

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

Organisation: Federation Council

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

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1. Introduction

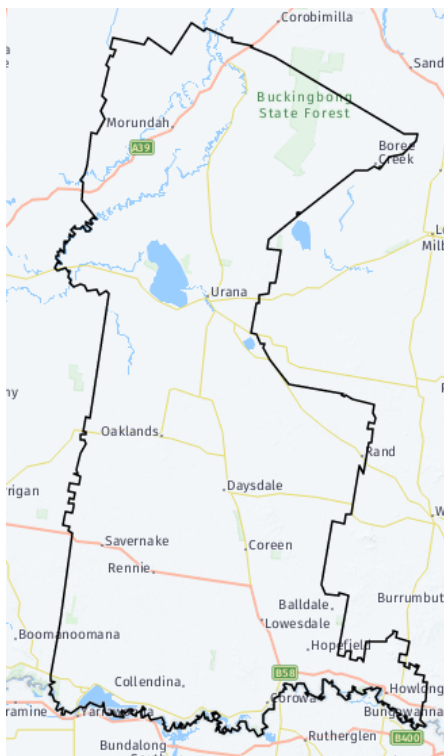
Federation Council welcomes the opportunity to provide this submission on the Integrity, efficacy and value for money of NSW Government grant programs.

2. Federation Council

Federation Council is positioned on the banks Murray River, Lake Mulwala and Lake Urana, and is located only 3 hours from Melbourne, 4 hours from Canberra and 6 hours from Sydney. With a great climate and vibrant atmosphere, the region is an ideal location for businesses, families and retirees to experience exceptional lifestyle and opportunity. It sits within the Murray Region of New South Wales.

All addresses in Federation Council are within easy travelling distance to the regional cities of Albury, Wodonga, Wangaratta, Wagga Wagga, and Shepparton. Federation Council is home to a wide array of small to medium sized enterprises ranging from tourism and hospitality to manufacturing and agriculture. Farming provides the main source of employment in the area, although this has evolved with the diversification of the economic base to include tourism and various other rural industries.

The major industries include a piggery feedlot and abattoir, agriculture machinery sales and services, food processors, munitions factory, many freight transport companies and tourism, retail and trade businesses. Federation Council's economy supports 1299 businesses and a labour force of 5005 local jobs, and Gross Regional Product annually is equivalent to \$597 million.



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3. Background

Federation Council has been fortunate in recent years to have been the recipient of a number of NSW State Government Grants. In the last two years Council has received \$5,523,779 in competitive grant funding from the NSW Government as follows.

Program	Grant Amount	Project Title
New South Wales Government Grant Program		
Stronger Country Communities Fund (SCCF)	\$1,067,714	Round 1
Stronger Country Communities Fund (SCCF)	\$3,308,776	Round 2
Stronger Country Communities Fund (SCCF)	\$559,867	Round 3
Regional Cultural Fund	\$178,418	Dexter Horizontal Windmill Reconstruction
Streets as Shared Spaces	\$80,000 (TBC)	Sanger Street Plaza Upgrade
Office of Sport – 2019 Election Commitments	\$225,000	Urana Sports Ground
Office of Environment and Heritage	\$14,000	NSW Heritage Grants – Community Heritage (Local Heritage Advisor Service)
NSW Boating Now (Round 3)	\$90,000	Ship to Shore Dumping Facility - Mulwala

We also have a number of grant funding applications pending totalling \$10,991,763.

Pending Applications - New South Wales Government Grant Program		
Community Building Partnership	\$48,500	Victoria Park Enhancement Project
Growing Local Economies	\$7,952,332	Corowa Regional Agricultural Precinct Development
Crown Reserves Improvement Fund	2,963,000	Ball Park
Crown Reserves Improvement Fund	27,931	Urana

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4. The role of Members of Parliament in proposing projects for funding;

Council does not see any issue with the current practice of members of the NSW Parliament putting forward local projects for funding. It is important that local members are aware of local projects and are in the best position of putting those projects forward in a responsive manner. Often times the NSW government makes its grant program decisions quickly to be as reactive to community need as possible. Where this is the case it is imperative that local Members of Parliament are aware of a Councils' key priority projects and put them forward. It is up to each Council to ensure that it appraises its respective local member of each of its priority and next level projects.

5. The scope of Ministers' discretion in determining which projects are approved;

Federation Council does not believe that Ministers should have sole discretion when it comes to the determination of successful grant applications. There are a range of key stakeholders views which should be taken into account before any such final determination is made. These stakeholders include, but are not limited to:

a) The regionally based Joint Organisation (Riverina and Murray)

The Riverina and Murray Joint Organisation (RAMJO) have a strong stake in representation of Councils grant needs through its knowledge of Councils Infrastructure and Non Infrastructure priorities. Federation Council works hard to ensure that RAMJO are well informed and up to date on Council's existing and future needs. RAMJO's own perspective of key regional priorities stand it in good stead to have an opinion on projects which are worthy of receiving grant funding.

b) Regional Development Australia

Similarly to RAMJO, the local Regional Development Australia (RDA) office, RDA – Murray. Given its awareness of Federal Government priorities, they should also be given a voice before decisions relating to the awarding of grants are to be made.

c) Representatives of the appropriate government department

It is important that the relevant local staff of the representative government department also are included in the process of determining successful grant recipients. Regionally based Department staff often have strong working relationships with staff within local government and the Council's ability to achieve the projects proposed for funding

d) Local Representatives of the Department of Regions

Finally it is crucial that the regionally based staff from the NSW Department of Regions also have a stake in making recommendations towards successful grant funding allocations in their catchment. This is referred to in further detail under 7.2 below.

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6. Integrity of grants schemes and public confidence in the allocation of public money;

There are a number of things that council consider crucial in terms of the integrity of existing and any newly proposed grant schemes.

6.1 Eligibility Requirements

The eligibility of all grants need to be transparent and equally available to all eligible applicants without there being any impediments to potential applicants. On 5 August 2020 the state government announced the launch of a \$250 million NSW Public Spaces Legacy Program as part of ongoing work to protect the health of the community, provide economic and jobs stimulus in response to the COVID-19 pandemic and deliver a legacy of safe, quality public and open space. The program incentivises local councils to accelerate their assessments of development applications (DAs) and rezonings to create new development capacity and meet demand for housing and employment over the next decade.

Unfortunately funding under the program was only made available to the 68 Councils who were early adopters of the program. So whilst Federation Council is a Council that are currently using the ePlanning system, which was a mandated requirement, it was excluded through the eligibility process. This process of only including some local government authorities does seem to be unfair to those Councils who signed up to ePlanning at a later stage. As the ePlanning system is mandatory for all Councils, we feel that all Councils should be able to apply.

6.2 Public Confidence

Council has heard from many times that there has been a lack of communication back from the relevant government agencies when their applications for funding have been unsuccessful. With the opening of Round three of the Stronger Country Communities program to community groups (under rounds one and two, only councils were eligible to apply), many community organisations worked long and hard to get what they saw as solid applications in. At the time that successful announcements were made by the local members, those who were unsuccessful had not had correspondence in any form regarding the status of their application. Formal notification of the unsuccessful nature of their applications did not come until much later, leaving many groups to lose confidence in the process, and voice their disappointment to Council.

7. Other related matters;

7.1 Relationship with local State Government representatives

In recent times Council has seen a change in the relationship between the State Governments Grant Management Office (GMO). Traditionally Federation Council has had a strong, robust and authentic working relationships with their local NSW Department of Regions, Business Development Managers. These localised Managers, not only take a strong interest in local projects, they also played a role in processing variations to funded projects. In recent times these variations have been processed by the GMO on a state wide basis meaning that for one project a GMO representative based in Lismore might process a variation for our project, whilst the next time we have a variation

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someone in Sydney or Newcastle will be our contact. This has fractured the local Business Development Managers to have a strong understanding of where our projects are up to one we submit variations

7.2 Cumbersome variations processes

Whilst Council acknowledges that variations to grant funding due to scope or timing changes should be avoided wherever possible, at times these are unavoidable. A current example of this has been the impacts of the current Covid-19 pandemic and resultant border closures have caused delays to projects across the board as broad NSW government policy decisions impact contractors' ability to get to work on our funded projects. Unfortunately in most cases there has been little to no change regarding the relaxation to the variation or reporting process required.

One clear example has been the reporting process for the Restart NSW grant project that Federation Council, along with Berrigan Shire and Albury City were successful in obtaining funding for in late 2018. Not only is Council required on a monthly basis, which Council believes is particularly onerous, it has also had to wait more than four months (and is still waiting) for a formal response to its request. Again this has delayed the project as commencing any work on yet to be approved changes to a project has the potential to put Council in breach of its contract.

One possible solution, which can currently be seen in the Federal Governments Drought Communities Programme (DCP) provides an excellent example of a program which provides Councils with significant flexibility in addressing possible alterations to approved projects. Under this program, accountability is given to Council to autonomously manage the timing of project completion and a reallocation of available budget between projects on the condition that the broad parameters of the program guidelines are met. This has saved Council and the Federal Government, significant time in having to prepare a range of variation documentation.

7.3 Submission Requirements

In many cases the submission process for grants can be cumbersome and unwieldy, with only a small amount of time to submit (sometimes as little as two weeks). Generally the process is one where all relevant application must be submitted by the due date, with anything presented late no being eligible to be considered. These issues put pressure on grant applicant's submissions, particularly for large value projects to be submitted before they are project ready.

Council would recommend that this process be altered for high cost projects to one where project outlines are submitted as project expressions of interest and then assessed by the relevant agency. Projects that the government is interested in funding could then be shortlisted and the applicants advised that a request to then submitted all relevant application information in full. One program which takes a similar approach to this which would be worthy of modelling is that which is currently being undertaken by the Federal Department of Infrastructure, Transport, Regional Development and Communications with its Inland Rail Interface Improvement Program. Through this program, applicants submit an expression of interest and are shortlisted. At this stage eligible project proponents are matched with specialist business advisors to develop their ideas and assess costs and benefits through the development of feasibility studies and strategic business cases. The costs of the advisors and the studies and business cases are paid by the Program. This ensures that the applicants can build a case for investment which follows best practice infrastructure investment planning processes.

There are two more considerations regarding grant submission processes. The first is the time allowable to submit applications. For many current grant programs the application timeline is quite short (often four weeks or less). This does not allow sufficient time to develop detailed plans, costings and reports. Whilst there is merit in Council's

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having those documents completed before grant programs are announced, doing this this means that the information contained in them could be considerably out of date by the time grant programs are announced. Having these plans funded and built into the process (as identified above) would allow the plans to be a much more valuable tool in the assessment process.

The second related issue is the cost associated with the development of key business case and feasibility studies. In most cases Councils budget for these cost when they need to do them. To be effective they really need to have funds budgeted to these plans well in advance of knowing which plans will be required. This is not always achievable with the range of competing budget priorities. The cost of providing planning documentation is often prohibitive, and can lead to money is being wasted where it is not able to be immediately used in grant submissions.

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