program objective, eligibility and selection criteria which we have found is followed very closely. In non competitive grant programs, the selection criteria is relaxed however the selection criteria is rigorously applied.

VII. The transparency of decision making under grant schemes

Like most funding applicants, there are times when the decision made in relation to the project has been disappointing. This was the case under two programs that Council was unsuccessful, namely the Regional Cultural Fund and the Regional Sports Infrastructure Fund. In these instances, we sought clarification from the applicable department and was provided useful feedback on the deficiencies of the application. Such feedback options provide the necessary transparency in the process.

VIII. The independence of the assessment of projects

It is difficult for Council to make comment on the independence of the process. It is noted however that the outcomes of the grant process appears fair and equitable, indicating that independence has been maintained.

IX. The role of Members of Parliament in proposing projects for funding

Temora Shire Council believe that the local member has a valid role in the funding process. Their role is not to unduly influence the process but rather to ensure that:

1. The decision makers are fully aware of the local factors in play by the provision of information
2. Review if there are other opportunities to fund worthy projects that are unknown to the applicant.

X. The scope of Ministers discretion in determining which projects are approved

The discretion of Ministers in this process must be carefully managed. It is obviously not desirable for decisions to be made on the basis of political favouritism however there needs to be a mechanism by which vital and deserving projects which may have not met the program criteria completely are not ruled out due to an oversight. Integrity with a degree of flexibility should be the stated aim.

Terms of Reference (3)

c) Measures necessary to ensure the integrity of grant schemes and public confidence in the allocation of public money

The current system, from the perspective of the applicant, appears solid. Temora Shire Council believe that a solid criteria and selection basis exist for the determination of grant schemes. As an applicant for many government grants, the results of our applications have varied. Some are successful and others unsuccessful however in all instances, the reasoning behind the decision, upon investigation appear valid.

The difficulty for any government is the manner in which the programs are politically highlighted and reported in the media. This, more than any other factor, undermines the reputation of the program, often undeservedly.

d) Any other related matter

It is absolutely essential that there is a degree of devolution of decision making in any grants process. The experience of Temora Shire Council has been that the worst decisions of government are often made in an office in a capital city without any knowledge of local circumstance, including a basic knowledge of location, geography and local issues. We strongly support the use of limited discretionary funds under conditions, believing the outcome of the process should be the primary aim.

Yours faithfully

GC Lavelle, PSM
GENERAL MANAGER