

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

**Organisation:** City of Newcastle

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21 August 2020

Mr David Shoebridge MLC  
Chair of the Public Accountability Committee  
Parliament House  
Macquarie Street  
**SYDNEY NSW 2000**

Dear Mr Shoebridge and Committee Members

### **PUBLIC ACCOUNTABILITY COMMITTEE'S INQUIRY INTO NSW GOVERNMENT GRANTS**

The City of Newcastle (CN) welcomes the opportunity to make a submission to the Public Accountability Committee's inquiry into the integrity, efficacy and value for money of NSW Government grant programs.

CN is significantly disadvantaged in both its eligibility and access to a large number of NSW Government Grant programs. As part of the response to this inquiry, CN engaged the Hunter Research Foundation Centre (HRFC) to conduct an independent review of Newcastle's experience with a range of state and federal government grants (**Attachment A**).

Overwhelmingly the report points to inconsistencies in the eligibility for NSW Government funds for the Newcastle Local Government Area (LGA). The Hunter Research Foundation Centre has identified six regional funding sources, where Newcastle has been deemed ineligible, but no metropolitan alternative has been provided. These funding sources total \$5.86 billion. **If Newcastle's share of these funds was in line with its share of Gross State Product in 2019, the Newcastle LGA would have received an additional \$170.9 million in NSW Government grants.** For comparison, neighbouring equivalent sized councils in the Lake Macquarie and Central Coast LGAs were eligible for all six funding sources.

The report also identified that the Newcastle LGA had received 0.06% of Restart NSW funds allocated to date, well below its share of the state's population (2.11%) and its share of Gross State Product (2.91%). Furthermore, Newcastle is ineligible to access the Regional Cultural Fund, as it is defined as 'metropolitan', but there is no equivalent opportunity within metropolitan funding rounds. Create NSW lists eight Sydney-based cultural infrastructure projects and the Regional Cultural Fund on their website. Newcastle has been effectively shut-out of all NSW cultural infrastructure grants.

These examples clearly identify that the historical metropolitan / regional dichotomy no longer reflects Newcastle's transformation as a major regional economic centre. The Newcastle LGA is a metropolitan professional services hub that serves a regional population and is the strategic centre of the Hunter, contributing almost 30 per cent of NSW's state gross domestic product.

Newcastle has the potential to maximise returns on financial, infrastructure and other forms of investment, and thus be a key gateway for regional Australia (**Appendix 1**). However, the State Government has not been consistently able to find a niche within its funding programs that ensures equitable funding support for Newcastle.

An alternative approach would be to define not only Newcastle but also Wollongong in a category called 'Gateway City'. A three-component dichotomy of Metropolitan / Gateway / Regional would provide for a stronger approach to policy development and the promotion and economic development of NSW into the future. In partnership with Wollongong and Geelong, CN have established a Gateway Cities Alliance to advocate and collectively explore economic opportunities. The Gateway Cities Report (**Attachment B**) was released in partnership with The Hon Alan Tudge, Federal Minister for Population, Cities and Urban Infrastructure, in November 2019.

In conclusion, CN has two asks of the Committee:

1. Establish a consistent geography and classification across all NSW Government funding sources that enables equitable access for all LGAs. This would provide more integrity to the process and enable new opportunities for LGAs like Newcastle, who have been effectively shut out from a range of funding sources.
2. Create a Gateway City classification to recognise that LGAs like Newcastle and Wollongong are major regional economic centres that sit between a metropolitan and regional classification. Gateway Cities will play a critical role in the future economic resilience and competitive opportunities of the state, particularly with the ongoing impacts of COVID-19. This would improve the efficiency and value for money of NSW Government grants.

If you have any questions, or if the Committee would like to hold a hearing in Newcastle, please contact Mr Simon Massey, Economic Strategy and Government Relations Manager

Yours faithfully

Jeremy Bath  
**CHIEF EXECUTIVE OFFICER**

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