

**Submission  
No 80**

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

**Name:** The Hon. John Barilaro MP

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Mr Stewart Smith  
Director, Committees  
Public Accountability Committee  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Smith,

I write to share with the Committee an overview of the investment and support being provided to regional communities under the \$1.7 billion Regional Growth Fund, which incorporates the *Stronger Country Communities Fund*, the *Regional Cultural Fund*, the *Growing Local Economies* program and the *Regional Sports Infrastructure Fund*. I am extremely proud of what has been achieved in partnership with regional and rural communities under this Fund. Along with the \$4.2 billion Snowy Hydro Legacy Fund, the Cabinet-endorsed \$1.7 billion Regional Growth Fund represents the cornerstone of this Government's investment into our regional towns and centres.

### **Program Structure**

Commencing in 2017, the \$1.7 billion Regional Growth Fund (RGF) is an umbrella fund designed as a suite of 9 connected funding programs which are underpinned by 38 individual economic frameworks, known as *Regional Economic Development Strategies*. The Fund's sub-programs are interrelated and complementary. For example, the guidelines of the \$100 million *Regional Sports Infrastructure Fund* reference the availability of an additional \$100 million for regional sporting infrastructure projects under Round 2 of the *Stronger Country Communities Fund*.

Across all of its funding programs, the Regional Growth Fund has supported approximately 2,100 community and economic infrastructure projects to date, with investments being made across every corner of regional NSW. A total of \$336 million has supported 648 regional sports infrastructure projects. Total investment in priority regional arts and cultural projects amounts to almost \$150 million for 229 projects. For this reason, it is not possible to cherry pick outcomes under individual funding programs, because the Regional Growth Fund has always functioned as a packaged deal for regional communities.

Regional Growth Fund program structure:

- Regional Sports Infrastructure Fund
- Stronger Country Communities Fund
- Resources for Regions program
- Regional Cultural Fund
- Regional Communities Development Fund
- Connecting Country Communities Fund
- Growing Local Economies
- Drought Stimulus Package
- Regional Growth Environment and Tourism Fund

### **Program Establishment**

The establishment of the Regional Growth Fund back in 2017 represented a new direction for the NSW Government. Initially, criteria and program guidelines were drafted by the relevant departments but were later frequently amended and redrafted for subsequent rounds in line with community and stakeholder feedback. One of the biggest lessons learnt along the way is that a

project's value cannot always be measured via blunt thresholds, such as a benefit to cost ratio. There are some unique and outstanding regional projects that simply do not measure up perfectly on paper or against city-centric analysis, despite the benefits being obvious to those who live in and understand these communities. As the primary applicants, local governments across regional NSW have done an outstanding job of putting forward projects for consideration, devoting many hours to preparing applications and making the case for funding. I am truly grateful for the work they have done to support the Regional Growth Fund.

### **Decision Making**

With a total of \$1.7 billion available, the RGF has attracted funding requests totalling \$5.6 billion. Oversubscription has meant it was not always possible to accommodate every worthy request. However where a community felt passionately about a project, I can say that every attempt has been made to find a funding source, often from within other programs under the Regional Growth Fund.

It has always been my aim to make regional funding programs as responsive as possible to the on the ground needs of local communities. To put it bluntly, our regional programs should be about what local communities want and need, rather than what the public service thinks is in their best interests.

Where required, ministerial decisions have been made in line with published program guidelines, which gave scope to make determinations on how best to improve outcomes for people living, working and raising a family in regional NSW. As the Minister responsible for the regional portfolio, I travel frequently (spending more than 200 nights each year away from home), visiting communities and hearing about their needs and aspirations. My view is that there is no substitute for first-hand knowledge and real life experience.

It is also essential to understand that regional communities are not homogenous and require different kinds of support from government. Some areas, like the Central Coast, are metro-satellites, and are well serviced by road and transport infrastructure, with diverse economies and ready access to world class sporting and cultural infrastructure. Other regional towns are harshly impacted by distance, and have economies that are highly exposed to economic shocks, like drought or the closure of a single employer. Often these places have the most to gain from programs like the Regional Growth Fund, which is aimed at narrowing the bush/city divide, and yet historically they have suffered from underinvestment.

At the height of the drought, employment figures revealed that close to 50,000 jobs had been created in regional NSW. I put that down to two things: the resilience and resourcefulness of regional communities, and this Government's unprecedented infrastructure spend in regional communities, via the Regional Growth Fund. This is why I feel confident the decisions being made are in the best interests of regional NSW.

### **Role of MPs**

I believe there is a role for local MPs in regional grant programs. If a community has an infrastructure or funding need, or another pressing concern, it is absolutely the role of an MP to advocate on behalf of their community. It is not atypical for MPs to be asked for their input regarding funding and programs. A classic example is the state-wide Community Building Partnership program which the Inquiry has elected not to focus on. Likewise, a list of projects categorised by electorate to help organise announcements, for example, is not an irregularity in process. Electorates are, after all, the building blocks of our democracy.

I make no secret about the fact that government MPs were consulted as part of the Regional Growth Fund. Our programs were created to support projects with the highest levels of community endorsement. Sometimes departmental panels will be making recommendations that impact towns and places they have never stepped foot in, or even heard of. Who is better placed than a community's democratically elected spokesperson to verify community need and support? For this reason, regional communities have the most to lose from any push towards a decision making process that shuts out democratic regional voices.

## **Outcomes Achieved**

I am extremely proud to say the Regional Growth Fund has delivered investment and support into every single eligible regional local government area, without exception. Programs like the *Stronger Country Communities Fund* have cast aside the “state-wide beauty contest” funding model approach, which pitted regional community against regional community in the quest to secure investment.

To date approximately 2,100 projects have been supported, but of course, figures and statistics cannot do justice to the real impact of these projects. There are human stories behind each project that has been successfully funded.

These are projects that boost job prospects in drought-stricken towns, and buffer economies against the impact of natural disasters like bushfires. We have built cultural and sporting infrastructure in places where previously there hasn't been any or it is at risk of closure. The Regional Growth Fund has also leveraged an extraordinary amount of co-investment of approximately \$850 million, proving there is buy-in for regional programs.

With the advent of drought, bushfires and now COVID-19, the program could not have come at a more prophetic time. Despite the majority of funding streams now being closed, the Regional Growth Fund is continuing to act as an economic raft for regional NSW. There are 826 projects currently underway with an expenditure pipeline of \$927 million, set to flow into regional communities as project milestones are met. Modelling undertaken by the Department of Regional NSW estimates that the Regional Growth Fund will support up to 15,300 construction jobs and a further 17,000 post-construction jobs.

As Deputy Premier, I have made it my mission to secure a fair share of funding for regional communities, and put regional voices at the centre of decision making. My hope for this Inquiry is that Committee members will resist the temptation to score cheap political points by focusing on unsuccessful applicants, which are a natural consequence of any oversubscribed funding scheme. A more constructive approach would be to support the continuation of regional funding programs to meet the significant and demonstrated unmet demand. For this reason, I welcome the Committee's endorsement of the Regional Growth Fund and its many achievements. I also welcome the opportunity to appear before the Committee to talk to the immense value of the Regional Growth Fund.

The following attachments have been supplied to support the Committee's work:

Attachment A – Map of all projects funded under the Regional Growth Fund

Attachment B – Overview of the Regional Growth Fund

Yours sincerely

**The Hon. John Barilaro MP**

Deputy Premier

Minister for Regional New South Wales

Minister for Industry and Trade