

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

**Organisation:** Blue Mountains City Council

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Office of the Chief Executive Officer

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

Dear Mr Shoebridge

**SUBJECT      Inquiry into integrity, efficacy and value for money of NSW  
Government grant programs**

Thank you for the opportunity to make submissions to the Public Accountability Committee's inquiry into the integrity, efficacy and value for money of NSW Government grant programs. We appreciate that the inquiry was extended specifically to include issues in relation to funding under the Bushfire Local Economic Recovery Fund. As such, we have particularly targeted comments to this program.

***Impact of 2019/20 Bushfires on City of Blue Mountains***

The impact of the 2019/2020 fires continues to be significant on the local community, environment and economy of the City of Blue Mountains. Having experienced the 2013 bushfires, which resulted in the loss of just under 200 homes, in 2019/20 the Blue Mountains community faced the traumatic threat of having fire burning on three sides on the City for two months.

The impact on the environment has been extensive with the fires having destroyed 80% of the World Heritage Area and the recovery is ongoing. The economy continues to be significantly impacted from not only the bushfires but also from COVID-19. The results of the REMPLAN Bushfire Affectionation report details a loss of over 2500 jobs and \$560M loss in output for the region as a result of the bushfires. The economy had not recovered from bushfire impact when the COVID – 19 restrictions commenced and this has been extremely challenging for local and regional businesses.

***BLER Stage 1 funding allocation of \$177M – no funding to City of Blue Mountains***

In July 2020, Blue Mountains City Council (Council) was contacted by the NSW State Government (Regional NSW and Resilience NSW) in relation to the types of bushfire recovery projects that Council had that were shovel ready. The Council was informed that there might be up to \$270M available from Commonwealth and State Governments. There were no specific criteria or required levels of funding provided, nor any indication that some projects would be fast tracked.

In response to this request, rather than just provide a list of projects, the Council compiled and submitted a comprehensive funding request package in July 2020 (see Attachment 1). The package requested a total of \$5.45M for 23 shovel ready projects

that would support critically required environmental, economic and social recovery. For each project funding request the following details were provided:

- Project Title
- Description of Project
- Project Benefits
- Amount of Funding Required
- Delivery Timeframe
- Demonstrated Support
- Approvals Required

In November 2020, the Commonwealth and State Governments announced they had allocated \$177M in funding for 71 “fast tracked” projects in NSW, without any formal funding application process (with clear criteria and guidelines).

Unfortunately, the Council did not receive any of this funding to assist the recovery of the City. Council has still not received sufficient explanation as to why our proposed projects were not ‘fast tracked’.

The process adopted for awarding funding to the 71 “fast tracked” projects lacked an appropriate framework, guidance and assessment criteria for the allocation of funds. If the Council had been provided with criteria for the assessment process, we would have adjusted our funding request accordingly.

### ***BLER Stage 2 Funding***

It is noted that applications for Stage 2 of the Bushfire Local Economic Recovery Fund Program closed on 28 January 2021. Stage 2 will provide \$250 million of further funding to support the social, economic and environmental recovery of communities affected by bushfire in 47 regional NSW Local Government Areas. The Council has submitted six projects for this funding round and has supported a number of key projects nominated by community and industry groups. The projects formally submitted in this round include projects in significantly impacted areas from the 2019/2020 bushfires and address environmental, social and economic recovery.

While stage 2 of the Bushfire Local Economic Recovery Fund Program had clear guidance material and assessment criteria, the Council has concerns about the very tight timeframes for applying (with extensions subsequently being granted) and eligibility of not-for-profit organisations and community groups in relation to grants related to Council owned assets. While Council recognises the value that community groups and other organisations can add to the recovery process, it is critical that due diligence is applied to ensure any projects that relates to council owned assets are achievable and comply with council policies and strategies.

As part of the assessment process for stage 2 of the Bushfire Local Economic Recovery Fund Program, the Council urges that due diligence is applied to ensure that any projects that may impact a council owned asset are supported by the relevant council. The tight timeframes combined with political pressures and lobbying can mean some projects are put forward that are not adequately thought through or planned.

### ***Community versus councils – reducing adversarial outcomes from grant processes***

Another issue relates to the eligibility of not-for-profit and community groups to apply for funding in a way that can then create an adversarial relationship that results in the Council being pitted against the community groups for the same funding or over a funding matter. As an example, Council has had a recent experience where a



community member submitted a grant application that related to a Council asset that was not sustainable.

As part of the *My Community Grants Program*, a community member submitted an application to replace chlorine with ozone in a Council managed swimming pool. During the grant application period, there was only limited time for Council to look at initial estimates for the project. The project was successful in receiving funding. However, full investigations revealed that this project could not be achieved within the grant funding of \$150,000. Council would have had to contribute a further \$250,000 at least (if not more) in order to progress this project. There was a compounding issue that public pools in NSW are legally required to have chlorine. Even with the Ozone treatment, chlorine would be required and thus defeat the purpose of the grant. As a result, the project was unable to proceed. This caused significant consternation across the community and negative media for Council.

***State Government funding opportunities should be made available using a transparent process that allows applicants to make submissions within adequate time periods and with clearly defined criteria and guidelines.***

To ensure the provision of funding is fair and equitable, it is reasonable to expect the funding body to provide clear criteria and a defined process when calling for applications. It is also important that appropriate timeframes be given to allow applicants to review and provide the best projects for grant funding. Finally, community level grants should include criteria for interaction with the local council for alignment to city priorities and objectives.

***Giving greater local autonomy in allocation of recovery funding***

Reflecting on the recovery experience of the City of the Blue Mountains after the 2019/20 bushfires, the Council did not receive anywhere near enough funding to support critically and urgently required social, economic and environmental recovery work. Excluding Federal Government funding, which amounts to nearly \$1.5 million, the State Government has contributed only \$875,000 in financial assistance to support the recovery of the Blue Mountains. **This funding has been received in a piecemeal and fragmented manner, top down in a way that does not always address local recovery priorities.**

**It would be more effective, timely and efficient if there was much more local autonomy and control in the allocation of recovery funding.** Councils are in the unique position of providing services for and working directly with local communities and managing all issues within a Local Government Area. Consideration should be given to allocating recovery funding to councils to determine the best distribution of funding to support integrated and less fragmented recovery programs within each council's Local Government Area.

***Challenge of Ageing Built Infrastructure***

Like many local government organisations, Council is responsible for managing a diverse portfolio of ageing infrastructure. When developing criteria for grant funding opportunities it is also important that renewal and upgrade projects are eligible (not just 'new' projects) so that councils can ensure existing infrastructure is sustainable and fit for purpose.

Yours faithfully

ROSEMARY DILLON  
Chief Executive Officer

