

**Submission
No 38**

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

Organisation: Richmond Valley Council

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Mr David Shoebridge MLC
Chairman
NSW Legislative Council Public Accountability Committee

Dear Mr Shoebridge

Inquiry into the Integrity, efficacy and value for money of NSW Government grant programs

Richmond Valley Council is supportive of the intent of the Inquiry's terms of reference as we acknowledge the importance of ensuring that NSW Government grants programs are administered in a transparent, equitable and accountable manner.

Grants play a vital role in sustaining local government in Regional NSW. Our council derives some 39% of its total income from grants – 14% from operational grants, such as the Federal Government's Financial Assistance Grants program, and 25% from capital grants and contributions. These grants are critical to ensuring that communities in regional NSW have access to essential infrastructure and services and an opportunity to grow and prosper.

Our Council has been successful in securing significant grants funds in recent years which has enabled us to deliver a range of community building projects as well as projects that have stimulated our local economy. We have delivered substantial infrastructure improvements across the Richmond Valley through a positive and supportive partnership with both the Federal and NSW Governments.

As an example, Council welcomes the benefits of the grant funding we received from the NSW Government's \$7 million contribution under the Growing Local Economies (GLE) Fund to our \$14 million upgrade of the Northern Rivers Livestock Exchange (NRLX). The NRLX posted record sales during the 2019/20 financial year with over 130,000 head of stock through the facility and revenue in excess of \$113 million.

This highlights the importance of this regional facility to the Northern Rivers Community. These benefits could not have been realised without the NSW Government's decision to support Council's (\$3.5 million) and the Federal Government's (\$3.5 million) investment in the facility. The NRLX is now a state of the art livestock exchange that supports Casino's place as the Beef Capital of NSW. This project has clearly helped our local economy to grow - which is the intent of the GLE Fund - and provided value for money outcomes for the NSW economy, which relies on our beef industry.

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Another example is the \$2.9 million received through the Stronger Country Communities Fund over the past three years, to provide much needed community facilities such as improvements to sports grounds, showgrounds, playgrounds and parks. Council has also received some \$254,000 from the Regional Cultural Fund (Round 2), including \$208,000 towards upgrading the main entertainment centre Civic Hall in Casino and \$42,000 towards providing arts and cultural programs for people in rural communities. This funding is important to our community, as it provides opportunities that are not readily available in regional NSW.

In a bid to secure these funds, Council expends considerable time and resources each year in preparing grant applications for projects that align with our Community Strategic Plan. Having made this commitment, it is reasonable for applicants to expect that the assessment process for each funding program is equitable, transparent and merit-based. RVC is very appreciative of the funding support from Government programs, however there have been times when Council has questions about the outcomes of the funding allocations. While Council understands that not all proposals can be funded, it is important that the process is seen to be fair and reasonable, and that funding decisions are subject to review. We seek feedback on our unsuccessful applications, which is appreciated, but this can lead to frustration as factors that are beyond our control impede successful outcomes.

Council acknowledges that there are times when discretionary powers need to be applied to funding allocations to ensure equity. For example, smaller regional communities often find it difficult to demonstrate a benefit/cost ratio >1 for projects due to the limited number of people using the service or facility. This does not mean that these projects are without merit, or vitally important to the community. The considerable difference in size and circumstance amongst regional communities means that it is not always possible to apply a 'one size fits all' approach to funding. Local councils understand and acknowledge these differences, but where exceptions and exemptions are applied in grants programs, it is important that the reasons are clearly explained and available to all applicants, and that these decisions are subject to scrutiny. It is also important that an elected Government can deliver on its mandate and to that end there will be circumstances where some discretion for the Premier is appropriate.

Council also acknowledges the value of having people with local knowledge involved in the selection process for regional grants programs. Using an example, Rounds 1 & 2 of the Stronger Country Communities program provided an allocation of funds for each council based on its population and enabled each council to select projects that were a priority for its community. RVC liaised with our local member in the selection of these projects and he was very supportive of our choices. The process included the NSW Government completing independent surveys to ensure Council's selections were a priority in each community. The methodology for Round 3 was changed to enable community groups to apply and compete with council selected projects. While the intent of doing this is understood, we believe better outcomes were achieved for our community in Rounds 1 & 2 as all projects delivered were consistent with the priorities of the community as set out in our Community Strategic Plan.

Sporting facilities are at the heart of communities across Regional NSW. While we understand the cultural and economic importance of investment in stadiums in capital cities, it can be challenging to explain the disparity in investment in sporting facilities in Sydney, against the standard of sporting facilities that can be provided across regional NSW. We would encourage increased investment options for

sporting facilities in regional NSW to support grass roots sports development, especially following the impacts on junior sport participation from the disruption caused by COVID-19.

To support greater transparency in funding programs, the Committee may consider a more standardised model for grant applications and assessment processes, with regular review by the Auditor General. This could achieve efficiencies in both preparing and assessing grant applications, while also allowing due process to be observed across the various funding programs.

Another suggestion is to consider more untied grants, as the Federal Government does with its annual FAGs allocation, and more recently its Bushfire Recovery funding where we received \$1.4 million. Council also received untied Drought Assistance funding of \$1 million and Community Infrastructure stimulus of \$1 million. In each case Council determined its priorities based on our Community Strategic Plan and our knowledge of local community needs. The Federal Government reviewed these decisions to ensure they met the funding criteria, and then Council got on with delivering the projects. This is a much more efficient system than the competitive process generally applied for government funding. Local decision-makers are in the best position to know what their communities need.

Council has delivered an exciting number of projects in recent years with the support of the NSW and Federal Governments and the increased investment in regional NSW is evident in the Richmond Valley and beyond. The Integrated Planning and Reporting reforms in local government, which require the preparation of Community Strategic Plans and long-term Resourcing Strategies, have provided NSW Councils with a strong foundation to support better strategic planning, leading to increased investment and therefore improved outcomes for our communities.

While rate pegging continues to exist in NSW, local councils in regional NSW will continue to rely on grant funding from the Federal and NSW Governments to support the growth and prosperity of their communities. New revenue streams are challenging to secure and while the Richmond Valley has grown in recent years and experienced significant reductions in unemployment and growth in housing prices, many residents have limited capacity to sustain substantial increases in rates and annual charges.

Thank you for considering the matters raised in this submission. Council looks forward to receiving the Inquiry's recommendations on this matter.

Yours sincerely,

Vaughan Macdonald
General Manager