

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

**Organisation:** Bega Valley Shire Council

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Mr David Shoebridge MP MLC  
Chairperson  
NSW Legislative Council  
Public Accountability Committee

Dear Mr David Shoebridge MP

*Submission to the NSW Legislative Council's inquiry into the integrity, efficacy and value for money of NSW Government grants programs*

The Bega Valley Shire Council (BVSC) has participated in various NSW Government grants programs and is grateful for the support the NSW Government provides through this funding.

The comments below are considered feedback on improvements and are not critical of the intent or framework of funding programs. Of significant focus has been the commitment to regional NSW in funding programs and this has resonated very well here in the Bega Valley and in the South East of NSW. The oversubscription to these programs clearly indicates the appreciation by local government and the community for the opportunity to create stronger and sustainable regional communities.

I wish to strongly reiterate that BVSC is highly appreciative of the support the NSW Government provides our community through grants. The focus on support in times of drought, disaster and now pandemic for regional NSW is unprecedented, real and appropriately targeted.

Our feedback in relation to terms of the Inquiry are outlined below. In particular the following funding programs are relevant to our Council:

- **Stronger Country Communities Fund**

As a regional Council we appreciate the range and availability of funding programs offered by the NSW Government. The Stronger Country Communities Fund (SCCF) has been a successful grant program for us as Council but also for our community. The focus of this fund has enabled us to deliver vital community infrastructure which without this fund would have not been able to be delivered for at least five years or at all. A great example is the Community Hall kitchen upgrades project funded by the Stronger Country Communities Round 1, which replaced aging and unsafe kitchens with commercial grade long life kitchens, this resulted in a safe work environment for the users of the hall kitchen but also opened the use of the hall to alternative events.

We have previously raised the perceived inequity of the allocation of the SCCF in relation to the formula which in both rounds has favoured merged Councils. We have previously raised that this key regional funding program should continue without this weighting

applied.

- **Regional Cultural Fund**  
Council had a very well-focussed and considered application for this program. The feedback was very positive and it was assessed highly. It was not successful however another cultural program in the Shire was successful. We understand the process of funding allocation and that all programs are oversubscribed. The cultural landscape of regional NSW is rich and the arts will play a significant role in supporting recovering communities and longer term and sustainable economic growth. BVSC see critical value in programs that bring together community connection and growth and links to key local industries – tourism in this case. This program should be continued.
- **Regional Sports Infrastructure Fund**  
This fund is critical for regional communities recovering and was welcomed. Council had a project well developed in consideration for this program which was ultimately funded as an election project through the local member and will contribute to the health, wellbeing and recovery of our communities across Bega, Merimbula and Eden. It is a program that should be continued into the future.
- **Jobs for NSW funding**  
BVSC has been proactive in establishing, with the support of key partners, the Bega Valley Innovation Hub. While funded through AusIndustry, the hub has been working in partnership with iAccelerate at the University of Wollongong which was part funded by Jobs for NSW. The innovation agenda for Jobs for NSW has great potential in regional areas especially linked to the application of innovation to existing key economic drivers of regional NSW. This fund should be continued and expanded to help technology and innovation be applied to traditional industries to support economic growth.
- **Regional Growth Environment and Tourism Fund**  
This project is critical for the recovery of NSW, regional and local communities and should continue. The sense that all funding in this area goes to NSW (Newcastle, Sydney and Wollongong) is frustrating for regional areas and the focus on funds such as this are key.
- **Snowy Hydro Legacy Fund**  
Funding for the Bega Valley has been made available to support water projects and the focus on linking the return to government to supporting regional investment in rail, road, freight and digital connectivity is seen as the Government recognising the opportunity and challenge in regional areas. The Activation Precinct aspect of the fund will apply as the Snowy/Eden Special Activation Precinct evolves.
- **Cross border commissioner fund and about to be announced business grants for cross border closure**  
Whilst Bega Valley has had little funding from this program the focus of it is critical. The impact on our community from the current pandemic border closure is indicating real

pressures.

- **Fixing Country Roads**

This program provides much needed funds to assist with improvements to local and regional road networks which are beyond the capacity of Councils to Fully fund. Council has received funding for several projects under this program. Council is highly supportive of this program continuing, noting that benefit cost ratio requirements are often challenging to meet.

- **Fixing Local Roads**

This relatively new program is highly supported, although Council is yet to know the outcome of applications for funding submitted several months ago.

- **Safe and Secure Water**

Council is highly supportive of the Safe and Secure Water Program and has received funding for two new water treatment plants within the Bega Valley as well as a contribution towards a sewerage treatment plant upgrade and deep ocean outfall. Again the co-contribution requirements of this program can be challenging to meet.

- **Bushfire clean, recovery, environment funding**

In 2018 Council had access to support and funding for clean up, recovery services, support services which was used as a model to review and refocus how the State operates in disaster recovery.

In 2020 the funding and support provided from the State through direct allocation and through grants across response, relief, recovery has been unprecedented. This should be further focussed to become an ongoing program that can be turned on immediately when a disaster is declared. The current Covid response and recovery is clearly one that will benefit from the learning from the bushfire experience.

- **Regional environment and heritage funding**

Local government areas, such as Bega Valley Shire, have been subject to significant environmental and cultural impacts from recent natural disasters, particularly the Black Summer bushfires. BVSC acknowledges the significant support provided through the Bushfire-affected Coastal Waterways Program to limit impacts on sensitive coastal waterways. In the main, however, there have been very limited grant funding opportunities to support biodiversity and cultural heritage assessment and remediation work.

In relation to the Coast and Estuary grant program, BVSC welcomes recent changes to provide 2:1 rather than 1:1 matching funds. This model aligns with funding provided under the Floodplain Management program. We note, however, that many of the measures to address coastal hazards, including flooding, require significant capital investment, which is often beyond the means of local government. The distributional and economic analyses required for these major works are also challenging.

BVSC would welcome early notice of the Government's intentions in relation to the Waste Less Recycle More program. BVSC relies on this program to support many of the initiatives identified in the NSW Waste Avoidance and Resource Recovery Strategy, and likely to be included in the proposed 20-year Waste Strategy.

The manner in which grants are determined:

- With the Stronger Country Communities and other NSW Government grant programs there is a large time lags between the closing of the grant programs and the notification of outcome of projects. Sometimes well in excess of 6 months with a current example being the Fixing Country Roads (FCR) Program and Fixing Local Roads (FLR) Program. This has multiple impacts including unaccounted for cost escalation, milestone dates built into the application needing to be varied and community expectation management ramifications. The greatest impact to Council is the inability to adequately plan ahead with our own budgets, particularly where a grant program requires a co-contribution which many do. To comply with Integrated Planning and Reporting (IPR) Councils need to have draft budgets prepared in December to allow for adequate community consultation and Council consideration to have final budgets adopted in June the following year. It is extremely challenging to budget to contribute to grants when there are regularly several month lags between applications and assessments of grants.
- The time lag with the notification of outcome and then the public announcement of the outcome can also be lengthy sometimes up to 3 months. The impact of this can delay the project planning or delivery as Council is unable to inform the community with whom we need to work to deliver the project.
- The time lag for the provision of funding deeds and execution of funding deeds can also be lengthy sometimes 2 months which can impact on the delivery of the project within the anticipated timeframe.
- The combination of all of the time lags above often makes the cost of being "shovel ready" highly unpredictable and very risky to invest in from a Council perspective, particularly more financially constrained regional Council's. There are examples of where legislative changes have happened between the time of grant submissions and the execution of funding deeds to allow projects to start as well as approvals lapsing between application and deed execution. As an example, BVSC has one ongoing Active Transport (shared pathway) project that involved Crown Land acquisition to allow the pathway to proceed. The process required a consent from DPI Crown Lands to the acquisition occurring which can only be provided for 12 months and any question of Crown Land has to be done under compulsory acquisition just terms provisions. The Office of Local Government are responsible for assessment and Gazettal of the Just Terms acquisition and in the case of this project the time it took for assessment meant the crown consent had lapsed and the whole process had to start again whilst in amongst the process the compulsory acquisition provisions changed. All of the above coming at considerable cost and Council resources that are not claimable. As well as time which

leads to contractor cost escalation. This is only one very specific example and there are many others, particularly that relate to various environmental provisions.

- The pre-requisite to be truly shovel ready for a project is a challenge for many of the reasons outlined above. For projects that are shovel ready at the time of grant submission with all approvals in place and tender documents prepared (for construction style projects) Council often needs to sit all of that shovel ready work “on the shelf” for many months (with some examples in BVSC up to 18 months between submission and approval to commence expenditure.) The NSW Government should allow greater flexibility to allow contracts to be awarded and expenditure to commence from the date that a positive outcome is notified or a public announcement made.
- Councils are heavily financially constrained in our ability to deliver large scale capital projects and as a consequence we have to be strategic in alignment of funding sources. For example we will often try and leverage State and Federal Government funding with Council funds to achieve the greatest “bang for the public buck”. Misalignment of funding program timing as well as assessment and processing delays often result in missed opportunities to leverage different funding programs. This hasn’t always historically been the case. As example, matching state programs such as FCR and FLR with Federal Program such as the Bridges Renewal Program or Heavy Vehicle Safety and Productivity Program will lead to much greater outcomes for the communities of NSW, however misalignment by different levels of Governments makes this challenging to achieve. Further examples are the Federal Building Better Regions Fund and potential alignment of NSW Regional Growth Fund programs.
- There is still enormous variability in the amount of effort and resources required for different funding programs from the NSW Government. The resources required relative to the value of grants is often highly disproportionate. For example some low value grants require far much greater work and resources to apply for than higher value programs. BVSC believes the SCCF requirements represent a good model for an application process.
- BVSC has been experiencing recent frustration with the fact that new funding programs and applications processes are being rolled out prior to announcements on earlier programs that have been applied for. Council believes that shorter timeframes between application submission and ability for Council to commence expenditure would lead to far greater economic stimulus. BVSC often finds itself in the position (which many other Councils also would) of not being clear on whether to keep submitting the same priority projects to each new program that is announced priori to knowing the outcome of programs the project has already been submitted to.

Whilst Council has no direct insight to all processes in terms of grant administration at the State level, it has confidence in the staff in various State programs who administer various programs. Council suggests a number of approaches that can ensure the integrity of grants schemes and public confidence in the allocation of public money including:

- **Announcement to roll out** - A significant challenge recently has been the lag between the political announcement of funding and its delivery on the ground. Community expectations once funding announced is that the funds are already available, and programs, services and infrastructure will be delivered within a short period. There are ongoing State and local government reputational impacts as any significant gap between announcement and project or program delivery creates significant community angst and frustration at government.

***Recommendation:** Establish a process whereby the time between announcement and project delivery is reduced and improve coordinated communication strategies to manage community expectations.*

- **Council employee costs** - It would support Council and our region if NSW Government grant programs would accept contracted Council employees as an eligible expenditure. As a practical example it is often not acceptable for Council to engage even a contract employee for a fixed term to deliver a specific grant funded project or program of projects. However, the same person could be engaged as an external contractor if they establish and ABN and then charge Council whatever figure they choose to provide the same service and those costs would be claimable. In regional areas the skills to deliver projects can be limited and externally accessing these services can drive up the cost of delivery and create an administrative cost burden for Council which ultimately decreases the project outcomes.

***Recommendation:** Allow Council's to employ fixed term contract for specific staff to be engaged and deliver projects funded by State programs.*

- **Co-funding** - The issue of co-funding can be a significant constraint for regional and rural Councils. The recent programs particularly in bushfire and Covid recovery which have not required co-contribution are able to be mobilised almost immediately and achieve significant outcomes.

***Recommendation:** Review and minimise co-funding requirements for bushfire affected local government areas.*

- **Staged programs** - Staged funding programs would assist with the first stage providing financial support to assist Councils develop shovel ready projects which can then be put forward for delivery funding. The NSW Water fund provides a model which would be useful rolling out for other infrastructure projects.

***Recommendation:** Provide staged funding to assist project preparation / pre-feasibility/feasibility.*

Council appreciates the support provided to our region through NSW Government grant programs and welcome any support the NSW Government can provide to regional

communities – especially those that have been bushfire affected. We welcome the outcomes of this inquiry and are available to answer questions or provide further information if required.

Yours faithfully

Leanne Barnes OAM  
**General Manager**