

REPORT ON PROCEEDINGS BEFORE

PUBLIC ACCOUNTABILITY COMMITTEE

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

CORRECTED

At Jubilee Room, Parliament House, Sydney, on Monday 26 April 2021

The Committee met at 9:30.

PRESENT

Mr David Shoebridge (Chair)

The Hon. Scott Farlow

The Hon. John Graham

The Hon. Courtney Houssos

The Hon. Shayne Mallard

The Hon. Natalie Ward

PRESENT VIA VIDEOCONFERENCE

The Hon. Robert Borsak

The Hon. Matthew Mason-Cox

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The CHAIR: Welcome to the eighth hearing of the Public Accountability Committee's inquiry into the integrity, efficacy and value for money of New South Wales Government grant programs. Before I commence I would like to acknowledge the Gadigal people, who are the traditional owners of this land, and pay my respects to the Elders past, present and emerging. I extend that respect to other First Nations people present or on the webcast. Today's hearing will focus on bushfire relief grants. We will hear from a number of local councils and residents from bushfire-affected areas in New South Wales as well as the Department of Regional NSW and Resilience NSW. We will also hear from two members of Parliament whose electorates are bushfire-affected regions. Most witnesses will be appearing via videoconference today given the regional nature of this matter.

Before we commence I would like to make some brief comments about the procedures for today's hearing. Today's hearing is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In accordance with the broadcasting guidelines, media representatives are reminded that they must take responsibility for what they publish about the Committee's proceedings. While parliamentary privilege applies to witnesses giving evidence today it does not apply to what witnesses say outside of their evidence at the hearing. Therefore, I urge witnesses to be careful about comments they make to the media or others after completing evidence.

Committee hearings are not intended to provide a forum for people to make adverse reflections on others under the protection of parliamentary privilege. In that regard, it is important that witnesses focus on the issues raised in the inquiry's terms of reference and avoid naming individuals unnecessarily. All witnesses have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018. If witnesses are unable to answer a question today and would like more time to respond they are entitled to take a question on notice. Written answers to questions on notice are to be provided within 21 days. To assist with audibility, please speak clearly into the microphones. As we have a number of witnesses in person and via teleconference it may be helpful to identify who questions are directed to and who is speaking when making contributions.

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ROSEMARY DILLON, Chief Executive Officer, Blue Mountains City Council, before the Committee via videoconference, affirmed and examined

The CHAIR: I welcome our first witness. Dr Dillon, do you want to commence by giving a brief opening statement on behalf of the council?

Dr DILLON: Just briefly. I thought I might summarise our submission. Firstly, I thank the Public Accountability Committee inquiry for giving me the opportunity to be present today and to have made a submission. The impact of the 2019-20 fires was devastating for the city of Blue Mountains. We had a significant impact on our local community, which in 2013 had experienced what had at the time been the largest bushfire, with 200 homes destroyed. Some of those very same communities, but also communities right up and down the Blue Mountains, had fire on three fronts for a couple of months. The mental anguish, the fear—the impact was just horrendous. Fortunately we only had 22 homes, but we had immense amounts of infrastructure. Most importantly is the environment and economy as well, with 70 per cent to 80 per cent of the Blue Mountains World Heritage Area estimated to have been significantly burnt and impacted. There was a devastating loss of wildlife and a devastating loss of biodiversity.

With our economy, we estimate there was a loss of 2,500 jobs—that was back quite a few months—and that the loss in output for our region was in the order of about \$560 million, but I would say that is an underestimate. Our economy has not recovered. It is the cumulative impact of the bushfires, floods, rainfall, landslides, COVID, more landslides—a multimillion-dollar cost in landslides—all cumulatively impacting us. In particular, COVID and bushfire combined has devastated the economy. There is probably not a week that goes by that I do not hear of another business closing its doors. Someone has just told me this morning that two more shops are to go in Katoomba Street, our main centre.

In July 2020 I was contacted by New South Wales Government—Regional NSW and Resilience NSW. It was through a number of telephone calls, fairly informal, where I was told by the offices that there might be up to \$270 million available in grant funding from the Commonwealth and State governments to help us in our recovery process. In July we were still reeling from the impact of the bushfires, COVID, floods and landslides. With the phone call there was no specific criteria. The only detail I guess they told us was, "What needs to be recovered? What is shovel-ready?" We thought, "This is such a relief", because we had not had much assistance until then. We had had some, but overall I think in total from the State Government we got in the order of \$875,000, and I think from the Federal Government we got \$1.5 million. But it was not enough; we needed more.

It is the cumulative impact on environment, on all our tourism infrastructure, on our local businesses, on our communities that have gone through all the mental anguish and so forth. But we were told shovel-ready so we worked really hard, as fast as we could, and we put together a comprehensive package of what I thought were fairly pragmatic shovel-ready—what we had to hand. Some of it was tourism infrastructure. Other projects were to support the community. Other projects were to support the economy—the tourism economy. Others were to support local business. I think we put \$5.45 million worth of projects together, some 23 shovel-ready projects.

Then we did not hear anything. I kept following up and I kept saying, "What's happening?" I did not really get any information. Then, suddenly, in November we became aware that \$177 million had been allocated to 71 fast-tracked projects in New South Wales and that there had not been any clear criteria guidelines or formal funding applications. We were terribly disappointed, only because we felt we were one of the most impacted areas because of the impact on, as I said, the community, the economy and the environment, then followed by COVID, where there has been a loss of all our international visitation. Even with the recent landslides and flooding, the Megalong village was cut off and we have had to rebuild roads. Most of our road network has now been washed out. I am having to find an extra million dollars within our own funding just to do heavy reseal patching. We are just a city that is heavily subject to a range of natural disasters recently. We are still devastated and we still have not fully recovered by any means. That basically is what happened.

In closing, I would like to make the point that I think that Australia increasingly is experiencing natural disasters and I can tell you we are seeing this in the Blue Mountains. We are used to the bushfires, but it is the cumulative impact of multiple different types of natural disasters. Going forward, it is imperative we all work together and that we address needs of impacted communities and environments from natural disasters. Any grant funding, I would argue and hope that it should support impacted communities in a fair and impartial way. It should be separated from political agendas and it should target those areas most in need.

Finally, I would like to speak as a voice for local government. We are sometimes dismissed. We are sometimes ridiculed. We are sometimes ignored and, yes, like other levels of government we do not always get it right. But what I can vouch for, having spent my lifetime working for local government, is that we are the level

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of government closest to the people and we understand not just the needs of the community at a broader level but we understand the strategic priorities for infrastructure development, for economic development and for community development. We should have a greater role in the disbursement of funding. Do not do grant programs that pit community against the council. The way the grant programs are formulated should give a role for local government, and I think some of the reason—even the Bushfire Local Economic Recovery [BLER] stage two, you saw a little bit of pitting of community against councils. Let's do grant programs in a way that honours the role of the three levels of government and gives a role to local government. We work hard and we are there to serve our community and we want to do that well.

The CHAIR: Thank you for that opening statement, Dr Dillon. Regardless of our politics we all commiserate with what your community has been through and hopefully the purpose of today's hearing is to ensure that when the next inevitable emergency strikes, you are properly supported.

The Hon. JOHN GRAHAM: Thank you for your submission and that opening statement. When the Government was questioned about why it was that despite all these fast-tracked projects across the State there was simply no funding found for Blue Mountains despite the devastating impact you have described, their answer was that none of the projects that were submitted met the criteria. When was it that you first heard that all those projects you had submitted did not meet the criteria? When was that view first put to you?

Dr DILLON: Is the question: When did I hear when the funding came through? What is the question again, please? Could you repeat it?

The Hon. JOHN GRAHAM: When the Government was questioned they said, "None of your submissions met the criteria." When was it that you first heard that view from the Government that the projects you put in had not met the criteria for the program?

Dr DILLON: I heard it through media. I cannot recall the exact month. I imagine it would have been November when the announcement happened. But it is very strange because there was no criteria and our projects were shovel-ready. If anything, they were not in the millions and millions of dollars; they were more in the hundreds of thousands or it might have been 30,000 or 50,000. An example is Pulpit Rock Lookout, Blackheath; it was burnt. It is part of our tourism infrastructure; it was one of the projects. It still has not been repaired—rehabilitated. That is the kind of project we had. They were shovel-ready. They were ready to go and they were part of the small scale. We were not told any criteria. We were not told it needed to be in the millions of dollars or anything. We were just told shovel-ready.

The Hon. JOHN GRAHAM: Yes, you were told they had to be shovel-ready. The projects you submitted were shovel-ready.

Dr DILLON: Absolutely.

The Hon. JOHN GRAHAM: When we asked, we were then told that there was a million-dollar threshold. When were you first told that there was a million-dollar threshold for some of these projects?

Dr DILLON: I was never told. In multiple telephone calls and teleconferences, I was never told there was a million-dollar threshold.

The Hon. JOHN GRAHAM: When you say you kept following up—you had these initial discussions and submitted these projects—did you get any response as you followed up to find out where the projects were up to or how they were travelling through the system?

Dr DILLON: My recollection is I followed up at least three times—it might have been more—by phone and I got no feedback at all. Just no comment from it and just not resolved. I was not given any information.

The Hon. JOHN GRAHAM: Those follow-ups were with the agencies. Were they with Resilience NSW or Regional NSW?

Dr DILLON: It was one of those. I would have to look at my records. I do not have the name of the officer, but I think it was Regional NSW who I became aware was—

The Hon. JOHN GRAHAM: To this point, have you been provided with any specific criteria for these programs that give you the guidance you need to do your job?

Dr DILLON: There was a contacting of myself and the mayor I believe by Regional NSW to explain what they said happened, that it was all, they said, a fair process and there was no funny business. But from our point of view, I think the facts speak for themselves. There were no criteria. There was no talk of a threshold of a million. Yet, there was contacting us, asking us to prepare and submit a package of shovel-ready projects that would help our economic and social and environmental recovery.

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The Hon. COURTNEY HOUSSOS: Thank you very much for your time, Dr Dillon. Can I just come back to the question of what shovel-ready is? This is something that has been raised by a couple of councils. Was the criteria that you were told that it had to commence within six months or be completed within six months? What was the information that you were provided?

Dr DILLON: It was pretty vague. It did not really, as far as I recall, define shovel-ready. So we did try to come up with things that we could start implementing immediately. For example, if it needed a DA, we only submitted things that already had a clear line, a DA approval or were ready to go. In our mind, it was things that could be implemented within six to 12 months, but many of the things we submitted could be started immediately. That is what we submitted, which constrained—we had other things like the Charles Darwin Walk, which has been devastated by the bushfires. That is one of our major projects we are hoping will get funding in the future. We could not submit it because it was not ready to go, it was not shovel-ready so we did not put that forward. But the ones we did put forward could be implemented generally within six months. A few of them might have gone six to 12 months but they were really ones we thought we could just get cracking on.

The CHAIR: I feel I almost have to declare a conflict of interest because I am desperately keen to see the Charles Darwin Walk reopen. I am desperately keen to see all of your bushwalks reopened and I think I am not alone in that. As I said, I feel I almost have to declare a conflict of interest, but it probably does not quite meet the threshold.

The Hon. COURTNEY HOUSSOS: Just to be clear, the Deputy Premier told us that part of the reason that the Blue Mountains City Council received no funding was because they did not meet the criteria, they did not meet the million-dollar threshold and they were not able to be commenced within six months. But that is just not the case, is it?

Dr DILLON: That is just not the case. It is quite shocking for me to hear that given that we were not told of any criteria. And here we are. We were desperately working on recovery at the time and managing COVID. No, we were not given a single iota of criteria—no criteria—but we were told, "Put this submission through; prepare it." I think we did a good job doing it. We did not just give them a list of projects we outlined. I think the problem is that the process was fairly informal and maybe that is a major lesson there. When you have got an informal process there can be a great perception that it might be not a fair process. In this case it is hard not to reach the conclusion that there were political agendas at play.

The Hon. COURTNEY HOUSSOS: Ms Dillon, you have called this an informal process. Was that because there was no clear criteria provided to you and no clear guidance? Were you ever provided with a set of criteria?

Dr DILLON: No.

The Hon. COURTNEY HOUSSOS: I want to ask you about something else that the Deputy Premier told us, which is that the New South Wales Government had provided \$26 million to the Blue Mountains council. In your submission you outline that you received \$875,000 in financial assistance. Can you just tell us where your figure came from?

Dr DILLON: The \$875,000 comes from the grant funding that has gone to the Blue Mountains City Council. I think what the Minister might be referring to is funding that may have gone to individual businesses that they might have applied for. I want to make a point on this which is that across Australia, I guess, or in New South Wales and various places, businesses got that money. I am talking about the funding to a level of government, local government, that is in a position to rectify infrastructure—especially, as I mentioned, Pulpit Hill lookout, for example—and tourism infrastructure to best see how to support the environment with massive devastation, as I mentioned, of all the environments around the city. Local government, in a sense, can have a more strategic perspective in terms of where the need is so that it best supports the social, economic and environmental recovery and development of a region or a city.

So the money went to businesses. I did not care about that and it is great that it went to the businesses. It was never reported to me the amounts or how much they got, but that is not the same as supporting a level of government, local government, to support recovery, especially infrastructure, economy, environment and community. These are things that should not be ad hoc. It is great that money went to businesses but I am talking about the recovery of a city. I am talking about the stimulation of a local economy. I am talking about critical infrastructure that needs to be up and running. There is a time criticality to all of this. We needed that money to do that broader infrastructure and community, environmental support. It did not come on the level and scale that was needed. But we saw other regions getting that money and we still need the funding. We still need to recover and we are doing everything we can.

The Hon. SHAYNE MALLARD: Chair, the Government has some responses to this, just so you know.

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The CHAIR: I have some questions as well.

The Hon. NATALIE WARD: Dr Dillon, can I pick up on that point about the business and the funding? Before I start, I just want to say that I am very sorry for the devastation that has occurred in your community and thank you for your work. I want to try to get some understanding of some of the facts. I am concerned that you are saying that there seems to be no funding. That is not the case, is it? You are not saying that there has been no funding to the Blue Mountains?

Dr DILLON: No, but as reported to our council, in February we got \$875,000 from the State Government that went to council, and—

The Hon. NATALIE WARD: Yes. I just want to clarify that point.

The CHAIR: I do not think Dr Dillon had finished. You should allow Dr Dillon to finish. Dr Dillon?

Dr DILLON: Yes, so \$875,000 directly to council and we do not deny that the State Government has given some funding to support individual businesses and residents directly impacted.

The Hon. NATALIE WARD: Just picking up that point, you mentioned businesses. I notice that one of the funds goes to CatholicCare. You do not consider CatholicCare to be a business, do you? You spoke about recovery and resilience. One of those is a CatholicCare stream of \$50,000 for the trees and minds project. That is directed to those things that you are concerned about. Is that not so?

Dr DILLON: I am not aware of that money or what they have done with it, but if that has happened, that is good. The point I am making is that when you have these natural disasters with such a scale of impact, it is imperative that the local government, as a level of government overseeing infrastructure development, economic development and community development, that we also get the funding we need—a bigger system, systemic and systematic funding for recovery. It is great that some funding went to organisations and/or businesses, but is the council aware of it? No, we are not necessarily aware of it or of what they are doing.

The Hon. NATALIE WARD: I say respectfully that because you are not aware of it does not mean that has not happened. It is not important that money has gone for mental health at Mount Tomah, Phoenix mental health and resilience and for resilience capabilities by corporate2community and Habitat for Humanity. There are organisations that are rolling out recovery and resilience that may not be part of the council but benefit the people and the community of the Blue Mountains. Is that not right?

Dr DILLON: I am aware recently that there has been—what is the funding that is community?

The Hon. NATALIE WARD: Stream two.

Dr DILLON: Yes, that is right, stream 2 of the Bushfire community recovery and resilience fund. I am aware that we have just received funding for about 20 projects across the community, but not to the council, to community-based—I am aware of that but they are not coordinated city wide. That is wonderful that they have got that funding but in terms of the broader stage one, for 71 fast-tracked projects to be given \$177 million and for us to miss out, given also that they specifically contacted us and asked us to make the submission, and given that we were a major impacted area, is just incredulous to me that we received nothing.

The Hon. SHAYNE MALLARD: Dr Dillon. It is Shayne Mallard. I am a local resident, as you know, and a member of the fire brigade in the mountains and impacted by the fires. I would like to ask you some questions around the context of funding. You said in your introduction that any house or business that is destroyed in a fire is devastation, but mercifully there were only 22 homes destroyed, did you say?

Dr DILLON: Twenty-two houses but there was still a lot of other property damaged.

The Hon. SHAYNE MALLARD: I understand that. I toured the area with the Premier during the fires. We went up through to Bell and all across the causeway looking at the destruction there. Of course you are aware that there were about 3,600 houses and businesses destroyed in the State during that fire crisis. In context, we were lucky in the Blue Mountains. Being a resident there I know how much emotional impact there was, but we were lucky it was not worse. We are a very resilient community. Do you agree with that?

Dr DILLON: I agree but I would not want it to diminish the impact on our natural environment.

The Hon. SHAYNE MALLARD: I agree with that.

Dr DILLON: The death of all the koalas, the wombats and all of the animals that died—there was massive impact on the environment.

The Hon. SHAYNE MALLARD: Yes.

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Dr DILLON: And also we had a massive impact on not getting international visitation and even domestic visitation. That impacted on our economy, which immediately went down.

The Hon. SHAYNE MALLARD: I am familiar with that.

Dr DILLON: And also the anguish. We had fire on three sides.

The Hon. SHAYNE MALLARD: I have limited time and we have heard that, yes.

Dr DILLON: I think that that was a devastating impact for the community.

The Hon. SHAYNE MALLARD: Dr Dillon, I have only got a few minutes. I understand that and we heard that before. I have done roundtables with Senator Payne around the issue of Federal funding for businesses impacted in the tourism sector, for example. But the first round of funding was directed to people specifically impacted by the fire by losing their house or their business. In that context, the Blue Mountains was luckily not so severely impacted. I acknowledge the impact on the environment. I have been in the mountains with Minister Kean touring the fire damage and you are aware that there is record funding that is going into rebuilding National Parks and Wildlife walking trails in the Blue Mountains at the moment? We put out a media release a few months ago. I am trying to get a copy of it at the moment. It was record funding in the history of the State going into the Blue Mountains from National Parks?

Dr DILLON: Mr Mallard, you said in the first stage of funding it was targeted at where there were lost households—households that had burned down or the house had burnt down.

The Hon. SHAYNE MALLARD: Yes.

Dr DILLON: That was not the case. We saw the funding that went to the 71 fast-tracked projects. There was—what was it?—air flying. There were all sorts of projects that were not even related directly to bushfires. We are working very well with National Parks and Wildlife and we are very happy that they have received funding, and that is terrific.

The Hon. SHAYNE MALLARD: After the fires, the State invested—and we are still investing money in the State—I have got a figure of \$40,943,000 that was invested in train and road infrastructure repairs across the State. I have drilled down into the Blue Mountains because, you know and I know, the entire rail line was destroyed between Mount Victoria up. All the rail service was destroyed. I have got a figure of \$13 million in Blue Mountains road infrastructure rebuilt by the State. I imagine a lot of that was on the causeway. Everyone applauded how quickly Transport for NSW got in there and rebuilt the devastated rail system and restored train services. It was just melted; the communications and everything was melted.

I have not got the figure specifically, but it would have been tens of millions of dollars. I have got a figure of 200 employees worked full-time—150,000 person hours—to rebuild the track infrastructure to connect the Blue Mountains back into the system. So there was investment from the State—you acknowledge this—going into other areas of critical need in the Blue Mountains: the rail infrastructure, the road infrastructure, the communication infrastructure at that time and still going. Half a million dollars was even spent on coach hire just to divert the passengers around the destruction. So you acknowledge the State was doing work in the Blue Mountains, significant spending in the Blue Mountains?

Dr DILLON: I acknowledge the State Government invested in its State-owned infrastructure, yes, to repair its own infrastructure.

The Hon. SHAYNE MALLARD: You talked about the environment. The environment is not exclusively the council's responsibility. The national parks is the State's. The investment in the walking trails and the restoration and indeed pest management, we have been criticised by the Animal Justice Party for it but we have been in there. There is record destruction of feral goats, pigs, dogs and cats in the national parks that have emerged from the fires. All of that stuff is investment into the economy of the Blue Mountains that the State is doing, supporting the local economy, making sure the environment is strong—which we are responsible for in terms of the national parks.

Dr DILLON: Again, that investment is State responsibility. But the Blue Mountains City Council has responsibility, to my understanding, for just under 10,000 hectares of natural environment—not National Parks and Wildlife. This is Blue Mountains City Council. We are responsible for extensive networks of walking tracks. What happens is they meet the national parks' walking tracks but we have to fund and repair a significant network and proportion of local walking tracks, local infrastructure, toilets, lookouts like Pulpit Hill that still needs \$900,000 for it to be repaired so that tourists can visit.

The Hon. SHAYNE MALLARD: And Crown lands as well.

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Dr DILLON: And Crown land has been given over to local government. So the Crown Lands is in the process of handing over Crown land to us warts and all, with everything on it. It might have asbestos on it, whatever. We get that and we are getting the care, control and management of that land at a great cost.

The Hon. SHAYNE MALLARD: Councils have lobbied the Government for that. I have two quick questions, but take them on notice. Do not answer them now because time is running out. I will table these media releases. On 25 January 2019—I beg your pardon, it is 1 May 2020—I put out a media release in the Blue Mountains announcing that we were not requiring councils to reimburse us for the fire services levy. That saved Blue Mountains council approximately \$670,000 you did not have to give to the State Government. I have been trying to find out what you have done with that money, as has Councillor Kevin Schreiber. We have not got a response. On notice, can you advise this Committee—

The CHAIR: Well—

The Hon. NATALIE WARD: He is entitled to ask.

The Hon. SHAYNE MALLARD: It is legitimate. It is a grant.

The CHAIR: It is not a grant.

The Hon. SHAYNE MALLARD: Yes, it is.

The Hon. NATALIE WARD: He is entitled to ask.

The CHAIR: You can ask a question. If it is outside the terms of reference—go for your life.

The Hon. NATALIE WARD: I object. He is entitled to ask. It is a Government grant.

The CHAIR: It is not a grant.

The Hon. SHAYNE MALLARD: Exactly right. It is a COVID initiative and it is \$670,000. The Minister for Local Government put out a media release. The councils need to indicate how they use that money. That is one question. The second question on notice is: On 25 January 2019 I announced some grants to the Blue Mountains council in regards to roundabouts. The council has applied for these grants. The roundabouts are at Megalong Street, Katoomba, and Prince George Street, Wentworth Falls. I have been to inspect those finished projects and they are substandard. I have got photographs I can table. I have had complaints from the community up there about the standard of those roundabouts. I will ask you to review the execution of those grants that the State gave you and the quality of the work that has been done on those. I will table those photographs.

The CHAIR: They are questions on notice, Dr Dillon.

Dr DILLON: I am happy to take that on notice. Perhaps if there was less cost shifting to local councils we might have more funding to do work of a higher quality.

The Hon. NATALIE WARD: The fire levy is an example of you not being asked to be reimbursed.

Dr DILLON: I do not take your comments on the roundabouts. I do not agree. I would need to have a look at that myself. For you to call our work substandard, I find is just inappropriate.

The Hon. SHAYNE MALLARD: Have a look at the photos. They are dangerous for cyclists and motorbikes. The community is not happy with the quality of the work, nor is the State Government.

The CHAIR: Thank you, Mr Mallard.

Dr DILLON: It is about bushfires we should be focusing on, not—

The Hon. SHAYNE MALLARD: No, it is about grants.

The Hon. NATALIE WARD: It is actually about government grants.

The CHAIR: Just to be clear, the Government's time has expired. You have had about 15 minutes of—

The Hon. NATALIE WARD: It is free flowing.

The Hon. SHAYNE MALLARD: It was free flowing, I thought.

The CHAIR: I have given you a clear run for 15 minutes. I have about 10 minutes left and I have not asked a question yet. If you would allow me to ask some questions, I would appreciate that. Dr Dillon, thank you very much for your submission and for coming and giving the evidence today. Could I ask you to cast your mind back to July, when you first heard about the opportunity for some bushfire projects. Were you told at the time it was going to be fast-tracked in July of last year?

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Dr DILLON: I cannot recall if they used the word "fast-tracked" but I got the impression there was an urgency, that they realised that many areas needed a boost to their recovery and that this funding was specifically for that. I got the sense that it was a fast-tracked process. But that is not what flowed out because I don't think it was until November that the outcome was made.

The Hon. NATALIE WARD: It was explicit.

The CHAIR: Indeed, you pulled together a very persuasive and high-quality set of project submissions as early as 23 July 2020. Can you tell the Committee what sort of resources were required to pull together that comprehensive submission?

Dr DILLON: We just worked really hard at it. I had our executive leadership team work on it at the highest level. We maybe met five times. They then worked with their individual offices to quickly pull together the appropriate projects. We made sure in the submission that each project had not just a description but also an outline of the potential benefits, how much funding was required, what the delivery time frame would be and that there was demonstrated support and approvals already in place for the project, and that if any approvals were required how we would proceed with that in a timely manner. That was all outlined for each of the projects.

The CHAIR: Indeed, each of them not only had a delivery time frame—many of them commencing in 2020 and completing either in late 2020 or early 2021—but in each of them you set out a very clear funding request as well. They were well thought-out projects, weren't they?

Dr DILLON: They were well thought-out projects, yes. Because they were projects that we required funding for not just in any old way but for recovery, which was critical at the time and still is.

The CHAIR: Many of them dealing with rebuilding council infrastructure that had been burnt and damaged or going in and dealing with natural reserves, for example, post-fire weed erosion control and storm water treatment works that were needed.

Dr DILLON: Absolutely correct. We even reached out to support some of the Rural Fire Service facilities and buildings as well. But a lot of the projects were about actual recovery of tourism infrastructure. Sometimes they were also about retention dams that we knew would be used for bushfire in the future. That was in the Blackheath golf course retention dam. One of the critical areas was our city-wide tree asset database. The way we were majorly impacted, yes, we might have only had 20 homes, but we had so many trees that were burnt and dangerous. That took a lot of effort and coordination. We got some help from the defence force, but it was a massive effort to quickly get in and remove dangerous trees and manage those trees. Some of the funding sought was to help us do that for future. We were trying to futureproof as well. But there was a lot of controls to stop people going into unsafe areas—all sorts of projects. And also some community development projects for supporting community recovery and local economic.

The CHAIR: Indeed the total of the 23 packages that council put forward had a total funding request of \$5.45 million.

Dr DILLON: That is correct.

The CHAIR: When you look at how much money was handed out around the rest of the State that is a fairly modest request that you are putting forward, isn't it, given the damage you had suffered?

Dr DILLON: I have to explain. The reason it was modest was because they had said there just needs to be things that are ready to go. So as I said before, that is why the Charles Darwin walking track was not on that list.

The CHAIR: How did you feel when you heard in November that millions of dollars had gone towards seawalls, expanding marinas and in one case building a skydiving centre when Blue Mountains did not get a cent? How did that make you and your staff feel?

The Hon. SHAYNE MALLARD: It did get funding.

The Hon. NATALIE WARD: That is not correct.

The Hon. SHAYNE MALLARD: It did get funding.

The Hon. NATALIE WARD: It is not correct it did not get a cent.

The CHAIR: How did that make you and your staff feel?

The Hon. SHAYNE MALLARD: They did get funding.

The Hon. NATALIE WARD: That is not correct.

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Dr DILLON: We felt devastated. We felt targeted and devastated, as though there was some reason, there was something wrong with us that we did not get the funding for our city. I felt that I had let down the city. We felt devastated.

The CHAIR: At any point between when you submitted the projects in July and when the announcement was made in November was there ever a request for further information or some further details that came to you from the State Government about the 23 shovel-ready projects you provided?

Dr DILLON: Nothing, which I found really strange. That is why I kept following up.

The CHAIR: Do you know if that follow-up was by email, by phone or by a mixture of each, Dr Dillon?

Dr DILLON: It was by phone. I am not sure but I may have sent an email, but I think it was phone.

The CHAIR: Could you provide us on notice with as much detail as you can about when those follow-ups were made by either you or your staff, Dr Dillon?

Dr DILLON: Not easily. We would have to maybe go through the telephone records.

The CHAIR: I will not ask you to do that. You have been put to enough trouble by the State Government. If you can identify without undue use of resources roughly when those requests were made and how many, that would be helpful.

The Hon. SHAYNE MALLARD: They do not even have an asbestos register. They are not going to have a phone record.

Dr DILLON: Yes.

The CHAIR: In the documents produced by the State Government under what is called a call for papers, the compulsory production of materials following an order of the upper House, we were provided with a document that is allegedly dated 1 October 2020 headed *Bushfire Fast-tracked Projects and Project Selection*. Were you ever provided with any documentation about how bushfire fast-tracked projects were being assessed by the State Government?

Dr DILLON: No, I was not. I should say, after the fact the mayor and I got a briefing—a month and a half back we got briefing explaining how they allocated the funding. It was a little PowerPoint. But there was no clarity for me of the criteria. I did hear through the media that projects had to be \$1 million or above.

The CHAIR: Have you still got that PowerPoint presentation from the Government, Dr Dillon?

Dr DILLON: I do. I think I do.

The CHAIR: Would you be able to email that to the secretariat?

Dr DILLON: Yes.

The CHAIR: It might be useful before this afternoon, if you could. The 1 October bushfire fast-tracked projects document from the State Government, you may be surprised to know, does not mention any sort of financial threshold of either \$100,000 or \$1 million. When did you hear that there was some sort of financial threshold?

Dr DILLON: I think it was when the media came out, which I vaguely recall was November last year. It might have been November or December. It might have been further media in early 2021.

The CHAIR: Could I ask you then about the BLER stage two? How many applications has council submitted for that stage two funding, do you know?

Dr DILLON: Bear with me. I believe that we have submitted six projects. We have also partnered with community on three. So six council projects and we have partnered with community on three and I have done multiple letters of support as well for other projects.

The CHAIR: Have any of those applications been approved and funded by the State Government yet?

Dr DILLON: No.

The CHAIR: Have they given you a time frame for when those will be approved or at least considered and resolved?

Dr DILLON: I understand they have received \$2.5 billion worth of requests for the \$250 million available funding. Because of that I thought we were going to hear in June, but I have a feeling it might have been delayed. I am not sure.

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The CHAIR: It is now well over 12 months since these devastating fires happened. What do you say to a grants process that still has not given the council a single dollar now 14 or 15 months after the bushfires came through?

The Hon. SHAYNE MALLARD: They did get funding initially. Was it \$850,000?

Dr DILLON: I will say that we are grateful for every dollar we get and I am still grateful for the \$875,000 we did get from the State Government.

The Hon. SHAYNE MALLARD: That is right.

Dr DILLON: But it was not enough. When you look at the relativities, what I would say is please do this in a fair way. Do it impartially. Do not let politics interfere—

The Hon. SHAYNE MALLARD: Tell your local member.

Dr DILLON: We do not want pork-barrelling. Ordinary people and residents and people of local government, we do not appreciate pork-barrelling. We just want a fair process. We just want the needs of our community met. We are happy to be prioritised against other areas, but in this case I do feel we have been devastated and then we have got the cumulative impact, as I said, of landslides, floods and COVID. COVID, in particular, with the bushfires has devastated our local economy. So I would ask for a fair process.

The Hon. NATALIE WARD: Chair, could I just ask one question on notice?

The CHAIR: Dr Dillon, I am sure we have all got many more questions of you. It may be that we put some further questions on notice, but we have unfortunately run out of time.

The Hon. NATALIE WARD: I just have one, Chair. I would like to just put—

The CHAIR: I thank you on behalf of the entire Committee for your assistance today.

The Hon. NATALIE WARD: Chair, that is just not correct. It is not correct to say that you have not received funding and I have a question about—

The CHAIR: It is 10.16 a.m.

The Hon. SHAYNE MALLARD: You started late though.

The Hon. NATALIE WARD: Projects that you have put, Dr Dillion, have been funded under—

The CHAIR: Thank you, Dr Dillon. I call the Government to order for continually talking over—

The Hon. SHAYNE MALLARD: You cannot call the Government to order.

The Hon. NATALIE WARD: You will not allow me to speak.

The CHAIR: I call the Hon. Natalie Ward to order for continuing to talk over me and for continually interrupting this witness.

The Hon. NATALIE WARD: It is just not true to say you did not receive funding is it, Dr Dillon? You received funding under other programs.

The CHAIR: You have continually interrupted this witness with a gross discourtesy throughout the course of this first session. It is a gross discourtesy you have shown towards this witness.

The Hon. SHAYNE MALLARD: Coming from you.

The CHAIR: Dr Dillon, I thank you for your attendance.

The Hon. NATALIE WARD: It is just wrong.

The CHAIR: I am sorry that discourtesy has been shown to you throughout the course of this hearing.

The Hon. SHAYNE MALLARD: Do not apologise on our behalf, David.

The Hon. NATALIE WARD: Let's not let the facts get in the way.

The CHAIR: At least on behalf of the non-Government members I apologise for the discourtesy.

The Hon. NATALIE WARD: It is just wrong.

The CHAIR: There will be some questions you answer on notice and we may have some further questions to put to you. Thank you very much, Dr Dillon.

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The Hon. NATALIE WARD: Your submissions were approved under other funding.

Dr DILLON: Thank you so much for the opportunity. I do appreciate it.

The Hon. SHAYNE MALLARD: I look forward to those answers.

The Hon. NATALIE WARD: It is important we have facts before this Committee.

The CHAIR: We will have a short morning tea break.

(The witness withdrew.)

(Short adjournment)

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LEANNE BARNES, General Manager, Bega Valley Shire Council, before the Committee via videoconference, affirmed and examined

ANTHONY MCMAHON, Director, Assets and Operations, Bega Valley Shire Council, before the Committee via videoconference, on former affirmation

MATTHEW HYDE, Chief Executive Officer, Snowy Valleys Council, before the Committee via videoconference, affirmed and examined

PETER TEGART, Chief Executive Officer, Queanbeyan-Palerang Council, before the Committee via videoconference, sworn and examined

JACQUELYN RICHARDS, Portfolio General Manager, Community, Queanbeyan-Palerang Council, before the Committee via videoconference, on former affirmation

The CHAIR: Welcome back to the second session today of the Inquiry into Integrity, Efficacy and Value for Money of NSW Government Grant Programs. We have three regional councils that will be witnesses in the next session: Bega Valley Shire Council, Snowy Valleys Council and Queanbeyan-Palerang Council. We thank all councils for their submissions and, in two cases, for your addendum, which the Committee has read and digested. Thank you very much again for your attendance and submissions. Did you want to kick us off with a brief opening statement? If so, we might start with Mr Hyde.

Mr HYDE: Thank you. Council is very grateful for the assistance offered through the State and Federal governments to support our communities, especially in times of extreme need such as the disasters. However, we would like to see some improvements to the processes for administration of the grants programs and ensure that our communities have outcomes that do not burden them a long time into the future.

The CHAIR: Thank you very much, Mr Hyde. Bega Valley?

Ms BARNES: Thank you for the opportunity to have input into this. Like Mr Hyde, I think that we are unbelievably thankful for the support and assistance we get from the State and Federal governments to assist our communities. Our shire and our community have been impacted now by six natural disasters in 15 months as well as the impacts from COVID and the cross-border impacts that have particularly impacted ourselves and Snowy Valleys. We also believe that there needs to be an opportunity to re-look at the national Disaster Recovery Funding Arrangements—to review them and to look at how we have a capacity to be able to potentially have a sliding scale when we have situations of compounding disasters—that we look at an untied allocation approach as applied last year during the bushfires in 2020 when councils were given some capacity to financially meet immediate needs.

We also believe that there is a need to look at improving mitigation funding on an ongoing basis as we move into the future, particularly for our infrastructure. We need to have the capacity to look at extension of time for delivery and also an improvement on the announcements of decisions and processing from the State Government. We need to be able to, at local government, fund resources for the processing of our funding arrangements. There are a number of other things that we believe we have the opportunity now to contribute to, taking on board the wonderful support we have got, but refocusing and making it better for the future.

The CHAIR: Thanks very much. Could I then just ask Queanbeyan-Palerang Council?

Mr TEGART: Thank you, Chair. We totally, unreservedly support the comments made by our colleagues in the mountains and coast. Just to reiterate some key points, it is the administration of the grants that we look forward to assisting in the redesign, particularly in the streamlining so that there is a more nimble response to those in immediate need; to recognise the role of local government more in recovery because, at the end of the day, they are our people and we have a responsibility to look after our people; the extent to which accessibility to grants is differentiated between individuals, businesses and groups; and the recognition that there are also other parties, including the environment and wildlife, that are affected that we also administer on behalf of the community. But principally we will be speaking around the need to be nimble in the case of an event, to be measured in the arrangements around recovery and to be forward-thinking in the future arrangements for resilience. Part of that should be around any future funding not only being untied at the time of the event but then certainly tied and arranged around building back better for infrastructure facilities that are burned and damaged by natural disaster events—therefore, to an extent, improve them to the point that they may not be as badly damaged the next time around.

The CHAIR: Thank you very much for those opening comments. I will hand to the Opposition to commence questioning.

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The Hon. COURTNEY HOUSSOS: Thank you all for your time and submissions. I wanted to start with Bega and Snowy Valleys councils. Both of your submissions talk about the delays between the announcement of the Bushfire Local Economic Recovery, what we are calling BLER funding—it is not a great acronym—and about the program announcement and the actual opening. Both of you use the word specifically that it created "friction" in the community. Do you have the exact date when you were provided with a copy of those guidelines? Why don't we go to Bega first then Snowy Valleys?

Ms BARNES: I believe that we were advised of the guidelines in September but I would have to take on notice the exact date of the advice to us. I believe the applications were due shortly after that.

The Hon. COURTNEY HOUSSOS: Do you have a date for when those applications were due?

Ms BARNES: Originally there were two parts. There was the bushfire community recovery relief funding round two, which was due in November; and the Bushfire Local Economic Recovery fund, which were due in early December. So it was a short, I believe, seven-week turnaround time for organisations to get their applications in. We were, through the councils on this screen today and with the other councils in our south-east area that were impacted by the disasters, able to get that extended for the community to have greater time to respond.

Mr HYDE: I do not have anything extra to add about the dates, but the expectations from our community are fairly well present on local government to respond very quickly and there was a need for us to actually have a facilitated process with the State and Federal governments to assist in that. In the Snowy Valleys' case, we actually made some rapid decisions immediately following the fires so that our community could get some future accommodation. We were essentially in our emergency committee predicting what was going to happen in the future months and we made arrangements. We were not quite sure how we were going to fund those at the time. So the quicker the Government can respond to what the local needs are in expectation of what is going to happen in the future, the better that is for the community because they are coping with enough emotion and different events and trying to recover and think about what they are going to need to do personally as well as in their communities, and to have some of that burden lifted from them is very important.

The Hon. COURTNEY HOUSSOS: Before I go on, can I just ask you, Mr Hyde, did someone provide you with assistance in preparing your submission? Because I have to say, there are some chunks in yours and then also in the Bega one that actually use the exactly same language in several paragraphs.

Mr HYDE: Our submission was prepared internally by our staff that are involved in the event.

The CHAIR: Councils do speak to each other.

Ms BARNES: Ours was also prepared internally by staff.

The Hon. COURTNEY HOUSSOS: Only internally?

The Hon. SHAYNE MALLARD: What are you suggesting?

The Hon. COURTNEY HOUSSOS: I am just asking.

Ms BARNES: Yes.

The Hon. COURTNEY HOUSSOS: Thank you.

Mr HYDE: If I may, the Canberra joint organisation is a group of different local governments that work together and some of the submission information was shared. There were some discussions between councils about similar sorts of issues so you will see a reflection in there of some of those issues.

The Hon. COURTNEY HOUSSOS: That is fine. I just wanted to find out. Both of you talked about waiting until late September to have the project funding criteria. Did either of you submit projects prior to receiving this formal criteria?

Ms BARNES: We did not present an application prior to that time frame.

The Hon. COURTNEY HOUSSOS: So you were not putting in any projects to be funded prior to the November period?

Ms BARNES: No, we did not put in funding applications. However, the State Government was very aware that we had lost two community halls. They were Kiah and Wandella community halls. We had been working with the relevant State agencies in relationship to how we would be able to get some additional support to Mr Tegart's phrase "building back better" for both of those as soon as it was possible. We understand that that was taken on board, albeit no formal application was made, and the funding for those two halls was announced in November last year.

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The Hon. COURTNEY HOUSSOS: Mr Hyde?

Mr HYDE: Yes, the Snowy Valleys Council amended its advocacy plan immediately after the fires to look at what the needs were in our local community. That was socialised with any politicians or any departmental representatives that came through the area. So it was very clear what the Snowy Valleys' priorities were. The council authorised us to then immediately lodge any grant applications for those purposes. As those grants became available, council staff immediately prepared those applications.

The Hon. COURTNEY HOUSSOS: How were you originally notified? I am particularly interested in the Bushfire Industry Recovery Program. When we are talking about the Bushfire Local Economic Recovery package, we are interested in the Bushfire Industry Recovery Program and then the fast-tracked programs under that particular package as well. How were you first notified, Mr Hyde?

Mr HYDE: There was some discussion in some of the resilience groups around that, and the Department of Regional NSW also anticipated that there would be funding available prior to the guidelines being released.

The Hon. COURTNEY HOUSSOS: Can you just clarify what you mean by they anticipated that "some funding would be available"?

The CHAIR: Prior to.

The Hon. COURTNEY HOUSSOS: Does that mean that the Department of Regional NSW said, "Have you got projects? We're looking for projects that we'll be announcing before the guidelines are finalised"?

Mr HYDE: There was a general discussion that there would be funding available to assist industries and various community needs and that we should prepare what our priorities are. We also developed a bushfire addendum to the local economic development strategy, and that was assisted by the Department of Regional NSW.

The Hon. COURTNEY HOUSSOS: What guidance were you given in terms of what you should prepare for this package? What criteria were you given for that? Did anyone ever say the projects had to be over \$1 million and that they had to start within six months?

Mr HYDE: No, we were not given any details around that. There was just an expectation that there would be some assistance available. We were unsure about what that would have been.

The CHAIR: Mr Hyde, can you remember when this conversation was about the fact that there would be funding available prior to the guidelines being released? Can you remember when that conversation was?

Mr HYDE: Sorry, I do not recall.

The CHAIR: Do you remember who the conversation was with?

Mr HYDE: Regional NSW staff.

The CHAIR: Do you remember what the position was of the staff member?

Mr HYDE: No, I do not, but Ms Barnes is indicating that she might be able to assist with that.

Ms BARNES: In terms of framing the discussions that we had as a regional recovery committee, there was a regional recovery committee established for south-east New South Wales. It had 10 local government bodies covered in that group. I chaired the CEO and general managers working group of that. The regional recovery committee was chaired by Regional NSW and we had all of the agencies involved in the recovery process. So there were all of the agencies. Regional NSW was participating. There was the Environment Protection Authority [EPA]. There was public works, transport, health, education and, of course, local government. Through the process of that group meeting both the regional recovery committee and the general managers group, we were meeting initially weekly. Initially it was even closer than weekly—every couple of days then weekly.

When the Federal Government announced that there would be a package of funding available and was matched by the New South Wales Government for communities recovering from the Black Summer fires, it was very early on in the piece that there were discussions at those general managers' groups and with the regional recovery committee that there would be a program coming out. It was longer to be announced than we perhaps would have initially hoped and that ultimately became the Bushfire Local Economic Recovery Fund. All of the things that that general managers and CEO of local government group was doing during that period was capturing the issues, challenges and, I suppose, opportunities that we needed to present to government to have funding for.

The package then was announced locally between the Federal Government and State Government, I would have to take on notice and go back and look at the minutes of those meetings but it was formally announced. So we had advice, I would say, around April that this funding package would be coming. It was not then until October that we got the formal guidelines that obviously were having input and being listened to into

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the fact that we needed these things to be in place so that we could get grants to local government but also into other agencies to look at both Bushfire Local Economy Recovery but also the Community Resilience and Recovery funding as well.

The CHAIR: Do you recall the Government, somebody from regional New South Wales at some point in that process, saying there will be funding available prior to the guidelines being released?

Ms BARNES: Not specifically I do not recall that being announced or said in any of those meetings.

The CHAIR: Mr Hyde, before I throw back to the Opposition, is it your recollection that that statement that came from regional New South Wales happened in one of those regional recovery committee meetings or did it happen in a one-on-one?

Mr HYDE: I can't recall that detail, sorry.

The Hon. COURTNEY HOUSSOS: In terms of the funding that you received that was announced when the guidelines were publicly announced, did you have to submit an application form for that funding that you received? Do you want to go first, Mr Hyde?

Mr HYDE: Yes, there was a funding submission that was lodged for that.

The Hon. COURTNEY HOUSSOS: Would you be able to provide that to the Committee on notice?

Mr HYDE: I can do.

The CHAIR: Was there an application form? Were you given a form to fill in and specific criteria to meet or did you make it up on the go, Mr Hyde? That is no criticism of the council.

The Hon. SHAYNE MALLARD: Sounds like it.

Mr HYDE: I do not recall the detail around that so I would have to go back and take that on notice, thanks.

The Hon. COURTNEY HOUSSOS: To Bega Valley, did you make a submission? Was that on some kind of formal application form or was that something that your council prepared?

Ms BARNES: No, it was not on a formal application form. We had done the work through our Local Recovery Action Committee through our infrastructure team. We put together a team of people that are looking at rebuilding their bushfire impacted infrastructure which covered public toilets and bridges and roads and the two halls. The two halls were obviously in communities quite severely impacted and so the information had been collected through that need to rebuild that infrastructure. It is not covered by the NBRA process because it is not critical transport infrastructure first aid. We had collected all of the data, all of the background information but no application was lodged on that application form.

The Hon. COURTNEY HOUSSOS: I will switch to a slightly different topic. In your submissions, both Bega and Snowy Valley, talk about the challenge of being shovel ready all the time; that there are quite a lot of costs that are incurred by councils in order to have these projects ready to take off the shelf, so to speak, and have them ready to go. Will you explain when the Government comes to you and says "We need projects that are shovel ready" what is your understanding of that?

Mr McMAHON: I am happy to answer that down here in Bega Valley. So my answer to that is it varies quite often, depending on the agency that we are dealing with. What I would say is we often get to the point where we have an understanding of the expectation of different agencies within the State when they say they want a shovel-ready project but that does vary dramatically across agencies and across types of projects. One of the challenges that we find quite often there is quite a lot of investment required to get planning and, particularly, approvals in place. Quite often the approvals we require are of different State agencies. One of the concerns that we have is if we get to the point where we are shovel-ready and have all of the approvals in place, quite often those approvals will lapse in the timeframe that it takes to actually get funding deeds in place, even between the time occasionally where our funding programs are now, an application is submitted and then a funding deed is received, because often approvals from State agencies lapse after 12 months.

One of the constraints we have certainly found post the bushfires and with all of the stimulus funding that is available is that the State agencies themselves are quite stretched in being able to turn around approvals and then that is impacting on our ability as local government to not only be shovel-ready when we lodge an application but then deliver on funding milestones after that funding is received. It does vary and some agencies will occasionally provide funding for getting to the stage of being shovel-ready. So we occasionally now get funding for planning and feasibility work prior to actually seeking capital funding but I would not say that is the

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norm. And from a local government perspective certainly a model we support is assistance from the State to get projects to the point where they are ready to go when capital funding does become available.

The Hon. COURTNEY HOUSSOS: In your submission you talk about that you had to chase up to receive a letter of offer or the grant agreement for those community halls. When did you receive those?

Ms BARNES: I would have to take that on notice. I believe it was three weeks or a month ago. I would have to take that on notice and get that back to you.

The Hon. COURTNEY HOUSSOS: Thanks very much but we are six months since the announcement for the funding?

Ms BARNES: Yes.

The Hon. COURTNEY HOUSSOS: That is very helpful, thank you.

The CHAIR: I ask Bega and Snowy Valley, I want to clarify the process for when you found out, and how you found out, about the Bushfire Local Economic Recovery Fund. You both talk about the fund being touted, rumoured or advised to you in mid 2020. Is that right?

Ms BARNES: That is correct. There was discussion that this was coming. There was an allocation of funding from the Federal Government that went to all of the significantly impacted States from the summer bushfires—South Australia, Victoria, parts of Queensland and New South Wales. Then the New South Wales Government indicated that it was going to match that and pulled together that funding program for a range of bushfire economic recovery projects. I believe that was originally announced, I believe, around April.

The CHAIR: When you say "announced" there was not a public announcement? It was in one of these communications you had at a council to government level, is it?

Ms BARNES: My understanding was—and I would have to take this on notice—that there was a media announcement about the fact that there would be funding because it was national. It was to all of the States. And then there was media around the fact that the New South Wales Government had undertaken to match the Federal Government contribution and that then was handed over to the Government to come up with the framework for how the funding would be allocated across, I think, 47 local government areas in New South Wales that were going to be eligible to have some of those funds allocated towards recovery activity.

The CHAIR: Mr Hyde, is that your recollection of the basic framework as well?

Mr HYDE: Yes, that is, thank.

The CHAIR: Mr Hyde, at some point do you remember being told there will be some funding available prior to the finalisation of all the guidelines and so you had better get ready with projects. Is that right?

Mr HYDE: Yes, it was also a very busy time for council, as you can image because we still had bushfire works proceeding at the moment and having the staff allocation to be able to do the preparation for applications which you needed to lodge, that you could not actually predict, so as a council we put aside some money to do some pre-planning around particular projects on an everyday normal basis. After a bushfires the community's needs changed dramatically and there is no time to actually get in and prepare, and we only had six weeks in which to lodge that and to work with the community about what their priorities were and assist them in lodging an application as well.

The CHAIR: I think both Bega and Snowy Valleys representatives talk about the fact that there was six months in delay between the initial announcement and then the funding criteria becoming available for the community, and then almost this unholy rush for everybody to get applications in within that six weeks period and how that caused angst in the community. Do either of you want to expand on that? Mr Hyde?

Mr HYDE: Probably just that there is an expectation created and once an expectation is created and the community hear of that they expect that the result from that is going to be forthcoming immediately. To have that delay in that process caused them some angst amongst everything else that was happening.

The CHAIR: Bega?

Ms BARNES: I would concur with that. My understanding of the funding package that came from the Federal Government for what ultimately ended up being partly allocated for building back disaster-impacted and responding to recovery activities directly, and then the remainder through the Bushfire Local Economic Recovery Fund, was that there was a direct allocation component of that. It could have all gone through that process and been directly allocated to reinstate lost infrastructure. However, the New South Wales Government undertook to look at also building some capacity and being able to allocate to community groups and other sectors, business

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sectors et cetera. The delay in terms of them getting the sign-off between the State Government and the Federal Government on the framework for the funding package took time. There were a lot of people in the community who had a need for something to be done being directed to wait for the Bushfire Local Economic Recovery Fund and put their applications through that. That obviously took a considerable period of around six months.

Then there was the period for getting the applications together. We became a letter of support writing centre here, I think, and I think a lot of councils that were eligible would have done the same. There were two programs: the community resilience and recovery part and the Bushfire Local Economic Recovery program. The first one, the community resilience and recovery fund has been announced. We are still waiting on the announcement of the formal process of application for the Bushfire Local Economic Recovery fund. We believe those projects are going to be announced in June. That was the last advice that we had.

The CHAIR: Ms Barnes, you talk about how the delay of the criteria going out and then the announcement of the fast-tracked funding in November 2020 created tensions between the council and the community. To quote from your submission:

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".

That is in the context of those announcements being made by media release only one week after the competitive program opened. Can you tell us how that was received in your community?

Ms BARNES: Yes. The gap, as far as I can see it, and then the response from the community is that there were literally two streams in that package of funding that was available from State and Federal governments to go to local government to assist with recovery. I think one was \$177 million, which went through direct allocation. So there were a number of projects across the 47 councils in New South Wales that were directly funded. Ours was the two halls. That was seen by the community as coming out of what was the other package, the \$250 million, which is the Bushfire Local Economic Recovery fund.

Because of the confusion I suppose in media announcements being linked together, some in the community hear it is council receiving funding for those halls and taking away from what the community and their projects could expect to receive when they put in funding applications. The funding applications for the \$250 million will see a lot that councils have submitted. We have submitted a number of applications into that competitive process as we have a large range of organisations in industries across our shires. Again, there has got to be a process in terms of looking at how that is dealt with when it is announced later in the year.

The CHAIR: You can understand the community's disquiet, can't you, if they are rushing to get their applications in and only a week after the competitive program was opened all of a sudden \$177 million is announced? You could understand their anxiety when that announcement happens only a week after the competitive grants program opens, can't you?

Ms BARNES: I can understand that, but I think the confusion came about because people that had that concern thought that this funding, the \$177 million, was coming out of the \$250 million and it was not clear that there were two streams of that funding rolling at that time.

The CHAIR: Because there had never been a public announcement in advance that there was going to be \$177 million of public money handed out through this fast-tracked process. That had not been made clear publicly to anybody, had it?

Ms BARNES: I am not sure of that. I just understand that the funding was being allocated in a range of streams and we were looking to take what advantage we could as a council, through the applications process, to get the best outcomes for our recovery.

The CHAIR: Mr Hyde, how did that play out in your community? A week after the competitive program is opened—your community members and organisations are struggling to get their applications in in that period—and suddenly \$177 million was announced. How did that play out in your community?

Mr HYDE: Certainly in our community, a lot of it resolved around the issue of forestry and the impact on forestry in our area, it being the largest softwoods hub in Australia. The community understood that a lot of money would go into supporting that industry and there had been a lot of advocacy around some of the other industries that were significantly affected. So, yes, there was some of that feeling, how were the decisions made? The community did also understand that those decisions were made for a community benefit into the longer term, so it is probably a little bit different here but still some issues.

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The CHAIR: What about in Queanbeyan-Palerang? When the \$177 million funding round was announced there was no money for Queanbeyan-Palerang, is my understanding. Were you expecting money? Had you had applications in? Were you aware the announcement was going to happen?

Mr TEGART: Like my colleagues, we were alerted in similar time frames. We probably did not expect to have had much, if any, share of an allocation given the severity of the fires along the coast and in the mountains. We had a different approach to our preparedness for funding that did take place. Both of my colleagues have mentioned their local recovery plans. We identified through the local recovery committee a number of projects that would be required. In part that was informed by when we received the first tranche of Commonwealth funding. We immediately engaged a bushfire recovery officer, a community development officer and an economic development officer who worked directly with the communities affected daily. They were able to gather a lot of intel around what were the things that were pre-eminent and we were able to rank those in terms of what were the issues, programs and priorities that we should be setting. We were to an extent pre-armed with the sorts of things that we were likely to apply for once they came forward.

Mr Hyde mentioned Regional NSW had also prepared an addendum to our regional economic development strategy as a consequence of fires. That also was a very useful tool. Mr McMahon mentioned this issue around what was our shovel-readiness. We would suggest that in most circumstances many councils do attempt to pre-plan and pre-design into readiness of capital grants to come forward. In most cases the events caught us short. While normally the Government would require evidence of a business case, options studies and concepts at least to have been done so you are ready to prepare a development application and procure for a project, we suggested that in events such as this those elements need to be put aside because, if infrastructure was destroyed, it is pretty obvious it needs to be replaced. The business case should be around this "build back better". That is the notion where a business case should be put in place so that there is a further investment by government so you can rehabilitate or remediate any future effects of a disaster taking place. But I do support my colleagues in terms of the timing of the announcements. But we were not particularly impacted by those.

The CHAIR: But your preferred response in these kinds of emergency situations from the State Government would be to minimise the paperwork and the arguments about a business case and why this infrastructure is necessary and instead focus on how State funding could help rebuild the infrastructure and rebuild it better and perhaps in a more resilient way than it had been built first of all. That should be the focus. Is that right?

Mr TEGART: Yes, that is our view. The amount of money that we would spend as a council, with or without support of Government, in preparing options studies, business cases and concept designs in advance of an application for a grant normally could have been invested in a design to benefit a build-back-better approach. We totally get that in a normal competitive environment you should do a business case and provide the evidence. But in emergency situations where it is pretty obvious things need to be replaced and, while you are at it, should be built back better, then some elements of that project chain should be put aside.

The CHAIR: Mr Hyde, what is your view? I know Snowy Valleys had to spend \$100,000 on consultants to help you write applications. What is your view about the position of Queanbeyan-Palerang—that in fact a lot of that effort trying to stack up a business plan would actually be better spent in explaining how you could build back better and focusing on that? What is your view?

Mr HYDE: I absolutely support Peter's submission there. It is a difficult time. We did not have any resources to be able to lodge applications ourselves. We had an extensive community process with one recovery committee and nine subcommittees, which included community committees. We had all that information stacked together from our community. Getting into how we could get those assets better in the future so they are not affected by flood and bushfire and we do not have to spend government money rebuilding into the future would certainly be a lot more useful use of the funding. I believe Adelong pool back in the previous flood arrangements was one of the best examples of that, where the pool was relocated out of the flood zones and from the Adelong Creek and up to higher ground. Had that not been done, that Adelong pool would have had to have been rebuilt probably a couple of times since that flood event. So it is a really good demonstration of how that money could be better spent in not having to re-fund it over and over again.

The CHAIR: Now you just need to get it heated, Matthew. But I will go to Bega and ask them. What is their position?

Ms BARNES: We would support the position presented by Peter and Matt. I think that for us over the last few years with the number of disasters, this is an opportunity that we have all got to look back and reflect on what worked and what has not worked on getting the disaster recovery and funding arrangements, both those where we are dealing with the immediate need to get connectivity on bridges and public toilets in place and those sorts of things and looking at how we fund that. As I mentioned previously, the untied allocation early on in the

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process last year really assisted council. We restructured to be able to have the resources in place to be able to support our community and recover, rebuild and look at resilience into the future. I think that the State has kicked up and pulled together a number of funding programs that have really assisted our environment in terms of its recovery, wildlife recovery, community and economic and infrastructure recovery. We are now in a [audio malfunction] where this is going to continue into the future. We are going to have those compounding disasters and we probably need to learn from what we experienced last year and put in place a different approach for the future.

The Hon. COURTNEY HOUSSOS: Can I ask each of the panellists, as part of this building back better, in this funding round did you ever advocate that purchasing of land should be included in the current funding arrangements?

Ms BARNES: From Bega Valley, no.

The Hon. COURTNEY HOUSSOS: Mr Hyde?

Mr HYDE: From Snowy Valleys, no.

Mr TEGART: And likewise Queanbeyan-Palerang.

The Hon. NATALIE WARD: I just want to clarify a couple of things starting with Bega Valley if I may direct that to you first. I understand the Bega Valley has received more than \$75 million under the Regional Growth Fund. Is that correct?

Mr McMAHON: We would have to take the exact figure on notice but we can provide that information noting that the Regional Growth Fund is made up of a number of different subprograms. We would say that we have been fairly successful in recent years in securing funding under that program. I think part of the reason for that is the significant investment we have made in getting projects developed into the point where they are ready for funding. Just on the concept or the impacts of being shovel ready, one thing for the Government to be aware of is quite often by requiring—

The Hon. NATALIE WARD: Sorry, I do have limited time and I just would like to get to my questions. I am very happy for you to put that in your answer on notice if you would like to. I just want to be clear because it is important for this Committee to have context that, while we can focus on improvements for particular funds—and that is important—we also acknowledge the context of projects which may have been approved under other funding streams. I just want to clarify that. Is that a nod? Just for the sake of Hansard, are you nodding in agreement with that statement and can you elaborate on that?

Mr McMAHON: Yes, so from this council's perspective we put forward projects for different funding programs depending on what is available. Quite often it is hard to predict what might be available, which again relates back to the bushfire stuff we have talked about. So, for us, knowing that the Government is going to invest in regional growth as a policy makes it easier for us to plan ahead.

The Hon. NATALIE WARD: Knowing that community groups, whether through council or whether through other funding groups—I appreciate your perspective is from councils but ultimately the funding is to go to these community groups to assist them to recover and some may be better placed than council to provide some of those services. I note that the majority of community groups under the Bushfire Community Recovery and Resilience Fund [BCRRF] received \$1.2 million and under the Regional Growth – Environment and Tourism Fund \$27 million and under the regional communities development fund \$28 million and the Regional Cultural Fund \$1 million. So what I am trying to say is that there are other streams of funding that have gone to these communities through these other funds which may or may not have fallen into the first round of the BLER that taken in context demonstrate that these communities are receiving that money. Would you agree with that proposition?

Mr McMAHON: Yes, so our community groups have received funding through other programs as well as just the bushfire recovery funding.

The Hon. NATALIE WARD: Did other councils want to comment on those other streams?

The CHAIR: You are still on mute, Bega. That may be intentional.

Ms BARNES: We are just confirming that the cultural fund was funding that went to the community group for Twyford Hall, yes.

Mr McMAHON: I am sorry, I thought we had moved on to Snowy Valleys now.

The CHAIR: Yes, sorry.

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The Hon. NATALIE WARD: Yes, if you can comment, Snowy Valleys?

Mr HYDE: I do not have anything to add to that. I think the way that Mr McMahon described that was very good. Certainly the community are better placed to do some things in our area but we work in partnership with the community very closely all the time and can work through that. We obviously have a list of projects that we think are appropriate but the better we know what the direction of the funding is and the earlier we know that, the more we can plan towards that. So the earliest notification is appreciated.

The Hon. NATALIE WARD: Indeed. Just on that, before I pose the same question to Queanbeyan-Palerang, there is no conspiracy and obviously after a major disaster there is going to be a government response to that. There is no conspiracy in word-of-mouth that there may be some funding coming for this. In fact, can I understand your evidence to be that that is helpful because we know something is coming?

Mr HYDE: Absolutely. In our case, where we have lost \$425 million worth of forestry, we are going to need a substantial economic package to support this community into the future. What those projects are does not matter so much, but the employment and the other factors around those projects is the most important component. The second component is making whatever those projects are useful and not a burden on the community into the future.

The Hon. NATALIE WARD: Queanbeyan, do you have something to add to the question about community funding?

Mr TEGART: Again, we were the recipient of several grants under the regional growth and cultural programs. They were well in advance of the bushfire event. They were all led by strategies that were the subject of community consultation and prioritisation as a consequence and they have all now, in hindsight, assisted the recovery by leveraging other grants and other opportunities as a consequence of the fires.

The Hon. NATALIE WARD: Can I just ask specifically about the terribly named BLER.

The Hon. SHAYNE MALLARD: I like that name.

The Hon. NATALIE WARD: We like the name BLER.

The Hon. SHAYNE MALLARD: It is appropriate.

The Hon. NATALIE WARD: Can I just clarify on the record your views that BLER had a specific purpose but this is just one part in the process of rolling out funding. Just because an application was made under BLER does not mean that it will not get funding under the later phases and phase two, which is still coming down the track. It is not your understanding that that is the end of it and there is no more, is it?

Ms BARNES: We understand that there is going to be another round, I believe, of the—we call it BLERF. We put the F on the end. We understand there will be another round of that. But there will also be programs—we are wanting to capture all of the programs that were applied by community groups. I think we did about 300 letters of support, so that we can look at mapping all of the projects that are progressing in community—council ones and other agency ones—so that we can look at how we might be able to leverage funding for all of those into the future if they have benefit for our community.

The Hon. NATALIE WARD: Thank you. The other councils?

Mr TEGART: I might add, if possible, we also understand there will be further rounds if we are unsuccessful under this. We took the view of applying for funds where we could leverage or add value to other projects we had in train and we look for the opportunity where this disaster does a couple of things. One, it recognises the importance of having announcements, applications and funding deeds come swiftly because the delay causes cost escalations that often we cannot recover from. Secondly, as an aside to the panel, the Government is also looking at remodelling some of the rate peg. My hope would be that as these grants come forward and we are eligible for an infrastructure levy as a consequence of growth or to raise rates to pay our share of co-funding for those grants, that would be a very strong outcome for the community going forward.

The Hon. SHAYNE MALLARD: On a practical level, particularly to Bega Valley and in the context of the inquiry, my records here say you had 465 houses destroyed in the fires. Is that your record?

Ms BARNES: It was actually over 470 houses destroyed and four lives lost.

The Hon. SHAYNE MALLARD: That is a tragedy. That is terrible. And 134 damaged; I imagine pretty seriously damaged.

Ms BARNES: Yes, seriously damaged and over 2,000 outbuildings, because a large number of farming properties lost all of their producing areas, and we had other damages to other structures as well.

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The Hon. SHAYNE MALLARD: Yes, I remember the media at the time. There were 2,500 cattle or livestock destroyed as well, which I think the army helped to dispose of, which was a great tragedy too for the animals and the farmers. I am from the Blue Mountains. We tragically had 22 houses destroyed. One house is a tragedy—I do not diminish that. But clearly your need at the beginning was far greater in terms of the human impact. Around the State, you probably had the worst impact. Would you agree with that?

Ms BARNES: In terms of the bushfires, Eurobodalla is just north of us and had a slightly higher loss of houses but not the same loss of outbuildings. I would say definitely Shoalhaven, Eurobodalla and Bega Valley bore the brunt of the housing loss and facility loss in the Black Summer fires and then we all subsequently also had flood impacts that hit the same areas. We had four declared flood events last year and then more recently.

Mr McMAHON: If I could just add to that too, one of the differences for us here in the Bega Valley to some of the other local government areas with similar impact from the fires was the direct, immediate impacts of COVID following the end of the fires. Our local economy here is highly dependent on tourism, particularly out of Victoria. As soon as the border shut, that was just another hit for our economy here that I do not think was felt in the same way by some of our neighbours to the north, when New South Wales was still open for business within New South Wales.

The Hon. NATALIE WARD: That is a very good point.

The Hon. SHAYNE MALLARD: That is a very good point. One of the programs at the beginning of the post-fire period, which I was involved with, which I think really benefited the councils and communities was the fact that the State determined to contract and remove, subject to sensitive consultation with the property owner, the debris from those properties and deal with asbestos and other matters, and directed the contract to be local contractors. Do you want to comment on that program that we did and how that helped the council?

Ms BARNES: I will commence and then hand over to Mr McMahon but I am sure Mr Hyde and Mr Tegart would have a sense. It was fantastic. We had the fires here in Tathra in 2018 and the State, through Public Works Advisory, undertook the clean-up there. We had 70 properties lost. Then the standing up of the clean-up support through a contract that was then sublet to clean up the houses and have a deadline of being cleaned up by 30 June I think was fantastic for community and an excellent outcome. There were constraints and challenges as we walked through that pathway. It was an enormous amount of work and obviously there were challenges for our waste disposal facilities and council's capacity to deal with some of those things, but the actual program was a fantastic program for our community.

Mr McMAHON: The only thing that I would add was certainly it got the outcome that was desired in the end and community were very supportive and appreciative of that. I do think again there were some issues with communication and community expectations around what was actually included in that program. By way of example, what I mean is that if there was an agricultural property that was damaged, for example, the end outcome was that the primary residence was covered as part of the clean-up but not those outbuildings. Whereas the original understanding of the community, through the communication about the level of State funding, was that everything like that would be covered. So again a great program but it was just clarifying that scope up-front that did cause community angst as the program rolled out.

The Hon. SHAYNE MALLARD: I think that goes to the issue of clear guidelines but in an emergency these things are rolling out. I guess that is the lesson for us in this inquiry. The bottom line here is that it would have fallen back on council to do some of this work inevitably because uninsured people had no money to, and sometimes insurance does not even cover the clearance of that site. So that was lifting the burden off the council.

Mr McMAHON: Yes and if I could just add to that, one of the real positives of our experience here in the Bega Valley was the way that we were able to work in partnership with the State Government, particularly around how the waste was going to be disposed of. The funding of the clean-up was one thing but then finding a solution at the end point was another. We certainly had very good experience in working with the State, particularly through the EPA and the Public Works Advisory, to get a really good outcome for our community here, where it could be done in a very timely way that had as little impact as possible on the broader community.

The CHAIR: I just have two quick questions to the panel. What did your communities make of almost \$10 million going to build a skydiving facility out of bushfire relief funds? Did you have any feedback from your communities? That was up in the Clarence.

The Hon. COURTNEY HOUSSOS: In Kempsey.

The CHAIR: Yes, Kempsey.

Ms BARNES: We have had no feedback from our community. Our community would say that they have been well supported. You know, they always want more, but—well supported by both the State and Federal

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Governments and the programs that have rolled out and are looking to the future. There has been no comment locally about a skydiving facility in the Clarence.

The CHAIR: Up at Kempsey. Queanbeyan?

Mr TEGART: Likewise, there has been no real visibility of that issue here. I support Bega's comments that our community has also been most grateful for the level of assistance provided to date.

The CHAIR: Snowy Valleys?

Mr HYDE: Yes, thank you. I would say the same. Our community is really concentrated on what has been happening locally and trying to work out what happens into the future. We are very appreciative of all the assistance and the great programs. We were just talking about the housing clean-up before. I have been involved mainly in tropical cyclones in the past, but that clean-up program was one of the best I have ever seen. It was very well executed and very well appreciated by the community.

The CHAIR: In terms of the grants that you received in these \$177 million grants, one of the largest grants actually went to Snowy Valleys—some \$12.5 million to expand the Tumut Aerodrome. I think that was because during the fires it was not of sufficient length so that fully loaded tankers could actually take off. Is that right, Mr Hyde?

Mr HYDE: That is correct. The Tumut Aerodrome is very important regionally for firefighting. It was actually used to defend the Canberra Airport during the fires, as well. The aircraft were leaving three-quarters laden because the airstrip was not sufficient to be able to cater for fully laden aircraft, and that upgrade is essentially around the bushfire response into the future. The community is very appreciative that the aerodrome will be able to respond a lot more efficiently to fires, especially during the period of time where the bushfire resources were spread out across the whole of the State and other States. Getting them to work efficiently would certainly improve the situation.

The CHAIR: That is a real benefit, not just for Snowy Valleys. That is a regional benefit that is going to come out of that extension. Is that right?

Mr HYDE: Absolutely, yes. As I said, it was used to fight the Canberra Airport fires when Canberra Airport was shut down.

The CHAIR: But Snowy Valleys is responsible for the maintenance of that and the depreciation of a now much larger asset. Have you had any estimates of what that is going to cost your council?

Mr HYDE: Absolutely, and that was one of our large concerns. It was interesting to hear Mr Tegart talk before about the rate cap. If you look at these grants and you look at the ongoing costs, including the depreciation costs for council, while the grants for infrastructure are very much appreciated up front, the 2 per cent rate cap that we have had this year goes nowhere near being able to support maintaining these assets and facilities into the future, hence the reason that council is looking here to an operational 25 per cent special rate variation. We are starting consultation into that because we have had quite a lot of good projects but we cannot afford to continue to maintain and service those facilities under a 2 per cent rate cap into the future.

The CHAIR: Do you have an estimate of what the depreciation costs just of that extended Tumut Aerodrome will be to your ratepayers?

Mr HYDE: I am happy to take that on notice. We are only just starting the project management around that particular program at the moment.

The CHAIR: Alright. Thank you all for your evidence today. I think some questions have been taken on notice, in which case there are 21 days in which to respond. Again, we appreciate your assistance.

(The witnesses withdrew.)

(Short adjournment)

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FRANK ROSS, Local resident, before the Committee via videoconference, sworn and examined

BERNIE O'NEIL, Co-convenor, A Better Eurobodalla, before the Committee via videoconference, sworn and examined

BRETT STEVENSON, Co-convenor, A Better Eurobodalla, before the Committee via videoconference, sworn and examined

CLARE BUSWELL, Local resident, before the Committee via videoconference, affirmed and examined

The CHAIR: Welcome back to the third session of today's hearing into the integrity, efficacy and value for money of the New South Wales Government's grants programs. Our next four witnesses are each bringing a local perspective to the rollout of the grants funds and the grants—particularly the bushfire recovery funds—that were announced at the end of last year. I might ask each of you, if you will, to give a brief opening statement. We might start with you, Mr Ross.

Mr ROSS: I think the Public Accountability Committee now has ample evidence of gross maladministration of New South Wales Government grant programs. This includes numerous examples that demonstrate, singly or in combination, major incompetence, waste and disregard for due process and probity. One of the major issues, it seems to me, is the abuse of ministerial discretion and the sense of entitlement many Ministers have openly displayed in this surge in using grants for pork-barrelling—in this case, from the Premier to the Deputy Premier and down. Media reporting of a number of these matters, together with related communication responses from the public, confirm that the public's trust in the integrity of New South Wales Government programs is minimal and often one of contempt. The PAC clearly has a responsibility to make clear recommendations for major reform of New South Wales Government grants administration.

I note that the PAC has already made various recommendations in relation to the stronger communities funds grants, and they all seem very sensible and worthy to me. But I would suggest the abuse is at such a level now that I think a new, more independent, stronger model is required to restore public trust, confidence and to address the abuse of due process and efficiency. Grants administration has to be made more independent of Ministers and more accountable. A model or models that legislate such independence and accountability is needed. I would suggest something in the vein of a statutory body or bodies with community representation and public access to deliberative processes is required. I hope the PAC members can agree to make recommendations of sufficient strength and quality to further gain public support and that this will, in turn, oblige the lower House to make real legislative reform in the area.

The CHAIR: Thank you, Mr Ross. A Better Eurobodalla [ABE]?

Dr STEVENSON: Good afternoon, Public Accountability Committee members. As I said, we are a community forum dedicated to achieving open and inclusive government in Eurobodalla. We would like to express thanks to the Committee for the opportunity to appear today and hope that our information and experience can contribute to better governance for both the Eurobodalla shire and the wider New South Wales community. Based on our experience, there are significant deficiencies existing in both the allocation and the administration of grant funding programs in New South Wales, as exemplified in the two Eurobodalla grant projects outlined in ABE's submission.

Both of these projects illustrate the need for decision-making to take into account opportunity costs, which are the community benefits forgone that could have been realised by options not chosen—for example, other better targeted or more effective BLER projects being starved of funding because scarce funds were allocated to a proposal which did not meet the BLER criteria. ABE is broadly supportive of the recommendations made in the first report of the inquiry into the integrity, efficacy and value for money of New South Wales Government grant programs, and has included some suggestions that could be made to improve the way in which regional resources are allocated and spent. We consider the administration and auditing functions of the Office of Local Government is a key issue to be addressed and therefore endorse inquiry recommendations 10 and 15.

In essence, the key issues from ABE's perspective are that we face an unholy trinity of grant programs driven by political considerations—that is, pork-barrelling—which disburse funds to a shire council operating in a culture of secrecy which is out of touch with its community while the Office of Local Government does not fulfil its statutory role of effective review and oversight, thereby sheltering the council from any reasonable scrutiny by the community. All of these three aspects affect the integrity, efficacy and value for money of New South Wales Government grant programs in the Eurobodalla community, so changes need to be made across all three aspects for any real improvement to occur. We welcome the opportunity to expand upon and clarify

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issues raised in our submission and hope that the inquiry process can resolve some of the contradictory information provided to ABE of different New South Wales Government entities. Thank you.

The CHAIR: Thank you very much. Ms O'Neill, was that opening on behalf of—

Ms O'NEIL: Yes, it was.

Dr BUSWELL: I would like to thank the Committee for allowing me to return today and I would like to address the terms of the inquiry that looks at:

Measures ... to ensure the integrity of grants schemes and public confidence in the allocation of public money.

I want to look at that from a woman's perspective. We know that women's experience of disasters is different to that of men. Research has shown that women wish to leave early from approaching fires, whereas men want to stay and defend the castle or their homes. This perception of risk is gender defined and deeply rooted in social expectations. Decisions made are severely [audio malfunction] often resulting in a decision to stay in places of danger. We know in disaster experiences from overseas women's survival is influenced by social norms or by expectations about who you mix with, where you go or even your dress code. In the Indonesian tsunami we saw more women than men killed simply because of the clothes they wore and because they had children with them.

You may think that this does not apply here in Australia, but ask yourself: Who takes the kids when evacuating? Who packs the emergency bags? Are women in small communities who are attempting to leave violent relationships going to make decisions about which bushfire-safe refuge to go to if they fear running into the person they are trying to get away from? Importantly, these interrelationship decision-making processes must be considered when developing policies such as a stay-or-go bushfire preparedness policy. In South Australia we run women-only bushfire preparedness workshops where women are taken through what they will need to do if they are going to stay and fight a fire. Sadly, the interrelationship politics of making a decision about staying is not addressed. It is this process that needs to be examined and funded. It is part of the process that builds resilience within families, networks and communities.

Within the context of this inquiry and the grants allocated, women seem to be missing. Where is the money—and by that I mean big pots of money—to address the gender blindness of these schemes? This means examining the underlying gender differentiation within the grant allocation process itself that sees money going, for example, in the case of the Snowy Valleys Council, which is the Wagga Wagga and Tumut area, to building a mountain bike track through bushland. This is an example of gender bias. Rather, serious questions must be asked such as: Where is the money that addresses building security for women—meaning economic security; well-paid career jobs, for example—childcare support and physical security? Where is the bushfire grant money that provides safe access to housing for women, who we know will experience increasing levels of domestic violence as a result of these bushfires? Gender analysis must examine the type of jobs, who gets them and who does not get them when developing grant disaster processes.

We know that Australia will increasingly experience more extreme weather events—droughts, floods and fires. We owe it to each other to no longer deal with crises via a knee-jerk monetary crisis process. We have to accept that the way we do things currently sets us up to fail, not only the people who experience these crises—and also those trying to help—but us all. We must no longer treat such events as aberrations. Droughts will occur in this country every five to seven years; floods about the same. The public confidence in the allocation of public money must mean creating long-term, meaningful and equitable solutions. Rather, we have set up a grant funding dependency that rorts stability and pits communities against each other. It is a form of colonialism where better placed, better connected people with connections into the political and bureaucratic elite actually get the grease. It is a form of sexism where women's contribution to society and communities in which they live is devalued and becomes increasingly invisible. To ensure public confidence in the allocation of our money, we have to change. We have to get politicians, in particular, to change. They have to respect their communities and not buy their vote. Thank you.

The CHAIR: I will go to Ms Ward who needs to go first because she has an irreconcilable clash in her diary.

The Hon. NATALIE WARD: Thank you, Chair. I am very late so I appreciate that. Thank you to each of you for assisting the Committee and for the work that you do. I just wanted to ask about the questions about probity and note your comments in your written submissions. There is, of course, a probity plan in place for the BLER, which is part of the Bushfire Local Economic Recovery Plan, with an independent probity report as part of that. It is also in place for the Bushfire Industry Recovery Program, which will of course be tabled in the Parliament. Can I ask you to comment on whether you were aware of that when you made the comments that you have in your submissions, and whether you have an issue with that probity plan given that it is in place and embedded in these programs?

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Mr ROSS: The probity plan details, I think that is well and good and I think that is a fine part of it. But I think the ability of Ministers to subvert due process is the overarching issue for me. But I will let the other people comment.

Dr STEVENSON: I think it is important to have a probity process early on in the process so that people can have confidence in how the funding is being allocated and what decisions are being made early on, rather than after it has been presented to Parliament. That seems a little bit late in the process. I think that a lot of this can go to a much more open and transparent release of information as the process unwinds. As we have heard this morning in some of the testimony, there was only a short window of opportunity between when the public heard about this BLER funding round coming out and there were announcements of significant amounts of projects happening there. Well, what sort of probity went into those decisions and when are we going to hear about that? I think it is—

The Hon. NATALIE WARD: Yes, thank you. I am not meaning to rush you; I just have limited time and I do not want to take it off my colleagues. I apologise for that. But there is that process embedded into the plan already and in place, and it will be tabled with the Parliament. Are there any other suggestions that you have about how that might work? That is in place, so I think it is fair to say that there is a probity process running alongside or as part of this. It is not an afterthought, is it?

Dr STEVENSON: I guess it is a question of when the information from that probity process is released to the public. When do we actually get to know what is going on and what has happened or how these things are being reconciled?

The Hon. NATALIE WARD: Because this is an ongoing process, is it not? While we are looking at just the BLER there is a whole lot of other funding that is ongoing. The BLER is merely one part of the process of funding, is that not right?

Dr STEVENSON: Yes, there are various streams, but the focus of our submission has obviously been on the BLER as well as one other project in Eurobodalla. I guess we are just looking at the example because it seems to me that there have been a lot of things said where, "I have allocated money to here and here and there." It is almost as if once we have allocated money, well, that is good, but the fact is that once you allocate money you need to be confident that you are allocating it to good projects—to something that has got widespread community support that can deliver the benefits for the community. I am not sure that we are experiencing that with the projects that we have had in Eurobodalla.

The Hon. NATALIE WARD: Yes, okay—

The CHAIR: I think Dr Buswell may have wanted to contribute briefly.

Dr BUSWELL: I have to agree with the comments made by A Better Eurobodalla. It is the rushed time line that does not help the process of probity. The decisions about allocations of grants are really made on who is the squeakiest wheel within the council. We have seen that within the Snowy Valleys Council. How you possibly deal with creating more accountability and more transparency upfront so that everyone knows is, I think, the question at this particular inquiry that you should address. It is not really good enough to say that probity runs alongside when it is not easily seen by the communities that are being affected.

The Hon. NATALIE WARD: Thank you. I am sorry to rush you. I am conscious of the time and want to hand over to my colleagues, but it is embedded in the process; it is not outside or external to it. But I think my point is—and I am asking for your comments on this—that it is a stream of packages, the first of which was designed to go out fast to these communities because the communities wanted to get this money to deal with the issues immediately that they had to, and then the following allows more time for contemplation of other projects, is that not right? There are these three stages of funding—if not more—together with the community funding. If you are talking about squeaky wheels, some of the councils earlier in their evidence were saying to us that they were complaining they were not getting the funding because it was going directly to the community groups. I think there is some context needed here, is there not?

Dr STEVENSON: Certainly in terms of what went on with the BLER projects in the Eurobodalla, I cannot see any documented evidence that it actually went to, say, our local action recovery committee, which is mentioned in the Eurobodalla bushfire recovery plan but there are no details provided about any community members. All that is listed in that is a series of government agencies—there are no community members listed—and that is about the only reference that you will find for that committee on the web. It would be nice if we actually had some public records of who was on that committee, what they were considering and what decisions were made. Once again it gets back to council and, I guess, the programs reflecting what needs to happen in the community. Most people in the Eurobodalla were not aware of this proposal for a headland walking track, so

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no-one has got any expectations of what is going to be delivered—they do not really know. Once again, it is about having that link with community responsiveness and priorities, I think, that need to be built in.

Ms O'NEIL: The link between probity and transparency is what is coming through here—that you can have an embedded probity plan but if there is not an ownership of what is going forward from the council for the consideration of the State government bodies and there is no transparency in the process then there is no confidence. Part of it is to build confidence.

The Hon. NATALIE WARD: Yes, absolutely. I am not sure I agree with your "no transparency" but my colleague will ask about that specific question that you have raised in relation to the bushwalk. Thank you.

The Hon. SHAYNE MALLARD: First of all, I just clarify that probity reports do not get tabled in Parliament—they are internal documents—but the Parliament can access them through our usual processes of SO52s and the Auditor-General can access them as well. They are not just the bushfire grants; they are all grants that have probity processes done and advice given back to government about improving the processes. That is just to make that clear. I am interested in the A Better Eurobodalla organisation. You clearly have an issue with your local council; I think that is pretty clear in your submission.

To me, the issue that comes out is the BLER funding that was granted, the \$5.25 million for the recreational walking trail proposal. I understand that proposal, which is from the council, had already been applied for money under the Regional Growth – Environment and Tourism Fund and was unsuccessful, and that it was consulted in their strategic plan and shovel-ready to go and they had failed to get funding previously before the fires. It was considered shovel-ready and supported by the Government because the council—and I am not here to defend the council; I do not know the council at all—has a statutory requirement to consult through the process. You are saying you have never heard of it, but clearly the council has been working on this for some time. Many of the projects the Government has taken are coming from councils.

Dr STEVENSON: If you look at all the attachments that we included with our submission, which document the material that is publicly available through the council, you will see that the proposal actually goes back to 2010. That was when the concept plan came up, but that was not actually ever fully endorsed by the council; it was noted by the council. Then we come to 2018 before it gets some sort of passing mention in a strategy. Then it turns up in a feasibility study in 2019. The feasibility study indicated that a lot of the preparatory stuff that has to be done—all the stuff to make it shovel-ready, all the approvals that we have heard have to be put in place that were outlined earlier this morning by the council staff who have talked to the Committee—if you look at what that says, essentially it is saying that all those initiating requirements that were outlined in our submission, such as the risk assessment, the environmental assessment and the actual route—there was no declared route. We do not know where the track is actually going to go still. It is still very much a concept. There is no clear-cut path which has been out for public consultation so we do not know where it is going to go.

The Hon. SHAYNE MALLARD: Perhaps these questions are better—

Dr STEVENSON: In terms of being shovel-ready, I do not think it meets all those specifications that have been outlined in the BLER funding guidelines, and this is outlined in our submission point by point.

The Hon. SHAYNE MALLARD: I think maybe perhaps you have got to take those issues up with the council—

Dr STEVENSON: The question is, is that a shovel-ready project?

The Hon. SHAYNE MALLARD: The State's view is that it was unsuccessful for funding before because there was not enough funds to allocate and it was ready to go. If there is some more regulatory hoops to go through, that is not uncommon for local government. I know how sensitive routes are for walking trails. Do not worry, I live in the Blue Mountains; I know the issue there. Nonetheless, our view is that it is ready to go and that we provide the funding and it is a stimulus to the economy and employment. You might not support the project but that is certainly the intent.

Ms O'NEIL: What we are saying is that we do not agree that it is shovel-ready. That is a claim made by council, but as we have shown in our submission, it is not supported by the evidence that we have access to and we have attempted to get the best possible evidence that we can in that. It is a definitional thing. We say it is not shovel-ready. We do not know where the track is proposed to go. There has not been adequate community consultation and by our definition it is not shovel-ready.

The Hon. SHAYNE MALLARD: I will hand back to the Chair, but I will just say that I think this is a fight you could have with the council and it looks like you have been having it for a while, so I will leave that with you.

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The CHAIR: Going back to you at A Better Eurobodalla, your position is that if one of the criteria is it has to be shovel-ready, then there should be some evidence about it being shovel-ready before \$5.25 million worth of public money is handed over. Is it not? You are saying the evidence is not there.

Ms O'NEIL: That is correct, and the fact that it had been unsuccessful for funding previously does not prove that it was shovel-ready.

The CHAIR: Indeed, it may prove that there are some other problems with the project which explains why it did not get funded in a previous round rather than being a positive for it.

The Hon. SHAYNE MALLARD: Lack of funds.

Ms O'NEIL: Quite possibly.

The CHAIR: Are you aware if council has actually adopted a map for the walk?

Ms O'NEIL: Not that we are aware of.

Dr STEVENSON: Not that has been publicly available as far as we know, and I guess I might just also add in here that it is important to look at the value-for-money aspect here. In 2019 the track was costed—well, they were saying they were looking for a grant for \$3.63 million and now suddenly in 2020 it gets \$5.25 million, taking the total budget to over \$6 million. This was for a project that was initially costed at \$2 million in 2010. Escalating costs have certainly hit this project, and so is this good value for money for New South Wales grants to be spent on in the context of bushfire recovery? We are not saying that it is a bad project. We are saying in the context of trying to help our community and do recovery activities, it might not be the best project. How much community consultation went into this project being rolled out as the BLER project for the Eurobodalla at that time?

The CHAIR: In the context of Batemans Bay, you could imagine that there would be many community-supported projects that could be funded with \$5.25 million if there was good process.

Ms O'NEIL: Indeed, and we are aware that there are many community-supported projects that could well have been supported.

Dr STEVENSON: The performance of the evacuation centres here in Eurobodalla was pretty bad during the fires at the major centres. A lot of the smaller centres do not actually have anything and therefore it is interesting that Bega Valley Shire is actually using some of its pool of funding to rebuild and give some bushfire safety to more isolated communities. We could have exactly that same process happening here in the Eurobodalla. Up in the Shoalhaven one of their BLER projects is to actually enhance communications, particularly telecommunications because that was a major failing during the fires. We could have used some BLER funding to address that in the Eurobodalla. Instead we have chosen to build a walking track that no one knows really where it is going to go. All the other BLER projects that could, either have not been funded because \$5.25 million has gone to this walking trail. Is that an efficacious and value-for-money project in terms of the overall bushfire recovery?

The CHAIR: It is hard to see how that gets priority over some basic resilience like making sure residents can have mobile phones that work in an emergency. It is hard to see how the \$5.25 million could not have been better allocated to produce outcomes like that.

Ms O'NEIL: Well certainly the mobile phones and the communications, and in support of Dr Buswell's submission, safe refuges for all the elements of the community would be really important. We were disastrously underprepared for what hit us and I am very mindful that there are community needs that have not been discussed or recognised within this region. As Dr Stevenson said, there are small communities where there were no safe places to go, let alone safe places that recognise the particular needs of some community members. For example, in the closest one to us in Moruya there were elderly evacuees who developed dysentery from being in the community evacuation centre. It is a shocking outcome and as far as we can see, it has not been a priority for the funding that has been applied for.

Dr BUSWELL: I can only reinforce that statement that I do not think that the local showground is an appropriate refuge. I live in the Adelaide Hills, the local showground is surrounded by trees. There is one road in and there is one road out.

The Hon. SHAYNE MALLARD: Cricket field in the Blue Mountains.

Dr BUSWELL: Communications is a huge problem. It is not appropriate to spend money on, in this instance, bushwalking tracks through bush which burns when there is a crying need to meet the needs of the community, which is addressing communications as you have already pointed out, safe refuges, better roads in

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and out of bushfire-prone areas, the facilitation of better emergency services. There are far better things we can spend our money on and that is more appropriate to the communities that are affected than what we seem to be doing at the moment.

The Hon. COURTNEY HOUSSOS: Just on that point—this is a question for each of the panellists—the BLER funding is co-funded by the Federal and the State governments, and in other States what we are actually seeing is that one of the major ways that they are spending the money is to upgrade and to make more accessible evacuation centres. The Victorian Government is actually spending their money to ensure that the elderly and the disabled will actually have safer access to evacuation centres. That seems like a reasonable way to spend money that should be encouraging, I think one of our previous panellists said, "Building back better." What would your reflections be on how that money should have been spent?

Mr ROSS: I would agree with that statement. In terms of the evacuation centre, I guess it is indicative that the local churches turned their hall into a de-facto evacuation centre with air purifiers and air conditioning for the elderly because the conditions in Moruya were so abysmal and so insulting to any member of the community let alone elderly people. Seeing them lying on the floor in these centres with no comfort and with animals everywhere and the most disgusting conditions, and all controlled with New South Wales police officials not allowing anyone in with a camera or with anything to report—basically controlling any access for people reporting on it because they knew it was abysmal and yet nothing has been done about it. I think the problem is there is this top-down model from the Minister's office or from the bureaucratic connectors but there is nothing of needs assessment from the community. They have not actually done their homework on basic needs assessments before they go into serving out the priorities. I think that is where this model has fallen down. I think actually listening to community needs and actually having a model which incorporates community needs should be a first priority.

Dr STEVENSON: If I could just add to that, we have actually written to council and we have asked them what they have done to the evacuation centres to help upgrade them in the light of the experience with the bushfires. The only expenditure that they have mentioned to us is that they have spent around \$200,000 upgrading some of the connecting facilities and some of the plumbing facilities at the three major centres in Batemans Bay, Moruya and Narooma—nothing for anything of the small regional centres. You look at \$200,000 to do a few relatively minor upgrades to the major evacuation centres as against \$5.25 million in the BLER funding for a walking trail that no-one knows where it is really going to go yet. That is just a start, I guess, of the disparity that we cannot really resolve.

Ms O'NEIL: Additionally, the fact that other States have set a priority of upgrading facilities is very interesting because if there is a difference across the country in that, where does this story come from? If we are reliant in our position on a local government authority that is setting priorities that as far as we can see from our pretty broad community consultation is not reflecting the needs and the priorities of the community, which are about health and safety and communications—three very clear priorities that we get time and time again in our community—then how do we address that? That is where the State Government has to take some leadership and allow our community voices to be heard so that the priorities can be appropriately set.

Dr BUSWELL: Once again, we have put ourselves in a situation of having to react to circumstances when we know the circumstances come and haunt us every five to seven years. So why are we repeating? Why are we doomed to repeat, which is what we are doing here. The Victorian Government, for example, has just given \$700 million to help deal with the domestic violence impacts of the bushfires. Why is that money not there all the time? Why is the money not already put into communication problems and solving those problems? I live in an area down the hill where I do not have a mobile phone. It does not work. I have to have an ordinary landline. So I am of no use in a bushfire when someone is ringing me up on a mobile phone because it will not get me in the first place.

It is these structural, infrastructure problems, social issues that have been long claiming our communities and that are exacerbated by crises. I think we need to go back a step and accept that crises are always with us. We have to build resilience based on that fact. We are failing miserably to do that. I would like to see that this inquiry really address those issues and makes long-term change so that we are not having to have these fights over crumbs from the table of grants that are given out. It is just so inappropriate and it is so demoralising to communities that have been through hell and back again and they are still there. They are going to be there for another five or six years before they actually build a house because it takes that long. We must do better than this.

The CHAIR: If I could go back to A Better Eurobodalla, the 30-kilometre coast track I assume is on a mixture of land tenures—council land, State-held land and other land tenures. Are you aware of whether or not there has been approval?

Dr STEVENSON: Because we have not been shown and we have not been given a map—there is no definitive map that has been put out for this project—we can only assume that what you have said is basically

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correct. But I think that you might be, I am not sure, alluding to the fact that for BLER projects to be approved, they have to have the landowner's consent. Now I am not sure how that has been tackled in regard to this particular project to make it shovel-ready and conform with the BLER guidelines.

The CHAIR: If you do not know where it is going, it is pretty hard to get landowners' consent in advance, is it not? I suppose that is the fundamental problem.

Ms O'NEIL: That is certainly our view, yes.

Dr STEVENSON: Yes, that is right.

The CHAIR: Is your understanding that there is no council resolution approving a route let alone approving the capital works for these, as far as you understand?

Dr STEVENSON: That is right. That is our understanding.

Ms O'NEIL: And we have asked.

Dr STEVENSON: We have asked.

The CHAIR: If that is shovel-ready, that is a pretty strained definition of the term.

Ms O'NEIL: Hence our view that definitional work around shovel-ready would be pretty useful here.

Dr STEVENSON: That is why we would really like to see what submission Council has put in to the funding authorities. We actually wrote to council and they told us that they had not put in a submission and yet when Mr Barilaro appeared before the inquiry and I think also in the estimates, he indicated that all projects had put in submissions. We would like to get that clarified. Perhaps it would shed a lot of light on the inquiry's work if they could see what type of documentation the Eurobodalla Shire Council has put in for this headlands walking trail. What does it take to get the \$5.25 million grant under the BLER funding from the New South Wales and Commonwealth governments? We would all like to know.

The CHAIR: I am sure that will be a question asked of the Government when we come back after the lunch break. Could I just ask finally this question: Your submission also raises concerns about the Batemans Bay Regional Aquatic, Arts and Leisure Centre, which seems to have been a project that has escalated and escalated in cost and has been an example of how grants funding has a very short-term approval process. Do you want to expand on that at all?

Dr STEVENSON: Yes. I think that is a classic example where people think that just because you have got some grant funding that it is going to be a good thing for the community. Basically what has happened with that is that we have got \$51 million for grant funding from the State Government and the Commonwealth Government and that has turned into—well, currently we think it is \$70 million although we are hearing stories that it is up to \$75 million—a funding disaster that the Eurobodalla shire and all our ratepayers are going to have to be subsidising. We have already seen the council getting rid of its community centres and getting rid of bits of council land and cutting back on services. The actual centre, even when it opens, is not going to fulfil all the expectations that people originally had of it and it is going to be costing probably millions of dollars a year just in running costs alone.

There has never been a formal business case nor a fully COVID-compliant or even just a full business case that has been circulated to the community to give us confidence that this was a good decision in the first place. Council's own internal audit review and risk committee was not allowed to see all the full tender documents on the grounds of commercial-in-confidence, which seems a bit bizarre to us. So we just have to take on trust that this project is on track and it is a good project, but certainly the signs so far are not looking good.

The CHAIR: I am sure each of us could have spent longer exploring a number of matters that you have raised in your submissions, but unfortunately time has beaten us. I thank you all for your submissions. There may have been one or two questions taken on notice. If so, the secretariat will contact you if you have taken any questions on notice. On behalf of the Committee can I thank you all for your time and your contribution.

Ms O'NEIL: Thanks very much.

(The witnesses withdrew.)

(Luncheon adjournment)

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CHRIS HANGER, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, on former oath

JONATHAN WHEATON, Executive Director, Regional Programs, Department of Regional NSW, on former oath

MARG PRENDERGAST, Executive Director, Disaster Recovery, Resilience NSW, sworn and examined

CHRIS PRESLAND, Director, Natural Disaster Expenditure and Governance, Resilience NSW, affirmed and examined

The CHAIR: Welcome to the afternoon session of the inquiry into integrity, efficacy and value for money of New South Wales Government grants programs. We have four government departmental witnesses this afternoon. Does either Resilience NSW and/or the Department of Regional NSW want to make any brief opening statements?

Mr HANGER: No opening statements from us.

Ms PRENDERGAST: We might just clarify roles. Resilience NSW looks after the coordination of the recovery program across government with charity organisations and councils. We administered the Bushfire Community Recovery and Resilience Fund and we work really closely with the Department of Regional NSW, who really focus on economic development industry recovery and all the delivery of services across regional New South Wales.

The CHAIR: As you probably know, a lot of this hearing is going to focus on the fast-tracked Bushfire Local Economic Recovery round—the \$177 million round. Do we want to have a common way of referring to that round? How do you refer to it, Mr Hanger?

Mr HANGER: It is part of the overall bushfire recovery support package. We are going to table a document that might help all of us talk through the various stages and phases of that program.

Mr WHEATON: I think earlier the CEO of the Blue Mountains council referred to a slide pack that was part of that presentation. So we have got here the exact slide pack which has the key components for you.

The CHAIR: Did you want to speak to that quickly then, Mr Hanger?

Mr HANGER: The bushfire grants programs is probably the first one to refer to. You have heard Resilience NSW refer to the Bushfire Community Recovery and Resilience Fund, the Bushfire Industry Recovery Package, and then I have mentioned the Bushfire Local Economic Recovery Fund. In that fund, you can see there are three stages—early co-funded projects, which comprises two components. One component is Bushfire Industry Recovery Program stream two, sector development grants. The second component is fast-tracked priority local infrastructure projects.

The CHAIR: You are on the last of the four pages now. Is that right?

Mr HANGER: I am on the second last page, "Not greater than \$500 million New South Wales Bushfire Local Economic Recovery Package."

Mr WHEATON: The heading is "Bushfire Grant Programs". So we are just going over the overall landscape.

The CHAIR: I have got that, "Bushfire Grant Programs". We all appreciate the document. So you have got the Bushfire Community Recovery and Resilience Fund phase one.

Mr HANGER: Then there is Bushfire Industry Recovery Package and then the Bushfire Local Economic Recovery Fund. In each of those streams you can see that there are multiple stages. Overall context, \$4.4 billion for bushfire recovery. In terms of Bushfire Local Economic Recovery—which is the final page—you can see there is greater than \$500 million that is available there. The second to last page, which has that on one page, is expanded out in the final page which has those programs and their key elements outlined in terms of stage one early co-funded projects. You can see there are two streams there—an industry recovery stream and fast-tracked priority local infrastructure projects. I expect that is where we want to focus today or that is where the predominance of the questioning will be. Stage two, which is the \$250 million round that is currently under assessment. I will call out now that because that is under assessment, we probably will not be able to talk in detail at all about applications because they are currently being assessed. Then there is a third stage of our final projects and initiatives to be agreed with the Commonwealth.

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The CHAIR: So the stage one early co-funding \$180 million, if you had a Venn diagram, \$177 million of that would be the announcement that was made in November. Is that right?

Mr WHEATON: That is right. There were I think 71 projects announced at that time. One project was not announced, which has subsequently been announced separately, so that then now totals 72 projects, \$180 million.

The Hon. COURTNEY HOUSSOS: Can you just tell us what that one was?

Mr WHEATON: I believe it was \$3 million for community halls.¹

The CHAIR: Do you know where they were?

Mr WHEATON: I think that there were two in the Bega local government area.

The CHAIR: This is the two halls for Bega?

The Hon. COURTNEY HOUSSOS: Yes.

Mr WHEATON: And there was one in the Snowy Valleys local government area.

The CHAIR: Was Resilience NSW involved in the early co-funding stage one process?

Ms PRENDERGAST: We negotiated guidelines with the Commonwealth and we supported regional in commentary, but we were not part of the assessment directly.

Mr PRESLAND: We were part of the first part there, so stage 1A. We were a member of the assessment panel for the assessment of those projects and worked with supporting regional with providing information in relation to priority projects as part of B.

The CHAIR: When you say you negotiated the criteria with the Commonwealth, were there different criteria for the early co-funding Bushfire Industry Recovery Program stream two grants compared to the fast-tracked priority local infrastructure projects?

Mr PRESLAND: There is one set of guidelines or criteria from the Commonwealth in relation to the Bushfire Local Economic Recovery fund.

The CHAIR: Did that cover the whole of the early co-funding round?

Mr PRESLAND: Yes, that would have covered the whole.

The CHAIR: Have you got a copy of that criteria there?

Mr PRESLAND: Not handy, no.

Ms PRENDERGAST: We can provide it on notice.

The Hon. COURTNEY HOUSSOS: Is this just the standard 2018 disaster recovery guidelines?

Mr PRESLAND: There are the Disaster Recovery Funding Arrangements, which are joint State and Commonwealth funding arrangements that are applied when disasters are declared. That provides assistance with everything from support to individuals who are in need; support for repair of essential public assets for roads, bridges and other infrastructure; and it also includes the provision for small business and primary producer grants as well as any other packages that are part of negotiations between State and Commonwealth.

The Hon. COURTNEY HOUSSOS: When we are talking about the governing Federal guidelines, that is that arrangements document or is there a separate document?

Mr PRESLAND: There is a set of guidelines—I am pretty sure it is referred to as guidelines—that the National Bushfire Recovery Agency negotiated with all the States. So that is on the Local Economic Recovery fund, which relates to the \$458 million that was provided nationally.

The CHAIR: When were those guidelines settled with the Commonwealth?

¹ In [correspondence to the committee](#) dated 21 May 2021, Mr Jonathan Wheaton, Executive Director, Regional Programs Unit, Public Works Advisory & Regional Development, Department of Regional NSW, clarified his evidence.

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Mr PRESLAND: I do not have the exact date when it was finalised. It would be late October or November but I can find that date.

The CHAIR: Late October or November of 2020? Is that right?

Mr PRESLAND: I will check. I can take that on notice and provide the exact date.

The CHAIR: I am not asking you for the precise date, but we are talking 2020?

Mr PRESLAND: Yes.

Mr HANGER: At a high level we might be able to just talk it through—because there was a period of time between the initial draft guidelines coming out and the finalisation which will help as context for the conversations around project identification.

The CHAIR: Just to be clear, from Resilience NSW's perspective the guidelines that covered the early co-funding arrangements were finalised in October to November 2020?

Mr PRESLAND: The Commonwealth provided draft guidelines. It could have been as early as July, which included at that point in time a list of 41 councils that would be eligible for the BLER program. We responded and asked for an additional six councils to be put on that list—

The CHAIR: We got to 47 by agreement eventually.

Mr PRESLAND: Yes. That included Wollondilly, Central Coast and four other regional. Then there were negotiations between all States to take those first set of draft guidelines and finalise them over subsequent months.

The CHAIR: As far as Resilience NSW is concerned, they were the guidelines that were used to assess the early co-funding of what is now \$180 million of grants. Is that right?

Mr PRESLAND: The draft criteria would have been used, particularly by the National Bushfire Recovery Agency, which assessed each of the projects against the criteria to endorse them for co-funding. They would have used those draft criteria. At the same time the Commonwealth wrote to the Government in relation to the 41 councils and the first criteria, they also requested early projects to be considered.

The CHAIR: Sorry, Mr Hanger, you wanted to add something?

Mr HANGER: I was just going to add that everything within the greater than \$500 million New South Wales Bushfire Local Economic Recovery Package fits within those Commonwealth Local Economic Recovery package guidelines and is assessed by the Commonwealth as well.

The CHAIR: Mr Hanger, when do you understand the guidelines were finalised and adopted? Not drafted, but adopted.

Mr HANGER: We will take on notice the exact date but the draft, as Mr Presland has indicated, came through in about July. There were negotiations between the Commonwealth and the States over a number of months. Those were finalised towards the end of the year. I would say indicatively September or October.

The CHAIR: Mr Presland says it is probably October or November but you will each come back and give us your answer.

Mr HANGER: Yes.

The Hon. COURTNEY HOUSSOS: Mr Presland, on your final point you made then, who wrote to you talking about the early projects? Was it the Federal Government that wrote to you seeking early projects?

Mr PRESLAND: The Federal Government wrote seeking early projects to be identified for priority of funding.

The CHAIR: We have had evidence from a series of councils, including this morning, that they were aware that some kind of bushfire relief funding was being opened in the middle of last year, but they were not sure how they first heard about it or the circumstances in which they first heard about it or the details. Are any of you able to assist about what formal communication you gave to councils, particularly about this early co-funding arrangement?

Mr WHEATON: The funding in terms of the Local Economic Recovery funding from the Commonwealth, I am going to say it was \$448 million that was announced and also \$98 million for complementary projects. That was announced. Subsequent to that there was a letter from the Commonwealth to New South Wales identifying that \$270 million of the \$448 million was allocated to New South Wales under the

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Disaster Recovery Funding Arrangements, which would require New South Wales to have a 50-50 co-contribution to that amount. So when we talk around over \$500 million, that is the \$270 million that was then written to and offered to New South Wales on the proviso that we would match funding. At that same time it indicated that then—I think that that was from Minister Littleproud to—

Mr HANGER: The Premier?

Mr WHEATON: The Premier or it could have been the Deputy Premier in terms of that letter. It indicated then a subsequent engagement would be between the National Bushfire Recovery Agency and Resilience NSW and ourselves around the framework we have spoken about. So the Local Economic Recovery framework, which set out the criteria nationally across all States and territories in draft format. Then that was provided in July to us. In those same letters it was requested of States—at least for our letter and I assume it was the same for the other jurisdictions—to leverage existing processes. Secondly, to rapidly identify projects in that process.

The CHAIR: I was asking about when councils were put on notice—the 47 councils—and community groups because clearly this money went to both councils and third party entities in the community. When were they and how were they put on notice that this funding was available?

Mr HANGER: Conversations would have commenced in July when we had the Commonwealth write to us and say, "Can you, New South Wales, identify projects that are shovel-ready and local priorities without a finalised set of criteria." As we have said, we had draft criteria but those were not finalised until later in the year. In that context and as part of a broader context, this is in the middle of COVID as well and there was significant work underway across government looking at COVID stimulus projects. There would have been conversations with councils to identify projects as priorities that are shovel-ready and therefore could help. In this case it would be with bushfire recovery, but the conversations in a broader context would be any projects that can help with recovery given a COVID overlay as well.

The CHAIR: Is that Resilience NSW's understanding of the time frame as well—conversations starting in July about putting people on notice about the early co-funding stage one round?

Ms PRENDERGAST: Yes, it is. We also had recovery coordinators who covered three regions—south, north and Greater Sydney-mountains. Our recovery coordinators also communicated with council and put them in touch with regional New South Wales so that they could identify some of those projects.

The CHAIR: Again, at what stage is that happening: putting people in contact talking about these projects?

Ms PRENDERGAST: From July when we had the draft guidelines and regional disasters.

Mr HANGER: The recovery committees will include representatives from local council, Resilience, emergency agencies and regional New South Wales looking at the economic and social recovery elements; and key agencies around service provision, for instance, mental health services or other support services. In that environment the conversations would have commenced around July when we were asked by the Commonwealth to start those conversations, which we have indicated we did not have final guidelines. We could not at that point put a set of guidelines up because those were still being negotiated and that negotiation continued.

The CHAIR: I am mystified. To be quite clear, I am mystified about how, if you only got draft guidelines and if the first conversations are not starting until July, how it is that applications open on 19 May. How did that happen?

Mr HANGER: For which stream?

The CHAIR: For the Bushfire Industry Recovery stream two—sector developments.

Mr HANGER: We are talking about different streams here.

The CHAIR: The early co-funding.

Mr WHEATON: The Bushfire Industry Recovery Package—and this, I guess, gives further weight to the complexity of the circumstances of how this was occurring. That program was \$140 million and announced in April by New South Wales solely to be funded by New South Wales at that point in time. That had two streams. It had what was called "supply chain grants" for six industries that had been heavily impacted by the fires and then there were sector development grants. Those opened for applications in May and it was not at that point in time agreed that the sector development grants would be co-funded by the Commonwealth because we had not negotiated that. In fact, the initial intent was that we would seek for that entire package to be co-funded with the Commonwealth insofar as leveraging existing processes underway for those projects.

CORRECTED

The CHAIR: So without telling anybody, at some stage there was a decision made to open up funding for the Bushfire Industry Recovery program applications to allow them to have access to the \$180 million co-funding stream under draft guidelines that had not been finalised by the Commonwealth.

Mr WHEATON: No that is not right.

The CHAIR: Is that what happened?

Mr HANGER: Mr Wheaton is trying to clarify that New South Wales opened its own fully funded program in April. So if we turn back to the second last page of the slide pack *Bushfire Grant Programs*, the middle column—"Bushfire Industry Recovery Package"—has two streams. Supply chain support grants, which opened in May, as Mr Wheaton has indicated, were public guidelines published, fully funded by New South Wales at that point and anticipated a second stream, which included the sector development grants. The sector development grants—as negotiations continued with the Commonwealth, an agreement was reached that those could be included as co-funded—are included in the Bushfire Local Economic Recovery fund, which, as we have said, the draft elements of that were under negotiation. We had the early draft in July; they were not finalised until September or October.

The Hon. COURTNEY HOUSSOS: So let's get this straight: The New South Wales Government opened a grants program and halfway through they decided that actually it was going to be co-founded by the Federal Government. Is that right?

Mr HANGER: It expands the amount of money available because the Commonwealth doubles the money.

The Hon. COURTNEY HOUSSOS: Okay.

The CHAIR: And then they became subject to the draft Commonwealth guidelines that had not been finalised. Is that right?

Mr HANGER: No.

The CHAIR: Mr Wheaton is nodding and you are shaking your head, Mr Hanger.

Mr WHEATON: In order to be eligible under the Bushfire Local Economic Recovery framework set by the Commonwealth, all of those projects were assessed under the open guidelines that were released. Applications were open from 19 May till 26 July. Then that was done via a full independent panel assessment process. They were competitively and merit-based assessment against those guidelines and then those recommended projects, which is 52 of those projects under that program, 50 of them were subsequently agreed to align with the Local Economic Recovery fund framework set by the Commonwealth and co-funded.

The CHAIR: Were they approved under finalised or draft Commonwealth guidelines?

Mr WHEATON: They would have been approved by finalised guidelines because the Commonwealth—we ran our full process in New South Wales. The final decision to approve those projects went to New South Wales Expenditure Review Committee [ERC]. Subsequent to that, we wrote to the Commonwealth and we asked for them to review those 52 projects for alignment to the local economic recovery framework, of which we had done that analysis as well.

The Hon. SHAYNE MALLARD: Just to be clear, when the Federal money came into the picture you then referred it to Canberra.

Mr WHEATON: Correct.

The Hon. SHAYNE MALLARD: You had already done the assessment of the New South Wales criteria, but once we were lucky enough to get funding from Canberra you ran it past the Canberra model as well.

Mr WHEATON: That is right.

The Hon. SHAYNE MALLARD: It seems pretty clear to me.

Mr WHEATON: We sought their support to co-fund those projects.

The CHAIR: Was there an announcement made at any point that the Bushfire Industry Recovery program sector development grants were going to be fast-tracked and would be subject to the Commonwealth grants criteria? Was a public announcement ever made to that effect?

Mr WHEATON: Those particular projects were not fast-tracked; they were open-and-close rounds. Applications closed on 26 July. We then ran our anticipated assessment process with New South Wales on the agreed timelines that had been set publicly in those guidelines. Then we wrote to the Commonwealth and asked

CORRECTED

for them to review those projects' suitability—every project that is funded under the local economic recovery fund needs to be co-endorsed by the Commonwealth.

The Hon. COURTNEY HOUSSOS: I wanted to move on to the second column—the fast-tracked priority local infrastructure projects. Can you explain to me what the internal assessment process that was managed by the Department of Regional New South Wales was? Because I understand on the previous page you refer to it as a "rapid internal assessment process" managed by the Department of Regional New South Wales.

Mr HANGER: I will start. The identification of the fast-tracked projects, as we have said, we were asked for these by the Commonwealth. They needed to come through, as best as possible, existing programs to ensure that they were as ready as possible—shovel ready.

The Hon. COURTNEY HOUSSOS: Sorry, can I just stop you there? I do not mean to be rude but just "through the existing program", was that in the original letter from either Minister Littleproud or from the Prime Minister that went to either Premier Berejiklian or to the Deputy Premier?

Mr HANGER: Yes, through known sources and existing programs.

The Hon. COURTNEY HOUSSOS: So they explicitly said that in the letter?

Mr HANGER: I will double-check the exact wording but they would have asked for—

Ms PRENDERGAST: It was words to that effect. It was, effectively, projects that we could implement early so that we could get jobs and industry back.

The Hon. COURTNEY HOUSSOS: I am just interested in the specific wording, but that is okay.

Mr WHEATON: It was "leveraging existing processes".

The Hon. COURTNEY HOUSSOS: "Leverage existing processes"? Okay, thanks.

Mr HANGER: Over the past 18 months we have, as you would be aware, run a \$2 billion Regional Growth Fund. We have had, I am going say 4½—or more—thousand applications through that program. So we have an existing pipeline of projects. You have probably heard this morning that councils that put forward projects, unfortunately, given the enormous oversubscription, not all of those projects can be successful. But those projects have clearly been worked up and they are therefore at a stage that makes it a lot easier for us to assess because they generally have been submitted through other programs. Therefore, we have a lot more information than starting an entirely new application process. So when the Commonwealth asked for us to find projects as quickly as possible through existing processes, that is where we have started because there is a significant pool of projects that have been submitted that have not yet been funded that would be potentially eligible for these types of bushfire recovery programs.

The Hon. SHAYNE MALLARD: They have already been assessed.

Mr HANGER: Well, yes.

The Hon. COURTNEY HOUSSOS: Can I just ask you, then, what was the rapid internal assessment process? Can you talk me through that? Who was on the assessment panel?

Mr HANGER: Mr Wheaton might be able to jump in with details but it would be representatives from Resilience NSW, representatives from the Department of Regional New South Wales, both Public Works Advisory, who provide advice—essentially project assurance—which is to make sure that as best as possible projects are shovel-ready and ready to go. There may have been—

Mr WHEATON: Internally, additional context to this is that we were undertaking this particular process. We were designing the guidelines for the open round, and we were also seeking to secure the commitment from New South Wales or the allocation of the matched funding. So we were headed towards—

The Hon. JOHN GRAHAM: Mr Wheaton, that is understood. Can we just come back to Mr Hanger and finish that first answer, though, who else was on the panel. We are happy for you to take some of that on notice.

Mr HANGER: Yes.

The Hon. COURTNEY HOUSSOS: Perhaps you can come back with the specific people.

Mr HANGER: Yes, we will come back with the specific people who were involved.

The CHAIR: The organisations: Regional NSW, Resilience NSW and then a Public Works Advisory representative.

CORRECTED

Mr HANGER: Who is part of Regional NSW.

The Hon. COURTNEY HOUSSOS: From Regional NSW.

The CHAIR: Anybody else?

Mr WHEATON: No. It was not a decision panel that was convened for these projects. The process was when we were written to and we were asked to rapidly identify early co-funded projects from the Commonwealth, for around a two- to three-week window we reviewed a pipeline of projects that were known to us as a starting point. That meant, in the end we had around 400 projects that we were reviewing internally, and it is staff in my team in consultation with our local network of staff, with the recovery coordinator teams who are on the ground and assisting with coordination of the recovery on the ground. There was consultation with Resilience NSW.

Public Works Advisory play a critical role for us because if there is a piece of infrastructure that is proposed to be built and we have information saying that this is the cost and this is the time frame and these are the approvals that need to be in place, they validate that for us and give us advice back. From having such an immense pipeline of potential projects, we managed in an internal process to bring that down subsequently to the 22 projects that were approved by the New South Wales Government. Then those same 22 projects obviously were then co-endorsed by the Commonwealth.

The Hon. COURTNEY HOUSSOS: Mr Wheaton, that is exactly what I am interested in. How did you get from the 400 projects to the 22? We have who is making the decision and who is making the assessment. What were they assessing against?

Mr WHEATON: We set a number of internal criteria as that process moved along.

The Hon. COURTNEY HOUSSOS: Can you outline those for us?

Mr WHEATON: We were looking for projects that could be very quickly validated as shovel-ready. Initially, we were seeking for them to be able to be commenced in six months and we then extended that to be commencement of 12 months. We often can look at the definition of "shovel-ready" and it is variable. I think that was a point of discussion this morning. We had alignment with local recovery plans or the regional economic development strategies and the bushfire addenda, which we had developed post-bushfires, council recovery plans or other relevant documents locally. We were looking for an alignment with the Local Economic Recovery [LER] framework that would have been the draft LER framework and those criteria at that time.

To reduce that list, we then identified and focused on areas that were in medium- to high-impacted areas, or local government areas [LGA]. This is all done at the local government area, and we had used the building impact assessment numbers to basically then classify at that point in time low, medium or highly impacted local government areas for the purposes of this process of being able to then get to a list of which we then had certainty as far as possible that those projects could be delivered and an immediate decision as the rapidly identified set of projects.

The Hon. COURTNEY HOUSSOS: Of those 22 projects that were fast-tracked, 21 of them were in Liberal and National Party electorates; one was in the electorate of Wagga. Not a single project in a Labor, The Greens or a Shooters electorate managed to make it onto that exclusive list. Can you explain why that was the case when every piece of information that was coming from the Federal Government outlined all of the local government areas that should be eligible for the funding?

Mr WHEATON: I will start by saying that projects across every single local government area in high- and medium-impacted areas were under consideration. I am going to be very clear. I have heard the evidence this morning and I have observed the media reports on this particular process and the allegations, I guess, that you are insinuating. At no time ever is electorate location considered in the department funding assessments and decision-making.

The CHAIR: This is not about insinuation. This is about a rock-solid fact that 21 of the 22 fast-tracked projects were in Government-held electorates. That is what Ms Houssos is putting to you. It is not insinuation but a rock-solid fact. Is that just a coincidence?

Mr WHEATON: I think it has been fairly well documented that the vast majority of the damage from the bushfires had occurred in electorates that had Coalition representation. There was no intent to be excluding certain areas from that funding. I mentioned the pipeline of projects that we were reviewing in a very short amount of time that we had because the Regional Growth Fund was the primary source of projects that we were looking for that could be potential projects. So we had a huge pipeline of unfunded projects that we had on our books from these impacted local government areas, but there are three local government areas not eligible under the Regional Growth Fund, of which we manage and run, and that is Wollondilly, the Blue Mountains and Hawkesbury.

CORRECTED

To offer the opportunity, in fairness, for those councils to have projects to be considered, we made the direct approach that has been spoken about by Dr Dillon this morning, asking for councils to put forward options of shovel-ready projects. At that time—and I think Dr Dillon was pretty clear—the information was fairly vague around what we were seeking. That was in fairness to all the other local government areas that we were considering projects from. We had not set the parameters at that point in time of how we were going to reduce a list of over 400 projects to be a more defined list that we were comfortable in recommending to be fast-tracked at that point in time on the basis of a few things that were actually occurring at that same time.

One was that we were designing an open round of the program which would have the \$250 million that would be available for projects to be brought forward by all eligible applicants—councils, local Aboriginal land councils, joint organisations of councils, community groups. We could then elicit the direct responses from the community of what they sought. At that same time there were other funding programs that were being designed and imminently were going to be rolled out by Resilience NSW, and that was the Bushfire community resilience and recovery fund, which had two phases. I think one was September—and my colleagues at Resilience can confirm—a direct allocation to councils for their local priorities of around \$250,000 in the case of the Blue Mountains, which we knew imminently was going to be notified to them in September. So we were going through the process at the time, understanding the overall landscape of grant funding available for projects that we were reviewing.

The Hon. JOHN GRAHAM: Mr Wheaton, when you say that projects were under consideration in every LGA, though, that is not what the Deputy Premier said when he was quizzed about why the Blue Mountains got nothing. His view and his answer was that none of their projects were eligible. They did not even make it to the starting cut. They were not under consideration; they were not eligible.

Mr WHEATON: They were under consideration because we asked for them.

The Hon. JOHN GRAHAM: Yes, but do you agree with the Deputy Premier that none of those projects were eligible?

Mr WHEATON: That is right. Through that Cabinet process we were developing a full Cabinet submission at that time.

The Hon. JOHN GRAHAM: Why were they not eligible?

Mr WHEATON: They were not funded through that process because they did not meet what we had set as a \$1 million threshold to get that group of projects to a more defined—

The Hon. JOHN GRAHAM: On the question of whether they were shovel-ready, do you accept that they were shovel-ready? Do you accept the evidence that was put by the council this morning that they were shovel-ready?

Mr WHEATON: I would have to take that on notice to review all of those projects. I do understand that we did review those projects in terms of that—some small-scale projects. The \$30,000 that had been identified for Pulpit Rock—

The Hon. JOHN GRAHAM: Let me put it to you the other way. Are you giving evidence that they were all ineligible because they were all not shovel-ready? You are not suggesting that, are you?

The Hon. NATALIE WARD: He said he would take it on notice, so I am not sure that is fair.

Ms PRENDERGAST: I have got an input in clarification in regard to this, and that is that there are multiple streams of funding available for different purposes.

The Hon. JOHN GRAHAM: Yes, and I am asking about one particular stream, Ms Prendergast.

The Hon. NATALIE WARD: Let her finish.

Ms PRENDERGAST: Sure. Bushfire Industry Recovery Package and Bushfire Local Economic Recovery is all about industry and jobs.

The Hon. JOHN GRAHAM: I understand.

Ms PRENDERGAST: So your RFS sheds or your evacuation centre, we have other avenues to support them. Environmental issues are separately funded as well through grants.

The Hon. JOHN GRAHAM: Ms Prendergast, do you suggest that these were all ineligible?

CORRECTED

Ms PRENDERGAST: No, I am just suggesting there is a multiple range of funding sources and, therefore, some that they nominated would have been a better fit in another program as opposed to economic development.

The Hon. JOHN GRAHAM: I am asking about the Deputy Premier's evidence about eligibility so I might just return to that. Were these ineligible because they were not shovel-ready? Is that the evidence?

The Hon. NATALIE WARD: He said he will take that on notice, and I take objection to the question.

Mr WHEATON: I said I will take it on notice because we were reviewing, as we said, hundreds of projects and I would have to then go back to the 24-odd projects that had been identified by the Blue Mountains on whether our determination had been that they were or were not. They were smaller scale projects. I understand that Dr Dillon has asserted very clearly that they only put forward their shovel-reading projects and also had excluded one which they thought might not have been. The threshold of which then the Blue Mountains did not get a project, and it is likewise other local government areas in high-impacted areas had also not received a project for the same reasons, whether it be the \$1 million threshold or not deemed to be shovel-ready.

The Hon. COURTNEY HOUSSOS: Who made that crucial decision that the \$1 million would be the cut off?

Mr WHEATON: That was made as part of the Cabinet process.

The Hon. COURTNEY HOUSSOS: That does not give us clarity, Mr Wheaton. Who made that decision? Was it a decision of Cabinet that it would be \$1 million?

Mr WHEATON: No, it was made as part of the process of putting forward that package for Cabinet's consideration.

Mr HANGER: In that package there was not only these projects but there was, I am going to say, the guidelines for the other streams of programs. In reference to the Blue Mountains, and this sort of supplements the commentary from Resilience NSW, where projects were known to be better aligned to—and this is a Commonwealth criteria so one of the call outs in the Commonwealth Local Economic—

The Hon. JOHN GRAHAM: Mr Hanger you are not saying these—

The Hon. NATALIE WARD: Hang on, let him finish.

The Hon. JOHN GRAHAM: The Deputy Premier did not turn up and say these were better aligned. He said these were ineligible.

The Hon. NATALIE WARD: Point of order—

The CHAIR: There is a point of order. I think I know what it is and I am going to rule on it rapidly. We have to give the witness the opportunity to finish, as best we can.

Mr HANGER: One of the Commonwealth Local Economic Recovery criteria is funding stream suitability. So knowing that there are multiple streams of recovery and support programs in the mix, at the same time we would look to make sure that the programs and the projects that are funded through those programs are as closely aligned as we can get.

The Hon. JOHN GRAHAM: Yes, I understand that and that is the view the agencies have put in the questions on notice. In relation to the Blue Mountains, they have said these were not suitable. That is the case you are making now: there was other funding available and these are not suitable. That is not what the Deputy Premier turned up and said. He said these were not eligible. I want to know why was the Blue Mountains not eligible at all for the 23 projects it put forward? You cannot tell the Committee whether it was because they were not shovel-ready. Was it because they hit the \$1 million threshold? Is that why you ruled all of them out and they got zero dollars?

Mr HANGER: There will be a range of reasons. As Mr Wheaton has indicated, we will take on notice and provide a response that talks through why none of those projects were successful under that round. They were, however, projects that have been funded elsewhere.

The Hon. JOHN GRAHAM: Yes, I understand where you are about to head. When you responded on notice up to now, you did not say they were ineligible. You said they were not suitable for the reasons you are—were they ineligible? Are you saying they were all ineligible?

Mr HANGER: Ineligible, unsuitable, we will take that on notice and clarify because there is a range of projects in that mix that were put forward.

CORRECTED

The Hon. JOHN GRAHAM: Thank you for taking that on notice. The Blue Mountains Council says that \$1 million criteria was not communicated. The Deputy Premier turned up and said, "Secondly, we contacted councils. Criteria is always part of the contact." Why did you not tell them about the \$1 million threshold?

Mr WHEATON: As always, there will be a lot of context creation here of what was going on at this time. That had not been determined. At the time that we were then having that discussion with Blue Mountains, we had not determined—we were casting the net very wide to see what projects were out there in these high and medium areas that aligned with the Commonwealth drafts.

The Hon. JOHN GRAHAM: How were they supposed to know? They only found out after these were awarded. Do you accept that is unfair?

Mr WHEATON: It was fairness because other local government areas had not been informed of those parameters either. We were facilitating an internal process to rapidly identify projects as requested by the Commonwealth—

The Hon. JOHN GRAHAM: Do you accept it is unfair that the Blue Mountains council had no idea of this secret \$1 million threshold and it had no way of complying if you did not tell them?

Mr WHEATON: I reject that it was a secret.

The Hon. JOHN GRAHAM: It was a secret for them.

Mr WHEATON: Because we were managing it at that point in time ahead of then finalising a decision for the Government to consider.

The Hon. JOHN GRAHAM: How were they supposed to find out?

The Hon. SHAYNE MALLARD: Point of order: Let Mr Wheaton answer the question instead of being badgering him into the context of what you want.

The CHAIR: I think there is an exchange going on here.

The Hon. SHAYNE MALLARD: No, Mr Graham is cutting across him and not allowing him to expand upon his answer which is that the decision had not been formally made.

The CHAIR: I hear your point of order. That was not how I had read that exchange. I assure you, I insist upon the witness being able to finish his answer.

The Hon. JOHN GRAHAM: How was the Blue Mountains council supposed to know that there was a \$1 million threshold if you did not tell them?

The Hon. SHAYNE MALLARD: It had not been formally agreed to.

Mr WHEATON: We did not set that \$1 million threshold to any of the projects, or the councils, or the applicants that we were considering at that point in time. I have mentioned that we were working towards a submission to the Expenditure Review Committee of Cabinet of which then that determination or decision, or even information I would not be at liberty to tell you.

The Hon. JOHN GRAHAM: We have been told by the Deputy Premier the reason they did not get the money was because of this \$1 million threshold.

Mr WHEATON: Yes.

The Hon. JOHN GRAHAM: They did not know about it. How is that fair?

Mr WHEATON: If you talk about the principles of fairness, we were running an internal process to rapidly identify projects, as far as possible as we could given the opportunities, for other local government areas of which we did not have projects to review internally without having to make a direct approach.

The Hon. JOHN GRAHAM: Why did someone not tell them? If it is true that all these projects had been ruled out because they hit a \$1 million threshold, why did someone not ring them up, or answer their phone call when they rang up, and simply say, "Put together two of these projects that you have put in that add up to more than \$1 million, and they might stand a chance"? Why did that discussion not happen?

Mr WHEATON: Because if you think about the scale of the engagement that we are managing, there were a couple of things occurring at that time, Mr Graham. We are preparing a Cabinet submission. There is very limited information that we can communicate with potential applicants around that as a process because I did not have an endorsement of the Government to be setting that as a parameter. It was going to be the department's advice that was being concurrently done, in design of guidelines, in the same time as other programs were coming.

CORRECTED

We did the same for Wollondilly local government area—highly impacted—where we approached them. We did not give them information around the threshold of the amount of money, and likewise for Hawkesbury.

The Hon. COURTNEY HOUSSOS: I understand you are talking about the context of COVID, you are trying to rush through these guidelines, you are under pressure to produce a Cabinet submission, but with the benefit of hindsight, particularly now because I think this is your second or your third appearance before the Committee, this is not best practice for the way that grants programs should be run? Not providing all of the people who are eligible with all of the information is not best practice, is it?

Mr WHEATON: I would say that we were not running a grant program at that point in time. If you would like to then review processes for how a grant program is run, I would point you to the open round, the \$250 million round.

Mr HANGER: Sector development grants

Mr WHEATON: Sector development grants.

Mr HANGER: Supply chain grants.

Mr WHEATON: I will point you to the open round of the Bushfire community recovery and resilience fund of which we managed as a grant program with all the checks and balances and appropriate documentations and communications that we would run. We were running a very distinct—

The CHAIR: That is not what you have been asked questions about.

The Hon. NATALIE WARD: Let him finish.

The CHAIR: You are being asked questions about this bushfire fast-tracked program.

Mr WHEATON: Yes.

The CHAIR: No-one is suggesting you did not have due process in other programs, but we are asking you about this.

Mr WHEATON: If you are suggesting—

The Hon. NATALIE WARD: On that basis I am going to object because it is asking for conjecture about something that this witness is not here to answer. He is here to answer about what happened in this process in the past. He is not here to talk about conjecture in the future about what we might do. That is Government policy and he is not able to answer.

The CHAIR: I am not quite sure what that objection relates to, but it is now Mr Mallard's time.

The Hon. SHAYNE MALLARD: All I wanted to do was to tie off on this. There seems to be a misunderstanding by some members of the Committee regarding the \$1 million threshold. I want to clarify it for Mr Wheaton. To be clear, all the councils had the same information whether they were the three councils you have identified that were not in the regional fund, which was a good criteria to go straight to of a pool of projects. They all had the same information and the Cabinet process, which you cannot talk to anyone about anyway, after you approached councils identified or set a threshold of \$1 million. That is not your decision. Once that is in place then the grants were approved on that criteria. Just to be clear, that decision had not been made and you were not at liberty to discuss it and you did not share it with any other council?

Mr WHEATON: That is right. To the point around, on hindsight, would I reflect and undertake a process differently, in our experience—and we have been running very substantial grant programs for a while now—we had been asked to rapidly identify projects. If in any way, shape or form you are going to be rapidly identifying projects and running that as a process where you have to go—

The Hon. JOHN GRAHAM: Could you just clarify that evidence? Was this your recommendation to Cabinet? The view which you just presented—

The Hon. SHAYNE MALLARD: It still cannot be discussed.

The Hon. JOHN GRAHAM: Yes, but that is a fundamental difference here. It is not that Cabinet imposed this, it was a recommendation from the agency, was it not, Mr Wheaton?

The Hon. SHAYNE MALLARD: That still cannot be canvassed.

The CHAIR: Mr Wheaton, did you want to answer Mr Graham's question?

Mr WHEATON: I was just saying around the process of which, on reflection, would we then communicate all of these criteria to potential applicants, the fact of the matter was we were doing this in around

CORRECTED

a two to three week window and I would say that if we were to follow due process and appropriate processes with integrity, as is being looked at by the Committee—

The Hon. SHAYNE MALLARD: Six months, 12 months.

Mr WHEATON: A two to three week window, it is an impossibility to do that with appropriate processes in place as an external call for projects.

The CHAIR: I will show you a document, Mr Wheaton. When I say Mr Wheaton, I am saying Mr Wheaton, Mr Hanger, Ms Prendergast and Mr Presland. Have we got another copy?

The Hon. SHAYNE MALLARD: You might share it with us too.

The Hon. NATALIE WARD: Can I see a copy of that? I have no idea what document you are circulating or putting to the witnesses. Is there a copy for members of the Committee?

The Hon. SHAYNE MALLARD: It is an SO 52.

The CHAIR: This is a document produced by the Government under Standing Order 52, which was said to be dated 1 October 2020. Do you recognise this document, Mr Wheaton?

Mr WHEATON: Yes.

The CHAIR: To go back to the slides that you showed us earlier, this is the bushfire fast-tracked projects. This is the fast-tracked priority local infrastructure projects?

Mr WHEATON: Correct.

The CHAIR: We are talking about the same thing, are we not?

Mr WHEATON: Correct.

The CHAIR: Which is the 22 projects at \$107.8 million. We are talking about the same thing?

Mr WHEATON: Correct.

The CHAIR: You gave some evidence about what you understood to be the criteria on it. Who authored this document?

Mr WHEATON: That is our department. My team.

The CHAIR: Was it signed off by Resilience NSW at any point?

Ms PRENDERGAST: No, not that I am aware of.

The CHAIR: But this is your team who created this and adopted this. Is that right?

Mr WHEATON: Very early. So I think you are saying it was from October. In July, when we had endeavoured to go through the two to three week process of reviewing a very substantial amount of potential projects to then be fast-tracked, this was our initial guiding document of how that would occur.

The CHAIR: But this was said to be in the documents produced by the Government under the SO 52, a document created on 1 October. Do you have any reason to doubt that?

Mr WHEATON: Yes. I do not believe that this document was created on 1 October. I think it was produced under Standing Order 52 from an email that would have been sent to the Commonwealth at that point in time. I think that email actually was 30 September that we had provided to them.

The Hon. SHAYNE MALLARD: There you go.

The Hon. NATALIE WARD: There is no conspiracy.

The Hon. SHAYNE MALLARD: So it is an older document attached.

The CHAIR: It is 30 September rather than 1 October?

Mr WHEATON: Well, I think that it was provided under the standing order provisions as part of an email when we wrote to the Commonwealth asking for them to review for co-endorsement the full package of projects proposed.

The CHAIR: Okay.

The Hon. SHAYNE MALLARD: So it is an older document attached to an email.

CORRECTED

The CHAIR: And you were saying, "Here's our criteria"—

The Hon. SHAYNE MALLARD: From earlier. From July, yes.

The CHAIR: —as at 30 September?

Mr WHEATON: It was our high-level process. We were showing them how those projects had been elicited as a project.

The Hon. SHAYNE MALLARD: To be clear, this was an older document than the email?

The CHAIR: Yes.

Mr WHEATON: It was.

The CHAIR: But it was still in force at the time you sent it. You were not sending something out of date?

Mr WHEATON: No. So that, basically, was giving a very high-level indication of what we had used internally to identify the fast-tracked projects.

The CHAIR: There is nothing in here about a \$1 million threshold is there?

Mr WHEATON: No.

The CHAIR: Well when was that plonked in, the \$1 million threshold?

Mr WHEATON: We had set this as a guiding document for our staff, around July, of how we were going to be working over those weeks, around what projects we were looking to bring forward and the big list. I spoke around, you know, the 400 projects that we were actually potentially looking at at the time. This was the guiding document that brought that list together.

The CHAIR: But this is about project selection and project types and project approval.

Mr WHEATON: Yes.

The CHAIR: I mean, these are the only guidelines that have been produced under the SO 52. There is no reference to the \$1 million. How did the \$1 million get added to the assessment process?

Mr WHEATON: I think I have outlined that then we elicited a very big group of projects through this process. Once we had those, we would have been funding the entire Bushfire Local Economic Recovery Fund envelope if we had decided that we would—through this process of bringing forward and eliciting an immense amount of projects through recovery committees and aligned with council advocacy documents and our previous Regional Growth Fund projects, we had an immense amount of projects to work through. This was how those projects were brought to be, that list.

Then, as that package of lists was brought down to the point of being recommended into the Cabinet decision, that is when the \$1 million was set because of the vast volume of projects that we had under \$1 million on that list, which would have made it impossible in the time frames to do a reasonable assessment of the merits of those projects. Plus we knew that very soon each of the councils in September were about to get a straight allocation to fund smaller projects through the Resilience NSW Community Recovery and Resilience Fund. We also knew that there would be an open round of that program of which the smaller projects could be brought forward under that process.

The CHAIR: So you came up with the \$1 million?

Mr WHEATON: We had worked together—

The CHAIR: You came up with it, your team?

Mr WHEATON: I am telling you it was part of the Cabinet process, Mr Shoebridge.

The CHAIR: Okay. There is no mention in here either of the impact on buildings. Was that another wash that you put on afterwards to—

Mr WHEATON: Correct.

The CHAIR: —limit it?

Ms PRENDERGAST: It is assumed through all of our programs. It is all about burn scar, property impact and business impact.

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The CHAIR: It may be assumed—

Ms PRENDERGAST: And there is a relative difference between different LGAs. If you look at Eurobodalla, Bega, Shoalhaven, Snowy Valleys or Clarence Valley and MidCoast you cannot compare those six LGAs to any other in terms of the damage.

The CHAIR: Ms Prendergast, where do I find that in this document?

Ms PRENDERGAST: It is published in terms of our building impact and our impact assessments.

The CHAIR: But I ask you again—we were asking about this is the only document that sets out the criteria under which bushfire fast-tracked projects will be assessed that has been produced by the Government and the two key criteria that seem to have knocked out most projects are not even mentioned. Now, it is not your document, so I do not know if you can explain that. But how is it the two key criteria that knocked out most of the projects, and all of the projects in any Labor, Greens or Shooters, Fishers and Farmers projects, neither of those criteria are even mentioned? How is that?

Mr WHEATON: It was the same process of which we indicated around the \$1 million threshold that, at the time that we were doing that process, we thought it was reasonable if we were going to be looking at fast-tracked projects to do that in the moderately to high impacted areas.

The CHAIR: Now you said that because Hawkesbury, Wollondilly and Blue Mountains were not in the Regional Recovery—

Mr WHEATON: The Regional Growth Fund programs.

The CHAIR: —they were not in the Regional Growth Fund pool, you reached out to those three councils and said, "Hey, do you want to put some projects in?"

Mr WHEATON: Yes.

The CHAIR: Is that right?

Mr WHEATON: That is right.

The CHAIR: Did the Hawkesbury get any projects funded in this round?

Mr WHEATON: They had one project.

The CHAIR: Did Wollondilly get any projects funded?

Mr WHEATON: No.

The Hon. SHAYNE MALLARD: It does not suit the narrative.

The CHAIR: What about the Central Coast?

Mr WHEATON: No.

The CHAIR: Were they part of the Regional Growth Fund?

Mr WHEATON: Yes.

The CHAIR: So how is it that the Central Coast did not get any projects?

Mr WHEATON: So there was, I think, over 30 projects that—

Mr HANGER: Thirty eight.

Mr WHEATON: —had been considered as part of that process that were identified by Central Coast Council. I note that then, I think, Central Coast Council in their submission had suggested that they had not been provided an opportunity to identify fast-tracked projects. I mentioned that the projects that we had considered as part of the broader process and casting the net wide—Mr Hanger indicated that there was a number of processes occurring at the time, including opportunities for COVID stimulus, and that we had a list previously worked on by our staff locally and directly with council. I think we do have the record of those interactions with council in terms of then their shovel-ready list of projects. Now they had submitted, as I mentioned, well over 30 projects that we reviewed as part of that process. In the time available those were not deemed to be suitable to be fast-tracked as well.

The Hon. COURTNEY HOUSSOS: It would seem to be from this document that Mr Shoebridge has tabled and from your testimony, Mr Wheaton, that projects that had already been assessed by Regional NSW—that is, projects that were not in the Blue Mountains and from what I can understand projects that were not on the

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Central Coast—would have already progressed further down the Regional NSW assessment pathway. Is that correct?

Mr WHEATON: In many cases of those projects, yes.

The Hon. COURTNEY HOUSSOS: So in effect they are at an advantage over these other projects?

Mr WHEATON: Yes.

The Hon. COURTNEY HOUSSOS: Does that mean that those councils in those areas did not receive a phone call in the same way that the Blue Mountains and the Central Coast did? Or did they get a phone call as well?

Mr WHEATON: For all of the eligible 47 local government areas?

The Hon. COURTNEY HOUSSOS: Yes.

Mr WHEATON: I will take that on notice to respond specifically, but I would hazard a guess that there would have been many councils who had submitted their priorities very clearly in the advocacy document. I think the general manager of Snowy Valleys had indicated that they had done work to pretty clearly set out—and had quite early engagement with the Government, the Opposition and other stakeholders and whatever means it was possible—what their priority projects were through that process. So in terms of then formally reaching out consistently to everybody across all of those 47, as I said, we were originally looking at all councils—low, medium and high impacted. As the process evolved—and it was evolving—we then chose to focus on just the moderate and high. We set the threshold of the \$1 million to then refine that list to a package of projects that was considered.

The Hon. COURTNEY HOUSSOS: I want to come to this original letter that was written by the Prime Minister to the Premier. On that it says that the disaster recovery funding arrangements—it referenced that document that Mr Presland was talking about earlier. It gave an exemption to two of the clauses. Was there any contact from the New South Wales Government about that exemption or did that come unilaterally from the Federal Government?

Mr PRESLAND: I can answer that one. The National Bushfire Recovery Agency had a number of forums where State coordinators came together to discuss arrangements about recovery initiatives, be it through providing recovery support services or community recovery officers right through to the Bushfire Local Economic Recovery fund. There was discussion at that committee that the intent of both State and Commonwealth governments was to be able to invest in infrastructure projects through the BLER. The advice from the National Bushfire Recovery Agency was that would require a Prime Minister's exemption. So in order to attract the best-value projects that exemption was provided by the Prime Minister.

The Hon. COURTNEY HOUSSOS: So it was a discussion and then out of that came this letter from the Prime Minister. It did not come as a surprise to you.

Mr PRESLAND: No.

The Hon. COURTNEY HOUSSOS: Who was present at those discussions? Was it yourself, or Ms Prendergast?

Mr PRESLAND: Myself, Ms Prendergast.

Ms PRENDERGAST: Yes.

The Hon. COURTNEY HOUSSOS: In those initial discussions did you raise the purchase of land?

Mr PRESLAND: In a later discussion in terms of clarifying eligibility, the issue of purchase of land was raised.

The Hon. COURTNEY HOUSSOS: Sorry, I know it was raised later on. That has been produced in documents to the Parliament. I am interested about these earlier committees. Was it raised then?

Ms PRENDERGAST: No, not earlier. It was later in the context of a few people who were putting forward BLER open round projects who needed some land to actually constitute their project, be it a resilience centre or whatever. That is why we were asking the Commonwealth if we could include land to help those communities.

The Hon. COURTNEY HOUSSOS: So later on it did become a point of contention. It is correct that no other State allows the purchase of land in their guidelines. Is that correct?

Mr PRESLAND: I cannot speak for the specific arrangements of how States have identified their priorities, but what is agreed nationally is that, for the purposes of being able to fund what are the best projects on

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merit, we put forward the view—we did not want to exclude a project potentially that is meeting a community need just because it needs to purchase land. I think we had two examples raised by members of the community. One was an Aboriginal land council that was scoping out a project that to be successful would need to have a purchase of land. The second one was a not-for-profit from a community group that also talked about the need for purchasing land as part of their project.

The Hon. COURTNEY HOUSSOS: But no other State under this Federal bushfire relief funding is allowing the purchase of land. New South Wales is the only State—as a result of extensive advocacy from the State government agencies—that is going to allow individuals to purchase land using this fund. Is that correct?

Ms PRENDERGAST: We requested organisations be able to but the context here with the other States is that 85 per cent of the damage was in New South Wales. So the lion's share of the Black Summer's damage was with us. Therefore, we want communities to be able to pursue initiatives that are important to them and that actually help and heal, which is why we felt this was important to pursue.

Mr PRESLAND: I cannot confirm that other States do not allow land purchases.

The Hon. COURTNEY HOUSSOS: So it is specifically for a community preschool and an Aboriginal land council? That will be the extent of it?

Mr PRESLAND: What we asked was not to rule out projects that had a component of a land purchase. Let them go through the process and be assessed on their merits. If it is the highest priority locally led community project that is successful, then it is something in our view that we should be funding.

The Hon. COURTNEY HOUSSOS: But I am interested in, Mr Presland, whether in that open round—and I understand that that is now closed—the only projects that called for purchasing of land were community preschools or Aboriginal land councils.

Mr PRESLAND: As Mr Hanger mentioned, we are not able to talk about the current round.

Mr HANGER: They are currently under assessment.

Ms PRENDERGAST: We are talking about Bushfire Community Recovery and Resilience fund projects, which are the projects between \$30,000, or \$20,000, and \$300,000—the smaller community projects of which we have just announced 173 successful projects funded to the tune of \$29 million. That was where that consideration came in. We had one community—I will not name which one—who had half. They owned one block of land. If they could secure the block of land next to them, they could build a resilience centre that would help their community heal. That was the conversation that we brought forward.

The Hon. COURTNEY HOUSSOS: So let me be clear. The advocacy for the purchase of land was actually not for the—it was for some other funding. It was not for the BLER funding.

Mr PRESLAND: It was for the BLER funding if I could clarify that.

Ms PRENDERGAST: It was both.

Mr PRESLAND: It was for the BLER funding.

The Hon. COURTNEY HOUSSOS: You can see where the confusion arises. Sorry, Mr Presland?

Mr PRESLAND: I have finished answering.

The Hon. COURTNEY HOUSSOS: I want to come back to this question of pressure, Mr Wheaton, from the Federal Government to get the guidelines going and to roll out funding. There was a lot going on. It is true that Minister Littleproud wrote to the Deputy Premier and said, "You guys are running late, aren't you?" Is that accurate?

Mr WHEATON: I do not think he said that in his letter.

The Hon. COURTNEY HOUSSOS: He said that the deadline had passed and you have not opened applications.

Mr WHEATON: I think he was asking us to announce them as soon as possible.

The Hon. COURTNEY HOUSSOS: "I seek your urgent advice on when these support measures will be made available." That was the question.

Mr WHEATON: Yes.

The Hon. COURTNEY HOUSSOS: At this time when you were working on the guidelines, when you were trying to find the projects to roll out quickly and when you were operating under COVID—I understand all

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of that—the deadline for the applications to open though was 23 September. That was the expected date from the Federal and State Government, is that correct?

Mr WHEATON: For the open round to open applications?

The Hon. COURTNEY HOUSSOS: Yes.

Mr WHEATON: The Commonwealth were not setting deadlines for us and when we ran our process. Under that national framework it makes it pretty clear that it is up to the States and Territories to identify the processes and the projects that are to be considered, that they manage and administer that process themselves, and that the Commonwealth role is to endorse those. In terms of the timing we understood from the Commonwealth that they were asking us to move as quick as possible. You can take that from the various letters that were written to say that they wanted us to rapidly identify priority projects and we should leverage existing processes. I think that one of the mentions was around projects that are ready for early co-funding announcements, things like that. We understood the sentiment, but they were not dictating to us the time frames of which we needed to open our funding round.

We work very closely with our colleagues in the National Bushfire Recovery Agency. We have ridden the roller-coaster together in the same carriage for months and months now. We have been working really closely to get the best outcomes for the community in New South Wales. It is incredibly complicated when you are looking to roll out the scale of what we are in New South Wales. It is an over \$500 million package of funding. You want appropriate processes, you want due diligence on the projects you are selecting, you want fairness for the communities and you want access and support for those communities to bring forward their projects.

Bringing that all together to the point where you get an agreed process with the Commonwealth and also seeking the concurrent approval of your guidelines and an early set of projects, at the same time as trying to secure the money from the New South Wales Government to commit to the matched \$270 million and at the same time as a delayed budget process in New South Wales where we did not have that opportunity through the usual budget process, which is in June as you know, to then have it delayed into November—it was a complicated environment under which we were operating at that time to get to the point of our overarching package and the stages we have set out in that document of how we were proposing to run one element of the overall \$4.4 billion recovery package in New South Wales.

The CHAIR: Ms Houssos asked you earlier, if you had your time again would you have had a transparent process, and would you have ensured the criteria are clear before you went and handed out or agreed to \$177 million of publicly funded projects?

Mr WHEATON: I will be clear that we ran a fully open and transparent process, publicly communicated, for the sector development grants. So when you talk around \$177 million, that is not the case. It is split into two. There is \$72 million of sector development grants and there is \$108 million of fast-tracked projects. So when you talk around that process, it is \$108 million for the 22 fast-tracked projects.

The CHAIR: We can argue separately the \$108 million. I will limit my question to the \$72 million. With the benefit of hindsight, do you agree that there should have been a more transparent, clear set of guidelines adopted and communicated to stakeholders before \$107 million worth of public money went to these 22 fast-tracked projects?

Mr WHEATON: If we were to take that course, Mr Shoebridge, we would not have spent any money on those fast-tracked projects that were selected. Because we are running an open round now, the alternative was that we had those projects reapply. We mentioned that many of them would have been submitted through programs previously and, communities under duress, we would be asking for them to resubmit projects and have then submitted that through our open process—

The CHAIR: Just to be clear, at some point—at any point—to have published what the criteria were. They were decided under a set of criteria that nobody knew anything about.

The Hon. SHAYNE MALLARD: I think it has been clear already—

The CHAIR: Even now, you are saying some of that is covered by Cabinet-in-confidence and we are still not getting full details about the criteria.

Mr HANGER: Draft Commonwealth criteria were put out in July. Those were not finalised until September or October. If we had waited for those to be finalised, we would have opened a grants process in September or October and, as Mr Wheaton said, we would probably, potentially, still be assessing those. So there is a balance question here. Either we wait—we have pressure from the Commonwealth and appropriately from communities to get money in there quickly. You have commented that when we run a grants process—robust

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processes, but it takes time to do that. The communities have been commenting that they struggle with the requests that are made by agencies to run grants processes. They do not have the capability to be able to do that. So it is a balance and need. As Mr Wheaton has indicated, there is \$100 million out of a \$4.4 billion package that we are talking about that we were asked by the Commonwealth to move rapidly on, and we have done that to get money into those communities.

The Hon. COURTNEY HOUSSOS: Can you just tell me whether that \$100 million figure was set by the Federal Government or whether that was your decision.

Mr WHEATON: That was the set of projects and the amount that had been landed on. I think that it has been made public that then the full package of what we had asked for the Commonwealth to endorse was slightly bigger than that and there were some projects that were not co-endorsed at that point in time. But we had delivered a package to New South Wales for consideration. Then that package was sent on to the Commonwealth to review and endorse.

The CHAIR: Did you originally put up—was it 38 fast-tracked projects?

Mr WHEATON: That is right.

The CHAIR: Do you have that list?

Mr WHEATON: Of the full set of projects?

The CHAIR: The 38 projects.

Mr WHEATON: I think it has been deemed, through the call for papers, that that is Cabinet-in-confidence because it was an approval by New South Wales Cabinet for consideration.

The CHAIR: So we can see the 22 projects that were fast-tracked and funded?

Mr WHEATON: Because they were publicly announced, yes.

The CHAIR: But there is still no public advice about the 16 that were knocked off.

Mr WHEATON: That is right in terms of what those specific projects were.

The CHAIR: Were any of them in non-Government electorates?

Mr WHEATON: I am obviously bound by Cabinet confidentiality about those details, but yes.

The CHAIR: Then could I ask you to take on notice to provide us with the list of the 16 projects and details of the 16 projects that were knocked off the original 38 fast-tracked projects put forward by the department.

The Hon. SHAYNE MALLARD: Point of order: Mr Wheaton has clearly said twice that it is Cabinet-in-confidence. The SO 52 ruled it Cabinet-in-confidence. Pushing on him again to get the same answer seems to me to be unproductive because he has made it clear it is Cabinet-in-confidence.

The CHAIR: To be clear, there was no ruling in the SO 52. Maybe there was an assertion that it was Cabinet-in-confidence. But what I am asking Mr Wheaton to do is really to take it on notice.

The Hon. SHAYNE MALLARD: Same answer.

The CHAIR: Will you do that, Mr Wheaton?

Mr WHEATON: Sure, I will take that on notice. What I can say is that, of those projects, there were five of them—I understand I keep on going on around the complexity of the environment at the time. We had projects that were under consideration for other funding programs at the same time. Five of them were actually withdrawn by New South Wales because they had actually received funding and we had put them through both processes. So they were still under assessment under another program and we had also put them up for Commonwealth consideration.

The Hon. JOHN GRAHAM: Mr Wheaton, I want to ask about the evidence of the Deputy Premier. I asked him, "You are making clear this was a recommendation from your agency." He said, "Absolutely." I asked him, "You did not make any changes to the recommendation that came across your desk?" He said, "As far as I am concerned no changes were ever made." You are saying changes were made to the list that travelled.

Mr WHEATON: No, that is not right. The Deputy Premier is referring to probably a number of things because there are a number of inputs into what was considered at that Cabinet meeting. There was the sector development grants—full and open process under guidelines that was competitively assessed through our department but with Treasury, with the Department of Primary Industries—

CORRECTED

The Hon. JOHN GRAHAM: I will pull you back to these fast-tracked grants, though. That is what we were focused on. Did the departmental recommendation for those 38 projects get changed?

Mr WHEATON: The package that went up and was approved was part of the Cabinet process, Mr Graham. So it would be up to the Government to disclose—

The Hon. JOHN GRAHAM: The Government has disclosed and the Government pointed the finger at your agency and said it was your fault that the Blue Mountains did not get funded. That is what the Deputy Premier came and told us. He said that it was the agency's view. I can quote to you from this. He also said that he did not change—the Government did not change—the recommendation. So how did it get changed?

Mr WHEATON: The package of projects that was put up was approved.

The Hon. JOHN GRAHAM: Without change, is that what you are telling us?

Mr WHEATON: The deliberations of Cabinet and whether they would or would not change something—Mr Graham, what I am saying and what I can say is, for the sector development grants, the independent panel that was convened—

The Hon. JOHN GRAHAM: I am not asking about the sector development grants. I am asking about the fast-tracked grants—the 22.

Mr WHEATON: Those were pulled together as a package, as I said, to the point where we had an extensive list and as part of the Cabinet process that was brought down to a list as a package that was taken to Cabinet for consideration.

The Hon. JOHN GRAHAM: Well, the Deputy Premier says it was not the Government. It was not him. It was you who selected the 22—

The Hon. SHAYNE MALLARD: Point of order—

The Hon. JOHN GRAHAM: —and knocked off the 16. Is the Deputy Premier correct?

The Hon. SHAYNE MALLARD: Point of order—

The CHAIR: Let Mr Graham finish the question and then I will hear your point of order.

The Hon. SHAYNE MALLARD: Well, the point of order is to the line of questioning. Mr Graham is being disrespectful to the witnesses.

The CHAIR: I will hear your point of order when the question finishes.

The Hon. SHAYNE MALLARD: He is requiring them to contradict the Deputy Premier, which is clearly an inappropriate line of questioning and it should be ruled out of order.

The CHAIR: I do not think the question had finished, which is why it is really hard to rule on the point of order.

The Hon. SHAYNE MALLARD: It is pretty clear where he is going. It has been the same question three times.

The CHAIR: I am not going to rule on it now. I will wait for the question to finish.

The Hon. JOHN GRAHAM: I want to put the Deputy Premier's evidence to you and just simply ask if he is correct in the public evidence that he has given, where he says that the Government did not change the recommendation and he did not change the recommendation, so it was the agency who took these 16 projects off that list.

The CHAIR: To rule on that, I accept it does put Mr Wheaton in a difficult situation. Nevertheless, we are confronted with assertions being made by the Deputy Premier and it is not outside the standing orders to actually test those assertions with other witnesses. I accept that it puts Mr Wheaton in a difficult situation. There may be instances where he wishes to take matters on notice—I do not think anyone would criticise him for doing that—but as best he can, he is here to assist the Committee.

Mr WHEATON: Sixteen projects were submitted to the Commonwealth and they were not endorsed by the Commonwealth. Ten of those were not endorsed and the reasons for those have been set out in the Senate estimates by the Commonwealth representatives as to why. They have not specified the projects—and that there were five projects that were funded through other sources. I might be one short.

The CHAIR: I think you are getting fairly close.

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Mr WHEATON: You are saying that there was 38 and that they were changed by the Deputy Premier in terms of the recommendation—who did it? No, New South Wales had approved those 38. They were then sent to the Commonwealth to endorse and they endorsed 22.

The CHAIR: Did all 38 go to the Commonwealth or were five removed before?

Mr WHEATON: No, 38 went and then we withdrew—

The CHAIR: Thirty-eight went to the Commonwealth?

Mr WHEATON: Whilst they were under consideration—

The CHAIR: You withdrew five?

Mr WHEATON: Correct.

The CHAIR: And then the Commonwealth only approved 22 and rejected 10 or 11 of them?

Mr WHEATON: That is right.²

The CHAIR: Were you advised the basis upon which the Commonwealth rejected them?

Mr WHEATON: Yes.

The CHAIR: What was it?

Mr WHEATON: They have been set out in Senate estimates very clearly, so—

The CHAIR: But I am asking you now, Mr Wheaton.

Mr WHEATON: There were a number of reasons. One was, two projects that had come through our sector development grants. Our criteria—and I mentioned we had set that "New South Wales only" before the Local Economic Recovery criteria came through in June. We had announced that program in May and we had all local government areas in regional New South Wales eligible for our program.

The CHAIR: Two were outside the fire-affected LGAs?

Mr WHEATON: Correct.

The CHAIR: That is where you lose two.

Mr WHEATON: That has been on the record for those. We had proposed to consider that, if we were looking at industry impacts, those projects were legitimate from our program and should be supported. The Commonwealth did not agree, so they supported 50 of our 52. So, that is two projects—

The CHAIR: Sorry, but I thought we were talking—and this is why you keep talking about the sector development grants. I want to be clear: Unless we say otherwise, we are at the moment talking about fast-tracked priority local infrastructure projects, so that is not the two.

Mr WHEATON: Yes.

The CHAIR: They were in the other stream.

Mr WHEATON: Yes.

The CHAIR: We are talking about the 38 that went forward from the fast-tracked priority local infrastructure projects.

Mr WHEATON: Yes. I understand eight of those projects were deemed to be core New South Wales Government responsibilities. So the framework that it set under the Local Economic Recovery fund had indicated that projects that were deemed to be the ordinary responsibility of States and Territories would not be eligible for funding. We had proposed projects that were State projects for co-funding that were unfunded. We had a budget process that was coming in November that if we had a reasonable opportunity to have those co-funded 50-50 with the Commonwealth, it made those projects, from New South Wales' perspective, more viable, and they were in bushfire-impacted areas.

² In [correspondence to the committee](#) dated 21 May 2021, Mr Jonathan Wheaton, Executive Director, Regional Programs Unit, Public Works Advisory & Regional Development, Department of Regional NSW, clarified his evidence.

CORRECTED

The CHAIR: I will put to you the view of Central Coast Council about the Bushfire Local Economic Recovery Fund round one, the early co-funding:

A review of Councils records indicates that Central Coast Council was not invited to nominate projects to be fast-tracked under the Bushfire Local Economic Recovery fund and was only notified of the program on 16 October 2020. Council would have appreciated an opportunity to have been able to nominate some fast-tracked projects to support the bushfire recovery efforts.

Was Central Coast Council on an island in that regard—the only council that was not notified? Was that the state of play across New South Wales?

Mr WHEATON: We would dispute that. Mr Hanger has got some details that we can outline now.

Mr HANGER: Five emails, 13 July through to 15 July. An email, "Central Coast Council regional development requests," to Central Coast Council. I will omit the name. "Share any shovel-ready projects", and this followed a phone call from the department. On 15 July, Central Coast Council, "Any shovel-ready projects?" Again, I omit the name of the person. On 15 July, "Central Coast Council, share list of shovel-ready projects." Council projects had been recently compiled for other funding opportunities. As we said, this is in the context of both COVID as well as a range of other stimulus programs underway.

The CHAIR: So, are these emails about—

Mr HANGER: There were multiple emails on 15 July to staff within the Central Coast Council area indicating that we were calling for projects that could be put forward for recovery programs. Again, I emphasise the context that we would have had to have been quite general in those conversations and requests because the guidelines were in draft. There were multiple programs that were currently running at the same time. But, yes, there has been correspondence with the council on those dates.

The CHAIR: Could I ask you first to table that correspondence, if you would? I know it is on your computer, but perhaps just email it to the secretariat.

Mr HANGER: Yes, we will take that on notice and—

The CHAIR: What Central Coast Council is talking about is the Bushfire Local Economic Recovery Fund. Are you referencing more generic emails asking about projects with no reference to the Bushfire Local Economic Recovery Fund? Is that the situation?

Mr HANGER: As we have talked about, these emails—at the start of this process, the Commonwealth asked us to identify. There are a range of components to the Bushfire Local Economic Recovery Fund. We have talked about the \$250 million round, we have talked about the sector development grants and we have talked about the fast-tracked projects. In July when we started the conversation with the council, those details were at early stages because we had draft guidelines from the Commonwealth and the final program mix was yet to be determined. The claim by council that we did not contact them to bring forward potential fast-tracked and potential stimulus projects is incorrect. We have engaged the council around that.

The CHAIR: Perhaps you misheard what I put to you. I put to you the submission, which was:

A review of Councils records indicates that Central Coast Council was not invited to nominate projects to be fast-tracked under the Bushfire Local Economic Recovery fund and was only notified of the program on 16 October 2020.

Is that right or wrong?

Mr HANGER: At the point at which we were contacting all the councils, we were calling for general stimulus projects to come forward. I have indicated draft guidelines in June and July. Commonwealth, who is a co-funder in this program, finalises those in September and October. In that period where that is not clear, we need to be able to bring forward projects, which we are doing, in a way which may not have the specificity of a fully published grants process. The reason for that is to run those types of processes. Firstly, we did not have the finalised Commonwealth criteria. Secondly, I have mentioned before both the delay in time it takes to undertake that process and the impact that councils often feed back to us about the impost on them of having to go through another grants process when they are already under duress.

The CHAIR: But this is a scheme that worked backwards. You are out there calling for projects before you have even got draft Commonwealth criteria. You then start getting a bunch of projects in, you have got hundreds of projects, and then you start adopting guidelines and criteria to winnow it down to a set of projects. It is all operating backwards, is it not? I think that is what is so frustrating about it. It is all in reverse. That is why people are still tearing their hair out about it.

Mr HANGER: We could have waited until everything was finalised in September or October.

The Hon. SHAYNE MALLARD: You would still be assessing it.

CORRECTED

The CHAIR: Or you could have made that the priority. You could have made the priority to set the criteria first. Work out what the criteria are, then ask for grants, then assess the grants, then everyone is happy—but you did it backwards.

The Hon. COURTNEY HOUSSOS: Which is actually what the Premier's department says is the way you should conduct grants programs.

The Hon. SHAYNE MALLARD: Point of order: It is just not fair to badger the witnesses. The Government witnesses are here giving evidence and being very cooperative. I do not think they should be badgered, and they have that right under the adopted rights for witnesses.

The CHAIR: Mr Hanger?

Mr HANGER: For early announcements of programs where we can publicly provide criteria, we did that. We moved in advance of the Commonwealth in this program. So stream one of the Bushfire Industry Recovery Package, which opened in May, was not able to be co-funded by the Commonwealth. We moved in advance of the Commonwealth because we were looking to get support into those communities. For the co-funded programs, we had draft guidelines in June. Those guidelines, as we have indicated, were finalised in September or October. For the components of the program we are co-funding, which in this case doubles the amount of money available for those communities, we needed to move. We could have waited until October and we would still be assessing them. We have a six times oversubscribed program—the \$250 million round.

The Hon. SHAYNE MALLARD: Was that oversubscription unexpected?

Mr WHEATON: Under those guidelines, I think we mentioned there was a seven-week window for applicants to then bring forward their projects. About a midpoint through that there was fairly consistent feedback from the community that they needed more time to both complete their application as well as deliver the projects. We then discussed that with the Commonwealth and we extended the opening for those applications for around five or six weeks. So we moved it from early to mid December to late January. We also then got approval through the Commonwealth—and Resilience NSW led that process—for the delivery time frame of those projects to be moved from June 2022 to June 2023 on the basis of that engagement with the community in hearing what they were saying.

The CHAIR: But at no point in any of this does there seem to have actually been any kind of merit assessment of the nature of the project, and that is how we end up with a skydive centre and a seawall and a marina all being approved under Bushfire Local Economic Recovery. There was no merit assessment, was there?

Ms PRENDERGAST: But there were addendums to the Regional Economic Development Strategies which looked at what can we do to create jobs, to bring sectors back, to bring industry back, to bring jobs because COVID was starting to hit us.

The CHAIR: But that does not answer the absence of a merit assessment. And that is how you get something in Batemans Bay which is allegedly shovel-ready which will not get started until we have all had grandkids.

Mr HANGER: So the Commonwealth criteria: balance the need; alignment; enduring benefit; funding stream suitability; local participation, support and delivery; evidence base; and feasibility. New South Wales has assessed the projects. We have submitted them to the Commonwealth and they have been endorsed by the Commonwealth.

The CHAIR: But nobody does a merit assessment. Nobody is looking at the merits of the project. That is why you have a skydive facility with some jump pond being approved.

The Hon. SHAYNE MALLARD: Well, the criteria meet the merits.

Ms PRENDERGAST: But the skydive facility creates jobs and a tourist attraction for Kempsey to attract people to there.

The CHAIR: But digging a hole and filling it in again creates jobs.

Ms PRENDERGAST: So many regional communities lost their visitors; they lost their tourists. We want to bring them back.

The CHAIR: But that was a project that had been rejected time after time after time with actual merit assessment, and on this occasion the better part of \$10 million just gets rolled through without merit assessment.

The Hon. SHAYNE MALLARD: Point of order—

The Hon. COURTNEY HOUSSOS: It has the inside running on a secret slush fund.

CORRECTED

Ms PRENDERGAST: But I have got to say the other—

The CHAIR: That is the problem, Ms Prendergast.

The Hon. SHAYNE MALLARD: There are two points of order: One is you are talking over the witnesses who are trying to answer and the second one is the resolution of this Committee. We have been generous in allowing the time. Of one and three-quarter hours we have less than 15 minutes left. The Government has some questions it wants to ask and there is a resolution of the Committee.

The CHAIR: Yes, you have the last 15 minutes.

The Hon. SHAYNE MALLARD: You are into it now.

The CHAIR: But I was not speaking over the witness. Ms Prendergast, did you have an answer to the absence of a merit assessment?

Ms PRENDERGAST: No. The elephant in the room is actually about impact in these communities. You are saying Central Coast and Blue Mountains as if we have not favoured them. We have given \$26 million to Central Coast, \$32 million to Blue Mountains. There is an open round of BLER funding right now. There are bushfire community resilience and recovery grants. There are other sources. When you look at the impact of what happened, 90 per cent of the physical damage was in Coalition seats, and we cannot hide from that; 80 per cent of the economic damage. We have done everything based on need; nothing about what colour it is.

The Hon. COURTNEY HOUSSOS: And in the secret round not a single Labor, not a single Green, not a single Shooters project got a single dollar. How do you justify that, Ms Prendergast?

The Hon. SHAYNE MALLARD: She just did.

Ms PRENDERGAST: I am sorry, I was not part of that assessment. I am saying in principle, in terms of the \$4.4 billion, we have delivered that on need.

The Hon. JOHN GRAHAM: But you are defending it.

The Hon. COURTNEY HOUSSOS: You are defending it.

Ms PRENDERGAST: We have done everything we possibly could for the community to bring them back, and we are doing it all again for floods.

Mr WHEATON: And I will say—

The CHAIR: Perhaps we will stop at that point and hand over to the Government unless, Mr Wheaton, you really want to add something.

Mr WHEATON: I wanted to say we have come as witnesses—and we are under oath—and we are categorically saying to you the electorate location of the projects through the process that we managed in our department was never a consideration. We said we had moderate to high impact that we were looking at in terms of fast-tracked projects. We have been, I guess, forced by the media and the commentary and the misinformation that has been publicly communicated about the projects and the analysis—then if you look at that overlay, and we have had to say, that the Shooters and Fishers seats and The Greens seats are in low-impacted areas.

The CHAIR: But, Mr Wheaton, there is not a single contemporaneous document that includes those criteria that has been produced to the Parliament—not one email, not one memo, not one letter that includes those criteria. They just appear out of who knows where, and that is how not a single dollar goes to the Blue Mountains. That is how not a single dollar goes to the Central Coast. That is how not a single dollar goes to the North Coast.

Ms PRENDERGAST: Of one sliver.

The CHAIR: There is no document to support it.

Ms PRENDERGAST: Of one sliver of \$4.4 billion.

Mr WHEATON: But the insinuation is that it is political when there are clearly local government areas in high-impacted areas that were also excluded. But the narrative that has been very focused on the Blue Mountains—and I grew up in the Blue Mountains, I have lived there and have had all the approaches in the world from my direct family members who were there around this process and how it has been communicated. But what has been absent from that conversation is that Wollondilly is a government seat, a high-impacted local government area and it did not receive a fast-tracked project; neither did Snowy Monaro—high-impacted, covered by a government seat, did not receive a project. There are two others that are in high-impacted local government areas.

CORRECTED

I just want it on record because we do not have a recourse when it is reported in the media. When the discussions around the allegations have run—the politicisation of that decision-making—that is pointing to me and my team and how we administer the programs and have worked extraordinary hours to do so. So to have the allegations made and run through the community, and distressed communities who feel like they are missing out, has been an incredibly disingenuous process on how to report to the program that has not finished.

The Hon. SHAYNE MALLARD: I think we should move on to the Government, Mr Shoebridge.

The CHAIR: Mr Wheaton, for the record, I see the ultimate responsibility for these decisions lying upon the Ministers and the people entrusted by the people of New South Wales at a ministerial level. That is where the rubber hits the road, and that is where I think the community looks for responsibility. You do your work, I am certain, on an ethical basis, as a public servant in New South Wales. In my mind, the responsibility for these kinds of concerns about funding allocations lies with those elected representatives, Mr Wheaton. For the record, I want to say I think you and Mr Hanger have both endeavoured as best you can to assist the Committee with your frank evidence to the Committee.

The Hon. JOHN GRAHAM: Hear, hear!

The Hon. COURTNEY HOUSSOS: Which is why we keep bringing you back.

The CHAIR: Yes.

The Hon. JOHN GRAHAM: In bad news.

The CHAIR: Take everything on notice next time and it might be your last round. I will hand over to the Government.

The Hon. SHAYNE MALLARD: One of the things I want to get clear is the pressure you are under on that first round of grants, the fast-tracked grants that seem to be the focus of a lot of the criticism from some of the Committee members. The intense and very short time line you were under to get grants out must have been a lot of pressure. I remember going with the Premier to the community in the fire areas and we were hearing, "We need support", and, "We need no red tape" because the criteria were often difficult for people to manage, particularly during a period of great stress.

Do you want to just talk us through briefly the time line and the pressure you guys were under to deliver those fast-tracked grants? That goes to the argument that the criteria were—Mr Shoebridge said "the cart before the horse"—but the criteria were coming down the pipeline as fast as the wheels of government can make them come down the pipeline, particularly Canberra, but you were under a lot of pressure to get that first round out there very fast. Do you want to go through the time line?

Mr WHEATON: Sure. I mentioned about a two- to three-week window where we were developing that entire package that then was approved by New South Wales and then proposed to the National Bushfire Recovery Agency to be landed. We had a letter with the draft national Local Economic Recovery framework provided to us in, I am going to say, early July. We were headed towards a decision and I think the original date that we had to work for is early August in terms of an Expenditure Review Committee meeting. Cabinet protocols are that you have a fair amount of lead time before you would be able to submit that for agencies and other Ministers to view that ahead of that decision. So it was then a very abridged time frame that we were working towards.

We were looking, at that same time, to do a number of things. We were looking to put forward to the Government for consideration that New South Wales should match the \$270 million that had been proposed by the Commonwealth, and all the various impacts on the budget of that is then analysed by our colleagues in Treasury. We were looking to design guidelines and consulting on guidelines for an open round, which was always the intent for the component of this program, and using what we knew was in the pipeline to form the nature of those guidelines.

At the same time, Resilience NSW was preparing guidelines for the Community Resilience Recovery Fund so that it would then have a targeted set of projects roughly—I think the base for our open round was \$200,000 up to \$20 million. They were much smaller projects that were going to be put forward under that other program. Lastly, we were trying to then, through an internal process and a fair process, as far as possible, make a list of the package of fast-tracked, shovel-ready projects for consideration for a straight funding allocation if they were co-endorsed by the Commonwealth to get some money in these communities. It was pretty clear from what we were observing at the time that they were crying out for the funding to be made.

The Hon. SHAYNE MALLARD: You had all these proposals for funding to go forward to the ERC process. Obviously many of them the first fund would cover. Then at the same time you are developing criteria to

CORRECTED

identify local government areas that had the biggest building impacts and then that \$1 million filter came in. That was to let the ERC have some reasonable hope of working out where they were going with the approvals.

Mr WHEATON: That is right. At that time we have said we used the building impact. For the open round, we were then looking around how we could take account for areas—and in the process that we have ready in terms of assessing the projects we have mentioned is already underway—that have got a fast-tracked project, which is more or less taken from a notional allocation of that area, to be taken into account in the assessment of the open round to make sure that the areas that are highest impacted, especially those that did not get a project through the fast-tracked process, will be then advantaged and prioritised through the open round.

The Hon. SHAYNE MALLARD: Parallel to that process, Mr Hanger talked about the July emails to Central Coast Council. Your department, your people were communicating, similarly to that set of emails you just talked about and some phone calls, to all the local government areas that were eligible to be involved in the grants program at the same time, that July window?

Mr WHEATON: I would have to take that on notice as to exactly, but I do not believe that it was a consistent broadcast asking for projects to be put forward because we had a pipeline of projects. We also had local intel from the recovery committees. We have staff under what is called our regional development network who are able to identify these projects. We run the growth fund programs—

The Hon. SHAYNE MALLARD: So you are saying that Central Coast, because it was outside of the regional growth—

Mr WHEATON: No, Central Coast is in. We had a suite of shovel-ready projects that had already been developed in a partnership with council. Essentially, then, a direct approach for it to discuss options under the Bushfire Local Economic Recovery Fund may not have specified that that was the funding source of those projects, but we were rapidly doing this assessment process internally to pull together a package of fast-tracked projects for consideration.

The Hon. SHAYNE MALLARD: Mr Wheaton, I congratulate you for engaging in this morning's evidence so you would be informed about this afternoon's. It is really very helpful you did that. In your evidence earlier you said you saw the CEO of Blue Mountains City Council making allegations that they were not informed about grants. Do you want to either take on notice or inform us of the engagement with Blue Mountains council?

Ms PRENDERGAST: I will hand to them in a minute, but I just want to talk about the Blue Mountains. This morning we also heard that we did not support their small businesses et cetera. Some \$13.5 million was provided to their small businesses who were suffering not just the impact of tourists leaving for bushfires but COVID settling in. There are so many other supports. This \$100 million for these fast-tracked projects is just one sliver and there are other avenues for funding. As I said, over \$32 million was provided by the State and Federal governments to the Blue Mountains and small business was really important to us. We get that they had tourist things. There was also a lot of environmental investment—rehabilitation, wildlife rehabilitation, forest rehabilitation that is occurring that is beyond the scope of this tiny sliver. There is so much work happening in the recovery space. This is just one line item really to create jobs and get industry back ahead of all of our open rounds, which do have all of the due process and communication. This was to get some stuff up happening really fast because COVID was upon us, jobs were shrinking and we needed to support those regional communities.

Mr WHEATON: Likewise to how Mr Hanger outlined the records of communication with Central Coast Council, we have the same for the Blue Mountains council.

The Hon. SHAYNE MALLARD: Mr Shoebidge asked you to table the Central Coast, and because the allegations were made today—and may be made again in another half an hour—I would like you to table that communication chain on notice for the Blue Mountains City Council.

Mr WHEATON: I will say on the record that I am really reluctant for my staff and any engagement with council staff—not necessarily the CEO—about a he-said, she-said, "didn't get back to the phone calls" process as part of this. We are not accepting that the communication is perfect. We had many, many councils and other stakeholders that we were trying—lots of staff at that point in time. We have had people—and I do not want to even name names—tweeting positions of my staff members saying that they did not get back to phone calls, making that person identifiable and causing duress. We have the record of the engagement with the Blue Mountains council. We can provide that to you.

The CHAIR: But one of the core issues they have is that they were never told about these criteria under which their, I think, very professionally presented set of funding applications were knocked off.

Ms PRENDERGAST: They belonged in other streams, a lot of them. That is the issue.

CORRECTED

The CHAIR: They were never told.

The Hon. SHAYNE MALLARD: That has been covered.

The Hon. SCOTT FARLOW: It is the Government's time, Mr Shoebridge. Just following up in terms of how they were characterised, one of the criticisms that has been levelled—and I will pick up some of the Chair's comments there—was that it was not outlined as the particular program. Mr Hanger, I think you were outlining the communication to Central Coast Council, which was about shovel-ready projects. Were there communications to other councils in a similar vein of shovel-ready projects that then were funded under this program?

Mr HANGER: In the context that we have been talking about—bushfire, COVID—we were having conversations with councils across the State, in regional New South Wales in particular. As Mr Wheaton has identified, we are the Department of Regional NSW. That is our job. For those locations that are not considered regional—Blue Mountains being one of them, which we have talked about today—we specifically reached out to them around the bushfire because they are bushfire impacted. Those conversations have been ongoing from July when we had that request from the Commonwealth to bring forward projects. It is challenging. There are multiple moving parts. There are not clear criteria. If we had said, "This is an absolute criteria around this program", and that had changed with the Commonwealth I am sure we would be answering questions around that as well.

The Hon. SCOTT FARLOW: And why you misled certain councils when there was obviously a change. As I think you outlined before, in June or July there was the draft from the Commonwealth and that was not finalised until September or October. Following the time line as to when the Central Coast Council said that it was notified, that aligns with the September-October period, I would take it. Is it correct that when the criteria were finalised that the councils were then notified of that criteria and that program?

Mr HANGER: It will depend on the program because the overall guidelines—which particular stream are you talking about? The fast-tracked projects—

The Hon. SCOTT FARLOW: In terms of the fast-tracked, yes.

Mr HANGER: I would have said they were—

Mr WHEATON: I think that that would have been, and we would accept that then there would have been inconsistent communication back to councils on the ground around the status of those projects. There are various reasons for those, but we can always do better with the communications. I think that that was outlined, again, by Dr Dillon this morning around then not hearing around those projects. There are many reasons why we were probably not able to then provide the status of that process. I guess one of those being that we did not have an authorisation to talk around the parameters of what shovel-ready projects because I did not have an authorisation for the New South Wales Government to even be committing to co-funding that had been offered and put on the table by the Commonwealth.

The Hon. SHAYNE MALLARD: You did not even know how much money you had.

Mr WHEATON: We didn't. We did not have that. We started early, so we were making those concurrent decisions and, as best possible, we gave the opportunities for every single area to bring forward the projects. I said I lived in the Blue Mountains; I was fully aware of the impact. I also knew the funding landscape overall for what was occurring and the fact that what they had put up, including the RFS project that had been mentioned by Dr Dillon this morning. That has been funded through a different funding source.

Ms PRENDERGAST: Yes.

Mr WHEATON: It was funded some time ago, among others.

Ms PRENDERGAST: When I talked about \$32 million that we have invested in Blue Mountains, that is actually excluding all of the State infrastructure repair of the railway line, the roads et cetera.

The Hon. SHAYNE MALLARD: I spoke about that this morning.

The Hon. SCOTT FARLOW: With that \$32 million for the Blue Mountains and the \$26 million for the Central Coast Council, from those emails you sent asking if there were any shovel ready projects, were any of the projects that came forward from those councils funded under other funding streams?

Ms PRENDERGAST: They have now through the Bushfire Community Recovery and Resilience grants. We have funded 173 different smaller community-nominated projects, also council projects, and of course there is the large open round of BLER. What we talk about here is \$100 million. The big open round is yet to come; it is under assessment.

The CHAIR: Which is 10 times oversubscribed.

CORRECTED

Mr WHEATON: About six or seven times.

The CHAIR: Good luck with that.

Mr WHEATON: It goes to the complexity.

Mr HANGER: That is our job. We unfortunately deliver more bad news than good.

Mr WHEATON: Six times.

The Hon. SHAYNE MALLARD: This morning to Dr Dillon I did point out the investment, Ms Prendergast in the other infrastructure. I did not have the figure but I have got it since then: \$23.2 million on the railway repairs in the Blue Mountains area—

Ms PRENDERGAST: That is right.

The Hon. SHAYNE MALLARD: —fast-tracked to get the trains back on and \$13 million in road repairs. You talked about \$32 million and that is obviously through council and direct to community organisations.

Ms PRENDERGAST: Absolutely, it is everything.

The Hon. SHAYNE MALLARD: When was the first grant to the Blue Mountains City Council awarded?

Ms PRENDERGAST: That was in our first Bushfire Community Recovery and Resilience Fund phase one grant to council.

Mr WHEATON: February. Direct to council as I would have understood it would have been February 2020.

Ms PRENDERGAST: Yes.

The Hon. SHAYNE MALLARD: Was it delayed as is alleged?

Mr WHEATON: The first grant?

Ms PRENDERGAST: No, it was February. It was straight up so they could hit the ground running.

Mr WHEATON: Our department managed the first phase of the community resilience recovery fund and that was direct allocations to councils.

The Hon. SHAYNE MALLARD: So it was not delayed as was suggested this morning.

Ms PRENDERGAST: No.

Mr WHEATON: It was in—

Ms PRENDERGAST: And the second direct allocation came in December with the stream two and that was where we gave five councils \$100,000 and 27 councils \$250,000, and that was all about community connectedness and events. The reason that we could not do that earlier was because of COVID restrictions.

The Hon. SHAYNE MALLARD: The first grant, February, is that the \$250,000?

Ms PRENDERGAST: Yes.

Mr WHEATON: Correct.

The Hon. SHAYNE MALLARD: Earlier today we heard a figure of \$850,000, is that the accumulation of a number of grants that we have identified as grants direct to the council at the beginning?

Mr PRESLAND: That would have been an accumulation. So it would have been that first 250, the second 250, funding is also being provided for a community recovery office so that is 220,000, there is an additional \$220,000 announced recently—

Ms PRENDERGAST: There is nearly \$800,000 in community recovery grants for Blue Mountains council.

Mr PRESLAND: There was an additional 1.3 from the Commonwealth Government through the State that the Commonwealth funded early on through the State for council-led initiatives.

Mr WHEATON: I think you would find—

Ms PRENDERGAST: Green waste, landfill—

CORRECTED

The CHAIR: If the witnesses speak one at a time, it would be easier for Hansard.

The Hon. SHAYNE MALLARD: They are a bit excited.

Ms PRENDERGAST: Sorry, I apologise.

The Hon. COURTNEY HOUSSOS: We are now five months on from the announcement of the projects. How many of those 22 fast-tracked projects are actually now underway?

The Hon. SHAYNE MALLARD: You can take it on notice.

Mr WHEATON: I can provide it because I have got an update from the guys this morning. I will just wait for this to load. Of the stage one projects, which is 72—so we have got 50 sector development grants and 22 fast-tracked—42 projects are contracted. There has been \$20.9 million that has been paid or approved to pay—

The Hon. COURTNEY HOUSSOS: Sorry, how much?

Mr WHEATON: \$20.9 million. That is, 58 per cent of the projects are contracted; 11.6 per cent of the total funding has been paid. That is a total of \$37.9 million that we are expecting to pay in this financial year on contracted. There will be funding transfer to allocate a certain percentage of the total amount. If you are interested around our programs when we usually allocate funding depending on the scale of it—but these ones for the fast-tracked in particular are bigger and some of the industry recovery package projects are bigger as well—of the 12 months from when they are notified it is usually around 10 per cent of money that will leave the building for those projects. We are at 11.6 paid and they were announced in about November and we will be around 20 per cent by the end of financial year which we will be closing in on.

The CHAIR: Mr Wheaton, could you just give us an updated spreadsheet on notice just about where those projects were at?

Mr WHEATON: Yes, sure.

The Hon. COURTNEY HOUSSOS: Each of the 72.

Mr WHEATON: The status of them?

The Hon. COURTNEY HOUSSOS: Yes, so where each one is at.

Mr WHEATON: Sure.

The Hon. COURTNEY HOUSSOS: This information that was actually quite helpful in your tabled document and then also in the questions on notice that we received—I assume you assisted the Deputy Premier in providing that—where is that publicly available apart from being tabled in this Committee?

Mr WHEATON: The breakdown of the stages is on the Bushfire Local Economic Recovery Fund website and it outlines the stages, and likewise all of the successful projects are identified on there too.

The CHAIR: Thank you all. I think a number of questions have been taken on notice. Again we appreciate your assistance.

(The witnesses withdrew.)

(Short adjournment)

CORRECTED

TRISH DOYLE, member for Blue Mountains, before the Committee

TAMARA SMITH, member for Ballina, before the Committee via videoconference

The CHAIR: We are fortunate to be joined by Ms Trish Doyle MP, the member for Blue Mountains, and Ms Tamara Smith MP, the member for Ballina. I thank you both for your attendance this afternoon and Ms Smith I thank you for your submission. I invite each of you, if you choose, to give us a brief opening statement. Because you have the benefit of being in the room, Ms Doyle, we might go to you first.

Ms TRISH DOYLE: Thank you, Chair, and hello Committee members and welcome to my colleague with that beautiful image behind her, Tamara up in Ballina. As part of a brief statement before we begin, I just wanted to acknowledge the work of journalist Liz Minter from Michael West Media because there is so much of what has unfolded in terms of what we did not know and what we learnt and where things are at now that can be deemed reported upon, discovered, uncovered by a lot of her work. I would like to also acknowledge my colleagues, staff and councillors on the Blue Mountains City Council for staying the course not just through the last horrific bushfire season but still assisting families in the recovery process from the 2013 fires.

Most people would know that we are one of the most bushfire-prone areas in the world. And Alan, a constituent in the Blue Mountains who wrote to me and said, "You need to pursue this. You need to make sure that colleagues across the political spectrum have a discussion about this because in my view it is the fraudulent misappropriation of our money, the community of New South Wales, for party purposes and it would be a crime except for the perpetrators are those that we have elected to write the laws." I and my colleagues hope that this is a good investigative and informative process that leads to more transparency into the future. From the outset, I think myself and many other members of Parliament and community members felt that any suggestion that there could be a politicisation of recovery funds through a grants program was deeply disturbing. But it would appear that that has been the case.

The Hon. SHAYNE MALLARD: Not the case.

Ms TRISH DOYLE: I want it noted for the record that public money meant to help communities recover from the most devastating bushfire season living memory should have been distributed according to need, not based on politics, because the walls of flame that destroyed homes, local businesses and still has communities reeling do not care about politics. In the first instance the Stronger Communities Fund saga exposed that there was a culture, it would seem, of Government secrecy, shredding and cover-ups. In response to that the Premier said she was happy to use taxpayer-funded community grants to curry favour in Coalition-held seats, describing it as common and not an illegal practice.

But I think the people of New South Wales deserve better. The Black Summer bushfires, which are etched in our collective memory, and the people who died, the homes that were lost, and the millions of hectares of bushland that was scorched and businesses that have been struggling to survive, not just through that period but through COVID as well, they have countless stories of resilience to tell, but they also rely on our governments to do the right thing, to be open and transparent, and to provide support because the fires showed no respect for electoral boundaries. Thank you.

The CHAIR: Thank you, Ms Doyle. Ms Smith? It feels odd calling you Ms Smith, Tamara, but I will. Ms Smith?

Ms TAMARA SMITH: Thank you, Chair. I will keep my comments brief because I know that time is of the essence. I echo much of what my colleague the member for Blue Mountains said in her opening statement. I thank the Chair, Mr David Shoebridge MLC, and the Deputy Chair and all members of the Committee for this very worthwhile inquiry. I have a lot of confidence that where we will land is a new model because the current status quo is not fit for purpose. It is out of step. In terms of the use of public moneys, it is very much out of step with the way we do business in a democracy of this State. When we look at the rigour around the use of public moneys in terms of MP entitlements and we look at the rigour around elections, to see the overt politicisation of grant money is out of step with community expectation.

I thank all those my community who reached out to me on this issue. I have asked many questions on notice and from the floor of the House about this for quite some time. Over the last six years I have witnessed more and more that it is just that the way that it is being done lacks rigour and it lacks true independence. I am not going to support and encourage constituents to spend hundreds of hours—often most of them are voluntary organisations—putting together applications when it is a captain's pick. That is what we have seen—a captain's pick. It is rigged. It is rigged from the start and that is not something that I am proud of. I do not think any of us

CORRECTED

should be proud of that. I am very happy to be asked questions and to contribute. I was very grateful for the opportunity to make a submission. Thank you.

The CHAIR: I will pass over to the Opposition to get us started.

The Hon. JOHN GRAHAM: I might just turn first to the issue about the million-dollar threshold, which has been the subject of questioning over the day. One of the things that has become clear is that while that was applied to, it was not really known for the fast-tracked approval. We had evidence at the start of the day that the Blue Mountains council did not know and also evidence from the agency that, although it was applied, there was a lot going on. They were really coping with a range of different funds being administered, so that was not public. It really did not make its way in the communication to the council. I might just ask you to comment on that question specifically. We do not know, but that appears to be one of the reasons why all the Blue Mountains grants were ruled out.

Ms TRISH DOYLE: I will jump in first, Ms Smith, if that is all right. It is strange to have you sitting behind me there. I learnt about this fast-tracked fund, the component 1 of the \$177 million, via media. That is the bottom line. I was even unaware that there had been some communication. I am not sure of the extent of that but you would know more than I after questioning the Blue Mountains City Council this morning that there had been some suggestion that there may be grant funding made available to fire-impacted communities and that various councils representing those communities should prepare some shovel-ready projects. That is about all I was aware of but I was not contacted by anyone to ask for my input. I was surprised to read in the media release from Minister Littleproud and John Barilaro that there were 71 projects identified by the New South Wales Government, agreed to by the Commonwealth Government, following local and industry consultation.

There was certainly no consultation with me or any of my staff, so it was a big surprise. As I mentioned from the outset, a lot of what I learnt was through the journalist, Liz Minter, making contact with me and just pointing me to several examples—I have seen one—of Coalition members making announcements about funding: For example, Melinda Pavey on Thursday 27 October announced funding for a skydiving adventure park, \$11.2 million. So the time frame of announcements being made, let alone those members in fire-impacted communities and being aware that there was such grants funding, is questionable.

The Hon. JOHN GRAHAM: Ms Smith, do you wish to respond on that million-dollar question? I know you have drawn the Committee's attention to this timing issues. You might want to add to that.

Ms TAMARA SMITH: Yes. Look, there is not a lot more to add to what I highlighted in my submission except to say "very similar experience" and that I was not tapped on the shoulder and asked for shovel-ready projects in my electorate. I would have had issues with that and I am very happy to talk about the way stage two is being rolled out. I object to that full stop being asked to make a captain's call. But be that as it may, I also observed Angus Taylor and Wendy Tuckerman announcing stage one well before the official announcement by the Deputy Premier. You just think, when it is out in the media and certain MPs know about it, that that does not instil confidence in the community around the administration of public moneys.

The Hon. JOHN GRAHAM: I might to put one further question to you both. When the Deputy Premier turned up to this Committee we asked, "Why did the Blue Mountains council miss out? Why did the Central Coast miss out?" Indeed, Ballina also was the subject of discussion in that Committee hearing. We were told clearly that these projects were designed, assessed by the agencies, recommended by the agencies, and no changes were made by the Government or by the Deputy Premier. This was very much the agencies' decision that, for example, Blue Mountains got zero funding in this fast-tracked round. When we questioned the agencies today, they said, in part, "This is Cabinet-in-confidence." You know, the decisions themselves are shielded by that Cabinet-in-confidence secrecy. Do you want to comment on those, what I would see as, conflicting stories or shed any light on what you have been told about who has made these decisions that have left your communities with no funding?

Ms TRISH DOYLE: Do you wish to go first, Ms Smith?

Ms TAMARA SMITH: Thank you. Look, it just does not quite add up. If it is truly at arm's length and an independent process, then how can a funding grant round that opened on 27 October 2020 be independent if three Coalition MPs were announcing that they had funded projects in their electorates up to 12 days prior? What am I missing? What are we missing in terms of an independent agency process that was only looking at the merits? I will let Ms Doyle talk about the absurdity of the Blue Mountains missing out and the economic impacts on my electorate, albeit we did not have the loss of homes. We did not; but we did suffer a significant economic impact. So it just does not stack up that non-Coalition seats can be conveniently missed out, I do not believe.

The CHAIR: Ms Smith, could I just go to some of the economic impact in your local area. The Government's own bushfire state electorate overview identified that Byron, for example, had an economic impact

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of some \$88.8 million and that Ballina had another \$4.2 million. But Byron in particular really took an economic hit in the fires, did it not?

Ms TAMARA SMITH: Yes, it did. All of that economic modelling takes into account the significant impact on tourism at the time. Certainly at the edge of the electorate we had a huge, once in a lifetime burning of Gondwanaland forest. All of those communities along the border were evacuated. Also in the south, Cabbage Tree Island was evacuated. And also all the disruption to supply chains and a whole raft of services that come across the border for that period of time. Then, of course, all of the impacts on essential services. So the economic picture is clear that it was not without impact in the Ballina electorate, as you say.

The CHAIR: And indeed, for a scheme that was meant to be about assisting with local economic recovery, you would have expected an area like the Byron local government area, which had taken such an economic hit, to have not been completely excluded. What have locals been saying to you about it?

Ms TAMARA SMITH: It is interesting, Chair, that in round two—so now I can see who has applied within my electorate, and they are all very worthy projects. In terms of the desired outcomes of the relief, of the grants, they are much more in step with some of the things that we have seen elsewhere. In terms of wildlife, we are seeing projects that have come forward to assist with the recovery of wildlife, which was severely impacted, and also endangered species. As well as community infrastructure that was—nothing was burnt per se but, again, social infrastructure, community infrastructure that then supports us moving forward.

First of all, people have said to me that they were utterly shocked to hear that MPs were tapped on the shoulder and asked about shovel-ready projects. Both of my councils expressed dismay at that as a process. But this is a long history for us in the Ballina electorate because people have been writing to me for the six years that I have been in office about the mystification that they have around who gets grants and who doesn't. It is part of that broader conversation that people are having all the time. Then when they see in the media the disproportionate way that the public monies are being administered in Coalition seats, it does not engender trust in processes.

Ms TRISH DOYLE: I welcome the extension of this inquiry to look at this particular funding stream. I wanted to say, in response to Mr Graham's question, that this \$1 million threshold and mention of that is only coming out now because questions were asked. There is an inconsistency that we need to explore, and we need to dive down into the conflicting responses here. It is problematic when we are told that we did not fit criteria that no-one knew about when, as people know, in one of the most bushfire-prone areas in the world, the Blue Mountains world heritage area, 80 per cent was impacted, more than 50 per cent of the world heritage rainforest burnt, an estimated 2,600 jobs and over \$560 million in turnover was lost.

Those figures come from the National Bushfire Recovery Agency that determine the Blue Mountains economic loss was twice that of the Hawkesbury and yet the Hawkesbury received—and so they should—some \$66 million. They were estimated to have been impacted around the \$33 million mark compared to Blue Mountains at \$66 million. Yet the Hawkesbury communities were awarded grants of around \$4 million in that first fast-tracked round and the Blue Mountains received nothing. Questions have to be asked about that inconsistency.

The Hon. COURTNEY HOUSSOS: That is a perfect point for me to ask a couple of questions. I have provided a document to Ms Doyle. I think it has been sent to you as well, Ms Smith. This was a response from the Deputy Premier that has been provided to our Committee in response to questions about this bushfire funding—this \$177 million funding. To be fair, this gives some clarity as to how the funding is being allocated. It was certainly the first time that the Committee had seen it. I would be interested in your reflections about whether you were provided with any of this kind of information in your capacity as local MPs representing your communities in order to advocate for them and allow them to gain access to these funds.

Ms TRISH DOYLE: The short answer is no. I was not aware of anything in the stage one until I was alerted by Michael West Media. Obviously there has been some scrutiny and media attention since stage two. Obviously I was inundated from community organisations and individuals desperate for some funding to assist in recovery. This section here of stage one—the early co-funding—the 50 projects listed in that first column and then the known shovel-ready infrastructure projects, nothing.

Ms TAMARA SMITH: The document that I have seen, the first time that I saw that was two weeks ago when we were given a very short time frame to provide feedback on stage two of the BLER fund, the \$250 million. How do I know that? Because I asked a question on the floor of the Premier on 17 February 2021, asking her what processes and criteria were used to allocate the bushfire economic recovery grants because my office had seen absolutely nothing with regard to criteria and eligibility. So the answer is no as well.

The Hon. COURTNEY HOUSSOS: I have to confess, I am not sure whether you saw the government witnesses that appeared immediately prior to yourselves, but it was at times difficult to follow exactly which pot

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of money you were supposed to be applying for and where this was going. The advice from them was, "No, they should have applied for a different grant." In your capacity as local MPs, are you often asked to provide that kind of guidance to communities in order for them to access specific Government grants?

Ms TRISH DOYLE: Absolutely. Questions are asked of local councillors, of State members, of MLCs, of Federal members, of agencies, community organisations, neighbourhood centres. Everyone who is suffering, and desperately so, is looking for any recommendation of grant funding that might be available. Sometimes it is confusing for individuals when there is joint Federal-State funding being made available. But in regards to this \$177 million of fast-tracked funding, there was not an ounce of information provided to me or my office. You would think that in such a fire-impacted area—and I have just outlined some of the impacts—that there would have been some approach.

I conceded that I may have missed a particular email or even a phone call, so I asked my office if we could check and double-check and triple check for any emails or phone calls or anything that might have come through snail mail to inform us of this first round of fast-tracked funding. I then reached out to my Federal counterpart, Susan Templeman, who had been working closely with the Ministers in that Federal scene. I even tried to reach out to the Deputy Premier's office—but I did not get a return call—to just find out whether there was something that I had missed. But this is the first I have seen such detail.

The Hon. COURTNEY HOUSSOS: Ms Smith, did you want to add anything to that?

Ms TAMARA SMITH: Yes, except to say that, apart from the Community Building Partnership grants and the sports grants—I guess it is a larger conversation just to talk about the incredibly short time frames that often grants do come through to the community's awareness. The BLER stage two is the first time since I have been in office that I have been asked to rank merit on projects that I know nothing about—in the sense of the specific projects; I certainly know about the organisations—with a two-week turnaround. I was honestly really just asked to say, "Do you support and why?"

My observation is that what has happened is that there was no rigour, transparency or independence around stage one and that, as Trish has outlined, because of Michael West Media and others and, indeed, the work of the Chair of this Committee, now they threw together something very hurried. It is not usual, actually, for me to see this kind of captain's pick model. It is very different to the Community Building Partnerships grants. I did the same as Trish. I went through all of our emails. We do not throw away anything. We do not delete anything. There was absolutely nothing. My councils were also only aware of stage two to the best of my knowledge. That is the feedback I got from the general managers. So, no, it sounds like different universes are being described by the Government members and the witnesses.

The CHAIR: This may be a fairly obvious question, but do you think it should be a non-negotiable element of every State Government grant that the criteria and the guidelines are publicly announced before any call for funding applications is made, and that it has got to start with the guidelines and the criteria and that degree of open transparency?

Ms TRISH DOYLE: I will jump in first this time around. That is a no-brainer, Mr Chair. That is the expectation from communities of Government. At times of crises and in the aftermath people and businesses that are suffering do not care for the flavour or the coloured stripes that their representatives wear. They just desperately need support. The information sharing is absolutely critical there. That includes guidelines and criteria. There should be effort put in by government to ensure that that information is shared widely.

The CHAIR: Ms Smith, should that be the non-negotiable starting point?

Ms TAMARA SMITH: Yes. I think wherever the Committee lands, quite clearly in the private sector if an organisation is applying for an NAB grant or something like that, they can go somewhere and they can find that without any—it is completely at arms length and it is all open and transparent in terms of what the criteria is and whether you meet the eligibility. I think it is a first principle that public money that is being administered through grants needs to—first of all, people need to know about them. Second, they need to know what exactly the hoops are that they need to jump through. Again, what we are seeing often is that maybe it is not public or as available as it needs to be but there is a criteria. Once people have engaged with the criteria and spent many hours on that, then they see the disproportionate funding outcomes and they feel dejected and they feel that it is a waste of time. The comment that I get all the time is, "Tamara, it is a rigged system." I think, yes, Chair, that is the first principle I would think—certainly in the private sector. The Liberals and The Nationals are very fond of the private sector. They can take a leaf out of their book.

The Hon. SHAYNE MALLARD: In the context of the discussion around the fast-tracked grants that were at the beginning of the fire crisis, or at the end of the fire crisis and at the beginning of the response from Government, I do not know if—it would be helpful if you had heard the evidence from the public servants today.

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They were under oath and very strong about this view that that first \$108 million—I think it is, which some referred to as \$180 million but we have pared it back to the \$108 million. That was fast-tracked at such speed and had such conditions put on it by the Commonwealth and, of course, was a new area of grants and had no criteria established, that the cart before the horse was necessary to get those grants out into those fire-impacted communities as fast as possible.

I went to meetings in the community with the Premier and Senator Payne over that period. The community was saying to us, "Cut the red tape. Get the money out as fast as you can. There is too much red tape." That was the big issue. The bureaucrats and public servants said to us today that if you had put in place—as has been suggested by some of the comments from these two witnesses now—rigid criteria they would still be assessing those first grants. That would be quite a cumbersome process. Of course, I think the Committee may reflect upon emergency situations and our response. But do you appreciate that they were under immense pressure from Canberra and from the community to move fast on the first round—\$100 million of \$4.2 billion. Do you accept that?

Ms TRISH DOYLE: I will jump in first this time, Tamara, and you can go next. I can safely say that, as the shadow Minister for emergency services travelling around this State, there was an intensity that many people felt, not just public servants who were asked quickly to pull together some information around potential grants.

The Hon. SHAYNE MALLARD: Or recommendations for Cabinet.

Ms TRISH DOYLE: I am suggesting there needs to be—and I will allow my colleague to speak for herself but I am fairly certain. The lack of paperwork, information sharing, process and transparency; the complete failure for someone somewhere along the line to make a phone call or send an email to share this information; the process that followed or the information or the pulling together of guidelines, criteria and then the distribution of money that was desperately needed—I can understand that there would be a huge rush and there would have been pressure felt by those public servants. But the lack of sharing—Stephen Bromhead up in Myall Lakes got a phone call and he made an announcement 18 days before the official announcement. Melinda Pavey made one for the skydiving park. What the hell that has got to do with bushfire recovery I do not know. But some people were contacted and what we are here to say today is that we were not. Our communities were impacted and our communities continue to hurt and there is a complete loss of trust in the process. That is what we need to determine.

The Hon. SHAYNE MALLARD: We will come back to our community, Ms Doyle. Ms Smith, do you want to add to that?

Ms TAMARA SMITH: Yes, I do. There are two things I would say to you. One is that in the Liberals and The Nationals Federal and State governments' documentation around this big picture \$500 million, the stage one and the early co-funding, and the very early part of that—the industry recovery program—targeted six key industries: forestry, dairy, apiculture, horticulture, viticulture and aquaculture. Then in the so-called "fast-tracked" it refers to using regional recovery action plans and aligning with national local economic recovery criteria.

Ms TAMARA SMITH: In my electorate it is not that long ago that we had flooding in Billinudgel. In the Ballina electorate you would have to say that we have a massive food belt and a huge number of agricultural industries in our area. So it sort of beggars belief, even with the million-dollar threshold, that there was nothing shovel-ready in my electorate. Indeed, I have not met anyone who has said that they were asked. The second thing I would say is, unfortunately, the Liberal-Nationals have form. That is why I think there is an inquiry, because with the Stronger Country Communities Fund, as I said in my submission, we found out that it was absolutely disproportionately allocated to coalition seats and people living in coalition seats and same with the Stronger Communities Fund. So when it comes on the back of that, sir, I say to you that you have form on this issue.

The Hon. SHAYNE MALLARD: Thank you for that. You can call me Mr Mallard. We have got clear evidence from the public servants around the fast pace of that roughly \$100 million fund—and we are talking \$100 million out of \$4.2 billion, and the fund subsequently has got even more robust and transparent criteria. But for that initial funding, one of the criteria which evolved in the process because they had to put in some criteria to recommend to the Expenditure Review Committee of Cabinet was the burnt dwellings criteria. There is an acronym for it. In the Blue Mountains any house burnt down is tragic of course. We had 22 homes lost. But you look at Bega and there were 470 homes lost and four people killed.

The public servants on oath and said very aggressively—almost passionately—there is no political or seat overlay on this. That was a criteria put in place to narrow down that first round of grants and then the subsequent grants are for economic and social, and they are coming out of BLER. Phase two is very much around that. Do you accept that the criteria had to be put in and that is a very valid criteria in terms of the impact of the fires? I know the Blue Mountains had devastating impacts on the environment, but there is environmental funding

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going out now quite significantly through National Parks and Wildlife environmental grants and projects. So do you accept that criteria had to be established and that was the one they used and that was why Byron did not get funding and why Blue Mountains did not get funding in terms of that high impact?

Ms TAMARA SMITH: Mr Mallard—and I was not calling you sir in any way to be offensive.

The Hon. SHAYNE MALLARD: Okay. Sounded like it.

Ms TAMARA SMITH: No, I disagree. It sounds to me like a criteria looking for an excuse. We did not have the criteria so we are looking at it in retrospect and I think that that is a false logic.

The Hon. SHAYNE MALLARD: That is not the evidence that we heard earlier today.

Ms TRISH DOYLE: Whether it is 434 homes—

The Hon. SHAYNE MALLARD: It was 470.

Ms TRISH DOYLE: —or whether it is 44 homes or four, they are homes that were lost. Those people who owned those homes or have been displaced need assistance. I can understand that a public servant may look at one particular area especially if that area received a huge amount of media attention and especially focused on the local member, but it is not to say that those who did not receive as much attention—and perhaps preparedness is a different concept for those areas that expect to be hit—those people who suffered and lost homes, Mr Mallard, still lost homes and expected to receive some sort of support.

The Hon. SHAYNE MALLARD: I do not deny that. I said that. I said one home is devastating; 470 homes and four lives is incredibly devastating for that community. I congratulate Blue Mountains community for their resilience. I have talked about that in Parliament in terms of lessons for the South Coast and so forth. But nonetheless what I am pointing out is there is criteria in place.

Ms TRISH DOYLE: Regardless of homes lost or not or those who were evacuated 17 times and expected to be hit and prepared for days and weeks and months on end—

The Hon. SHAYNE MALLARD: Four times I was evacuated.

Ms TRISH DOYLE: —as you know, that is what our community experienced, Mr Mallard. But when we are talking about funding being made available to those areas that were hit, there is not a comparison to people who should expect some support from the Government. It is not to say that one area is more deserving of another, but those who have been impacted deserve to have their government support them. When the Blackheath business that lost all its little cabins on the edge of the national park when the fire raced up the cliffs—as you know, a dozen little cabins at the eco village—pointed out to me how angry they felt to learn that \$2.7 million of the fast-tracked grant money went to a roundabout in Yamba in the State electorate of Clarence, and then the *Clarence Valley Independent* newspaper asked to see council's bushfire recovery application for the roundabout—we are talking about a roundabout, not homes that were burnt—the general manager of Clarence Valley Council said, "There wasn't an application. We were asked to just provide a project and we already had that one ready. It had nothing to do with the fires." There you have it.

The Hon. SCOTT FARLOW: Ms Doyle, did you hear the evidence before that they actually asked—including Blue Mountains City Council—for shovel-ready projects for economic stimulus to support communities that had been impacted by fires?

The CHAIR: They gave them \$5.5 million worth. It did not go unfunded.

The Hon. SCOTT FARLOW: I am asking the witness a question, Mr Shoebridge. I am not asking you a question.

The Hon. SHAYNE MALLARD: Point of order: You are not supposed to—

The CHAIR: I accept it.

Ms TRISH DOYLE: Mr Farlow, I came in at the end of the questioning there so I did not hear the entirety.

The Hon. SCOTT FARLOW: I appreciate that.

The Hon. SHAYNE MALLARD: I encourage you to read it.

Ms TRISH DOYLE: I understand that you asked me a question and I will try my best to respond. I have got the submission that Blue Mountains City Council made to the Committee and the fact that they were asked to pull together—they were not quite sure why, but they were asked to provide some shovel-ready projects.

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The Hon. SHAYNE MALLARD: We will not go back over the evidence, but it is because they were outside the regional fund area of the funding project.

Ms TAMARA SMITH: Can I add to my comment before Mr Farlow asks his next question with regard to what you asked, Mr Mallard?

The CHAIR: Yes, Ms Smith.

Ms TAMARA SMITH: I just do not understand the relationship. This is why I say it is false logic because I saw this on the floor as well that every time non-government members were asking about this particular funding they were told, "Oh, how dare you", because this number of homes were burnt in this electorate and that electorate. It is shocking to see anyone play politics with tragedy. However, you are actually suggesting that that was somehow in the minds of the assessors. But I do not understand the relationship between the loss of homes and some of the applicants that were successful and the businesses they run.

The Hon. SHAYNE MALLARD: I am not suggesting I am directly reflecting the evidence we heard an hour or two ago. I am not criticising you. I know we are very busy, but I would encourage you to perhaps read *Hansard* to see the context of that issue.

The Hon. SCOTT FARLOW: To pick up on that point, Ms Smith, you would acknowledge that in some areas where they were more impacted by bushfires, either in terms of the burn scar rate that occurred across that area or that they had lost more homes, there would be a more significant impact and more need in those communities rather than communities that may not have had such a significant burn scar or loss of homes within a community. Would you agree with that?

Ms TAMARA SMITH: I really do not understand, Mr Farlow, the relevance of that in the sense that that was not communicated. Of course, morally and ethically I am not going to—that is the whole point of this. The captain's pick enforces people to make those calls of who is more severely impacted. The reality is that our communities—the member for Blue Mountains community and my community—were impacted. It should not be a comparison. It should be about a truly arm's distance, transparent, open administration of funding—

The Hon. SHAYNE MALLARD: It was.

Ms TAMARA SMITH: —and that is not what took place.

The Hon. SHAYNE MALLARD: It was.

Ms TAMARA SMITH: So I am not going to carry the burden of deciding that. That is what an independent process is meant to be about.

The Hon. SHAYNE MALLARD: Exactly.

The CHAIR: I think that is a hopeful and positive note, Ms Smith, on which to end today's hearing. I thank both of you for your attendance, Ms Trish Doyle, MP, and Ms Tamara Smith, MP. Your evidence has been of genuine assistance to the Committee and we really appreciate it.

The Committee adjourned at 16:50.