

**Submission
No 48**

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

Organisation: Snowy Valleys Council

Date Received: 21 August 2020

Dear Sir,

Thank you for the opportunity to provide a submission to the Public Accountability Committee's inquiry into the integrity, efficacy and value for money of NSW Government grant programs.

Snowy Valleys Council represents 14,395 community members. Our region covers 8,960 square kilometres and is located in the western foothills of the Snowy Mountains and bordered by the Kosciuszko National Park and Murray River.

The Snowy Valleys region is home to 5,895 jobs (Snowy Valleys Council Region Economic Development Strategy 2018-2022), many of which are in the agriculture, softwood timber and hydro-electric industry.

The local government area (LGA) is represented by the NSW Government electorates of Wagga Wagga (Dr J. McGirr, MP – IND) and Albury (Mr J. Clancy, MP – LIB).

Our position as an amalgamated council with representation in two State electorates has informed the following comments and recommendations in relation to the range and availability of funding programs and the manner in which grants are determined.

(a) the range and availability of funding programs

Grant funding has enabled Snowy Valleys Council (SVC) to develop new infrastructure for the benefit of our community that would not otherwise have been possible.

Certainly, the grant funding provided to SVC under the New Council Implementation Fund, Stronger Communities Fund and Stronger Country Communities Fund has injected substantial funding for projects otherwise unable to be completed within Council's budget and led to vast improvements in community infrastructure.

Grants have become an increasingly important factor in the ability of Councils to deliver new infrastructure to their communities.

Comments on range of funding programs:

- Notwithstanding the many positive impacts of grant funded infrastructure, the allocation of grant funding focused on building new assets without inclusions for costs associated with whole-of-life maintenance and renewal places a heavy ongoing burden for councils in a funding environment that is constrained by rate capping.
- The corresponding operational funding increases needed to meet maintenance, renewal and depreciation costs of an increased asset base has a negative effect on the provision of other council services and long term sustainability.
- The requirement to submit projects for grant funding that are 'shovel ready' does not acknowledge the time and resources required to be invested by Council in projects that may, or may not received funding. This often disadvantages smaller councils, who are less likely to have resources to spare for focus on potential projects.

Recommendations:

- Consider the inclusion of funding programs for the further development or improvement of existing infrastructure, increasing Council's ability to renew community infrastructure in line with asset management requirements.

- Create a funding stream that assists with the development of projects to 'shovel ready' status. This would help establish project's viability, with better costing and realistic expectations and can be integrated with council's existing project development pipelines/project management frameworks.
- Allocation of funding is predominantly assessed on project build cost – not renewal and whole of life costs. Consider requiring ongoing operational costs to be included as both an assessment and funded item.

Comments on Submission process:

- Guidelines for the initial submission of projects for funding under the Stronger Communities program was limited – resulting in major variances in funding requests – both the level of detail they contained and project type.
- Limited time available to consult with communities, fully scope and cost the projects being put forward for grant funding to meet grant criteria and timeline resulted in projects being funded from conceptual designs and costings leading to budget and project management challenges as the projects were developed for delivery.
- Issues stemming from projects funded on conceptual information was compounded by the limited opportunity, once a grant was awarded, to work with Government and agency representatives to review and amend the initial limited scope.
- Amendments discovered as the project was developed from concept to detailed design phases as part of Council's Project Management Framework were often unavoidable and required additional unallocated Council funding and resource in order to successfully deliver the project.
- In many cases the limited project scoping required for the grant application process set unrealistic expectations within the community for delivery timeframe and in some cases project outcomes. This has resulted in a negative impact on Council's reputation for project and budget management when timeframes were subsequently adjusted and project outcomes clarified.
- Due to inability to alter funding scope, there is a lack of incentive to adjust aspects of project delivery to deliver improved project outcomes, budget savings or improved value for funding money.

Recommendations:

- A greater weight in the funding submission process needs to be placed on projects that have been developed in response to tested community priorities and align with existing long-term Council Strategic plans.
- Provide funding streams to assist Councils to develop and deliver detailed project scopes.
- Improved guidelines and timeframes to respond to grant funding opportunities.
- Increase the ability of Council's to recommend changes to project scope based on improved outcomes, increased value, changing community needs.

Comments on notification of funding availability:

- The length of time between public announcement of grant funding being available and issuing guidelines can be weeks. This can create confusion for staff and community regarding the potential projects eligible to apply and limit ability to pre-plan.
- Lagtime between notification of funding success and funding deed with no alteration to delivery timeline results in pressure to start prior to the funding deed being provided in order to meet deadlines of grant and community expectations (Talbingo Boat Ramp).

Recommendations:

- Ensure guidelines and information is prepared and available at the time of public notification
- Provision of funding deed to be tied to delivery timeframe to ensure any delays in the funding deed are reflected, removing deadline crunch.

Comments on the acquittal process:

- The acquittal process plays a large role in influencing the value and efficacy of the grant program as it can place an unfunded burden on Council administration.
- Some recent reporting requirements have cost more to Council in administrative costs than the grant claim, ie
 - Section44 allocation of payroll, photographing and submitting every bushfire damaged guidepost
 - SCCF2 – community projects under budget by <\$300 required a day of administration work to resubmit a variation in order to then be able to acquit project.

Recommendations:

- Include a consistent allocation of an overhead to assist Council's to acquit.
- Develop a range of consistent and clear outcomes for Council to choose from for each grant and allow Council to prepare for and measure against the achievement of the pre-determined outcomes that are consistent across all Councils. A consistent process would allow the Government, Council and community to assess the results of the funding provided and compare against LGA to measure outcomes. A common framework would assist councils to align/incorporate with existing accounting and reporting systems to ease resource requirements.
- Implement a measure of 'good faith' in local government acquittal process to remove unnecessary administrative burden.

(b) the manner in which grants are determined

As a Council with two State Electorates and representatives the allocation of grants between the two electorates is as follows:

Electorate: Wagga Wagga

Grant recipient - locality population: 8837

Grants received 2016-2020: 99

Grants total: \$16.501M

\$/capita: \$1,867

Electorate: Albury

Grant recipient - locality population: 2545

Grants received 2016-2020: 73

Grants total: \$13.851M

\$/capita: \$5,442

Thank you for taking the time to review the submission.

Yours sincerely,

Matthew Hyde

CEO

Snowy Valleys Council