

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

Organisation: Snowy Valleys Council

Date Received: 1 March 2021

26 February 2021

David Shoebridge
Chairperson
NSW Legislative Council
Public Accountability Committee

**SECONDARY SUBMISSION TO INTEGRITY, EFFICACY AND VALUE FOR MONEY OF
NSW GRANTS PROGRAM – BUSHFIRE RELIEF**

Dear Mr Shoebridge,

Thank you for the invitation to make a submission on the bushfire relief grants. Snowy Valleys Council made a submission last year against the Terms of Reference as then articulated. A copy of that submission is attached.


Snowy Valleys has been significantly impacted with drought, Black Summer fires, three flood declarations, Covid-19 impacts to Council and 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-19 grants and cross-border programs as well.

The cumulative impact of successive disasters comes with an exponential level of impact in our local government area and for our residents and communities. No doubt the Snowy Valleys will also experience more events in the future.

I note your comparisons of Snowy Valleys to the Blue Mountains and advise for context:

- total area of SVC is 8960 km² compared to 1404 km² in Blue Mountains
- 45% of SVC was impacted by the fires compared to 47% of the Blue Mountains and when considered in the total area this is significantly different
- 65% of the Snowy Valleys is non rateable land compared to 74% of Blue Mountains in National Parks
- Snowy Valleys had 182 homes destroyed, 44 homes damaged, 587 outbuilding destroyed, 2 businesses destroyed, 46 facilities destroyed, and 960 farming properties impacted.
 - \$425 million worth of state forests and private plantations were destroyed
 - 50% of all employed positions in the Snowy Valleys rely directly or indirectly on the Softwood Industry
 - The Snowy Valleys softwoods industry is the largest softwood cluster in Australia
 - Mt Selwyn Ski resort was fully destroyed along with other significant tourist attractions such as the Sugar Pine Forest Plantation and the Hume and Hovell walking track
 - \$9 million estimated loss in the vignerons industry
 - Some communities were isolated for up to 12 days
 - Isolated communities were without power for 28 days

P:



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- Blue Mountains had 22 homes destroyed, 10 homes damaged, 13 facilities destroyed, and 122 rural landholders impacted

SUBMISSION (against the terms)

PART A - the range and availability of funding programs,

- **Disaster Recovery Funding Arrangements**

Requests for extensions 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.

- **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-19 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. Council was pleased with the administration of this program.

- **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 four Blaze-Aid camps which formed across our Shire as a result of the bushfire impact – Adelong as main base camp and additional camps at Tumbarumba, Jingellic and Tooma. 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 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 on 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, however the claiming of the funds is onerous and places a large administrative burden on Council.

- **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". Due to other commitments Council did not have the resources to write applications and consultants were paid over \$100,000 to assist the organisation to lodge applications. 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 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 many 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.

- **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". 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 such as the red meat industry (see attachment from the RDA). 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 Snowy Valleys did not access these funds there were other potential opportunities we saw that would have assisted local community members who were unable to work. Council was eligible to receive funds from the Local Government job retention allowance through the decline in income however chose not to lay staff off under the splinter award and instead redirected staff to other work needed to be completed. These funds still sit in the state bank accounts and Council would appreciate distribution of these funds to all local governments through an untied grant to support our operations. 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-19.

- **Business Covid-19 grants and Cross Border community business packages**

The Snowy Valleys was impacted significantly by the NSW border closure and the subsequent Victorian border closure which again saw tourists “evacuate” back to Victoria on New Year’s Eve, impacting significantly on some communities like Khancoban. 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

The State Shadow Cabinet met in Tumut following the fires, and many shadow members toured the area and met with impacted locals. Members of Parliament are aware of Council's advocacy plan (attached) and this clearly articulates the priorities for Snowy Valleys. Council amended the plan post bushfires to address the Snowy Valleys REDS fire impact addendum. Council has an expectation that our local members will facilitate Council to receive funding for our community priorities.

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

Members of Parliament are aware of Council's advocacy plan (attached) and this clearly articulates the priorities for Snowy Valleys. Council amended the plan post bushfires to address the Snowy Valleys REDS fire impact addendum. The Council has an expectation that our local members will facilitate Council to receive funding for our community priorities.

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.
 - 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 response times improved as resources were directed to the task within TfNSW.
 - Timely payment is an issue. Council has submitted claims for reimbursement of over \$5 million of which nothing has been received, now being over 12 months from the New Year's Eve fires, reporting and claim requirements are onerous and Council had to engage external contractors to pull the claims together at additional cost.
- 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 the above time lags 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. 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-19 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 local government area.

We are happy to contribute further information if required.

Yours sincerely

James Hayes OAM
MAYOR

