

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

**Organisation:** Bega Valley Shire Council

**Date Received:** 26 February 2021

---



PO Box 492, Bega NSW 2550  
P. (02) 6499 2222  
F. (02) 6499 2200  
E. [council@begavalley.nsw.gov.au](mailto:council@begavalley.nsw.gov.au)  
[www.begavalley.nsw.gov.au](http://www.begavalley.nsw.gov.au)  
ABN. 26 987 935 332  
DX. 4904 Bega

26 February 2021

Mr David Shoebridge MP MLC  
Chairperson  
NSW Legislative Council  
Public Accountability Committee

Dear Mr Shoebridge

***Secondary submission to integrity, efficacy and value for money of NSW Grants Programs – bushfire relief***

Thank you for the invitation to make a submission on the bushfire relief grants. As you are aware Bega Valley Shire Council made a submission in August 2020 against the Terms of Reference as then articulated. In that submission we referred to both bushfire and Covid/Cross border funding programs. We also made a number of recommendations related to improving the State funding framework.

In recent research undertaken by the Bushfire and Natural Disaster Cooperative Research Centre and University of New England, the Bega Valley has been identified as the most disaster impacted LGA in Australia with drought, Black Summer fires, four flood declarations, Covid impacts to Council and in community, and two significant border closures. In this submission, whilst we focus on some of the bushfire funding packages, we have also outlined the Covid grants and cross-border programs as well. Again, a key aspect of the submission is recommendations on how the area of disaster and emergency response, relief and recovery funding can be better framed and delivered into the future.

The pattern of successive disasters we have faced comes with an exponential level of impact in our Shire and for our residents and communities. It is clear that we have not yet seen the full extent of these impacts.

SUBMISSION (against the terms)

**PART A - the range and availability of funding programs,**

- **Disaster Recovery Funding Arrangements**

Under the DRFA Council received funds to support the Bega Valley Recovery Support Service (BVRSS) a vital service for the support and recovery of the Bega Valley community post bushfires. The funding was provided for one year which included a 6-month review of the service. The review showed the service was experiencing a high demand and would need to expand and be in place for a minimum of 2 years to assist the recovery of those impacted by the disaster. Requests for an extension to the service were requested however notice of the extension of funding was drawn out. This created challenges in maintaining the delivery of a quality service to the community and it made it difficult to recruit staff as the short term contracted period on offer was not appealing, putting at risk the retention of staff. Staff were

anxious about the continuation of their employment beyond the initial funding period and were seeking out other options. The delays also meant that planning with service partners on options for medium to long term program activities and events was not feasible. An earlier review of funded program time frames and staffing would result in better outcomes for community. Bega Valley Shire Council has extensive experience in operating a Recovery Support Service and lessons learnt from the Tathra Fires 2018 Recovery Support Service have made the BVRSS a leading standard for others to follow.

- **Bushfire Community Resilience and Economic Recovery Fund Phase 1**

Funding for the Bushfire Community Resilience and Economic Recovery Fund (BCRERF) was provided through the joint disaster recovery funding arrangement between NSW and Commonwealth Government. The fund opened late January 2020, and included immediate payments of a minimum \$100,000, up to a maximum \$250,000 available to eligible bushfire affected LGAs in NSW with Official Building Impact Assessment numbers used to guide the funding amount offered to each council. This funding was to assist in delivering immediate support for locally led community resilience and economic recovery activities. The funding was provided quickly with a simple application form and included flexibility for Council to seek funding for the immediate issues that were present post bushfire. The projects were to be completed by 30 June 2020 however COVID impacted the deliverability of the projects. The flexibility of this fund allowed Council to implement the services and projects that fitted the need of the community without having to create a project that fitted within prescriptive funding criteria.

- **Disaster Assistance Guidelines C.3 Funding to Support Large-Scale, Out-Of-Area Volunteer Groups**

This funding was initially offered through the Office of Emergency Management to support a basecamp for volunteers that travel from outside the disaster area and who consequently do not have their own sleeping, sanitation, and cooking facilities. This includes organisations such as Blaze-Aid. This funding was invaluable to support the three Blaze-Aid camps which formed across our Shire as a result of the bushfire impact. The camps were required to be in remote areas with little to no accommodation options. To provide sanitation services for the camps in remote locations, Council was required to upgrade septic tanks, water and power to some sites and upgrade community halls to provide suitable facilities for the large number of volunteers, which Council had no budget for. However, the program did not cover these costs or the overhead costs of administering the funding and purchasing goods and services in behalf of the volunteer camps. These costs remain an unfunded cost to Council, which has already been severely impacted directly by the bushfires. Generally, the funding process was clear and there was good support provided by the Office of Emergency Management.

- **Bushfire Community Recovery and Resilience Fund**

The Bushfire Community Recovery and Resilience Fund (BCRRF) was provided through the joint Commonwealth-State Disaster Recovery Funding Arrangements. Phase One was delivered in March 2020 by the Department of Regional NSW, with funds made available directly to eligible councils. The delivery of the funds was quick, the program was flexible and allowed Council to

provide funding to support the locally-led community and economic recovery activities. The mandatory 25% of the funding for a community grant program should have been offered as a separate funding stream and not bundled into a larger program.

Phase Two funding was a competitive fund available by an application process through Resilience NSW. The fund targets larger scale, regionally focused projects that support the community and economic recovery. The timelines for this fund were very short and yet the guidelines encouraged cross-Council applications. This made it difficult to go through the Council approval processes within the timeframe. After receiving this feedback the Department extended the deadline which was welcomed.

- **Bushfire Local Economic Recovery Fund**

This fund was touted in mid-2020 as 'the assistance to get communities and business back on their feet after the bushfires'. The delays between the program announcement and opening of almost 6 months created friction in the community. Communities required funding for projects within this time and had to wait until late September to have the project funding criteria. This caused upset within the community, especially when the program then only provided 6 weeks to submit applications that had to be "shovel-ready".

Council received direct funding under this program in November 2020 via Ministerial announcement and media release one week after the competitive program was opened. Council was seen as competing against the community and there was angst towards the Council for being eligible to apply for what was seen as "a community grant program".

Council and community welcomed the deadline and project delivery timeline extension that was announced, however the community still struggled to complete the applications as this coincided with the anniversary of the bushfires which was a challenging period for many people. Council has drafted over 300 letters of support for local community projects which shows the high number of community applications in our region and the hope that the community has riding on this fund. There is a risk there will be a large number of bushfire impacted communities that will not be happy with the result of their applications when announcements are made.

- **Bushfire Affected Coastal Waterways Grant**

Council received funding to develop a regional waterways bushfire recovery plan from the Department of Planning, Industry and Environment. With significant impacts on treasured waterways and little Council capacity to plan and undertake works in this with hundreds of kilometres of areas impacted this grant was appropriately directed and appreciated.

- **Coastal Catchment Environmental Bushfire Recovery**

Council received significant funding under this program which was appropriately targeted and focussed on catchment stabilisation and estuarine ecological health protection works from Wonboyn in the south of the Shire all the way to Cuttagee Lake and Bermagui River in the north. This is a three year project and was an appropriate response from the State to address the significant impacts in the Shire.

- **Business grants for bushfire impacted**

This program whilst welcome for those directly impacted proved problematic for the many businesses in the Shire not "flame impacted". In excess of 70,000 tourists were evacuated from

the Shire in early January 2020. The impact on all tourist and associated businesses was considerable and other sectors such as agriculture, transport, fisheries, forestry were also significantly impacted. Whilst there has been some broadening of funding direct to businesses and packages for forestry and dairy other impacted local industries did not receive the same support. Future programs if required should map the entire local economy and allocate support packages accordingly.

- **Covid Local Government funding packages**

The opportunity to consider applying for support to keep staff employed as local government was not eligible for JobKeeper was appreciated. Whilst Bega Valley did not need to access these funds there were other potential opportunities we saw that would have assisted local community members who were unable to work. Support to Council through other mechanisms was also appreciated. Council also received funding from the Office of Local Government to support pound operations during Covid.

- **Business Covid grants and Cross Border community business packages**

The Bega Valley was impacted significantly by the NSW border closure and the subsequent Victorian border closure which again saw tens of thousands of tourists “evacuate” back to Victoria on New Years Eve. Some support was provided for businesses to access however the feedback was that it was difficult to apply for and that the take up level was low.

**PART B - the manner in which grants are determined, including:**

**(i) the oversight of funding determinations,**

From a Council perspective there are perceived inconsistencies in how funding decisions are made although it is acknowledged there are often reasons for this. It does make it difficult to plan around potential determination timeframes and outcomes.

**(ii) the transparency of decision making under grants schemes,**

Council received funding from Round 1 of the Bushfire Local Economic Recovery Fund. This was a direct announcement through media at the site of the project. There was no letter of offer or grant agreement provided to Council post the announcement of the funding. Council has since followed up with the Department managing the funding program to seek a letter of offer and grant agreement. The media announcement of the funding provided an expectation to the community that the infrastructure will be built shortly, however rebuilding infrastructure post disaster requires time for approvals and tenders and needs to be scheduled along with a large number of other priority rebuilding projects. Although Council welcomes direct funds to support projects, these announcements need to be followed up with timely grant agreement processes to ensure Council can manage community expectations.

**(iii) the independence of the assessment of projects,**

**(iv) the role of Members of Parliament in proposing projects for funding,**

**(v) the scope of Ministers' discretion in determining which projects are approved,**

**PART C measures necessary to ensure the integrity of grants schemes and public confidence in the allocation of public money, and**

**PART D – any other related matter.**

- Under the DRFA, Council is progressing the infrastructure repair projects for essential public assets destroyed or damaged, as a result of the five declared natural disasters.
  - To date, Council's estimated repair bill is just over \$30 million. The repair work has progressed, with approximately \$5 million of emergency repairs completed to date. Initially, when seeking funding approval from Transport for NSW (TfNSW) to commence repairs, the response was not timely, impacting on delivery of the project. These responses times improved as resources were directed to the task within TfNSW.
  - Timely payment is an issue, Council have submitted claims for reimbursement of \$2.5 million of which only \$70,000 has been received, now being over 12 months from the New Years Eve fires. Council were also required to repair essential public assets on Crown Roads. No approval or funding has been received on these roads 12 months on from the event. Our current expended repair bill is approximately \$250,000.
- More generally, the time lag between the notification of outcome and the public announcement of the outcome from funding programs can be lengthy, sometimes up to three months. The impact of this can delay the project planning or delivery as Council is unable to inform the community with whom we need to work to deliver the project.
- The time lag for the provision of funding deeds and execution of funding deeds can also be lengthy and is sometimes up to two months, which can impact on the delivery of the project within the delivery timeframe.
- The combination of all of the time lags above often makes the cost of being "shovel ready" highly unpredictable and very risky to invest in from a Council perspective, particularly more financially constrained regional Councils. There are examples where legislative changes have happened between the time of grant submissions and the execution of funding deeds, as well as of approvals lapsing between application and deed execution. This results in additional costs and Council resources that are not claimable. The delays can also lead to contractor cost escalation meaning that project budgets are impacted negatively. Other examples of this issue relate to various environmental provisions.
- The pre-requisite to be shovel ready for a project is a challenge for many of the reasons outlined above. For projects that are shovel ready at the time of grant submission with all approvals in place and tender documents prepared (for construction style projects), Council often needs to keep all of that shovel ready work "on the shelf" for many months (with some examples in BVSC up to 18 months between submission and approval to commence expenditure). Greater flexibility is needed to allow contracts to be awarded and expenditure to commence from the date that a positive outcome is notified or a public announcement made.
- The Government developed specific economic stimulus programs post bushfires and during Covid which although beneficial, were often announced whilst other grant programs were still pending assessments and outcomes which could have had similar economic stimulus impacts.

Council appreciates the opportunity to provide feedback to the Inquiry. Council and the community welcome the significant support we have received and know how hard so many across government have worked to operate in unusual and challenging circumstances. We are absolutely of the opinion that everyone involved in working in these disaster conditions has endeavoured to do the best possible to support community, work with business and local government to look after people.

We are always willing to have input to working parties and reviews to reflect on the learnings and identify how we can improve our practice in the future. Our hope is that this Inquiry will focus similarly on how we can learn and do better into the future should the exponential impacts of disasters again threaten the lives, livelihoods and environments of our Shire.

We are happy to contribute further information if required.

Yours sincerely

Leanne Barnes OAM  
**General Manager**