

**Submission  
No 101**

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

**Organisation:** Inner West Council

**Date Received:** 30 October 2020

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30 October 2020

Public Accountability Committee  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

By email: [public.accountability@parliament.nsw.gov.au](mailto:public.accountability@parliament.nsw.gov.au)

Dear Chair,

**Inquiry into the Integrity, efficacy and value for money of NSW Government grant programs – Stronger Communities Fund**

I write to you in relation to the abovementioned inquiry that the NSW Parliament's Public Accountability Committee is currently undertaking. As part of the terms of reference for the committee this includes an investigation into the Stronger Communities Fund.

At its meeting on 11 August 2020, Council resolved to make a submission to the committee, in particular to express its concern about the process and the distribution of grants under the Stronger Communities Fund. This matter is critical and of most concern is that;

- a) Inner West Council received no funds under the second round of Stronger Communities Grant funding;
- b) The failure of the Office of Local Government or the Local Government Minister to even inform amalgamated Councils such as the Inner West that the grant scheme existed;
- c) The overtly biased and improper allocation of funds from the Fund in which \$241 million of the \$252 million of monies were awarded to projects in Liberal and National Party electorates; and
- d) The fact that approximately half of all funds were allocated to Councils that were not in fact amalgamated including \$90 million awarded to Hornsby Council.

I understand that submissions to the parliamentary inquiry closed 23 August 2020, however, I respectfully request that the attached submission be included as part of the investigations and that the outcome of these investigations be advised back to Inner West Council.

Should you require any further information on this matter please contact me on

Sincerely,

Brian Barrett  
**Acting General Manager**



## **Attachment**

### **Submission to the Inquiry into the Integrity, efficacy and value for money of NSW Government grant programs**

Inner West Council is writing to you to request that you refer the maladministration of the NSW Government's Strong Communities Fund (SCF) to the NSW Auditor-General for investigation.

Set out below is information and analysis that demonstrates very clearly that the administration of this fund was lacking in basic probity and transparency.

It has come to Council's attention that the Inner West Council and many other amalgamated local governments have been deliberately excluded from and not even informed about the second round of project funding under the SCF, a program that was specifically established to assist amalgamated councils.

By way of background, this program was established in May 2016 with the stated purpose of assisting Councils that were merged as a result of the NSW Government's forced amalgamations policy. The responsible agency for assessment of potential projects and distribution of monies from the SCF is the Office of Local Government (OLG).

In phase one of this fund Inner West Council received some funding, as did all merged councils. However, in September 2017 the Government augmented this fund with an additional \$252 million, ostensibly intended for new councils that had been created as a result of the Government's policy. This second program was called the "Stronger Communities Fund – Tied Grants Program". It is this scheme that is the subject of Council's complaint.

As a result of evidence taken at the Budget Estimates Committee on 4 March 2020 it is now apparent that monies from this fund were massively skewed towards councils that are located within state electorates represented by Liberal and National Party members. In fact, of the 249 projects funded under this program, 219 were located solely within the boundaries of Coalition seats. The amount earmarked for these 208 projects was \$241 million out of the total amount of \$252 million. **That represents an astonishing 95 per cent of the total funding.** Under this program only five of the funded projects were in Labor seats.

Inner West Council is situated entirely within the boundaries of non-Coalition held seats and so it comes as no surprise that the ratepayers living there received no funding whatsoever from this program.

Amazingly, 10 Councils across NSW whose mergers were called off by the NSW Government ended up receiving grants under round 2 of the SCF. This astonishingly accounted for 50 per cent of the total funding distributions made under the second round of the SCF. The question must therefore be asked: what was the real purpose of the distribution of monies from the second round of the SCF?

The Funding Agreements for these tied grants, provided to the Estimates Committee, further revealed the highly politicised operation of the fund.

For example, Hornsby Council, whose mayor is NSW Liberal Party President, Philip Ruddock, received \$90 million even though that council was not amalgamated.



Other Funding Agreements were made on the eve of the NSW State election in highly politicised circumstances.

For example, the National Party seat of Murray which was under great electoral threat from the Shooters, Fishers and Farmers Party, received a grant of \$4.095 million the day before the commencement of the caretaker period for the 2019 State Election. This was in addition to a further \$7.9 million of funding that was given to Councils in the seat of Murray earlier in February 2019.

On 27 February 2019, the penultimate day prior to the commencement of the caretaker period, \$1.1 million was allocated to projects in Coogee, the second most marginal Liberal seat in NSW. A further \$2.58 million was also provided to the seat on 8 February 2019.

These are just some of the highly questionable funding decisions made under the scheme. Inner West Council received no funds under the second round of Stronger Communities Grant funding. Of major concern is the failure of the Office of Local Government or the Local Government Minister to even inform amalgamated Councils such as the Inner West that the grant scheme existed. This has resulted in Inner West Council missing out on much needed funds for our Community.

The overtly biased and improper allocation of funds from the Fund in which \$241 million of the \$252 million of monies were awarded to projects in Liberal and National Party electorates; and the fact that approximately half of all funds were allocated to Councils that were not in fact amalgamated including \$90 million awarded to Hornsby Council. This raises questions as to the process and transparency of the allocation of funds.