



PERFORMANCE AUDIT

8 FEBRUARY 2022

Integrity of grant program administration

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of state public sector and local government entities' financial statements. We also audit the Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to Parliament. In combination, these reports give opinions on the truth and fairness of financial statements, and comment on entity internal controls and governance, and compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an entity is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities.

As well as financial and performance audits, the Auditor-General carries out special reviews, compliance engagements and audits requested under section 27B(3) of the *Government Sector Audit Act 1983*, and section 421E of the *Local Government Act 1993*.



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In accordance with section 38E of the *Government Sector Audit Act 1983*, I present a report titled **'Integrity of grant program administration'**.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford
Auditor-General for New South Wales
8 February 2022

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RECONCILIATION COMMITMENT STATEMENT

The Audit Office of New South Wales pay our respect and recognise Aboriginal people as the traditional custodians of the land in NSW.

We recognise that Aboriginal people, as custodians, have a spiritual, social and cultural connection with their lands and waters, and have made and continue to make a rich, unique and lasting contribution to the State. We are committed to continue learning about Aboriginal and Torres Strait Islander peoples' history and culture.

We honour and thank the traditional owners of the land on which our office is located, the Gadigal people of the Eora nation, and the traditional owners of the lands on which our staff live and work. We pay our respects to their Elders past and present, and to the next generation of leaders.

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Section one

Integrity of grant program
administration

Executive summary

Grants are frequently used by the state government to deliver funds to councils and community organisations to provide infrastructure and services important to their local communities. Grant programs are administered by NSW Government agencies in line with priorities and objectives set by the government.

Guidance for agencies administering grant programs is available in the Good Practice Guide to Grants Administration (the 'DPC Guide') which is maintained by the Department of Premier and Cabinet (DPC). In addition to this guide, some agencies maintain their own grant program policies and guidelines. More broadly, public servants are required to comply with financial legislation and the *Government Sector Employment Act 2013* which include requirements to be transparent, fiscally responsible and focus on the efficient, effective and prudent use of resources.

The objective of this performance audit is to assess the integrity of the assessment and approval processes for NSW Government grant programs.

The audit focuses on two grant programs, both administered during the 2017–18 and 2018–19 financial years. The Stronger Communities Fund (round two tied grants round) was administered by the former Office of Local Government (OLG), now referred to as the Local Government Group within the Department of Planning and Environment (DPE). The fund awarded \$252 million to 24 councils that had amalgamated in 2016 or which had been the subject of a merger proposal. The Regional Cultural Fund was administered by Create NSW, now within the Department of Premier and Cabinet (DPC). The fund awarded \$100 million to organisations in regional New South Wales to support the development of cultural infrastructure in regional areas.

The audit comments upon the role played by the then Premier, Deputy Premier, Ministers and their staff in the audited grant programs to provide context. The Audit Office of NSW cannot compel those individuals to participate in the audit or provide documents. In all cases, reference to the Premier, Deputy Premier, Ministers, MPs and their staff refers to the individuals who were in those roles at the time the grant programs were administered unless otherwise noted.

Conclusion

Stronger Communities Fund

The assessment and approval processes for round two of the Stronger Communities Fund (SCF) lacked integrity. The program guidelines developed by the Office of Local Government (OLG) were deficient in a number of aspects and were not used to guide the selection of councils or projects for funding. Of the 55 councils that met the eligibility criteria in the guidelines, 24 received funding. Ninety-six per cent of available SCF funding was allocated to projects in coalition-held state government electorates. Funding for councils was determined by the then Premier, Deputy Premier and Minister for Local Government and communicated by their staff through emails to OLG with little or no information about the basis for the council or project selection. OLG administered payment of these funds without questioning or recording the basis for selection. For the 22 councils where funding allocations were determined by the former Premier and Deputy Premier, the only record of their approval is a series of emails from their staff. The exclusion of key information from the program guidelines and the lack of formality in approving 22 of the 24 funding allocations prevent accountability and transparency over the government's approach to selecting councils for funding.

In July 2017, the NSW Government established priorities for how the remaining SCF funds should be used. The funds were to be used to cover costs associated with councils' legal action relating to amalgamation, to reimburse costs incurred by councils that were unable to merge but had participated constructively in the merger process, and to fund community initiatives in council areas that had amalgamated in 2016.

OLG developed the initial grant program guidelines between July 2017 and September 2017 in consultation with the then Premier, Deputy Premier and Minister for Local Government and their staff. These were then revised in June 2018. Neither version of the guidelines made reference to the type of projects that were to be prioritised and did not set out how the funds should be administered in accordance with these priorities. The guidelines also did not include information about how councils and projects would be selected and made no provision for an assessment of identified projects against the criteria for eligible projects in the guidelines. OLG did not publish the guidelines and the process adopted by the Premier, Deputy Premier and Minister for Local Government to select projects did not reference the criteria for eligible projects in the guidelines. The selection of councils and funded projects resulted in 96 per cent of available funding being allocated to projects in coalition-held state government electorates.

The Minister for Local Government was responsible for distributing the SCF funds but only approved funding for projects at two of 24 councils, both paid in November 2017. Projects at the other 22 councils were identified by the former Premier and Deputy Premier between June 2018 and June 2019 in consultation with other coalition Members of Parliament and communicated to OLG through emails from Premier and Deputy Premier's staff. When making payments in response to email instructions from staff in the offices of the Premier, Deputy Premier and Minister for Local Government, OLG did not seek to ensure that identified projects were consistent with the guidelines and made payments to selected councils with little or no information to justify them. With the exception of the two funding allocations approved by the then Minister for Local Government, OLG also did not ensure that formal records were in place to document approval for the remaining 22 funding allocations.

Regional Cultural Fund

The assessment process that Create NSW used for the Regional Cultural Fund was robust and produced transparent and defensible recommendations to the then Minister for the Arts. However, the integrity of the approval process for funding allocations was compromised because the Minister, in consultation with the then Deputy Premier, did not follow the recommendations of the independent assessment panel in multiple cases and the reasons for making changes were not documented by the Minister's Office or Create NSW.

All projects that received funding were assessed by Create NSW as eligible for funding under the program. An independent assessment panel assessed applications against the program objective and criteria. This process was designed in line with good practice in grants administration and was implemented consistently. The then Minister for the Arts, in consultation with the former Deputy Premier, did not follow the panel's recommendations for 22 per cent, or more than one in five, of the applications assessed for funding. Thirty-four applications that were recommended by the independent panel did not receive any funding. In the second funding round, seven of the top ten ranked applications were not funded.

The Minister for the Arts approved funding for 22 applications that were not recommended by the independent panel. This resulted in around \$9.3 million being awarded to applicants that were not rated highest by the independent panel, including six applicants that received grants of \$500,000 or more. Most did not meet one or more assessment criteria and received low ratings.

The then Minister did not provide reasons for not approving funding in line with the recommendations of the panel. This did not breach any legislation or guidelines in New South Wales, but it compromised Create NSW's ability to demonstrate integrity and value for money in the RCF approval process. It creates a clear perception that factors other than the merits of the projects influenced funding decisions.

Create NSW's administration of the Regional Cultural Fund was based on relevant legislative requirements and good practice guidance. The objectives of the program were defined clearly and the guidelines and criteria were consistent with the program objectives. The governance and probity framework was appropriate for the size and nature of the program.

1. Recommendations

The Department of Premier and Cabinet should:

1. develop a model for grant administration that must be used for all grant programs administered in NSW that:
 - is based on ethical principles *outlined in the Government Sector Employee Act (2013)* such as impartiality, equity and transparency
 - ensures assessments and decisions can be made against clear eligibility criteria, and limits politically-biased outcomes
 - ensures accountability for decisions and actions of all those who are involved in the program including public servants, elected representatives and political staff
 - includes minimum mandatory administration and documentation standards including for interactions between Ministers, Ministerial staff and public servants
 - requires any Ministerial override of recommendations to be documented, with transparent consideration of probity and conflict of interest.

The Department of Planning and Environment should:

2. ensure that guidelines prepared for all grant programs are published and include a governance framework that includes accountabilities and key assessment steps.

1. Introduction

1.1 Grant administration in New South Wales

Grants are frequently used by the state government to deliver funds to councils and community organisations to provide infrastructure and services important to their local communities.

Some grant programs are contestable, meaning that applicants compete for an allocation of available funds and some applicants may be unsuccessful. Other grant programs are non-contestable, meaning that all eligible applicants receive funding. A number of grant programs are discretionary, meaning that some Ministers have discretion to award grants up to a certain amount with no involvement of public sector staff in assessing the merits of the applicant or the funded project.

Regulatory framework for grant administration

Grant funds are appropriated to state agencies so that the grant programs can be administered in line with priorities and objectives set by the government.

Grant funds are administered by state agencies with reference to the following legislation:

- *Government Sector Finance Act 2018* (GSF Act) includes values and associated principles to guide government officers exercising functions in connection with financial management (section 3.7). It also sets out delegation requirements for the expenditure of money by government officers (section 5.5).
- *Public Finance and Audit Act 1983* (PF&A Act) was the predecessor to the GSF Act and was in force for most of the period that will be covered by this audit. It also included delegation requirements for government officers (section 12).
- *Government Sector Employment Act 2013* (GSE Act) sets out the ethical framework for government sector employees. This includes requirements to be fiscally responsible, to focus on efficient, effective, and prudent use of resources, and to provide transparency to enable public scrutiny (section 7).
- *State Records Act 1998* provides for the creation, management and protection of the records of public offices, and public access to those records.

Some grant programs are administered under specific legislation pertaining to the grant fund or the responsible agency.

Guidance for agencies administering grant programs is available in the Good Practice Guide to Grants Administration (the 'DPC Guide') which is maintained by the Department of Premier and Cabinet (DPC) and which was last updated following a 2009 performance audit report. In addition to this guide, some agencies maintain their own grant program policies and guidelines.

Risks in grant administration

Recent media attention in NSW and other jurisdictions (including the Commonwealth) has raised public awareness of grant programs with:

- opaque eligibility criteria
- subjective assessment criteria
- assessment outcomes that appear politically biased
- Ministerial discretion that overrides an objective assessment process.

Recent audit reports from other Australian jurisdictions raised concerns about probity, conflicts of interest, record-keeping and lack of transparency about Ministerial involvement in decision-making.

A NSW Parliamentary Inquiry is currently underway into Integrity, efficiency and value for money of NSW Government grant programs ('the Parliamentary Inquiry'). This inquiry, established in July 2020, has heard evidence of grant programs with limited transparency and inconsistent assessment criteria, among other issues. The first report from this inquiry was tabled in Parliament in March 2021. The government is yet to respond to this report but in early November 2021 the Premier announced a review into grant administration in NSW.

1.2 About the audit

The objective of this performance audit is to assess the integrity of the assessment and approval processes for NSW Government grant programs. The grant programs that are the focus of this audit are:

- Stronger Communities Fund (round two tied grants round) administered by the former Office of Local Government (OLG), now known as the Local Government Group within the Department of Planning and Environment
- Regional Cultural Fund which was administered by Create NSW within DPC, and previously administered by the former Department of Planning and Environment.

Both of these programs were administered during the 2017–18 and 2018–19 financial years. At that time, OLG was a stand-alone government agency but is now part of the Department of Planning and Environment. Create NSW is a division of DPC that now has oversight of the Regional Cultural Fund. DPC also has responsibility for the NSW Government Good Practice Guide to Grants Administration. The two audited agencies are DPE and DPC.

The agencies' performance is assessed against the following audit criteria:

- grant assessment and approval processes were consistent with relevant legislative requirements
- grant applications were assessed and approved in line with program objectives.

1.3 Limitations of the audit

The Auditor-General's legislative mandate allows the Audit Office to compel state and local government agencies to provide relevant evidence during the conduct of an audit. This mandate does not extend to Members of Parliament and their offices. Where this has limited our ability to provide complete assurance in this report, we note it in the relevant places.

2. Stronger Communities Fund

2.1 Overview of the Stronger Communities Fund

The Stronger Communities Fund was established in 2016 when 44 councils were amalgamated into 20 new councils. As part of the \$665 million Fit for the Future reforms, the state government provided non-contestable grants to each amalgamated council to assist the new councils to deliver projects to their communities such as local roads, parks playgrounds and footpaths. Grants of \$10.0 million were given to amalgamated councils where two councils had merged and grants of \$15.0 million were given where three councils had merged.

Councils were required to administer at least \$1.0 million as a contestable community grant program to which incorporated not-for-profit community groups could apply for grants of up to \$50,000. The balance could be used for larger scale priority infrastructure and services identified through community consultation. The state government established criteria against which both community grants and major projects must be assessed.

At the same time, each amalgamated council was granted \$10.0 million (metro councils and Central Coast Council) or \$5.0 million (regional councils) from the New Council Implementation Fund to assist councils to cover the up-front costs of implementing the new council.

In July 2017, the government abandoned further and pending council amalgamations. The government decided to use the remaining Stronger Communities Fund and New Council Implementation Fund allocations to provide further support to amalgamated councils and those impacted by merger proposals. This round of funding is known as round two or the tied grant round and is the focus of this audit. Round two distributed \$233 million in Stronger Communities Funds and \$19.0 million in New Council Implementation Funds to 24 councils between November 2017 and June 2019. This included \$202 million in residual funds from the merger process and \$50.0 million appropriated from the consolidated fund that the former Office of Local Government (OLG) administered as part of a Stronger Communities Fund grant to one of the councils.

2.2 Selection of councils and program guidelines

Round two of the Stronger Communities Fund did not have an open application process

In July 2017, the government decided to abandon pending council amalgamations and use the remaining Stronger Communities Funds to provide support to amalgamated councils and those impacted by merger proposals. The funds were to cover court-ordered costs associated with councils' legal action relating to amalgamation, to reimburse costs incurred by councils that were unable to merge but had participated constructively in the merger process, and to fund selected community initiatives in amalgamated councils.

There is no mandatory requirement in New South Wales for the government to use an open and competitive application process for grants, nor to make grant funds available to all that wish to access them. In this case, the government chose to select councils to receive the funds using criteria that related to their support for the 2016 council merger process.

OLG facilitated the government's decision by preparing program guidelines and making payments to selected councils based on instructions from the staff of the then Premier, Deputy Premier and Minister for Local Government.

The program guidelines were deficient and did not include key information about the purpose and administration of the program

The DPC Guide states that agencies administering grant programs should manage risk to ensure accountability and value for money and that grant assessment processes should be as transparent as possible.

In September 2017, OLG prepared program guidelines which indicated that further Stronger Communities Fund grants would be available to amalgamated councils. These guidelines were deficient as they did not reflect the government's decision to also use the funds to reimburse merger-related costs for councils impacted by a merger proposal, nor to pay court costs relating to amalgamation legal action. In June 2018, OLG prepared a revised set of guidelines that extended the eligibility criteria to include councils that had been subject to a merger proposal. These revised guidelines also made no mention of the government's decision to reimburse merger-related costs for councils impacted by a merger proposal and pay court costs for amalgamation legal action. Both sets of guidelines were approved by the then Premier, Deputy Premier and Minister for Local Government.

The program guidelines were prepared by OLG in consultation with staff from the offices of the then Premier, Deputy Premier and Minister for Local Government. The guidelines did not include key information, such as:

- the method used to select councils and projects
- the type of projects the government wanted to prioritise
- that councils that had engaged constructively during the amalgamation process and had worked collaboratively with the government were to be prioritised
- details about accountabilities and governance relating to decision-making.

The guidelines were also not published. OLG provided no advice to the government about the risks of preparing program guidelines that did not transparently reflect how the program would be administered.

The program guidelines did not reflect the government's priorities for which councils should receive funding

The revised round two guidelines indicated that funding would be available to amalgamated councils and councils that had been subject to a merger proposal. The guidelines did not set out any exceptions to this. There are 55 councils that meet these criteria, which did not align with the government's decision to target funding towards amalgamated councils that were considered to have worked collaboratively with the government and non-amalgamated councils that had participated constructively in the merger process. The government's decision was reflected in statements included in a briefing note to the former Premier prepared by her staff dated 18 May 2018 titled 'Allocation of remaining local council merger funds':

We propose not to compensate Councils that were subject to a merger proposal, and then sued us.

This also avoids us having to justify why we are not going to provide funds to unfriendly merged councils.

The outcome of this approach to selecting councils to receive funding was that, of the 55 councils that met the criteria in the program guidelines, 24 received funds.

The program guidelines did not include key information about the government's priorities for the allocation of funds

The guidelines stated that the funding should be allocated based on priorities identified by the government but did not include any information about the government's decision to use funds to reimburse court costs and reimburse non-merged councils for merger-related costs.

Instead, both sets of round two guidelines describe the purpose of the fund as providing 'new councils with funding for the delivery of projects that improve community infrastructure and services'. The revised round two guidelines also refer to project funding available for councils previously subject to a merger proposal.

The guidelines also did not include any detail about the types of initiatives that the government intended to fund, only details of initiatives that were ineligible for funding.

Projects were identified at selected councils by Members of Parliament (MPs), at least some of whom consulted with council General Managers. With so many individuals involved in identifying projects, it was important that the guidelines provided clear direction and criteria to assist. The guidelines did not provide this direction and were incomplete about the types of initiatives that the government had decided to fund. Moreover, some MPs were identifying projects as early as June 2017, three months before the first set of program guidelines were approved. This introduces the risk that the guidelines were not intended to guide the selection of projects or councils, and that there was a pre-existing process underway for the then Premier, Deputy Premier, Minister for Local Government and MPs to select projects for funding at specified councils without reference to any guidelines.

The program guidelines lacked the necessary information to safeguard against biased or subjective assessment

The DPC Guide states that grant program guidelines should include 'a description of the assessment, approval and notification procedure and the timeframes involved'.

Both sets of round two guidelines included broad criteria that the projects were to meet. These included to:

- demonstrate social and/or economic benefits to the community
- give consideration to the processes and procedures outlined in the capital expenditure review guidelines issued by OLG. These processes and procedures include requirements for councils to:
 - justify the need of the project by demonstrating a clear relationship between the community's strategic plan, delivery program and operational plan
 - assess the capacity of the council to deliver
 - determine the priority of the project in relation to existing and future capital works.

In addition, projects funded under the New Council Implementation Fund were to be consistent with the councils' implementation plans for establishing the new council.

Neither set of guidelines included information about how projects would be assessed against these criteria, nor who would be responsible for that assessment.

Even where the government is not running an open application process, it is important to assess projects against the program criteria to ensure that the objectives of the program are achieved. Responsibility for and processes related to that assessment should have been identified in the program guidelines. Given the findings outlined above, we cannot rule out that deficiencies in the guidelines were an attempt to avoid accountability for and transparency over the government's decision to use round two of the Stronger Communities Fund to assist councils that supported the merger process rather than to achieve the objectives of the program.

2.3 Grant assessment and approval

Projects were not assessed against criteria described in the program guidelines

The Minister for Local Government was responsible for distributing the funds although this detail was not included in the program guidelines.

In September 2017, the then Minister for Local Government approved an initial 21 projects to fund across Dubbo Regional Council and Northern Beaches Council with a total value of almost \$49.0 million. There is no evidence of a merit assessment or documented rationale for why particular projects at those councils were chosen for funding.

Between June 2018 and June 2019, the former Premier identified 41 projects to be funded across 11 councils (ten metropolitan and one regional), valued at \$142 million and the former Deputy Premier identified 188 projects to be funded across 11 regional councils valued at \$61.0 million. Staff in the offices of the former Premier and Deputy Premier communicated these identified projects and associated funding allocations directly to OLG and the Chief Executive of OLG paid these funds under delegation from the then Minister for Local Government. OLG suggested this process for administering and documenting the funding allocations.

One project identified for an amalgamated regional council, conversion of a sports club into a council administration facility, was assessed by OLG as being outside the guidelines for the Stronger Communities Fund and was not funded. Other than this one example, there is no evidence that any of the 250 funded projects were assessed against the criteria in the program guidelines by MPs, staff in the offices of the then Premier, Deputy Premier and Minister for Local Government or OLG staff at any point between being identified and the funds being paid. Nine projects at four councils were identified and communicated to OLG before the revised program guidelines were even approved. The value of these projects was just over \$8.0 million.

It is difficult to understand the merit of project funding decisions and it is troubling that OLG did not seek justification to support projects put forward with limited documentation by the staff of the then Premier, Deputy Premier and Minister for Local Government.

Staff in the offices of the former Premier and Deputy Premier appeared not to expect that OLG would conduct a merit-based assessment as in some cases they were asking for media releases at the same time as informing OLG about which projects should be funded. In four cases, the former Premier's and Deputy Premier's staff requested that OLG prepare a media release on the same day that it was informed about the projects.

The allocation of funding to councils that did not merge was inconsistent with the government's decision

The government decided that round two should be used in part to reimburse verified costs incurred by councils unable to merge following the decision to abandon further amalgamations. These funds were intended for councils that participated constructively in the reform process, which was interpreted by the former Premier's staff in a briefing note to the Premier as councils that 'did not take legal action against us'. The former Premier's staff provided briefing notes to the then Premier that stated that such councils would receive up to \$1.0 million from the Stronger Communities Fund based on verified costs.

Metropolitan councils subject to mergers that were ultimately abandoned, and which had not taken the government to court, were Waverley Council, Burwood Council, City of Canada Bay Council, Hornsby Shire Council and City of Ryde Council. With the exception of Hornsby Shire Council, these councils received grants of between \$2.4 million and \$2.6 million for community projects. There is no documented rationale for the level of funding awarded to these councils and there is no evidence that the amount of funding made reference to verified costs incurred by the councils. The grant allocation for Hornsby Shire Council is addressed separately in this report.

Metropolitan councils subject to mergers that were ultimately abandoned and which were not funded are shown in Exhibit 1. All but one of these councils had taken legal action against the government.

Exhibit 1: Metropolitan councils subject to merger proposals that were abandoned, and which did not receive Stronger Communities Fund grants

Council	To merge with	Court action	Type of state electorate
Ku-ring-gai Council	Hornsby Shire Council	Yes	Coalition
Mosman Council	North Sydney Council and Willoughby City Council	Yes	Coalition
North Sydney Council	Mosman Council and Willoughby City Council	Yes	Coalition
Strathfield Council	City of Canada Bay and Burwood Council	Yes	Non-coalition
Willoughby City Council	North Sydney Council and Mosman Council	No	Coalition
Woollahra Council	Waverley Council and Randwick Council	Yes	Non-coalition

Source: Audit Office research.

Regional councils where mergers were abandoned did not receive any funding. This was a decision of the former Deputy Premier.

The government also decided that the Stronger Communities Fund would be used to reimburse council court costs relating to amalgamation legal action. DPE advised that no council court costs were reimbursed from the Stronger Communities Fund and these were instead reimbursed from a different fund administered by the former Attorney General's Department. Lane Cove and Hunters Hill Councils were reimbursed costs awarded by the court and also received funding allocations from the Stronger Communities Fund for community projects.

Exhibit 2: Councils that were awarded costs by the court and also received round two Stronger Communities Fund grants

Council	Costs awarded by the court (\$)	Grant allocation (\$)
Lane Cove Council	255,000	937,000
Hunters Hill Council	320,000	1,000,000

Source: Department of Planning and Environment.

Decisions about the amount of funding awarded to each council, and the merits of specific projects are not transparent

OLG did not publish information about funding awarded to councils, and there is no documented rationale for why particular projects were funded, nor in relation to the level of funding received. Exhibit 3 provides a summary of grant allocations to the 24 councils. Further details are included in Appendix two.

Exhibit 3: Summary of grant allocations for both merged and non-merged councils

Council	Funding basis	Funding allocation (\$)	Rationale for allocation	Type of state electorate
Armidale Regional Council	Merged	5,950,000	Undocumented	Coalition
Central Coast Council	Merged	5,500,520	Undocumented	Both coalition and non-coalition
Cootamundra-Gundagai Regional Council**	Merged	5,950,000	Undocumented	Coalition
Dubbo Regional Council	Merged	27,760,000	Undocumented	Coalition
Edward River Council	Merged	4,990,000	Undocumented	Coalition
Federation Council	Merged	5,590,000	Undocumented	Coalition
George's River Council	Merged	9,500,000	Undocumented	Both coalition and non-coalition
Hilltops Council	Merged	5,950,000	Undocumented	Coalition
Mid-Coast Council	Merged	12,500,000	Undocumented	Coalition
Murray River Council	Merged	4,095,000	Undocumented	Coalition
Murrumbidgee Council	Merged	5,590,000	Undocumented	Coalition
Northern Beaches Council	Merged	21,100,000	Undocumented	Coalition
City of Parramatta Council	Merged	16,000,000	Negotiated* settlement	Coalition
Queanbeyan-Palerang Regional Council	Merged	5,589,560	Undocumented	Coalition
Snowy Monaro Regional Council	Merged	5,589,793	Undocumented	Coalition
Snowy Valleys Council	Merged	5,950,000	Undocumented	Both coalition and non-coalition
Burwood Council	Merger abandoned	2,600,000	Undocumented	Non-coalition
City of Canada Bay Council	Merger abandoned	2,370,000	Undocumented	Coalition
Hornsby Shire Council	Merger abandoned	90,000,000	Negotiated* settlement	Coalition
Hunters Hill Council	Legal costs awarded	1,000,000	Undocumented	Coalition
Lane Cove Council	Legal costs awarded	937,000	Undocumented	Coalition
Randwick City Council**	Merger abandoned	2,580,000	Undocumented	Coalition

Council	Funding basis	Funding allocation (\$)	Rationale for allocation	Type of state electorate
City of Ryde Council	Merger abandoned	2,350,000	Undocumented	Coalition
Waverley Council	Merger abandoned	2,000,000	Undocumented	Coalition

* Funding for Hornsby Shire Council and the City of Parramatta were treated as special cases when distributing funds. Hornsby Shire Council had claimed compensation for losses due to the combination of a boundary change and an abandoned merger and the funding allocated to Hornsby Shire Council was for specific projects negotiated between the council management and MPs. The City of Parramatta was taking legal action against Hornsby Shire Council relating to developer contributions and the grant to the City of Parramatta represented a settlement to persuade The City of Parramatta to withdraw its legal action.

** Randwick City Council and the former Gundagai Council were involved in court action relating to amalgamations.

Source: Audit Office research.

The largest grant awarded in round two of the Stronger Communities Fund was \$90.0 million to Hornsby Shire Council, which was expected to merge with Ku-ring-gai Council. Prior to the government's decision to abandon mergers, a boundary change had transferred part of the Hornsby Shire Council area to the City of Parramatta. Ku-ring-gai Council initiated a successful court action to prevent amalgamation with the remainder of the Hornsby Council area. This left Hornsby Council with a smaller geographic area and rate base than was the case prior to the boundary change.

Hornsby Shire Council claimed compensation from the NSW Government in the order of \$200 million based on an initial calculation of lost revenue, assets and developer contributions over a period of ten years. Based in part on analysis by TCorp that examined the financial sustainability of Hornsby Shire Council, Treasury determined that the council's financial losses were in the order of \$19.0–\$24.0 million, compensation was not justified, and any compensation should be limited to \$19.0 million.

The government agreed to pay \$90.0 million from the Stronger Communities Fund to Hornsby Shire Council in the form of a grant for two open space projects. This included an appropriation of \$50.0 million from the consolidated fund, approved by the former Premier and Treasurer, which was paid into the Stronger Communities Fund to facilitate the grant to Hornsby Shire Council. The \$90.0 million grant represents 36 per cent of the entire funding allocated in round two of the Stronger Communities Fund.

As with grants awarded to other councils in this round, there is no documented rationale for why these two projects in the Hornsby local government area received such a large proportion of the allocated funds, nor any transparency over the rationale for awarding \$90.0 million to Hornsby Shire Council when Treasury had assessed that compensation should be limited to \$19.0 million. OLG did not question the rationale for the selected projects or the size of the grant prior to paying the funds to Hornsby Shire Council.

A full list of funded projects is included at Appendix two. We note that up to \$20.0 million was used to upgrade state-owned assets. These projects included upgrades to public school facilities. There is no evidence that the Stronger Communities Fund was intended to be used to upgrade state-owned infrastructure.

The Minister for Local Government was assigned responsibility for making funding decisions but only approved two of the proposed allocations

The Minister for Local Government was responsible for decisions about the redistribution of unspent Stronger Communities Funds. The final allocation of funds was to be determined by the Expenditure Review Committee (ERC).

However, the Minister for Local Government only approved the first two funding allocations which were for Dubbo Regional Council and Northern Beaches Council. Formal approval for these allocations was recorded in briefing notes prepared by OLG and signed by the then Minister for Local Government.

The audit has seen no evidence that either the Premier or Deputy Premier had been assigned a formal role in decisions about how funds should be allocated. The audit has also seen no evidence that the Minister for Local Government was consulted about the funding allocations determined by the former Premier and Deputy Premier, nor the succeeding Minister for Local Government who was appointed during the final three months of the program.

The Expenditure Review Committee did not review the final allocation of funds.

Poor records have resulted in opaque accountability and responsibility for decisions about grant allocations

Between June 2018 and June 2019, information about funding allocations and projects for 22 councils was communicated to OLG through a series of emails from staff in the offices of the former Premier and Deputy Premier.

The first grant allocation initiated from the former Premier's office was a \$90.0 million grant for Hornsby Shire Council. Prior to paying this grant, the then Chief Executive of OLG asked one of the former Premier's staff to provide a statement to the effect that the grant allocation had been determined by the Premier. The former Premier's staff member provided this statement. This request from the Chief Executive of OLG and the response by the Premier's staff member indicate that they both understood the then Premier was accountable for the decision to allocate \$90.0 million to Hornsby Council.

The language used by the staff in the offices of the former Premier and Deputy Premier to instruct OLG to pay most grant allocations implied that the former Premier and Deputy Premier had approved projects for funding. These instructions included the following phrases:

- 'The Premier has approved'
- 'The Premier has signed off'
- 'DP approval' (shorthand for 'Deputy Premier approval')
- 'DP agreement'.

By the time the final grant allocations were made, the then Chief Executive of OLG accepted instructions to pay grants from the staff of the former Premier and Deputy Premier with informal language such as 'everyone is comfortable'. One grant to a metropolitan council was paid following a series of communications about what funding the council would receive, but with no specific instruction from the former Premier's office to pay the council. The former Chief Executive of OLG created and signed briefing notes based on these email instructions from the staff of the former Premier and Deputy Premier.

It is not clear why OLG did not create briefing notes for the former Premier and Deputy Premier to sign for each of their grant allocations, as had been done for earlier grant allocations determined by the then Minister for Local Government. We cannot rule out that the lack of information about accountabilities in the program guidelines, coupled with a lack of formal documented approval from the former Premier and Deputy Premier, was a purposeful attempt to avoid transparency and accountability over the involvement of the former Premier and Deputy Premier in approving grant allocations. Deficient record-keeping and program guidelines have meant in practice that no person involved in the grant allocation process is specifically accountable for decisions about the grant allocations.

2.4 Program outcomes

The process used to identify projects for funding resulted in 96 per cent of available funding awarded to projects located in coalition-held state government electorates

Funded projects were initially identified by coalition MPs, some of whom consulted with council General Managers.

Almost all funding was allocated to projects in coalition-held state government electorates through grants to the local councils. The value of funded projects located in coalition-held state government electorates is \$241.7 million, representing 96 per cent of the total funding for round two of the Stronger Communities Fund.

The following statement to the former Premier in a briefing note prepared by her staff dated 18 May 2018 titled 'Allocation of remaining local council merger funds' indicates that this was likely to have been deliberate:

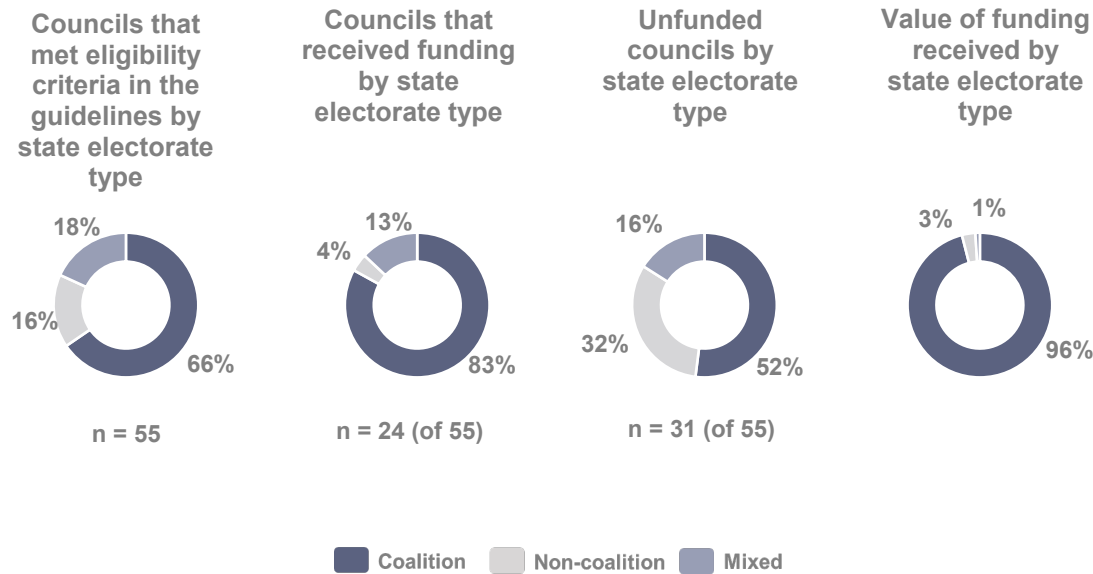
We have continued to work on how we allocate this funding to get the cash out the door in the most politically advantageous way.

Projects located in non-coalition held state government electorates received \$7.3 million (three per cent) of available funding and projects located in council areas that include parts of both coalition and non-coalition state electorates received \$3.0 million (one per cent). Further detail is included in Appendix two.

Although this allocation of funding is in line with the government's decision to fund councils that had supported the merger process, it does not reflect the make-up of all councils that met the eligibility criteria in the round two guidelines. These included councils that were amalgamated in 2016 or had been subject to a merger proposal. Of the 55 councils that met the eligibility criteria in the guidelines, 36 (66 per cent) are in coalition-held state electorates, ten (18 per cent) are in non-coalition held state electorates and nine (16 per cent) include areas of both coalition and non-coalition sections of state electorates. Of the 24 councils that received funding, 20 (83 per cent) are in coalition-held state electorates, one council (four per cent) is in a non-coalition-held state electorate and three councils (13 per cent) include areas of both coalition and non-coalition state electorates.

Of the 31 councils that met the eligibility criteria in the guidelines and did not receive funding, 16 (52 per cent) are in coalition-held state electorates, ten (32 per cent) are in non-coalition held state electorates and are five councils (16 per cent) include areas of both coalition and non-coalition state electorates.

Exhibit 4: Funding decisions by council and electorate for councils that met the criteria in the program guidelines



Inadequate records were retained of approval for funding allocations

Under Section 12 of the State Records Act, OLG was required to keep full and accurate records of the activities of the office.

When making payments to councils, OLG acted under the instruction of staff of the Premier, Deputy Premier and Minister for Local Government, who sent emails to the former Chief Executive of OLG asking for specified sums to be paid for identified projects.

Exhibit 5: Example of email from the former Deputy Premier's office

From: [redacted]@deputypremier.nsw.gov.au>
Sent: Thursday, 3 January 2019 11:10 AM
To: [redacted]@olg.nsw.gov.au>
Subject: Tranche 3 for Central Coast

Hi [redacted]

Happy New Year! I hope you are enjoying the break.

Please see the final list of projects and costings for tranche 3 for Central Coast Council. This has been approved by the DP.

ex-HMAS Adelaide mast installation	66,000.00
Terrigal Rugby clubhouse refurbishment and roof replacement	227,000.00
Gosford Musical Society acquisition of multipurpose building	200,000.00
Water fountain Duffys Oval, Terrigal	10,000.00
Water fountain Frost Reserve, Kincumber	10,000.00
Flooring improvements Terrigal 50 Plus Leisure and Learning Centre	9,570.00
Management of <i>salvinia molesta</i> at Springfield Pond	125,000.00
Playspace upgrade Empire Bay	150,000.00
Public toilet upgrade Forresters Beach	203,500.00
Archibold Park upgrade Forresters Beach	150,000.00
Clubhouse upgrade Duffys Oval Terrigal	250,000.00
Kincumber Neighbourhood Centre equipment, facilities improvements	55,000.00

When you return, could you please progress?

Thank you
[redacted]

Source: Department of Planning and Environment.

When preparing funding agreements for the councils, staff from OLG assumed that these emails accurately reflected decisions made by the Premier, Deputy Premier and Minister for Local Government. OLG staff sent funding agreements and briefing notes to the Minister for Local Government's office to confirm and approve two funding allocations, but did not do the same to confirm and approve 31 funding allocations at 22 councils determined by the former Premier and Deputy Premier. Funding allocations identified by the former Premier and Deputy Premier were paid by OLG based solely on information in emails from their staff, and briefing notes signed by the former Chief Executive of OLG. This means that for 31 of the 33 funding agreements, there is no formal record or confirmation that the funding agreements reflect the decisions of the former Premier and Deputy Premier.

In addition, and in breach of the State Records Act, key documents relating to the Stronger Communities Fund round two were destroyed by staff in the former Premier's Office. This has been addressed separately in a report by NSW State Archives & Records in January 2021.

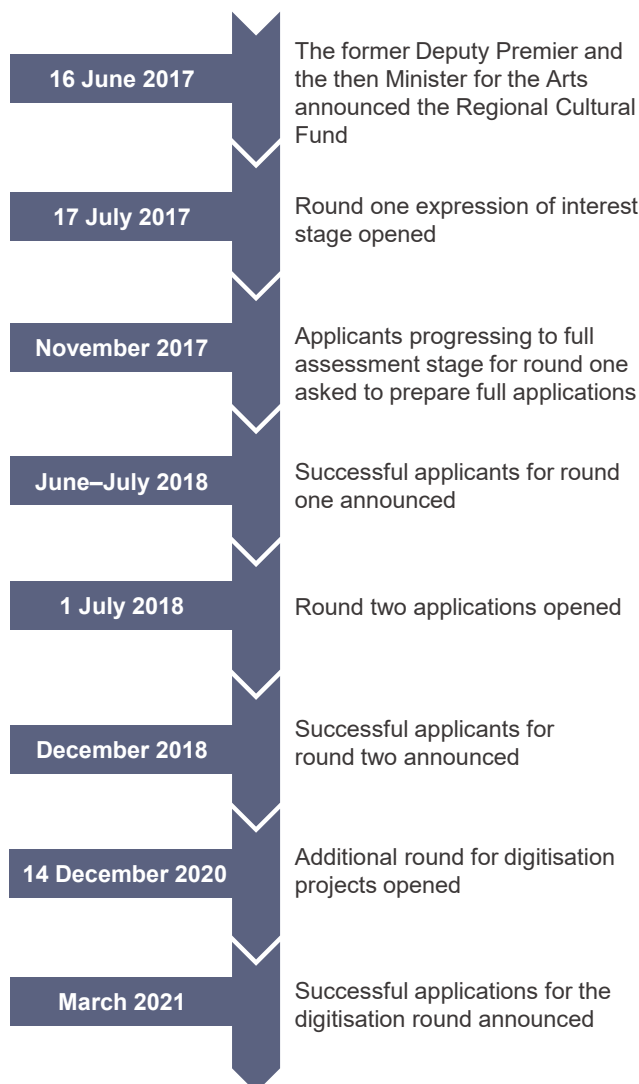
3. Regional Cultural Fund

3.1 Overview of the Regional Cultural Fund

In 2017, the NSW Government established the \$100 million Regional Cultural Fund (RCF) to support the development of cultural infrastructure in regional areas of New South Wales. This aimed to provide social, cultural and economic benefits in regional areas. The RCF was a part of the Regional Growth Fund, which provided funding for a broader range of infrastructure projects in regional areas across New South Wales. RCF funding was available to local councils and cultural organisations that were outside Sydney, Newcastle and Wollongong. The type of projects eligible for funding under the RCF included: building or upgrading performing arts spaces, museums and libraries; digitising cultural collections; and creating and installing public art.

The funding was distributed across two main rounds between mid-2017 and early 2019, with a small additional round assessing applications for digitisation projects conducted in late 2020 and finalised in 2021. The first round involved an initial expression of interest followed by a full assessment process, while the second round was conducted in a single stage, as shown in Exhibit 6.

Exhibit 6: Timeline for the Regional Cultural Fund

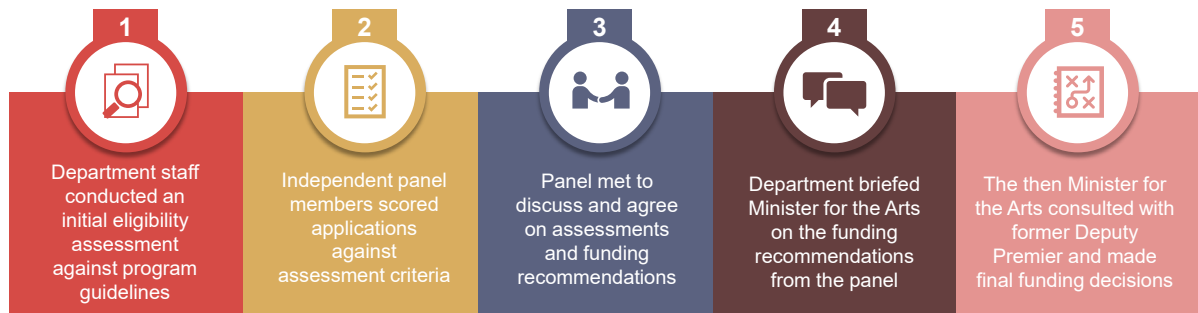


Source: Audit Office summary of information provided by Create NSW.

Create NSW appointed an independent panel comprised of people with expertise in the creative industries, infrastructure, and government that assessed applications against the program objective and criteria. The panel's assessment process involved a structured individual assessment of each application followed by a panel meeting. This produced scoring which was used to rank applicants and make recommendations to the Minister for the Arts.

The Minister considered the recommendations and consulted with the former Deputy Premier before making decisions about which applications should be funded. This process was outlined in the assessment guidelines for the RCF.

Exhibit 7: Assessment and approval process for the Regional Cultural Fund



Source: Audit Office summary of information provided by Create NSW.

The program received a total of 405 applications across all rounds and 147 applications received funding, as shown in Exhibit 8 below. All projects that received funding were assessed by Create NSW as eligible for program funding. There were 28 grants of \$1.0 million or more. The average size of grants awarded was around \$675,000, with individual grants ranging from less than \$2,000 to \$8.6 million. A total of \$99.0 million was awarded to applicants across all rounds of the RCF.

Exhibit 8: Applications and grant funding by round

	Round one	Round two	Digitisation rounds	Total
Number of applications received	226	159	20 [#]	405
Number of applications funded	68	56	23	147
Value of grants approved	\$48.0 million	\$47.0 million	\$4.0 million	\$99.0 million

[#] For the 'Digitisation' rounds, the number of applications received is lower than the number funded because six projects received funding without making an initial application. Create NSW approached these organisations as a part of its strategic approach to using 'digitisation' funding. Four of these were for Aboriginal organisations and two were a cultural sector peak body.

Source: Data provided by Create NSW (unpublished).

3.2 Assessment and approval of applications

An independent assessment panel assessed applications against the program objective and criteria

Create NSW established an assessment panel that included people with expertise in relevant fields including the arts industry, infrastructure, and government administration. Panel members were identified by Create NSW. The panel provided funding recommendations to the then Minister for the Arts based on its assessment of the applications against the RCF assessment criteria. The panel scored each application against four selection criteria:

1. Case for change
2. Capacity to deliver
3. Value for money
4. Engagement and reach.

The panel's assessment guidelines stated that to be recommended for funding, an application must receive a minimum of five out of ten against each criteria and receive a total score of at least 20 out of 40.

The use of an independent panel of experts to conduct the assessment of applications supported the integrity of Create NSW's administration of the program. Probity reviews commissioned by Create NSW indicated the panel assessment process was conducted in line with the assessment guidelines, with several minor instances of inaccuracies that were corrected and were not judged to have an impact on the integrity of the assessment process.

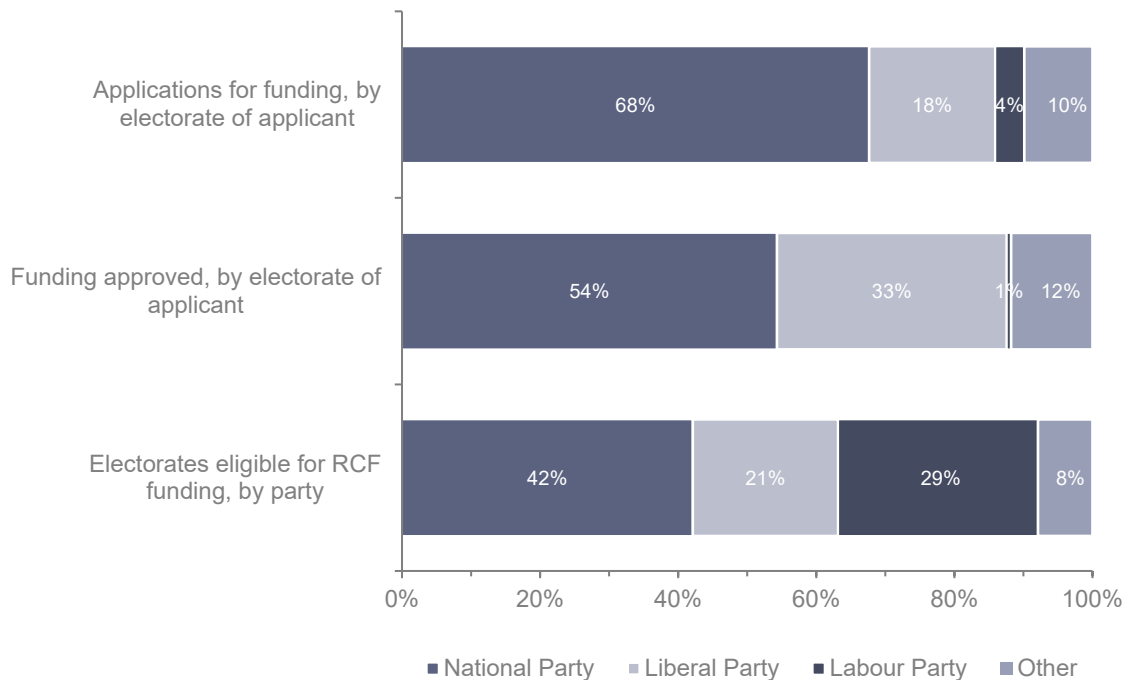
Six projects received funding without going through the assessment panel process. This was done as a part of a strategic approach to using surplus funds from the 'digitisation' funding round, which was approved by the then Minister.

Most applications were from organisations in electorates held by the National Party and most funding was provided to applicants in electorates held by the National and Liberal Parties

Eighty-six per cent of all applications for the RCF came from organisations in electorates held by the National Party or Liberal Party. Sixty-eight per cent came from National-held electorates and 18 per cent from Liberal-held electorates, as shown in Exhibit 9 below. This was higher than the proportion of electorates that the respective parties held in areas eligible for the RCF; the National and Liberal parties held 63 per cent of the electorates that were eligible to apply for the RCF. The four electorates with the largest numbers of applications were all held by the National Party. Each of these had more than 20 applications and together they accounted for 31 per cent of all applications for the RCF. Four per cent of applications came from organisations in electorates held by the Labor Party. The Labor Party held 29 per cent of the electorates that were eligible for the RCF.

Create NSW promoted the RCF in eligible areas across NSW through a series of regional visits to showcase the program and ongoing online communications. This program of promotions covered all areas eligible for the program. The then Minister also conducted events to promote the commencement of the RCF. Information provided by Create NSW indicates the Minister conducted six of these events in July and August 2017. Five of these were in towns within electorates that were held by the National Party or the Liberal Party.

Exhibit 9: Applications received and funding approved, by electorate of applicant



Note: The analysis presented in this chart and the surrounding text does not include the six projects that received funding through Create NSW's strategic approach to using 'digitisation' funding, described in the note to Exhibit 8 above.

Source: Data provided by Create NSW (unpublished).

Applications from organisations in electorates held by the National and Liberal parties received a total of \$85.5 million in grants. This was 87 per cent of the total funding provided through the RCF, as shown in Exhibit 9 above. Applications from organisations in electorates held by the Labor Party received a total of \$602,970, which was less than one per cent of the total funding provided through the RCF.

Seventeen of the 20 largest grants were awarded to organisations in electorates held by the National Party or Liberal Party. The three grants that were given to organisations that were not in Nationals or Liberal-held electorates were to organisations located in marginal electorates held by the Shooters, Fishers and Farmers Party (two grants) and The Greens (one grant).

The Minister for the Arts did not follow the recommendations of the independent panel on multiple occasions after consulting with the Deputy Premier

The then Minister diverged from the funding recommendations of the independent panel on 56 occasions across the two main funding rounds of the RCF. This represents 22 per cent of the applications that were assessed in these funding rounds. The Minister did not approve 34 applications that were recommended for funding and approved 22 applications that were not recommended by the panel, as shown in Exhibit 10 below. The majority of the occasions in which the Minister did not follow the panel recommendations were in the second funding round. The results of this round were announced one month prior to the 2019 NSW State Government Election.

Exhibit 10: Applications in which the Minister's decision differed from panel recommendation, funding rounds one and two

	Round one	Round two	Total
Recommended by panel but not approved by the Minister	1	33	34
Not recommended by the panel but approved by the Minister	13	9	22
Total approvals differing from recommendations	14	42	56

Note: The 'Digitisation' funding round is not included in this table because this round was conducted using a different assessment and approval process.
Source: Data provided by Create NSW (unpublished).

Of the 34 applications that were not approved by the Minister after being recommended for funding by the independent panel, 30 were from organisations in National or Liberal electorates. This reflects the fact that the majority of all applications assessed were received from organisations in electorates held by these parties. Many of the applications that did not receive funding were ranked highly by the independent panel. For example, in the second funding round, seven of the top ten ranked applications were not approved for funding by the Minister, and two recommended applications from electorates held by the Labor Party that were ranked in the top 20 were not approved.

Several applicants received large grants after not being recommended by the independent panel

Twenty-two of the 141 applications that received funding had not been recommended by the independent panel. Each of these applications met the basic eligibility criteria for the program, but all had been ranked relatively low compared to other applications. For example:

- none of the 22 had been ranked in the top 50 applications for their funding round by the independent panel
- ten failed to meet at least one of the assessment criteria
- three did not meet any of the assessment criteria.

The then Minister's decisions to diverge from the recommendations of the independent panel resulted in a total of \$9.3 million being awarded to applicants that were not recommended by the panel. This was almost ten per cent of the total funding available through the program. Eighteen of the 22 applications that received funding after not being recommended by the panel were from organisations in electorates held by the National or Liberal parties.

Six of the applications received grants of \$500,000 or more. Three of these six applications came from organisations in electorates held by the National Party. The others were from organisations in electorates held by the Greens and the Shooters, Fishers and Farmers Party, as shown in Exhibit 11 below.

Exhibit 11: Applications approved by the Minister that were not recommended by the assessment panel, funding over \$500,000

Electorate application was received from	Party holding electorate	Amount of funding received \$(million)	Independent panel rating against the assessment criteria
Coffs Harbour	National Party	2.7	<ul style="list-style-type: none"> Ranked 139 out of 152 applications assessed in round two. Did not meet any of the four assessment criteria.
Ballina	The Greens	1.8	<ul style="list-style-type: none"> Ranked 150 out of 152 applications assessed in round two. Did not meet any of the four assessment criteria.
Myall Lakes	National Party	1.6	<ul style="list-style-type: none"> Ranked 75 out of 81 applications assessed in round one. Met three of the four selection criteria but received a lower score than others that were recommended.
Monaro	National Party	1.0	<ul style="list-style-type: none"> Ranked 65 out of 81 applications assessed in round one. Met all four selection criteria but received a lower score than others that were recommended.
Ballina	The Greens	0.6	<ul style="list-style-type: none"> Ranked 146 out of 152 applications assessed in round two. Did not meet three of the four selection criteria.
Orange	Shooters, Fishers and Farmers Party	0.5	<ul style="list-style-type: none"> Ranked 138 out of 152 applications assessed in round two. Did not meet any of the four selection criteria.

Source: Data provided by Create NSW (unpublished).

The application from the electorate of Monaro was added by the former Deputy Premier to the list of projects approved for funding in the first round. Monaro was the former Deputy Premier's electorate and it received a grant of \$999,000. The application from the electorate of Coffs Harbour, which received \$2.7 million, was also added after a request from the former Deputy Premier during consultation on the second funding round. This application did not meet any of the four assessment criteria but received one of the largest grants given to any organisation.

The other three applications that received \$500,000 or more after not being recommended by the panel were from organisations in electorates held with small margins by minor parties. Two were organisations in the electorate of Ballina, which was a marginal electorate held by The Greens. The application that received \$1.8 million did not meet any of the four assessment criteria and received one of the lowest scores of any application assessed. The application in Orange, an electorate held by the Shooters, Fishers and Farmers Party, also failed to meet any of the selection criteria but was awarded a grant of \$500,000. Of the 22 applications that were approved after not being recommended by the panel, one was from an organisation in an electorate held by the Labor Party. This received a grant of \$4,000.

The Minister did not document reasons for not following the recommendations of the independent panel

The Minister made the final decisions about which applications would be funded, after considering the panel recommendations and consulting with the Deputy Premier. This process was set out in documents establishing the policy framework for the RCF. Neither the then Minister nor the former Deputy Premier provided written reasons to Create NSW for giving funding to applications that were not recommended by the independent panel. Create NSW advised that it was not involved in these decisions and did not seek documentation of the reasons from the Minister or the former Deputy Premier. Create NSW initially planned to seek written reasons for any changes. It described this process in an internal policy document but subsequently decided not to follow the process.

There is no legal requirement in New South Wales for a Minister to follow agency recommendations or document reasons for variations. However, making changes to grant funding recommendations without providing documented reasons introduces the risk of unchecked political bias and undermines perceptions of the integrity of the program. This is particularly the case when Ministers are involved in funding decisions relating to their own electorate or their own party. It also reduced Create NSW's ability to demonstrate that the integrity of the process was maintained and that value for money was achieved.

Ministers in some other comparable jurisdictions have less involvement in funding decisions for cultural grant programs

In New Zealand, applications for cultural grant funding are assessed in regular rounds by an independent expert panel, similar to the arrangements used for the RCF. However, a senior public servant makes the final decision about which applications will receive funding, rather than a Minister. This removes the potential perception of political bias in decision making and increases transparency, because the reasons for decisions made by public servants must be documented and can be accessed through the Official Information Act request process.

The UK Government uses 'arms-length bodies' to administer most of its cultural grant funding. Ministers have a role in setting the objectives and criteria for the programs, but decisions about how funding is distributed are often delegated to the independent body.

There are also examples within NSW and in other Australian jurisdictions where different approaches to administering grant funding are used. The NSW Environment Trust uses a Board that includes the Minister. The Australian Government grants administration guidelines require Ministers to document certain aspects of their involvement in decision making for grant funding, including explaining reasons for diverging from department recommendations and noting any examples in which a Minister approved funding for an application in their own electorate.

3.3 Governance framework for the RCF

The administration of the Regional Cultural Fund complied with the requirements of relevant financial management and record keeping legislation

Create NSW created and followed policies and procedures that supported compliance with relevant financial management legislation. The RCF policy framework specified the roles and responsibilities for staff to ensure they complied with relevant financial legislation. These requirements were followed in the administration of the program and Create NSW commissioned several reviews to provide assurance that key processes were well designed and were being followed. The delegation required for the agency to spend the funding was provided by the Minister for Planning, who was the Minister responsible for the funding at the time.

Create NSW used an online grants management system for the application and assessment process. This system collected and stored relevant information on the administration of the grants program. The RCF policy framework specified the roles and responsibilities for assessment and approval of applications for funding and described the responsibilities of department staff to ensure all information relating to the program was documented.

The governance and probity framework for the administration of the RCF was based on relevant legislative requirements and good practice guidance

The design of the governance arrangements for the RCF aligned with good practice principles and incorporated key elements of the ethical framework for the government sector. The key elements of the governance framework for the RCF included:

- a policy framework for the program specified the roles and responsibilities of Ministers, department staff and assessment panel members
- probity plans outlined probity requirements for department staff and assessment panel members
- an external probity advisor provided advice on the design and implementation of the RCF assessment process.

Create NSW produced an RCF probity plan that included five principles for project administration, shown in Exhibit 12. These principles are consistent with the relevant departmental Code of Ethics and Conduct, which is based on and gives effect to the ethical framework for the public sector set out in the GSE Act. They are also aligned with guidance on probity from the Independent Commission Against Corruption and good practice guides to grants administration from the NSW Government and Commonwealth Government.

The external probity advisor's role included observing the assessment process for all rounds of the program. The advisor also reviewed program governance documents and materials provided to applicants.

Exhibit 12: Principles for the administration of the Regional Cultural Fund



Source: RCF Probity Plans, 2017 and 2018 (unpublished).

The objectives of the program were defined clearly

The purpose and objectives of the RCF were reasonably clear and specific and aligned with the strategic goals of the agency. The program guidelines stated that the RCF was established to support the development of cultural infrastructure in regional NSW. The objectives of the RCF related to improving cultural infrastructure and promoting increased access to creative and cultural activities. The guidelines were developed in consultation with the then Minister for the Arts, the former Deputy Premier and DPC and were approved by the Minister.

There were some differences in the way the program objectives were described in the program guidelines for the first and second rounds. For example, the program 'objectives' listed in the round one guidelines were described as 'aims' in the round two guidelines, and the round two guidelines included an additional four points described as 'objectives' that were not included in round one.

This could have been confusing for applicants or people assessing applications. However, the additional objectives in the round two guidelines were still consistent with the description of the program in the earlier guidelines.

The RCF guidelines and criteria were aligned with the program objectives except for the inclusion of an operational category in the round one guidelines

The RCF had program guidelines and assessment criteria that were consistent with the purpose and objectives of the program. The program guidelines described the purpose and objectives of the program and explained the categories of funding available. The guidelines also provided examples of the types of project that may be supported and listed types of project that would not be supported.

The first funding round for the RCF included a category for operational funding. This was not consistent with the purpose or objectives of the program, which focused on developing cultural infrastructure. This was acknowledged by Create NSW in a briefing seeking approval to remove this category from the second funding round, but the reasons for its original inclusion were not explained. Seven applicants received grant funding for operational projects.

Parts of the approach to program administration changed after the program had commenced

The main governance documents for the program, including the policy framework, probity plan and assessment guidelines, were produced after the program commenced. These documents were completed and approved before the formal assessment of applications began, but some details of the assessment process for the first funding round were being adjusted while the initial assessment process was underway. This increased the risk of late implementation of processes and inconsistency with key probity principles, particularly relating to perceptions of fairness and impartiality.

Several changes were made to the timing of the funding rounds and the amount allocated in each round. The initial plan announced in July 2017 stated that \$100 million would be distributed over four years. This subsequently changed so that around \$97.0 million of the funding was allocated in two rounds within two years.

Create NSW advised these changes were made to respond to higher than expected demand for funding in the first round and the high quality of applications received, which meant some applications that met the assessment criteria were not funded. Distributing the funding sooner than initially planned may have reduced the administrative burden on applicants that would have otherwise needed to reapply for funding. However, changing the timing of the allocation of funding also meant that almost all RCF funding was allocated by February 2019, which was one month before the 2019 NSW state election was held. Departmental documents indicate the then Minister's office requested advice on options to change the approach to distributing funding and approved the option of distributing most of the funding in two rounds.

Create NSW gave some applicants extra support to complete their applications

Create NSW gave extra support to a selected group of applicants from the first stage of round one that were judged to have strong proposals but had gaps in their applications. Create NSW's goal was to enable them to be competitive in future rounds. Department staff we interviewed further explained that these applicants may have lacked experience in writing applications for grant funding and the additional support was intended to address this.

Create NSW's decision to provide additional support to only some applicants raised probity risks for the program. Advice from the probity adviser for the program highlighted this, noting that it could affect the fairness of the process by giving some applicants an advantage over others. Six applications that had received additional support during the first funding round ultimately received funding. These received funding from the same source as applicants who did not receive additional support. Create NSW followed the advice provided by its probity adviser to manage these issues, but the problem could have been avoided had it not made the initial decision to provide additional support to selected applicants.

Funds were earmarked in the second funding round for library projects without a documented reason

The round two guidelines specified that \$5.0 million of the \$47.0 million available would be given to public libraries. Create NSW added this to the guidelines in response to a written request from the Minister's Chief of Staff. Libraries had previously been specified as an eligible type of project, but funding had not been set aside specifically for them. The reasons for earmarking funds for libraries were not explained in the guidelines or other Departmental documents.

Nine public library applications were approved with a total value over \$7.2 million. This included two applications that were not recommended for funding by the assessment panel because they failed to meet at least one of the assessment criteria.

Setting aside a portion of the total funding for specific types of projects has the potential to undermine the merit-based assessment process, so it is important for agencies to document the reasons for such decisions. The reasons for setting aside \$5.0 million for funding digitisation projects in the first funding round were documented in a Ministerial briefing note. This provided transparency about the reasons for allocating funding in this way.

Section two

Appendices

Appendix one – Response from agencies

Response from Department of Premier and Cabinet



Ref: A5276394

OFFICIAL: Sensitive - NSW Cabinet

Margaret Crawford
Auditor-General for New South Wales
Audit Office of New South Wales
GPO Box 12
SYDNEY NSW 2001

Dear Ms Crawford

Auditor-General's final report - Integrity of grant program administration

I refer to your letter of 22 December 2021 enclosing your final report for the performance audit on the integrity of grant program administration. Thank you for accepting and addressing our comments on the draft report. As invited by you, our formal response to the final report is set out below.

I understand that you have also provided your final report to the Secretary of the Department of Planning and Environment (DPE) and that DPE has addressed aspects of your report that relate to the Stronger Communities Fund, noting that the fund was administered by the former Office of Local Government (now the Local Government Group within DPE). The following response to your final report concerns your comments about the Regional Cultural Fund (RCF) only, which is administered by Create NSW, a branch of the Department of Premier and Cabinet (DPC).

Regional Cultural Fund

Your final report concludes that 'the assessment process that Create NSW used for the Regional Cultural Fund (RCF) was robust and produced transparent and defensible recommendations to the then Minister for the Arts.'

We note that, consistent with our feedback on the draft report, the final report reflects the following information about the RCF:

- The purpose of the RCF grant program is to support the development of cultural infrastructure in regional areas of New South Wales. Eligibility decisions were made having regard to the RCF guidelines, noting that the RCF program was available only to the regions. Your final report clarifies the percentage of seats held in regional areas by party.
- The \$100 million RCF, which is part of the \$2 billion NSW Government Regional Growth Fund, was, during the life of the program, under the remit of the former Deputy Premier and Minister for Regional NSW.
- For rounds one and two, the former Special Minister of State, Minister for the Public Service, Employee Relations, Aboriginal Affairs and the Arts (the **former Arts Minister**) provided the full list of projects appraised by the panel to the former Deputy Premier and Minister for Regional NSW for consideration consistent with the RCF guidelines.

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- Every project that has received funding through the RCF was assessed as eligible to receive funds under the program guidelines.
- In all rounds, an independent probity advisor found that the application and assessment process complied with principles in the Probity Plan. Create NSW implemented actions to address matters flagged for improvement. Create NSW has also clarified the assessment process in the RCF guidelines for the current Creative Capital funding rounds.
- The RCF is administered in accordance with strict probity principles including but not limited to C2010-16: *Good Practice Grants Administration*, the ICAC's guidance on Managing Conflicts of Interest in the Public Sector (2012); and relevant guidance from the Australian National Audit Office.
- Key dates for the RCF and the number of successful projects were also updated by you as a result of our feedback on the draft report.

Create NSW wishes to make the following further comments in respect of the RCF:

- The former Deputy Premier and Minister for Regional NSW consulted with local MPs to determine the key needs of local communities, and to confirm the merit of the eligible projects, consistent with the approach for other Regional Growth Fund programs. Final assessment panel advice was submitted for consideration of the former Arts Minister and the former Deputy Premier and Minister for Regional NSW. Final funding decisions were made by the former Arts Minister in concurrence with the former Deputy Premier and Minister for Regional NSW.
- 104 RCF projects have been completed. All have delivered significant cultural, social and economic benefits for their communities and NSW, particularly as regional NSW communities manage the combined impacts of drought, bushfires, floods, the mouse plague, and COVID-19. Evaluation of the outcomes of the program is underway now with preliminary data suggesting significant funds were leveraged from other government sectors and philanthropy because of the RCF spend.
- Create NSW has undertaken reform of the Arts and Cultural Funding Program – the key arts funding mechanism under the sole remit of the Minister for the Arts. These reforms simplify the application process, expand the eligibility criteria to a wider range of applicants, and provide greater transparency and consistency of decision-making through the introduction of ten Artform Advisory Boards. The Minister meets with the chairs of the Artform Boards to discuss their Board's funding advice and their strategic advice on issues facing their artform. These discussions are documented by the Create NSW Secretariat.
- The changes to the guidelines and the assessment process in the Arts and Cultural Funding Program and Creative Capital ensure that funding decisions by the Minister for the Arts and Create NSW are well documented, and the outcomes are transparent to applicants and the wider arts and cultural sector.
- Create NSW's learnings from the RCF have directly informed these reforms to the Arts and Cultural Funding Program. They have also informed the development of the guidelines and assessment processes currently in place for the Creative Capital program:
 - In the most recent rounds of cultural infrastructure funding, Create NSW has clarified the assessment process in the guidelines of these funding rounds.
 - The policy objective of having infrastructure projects with a First Nations focus has been specified as one of five Creative Capital Priority Activities in the guidelines.
 - Applicants are asked to demonstrate Community Support and Reach of Public Benefit as one of five assessment criteria, which can include a letter of support from the local Member of Parliament.

Recommendations

The final report recommends that DPC develop a model for grant administration that must be used for all grant programs administered in NSW and also makes specific recommendations in relation to that model.

As acknowledged in the final report, the Premier has commissioned a review of grants administration in NSW, led by DPC in partnership with the Productivity Commissioner, Mr Peter Achterstraat AM. I note that, as set out in the Terms of Reference for that review (**ToR**), one objective of the review is to produce an updated *Good Practice Guide to Grants Administration*. The ToR indicate that the review will have regard to, among other things, recommendations made by NSW parliamentary, integrity and oversight bodies.

Yours sincerely



Michael Coutts-Trotter
Secretary

7 February 2022

Response from Department of Planning and Environment



Department of Planning and Environment

Ms Margaret Crawford

Auditor-General for New South Wales
GPO Box 12
SYDNEY NSW 2001

Our ref: LEX21641

Your ref: D2127471

File: M/9269

Dear Ms Crawford

Subject: Performance Audit – Integrity of grant program administration

Thank you for your letter of 22 December 2021 providing your Performance Audit of 'Integrity of grant program administration' including the *Stronger Communities Fund* (round two tied grants round) administered by the Office of Local Government during the 2017-2018 and 2018-2019 financial years (**the Fund**).

The functions of the Office of Local Government are now administered by the Department of Planning and Environment (**the Department**) as a consequence of Administrative Arrangements Orders made on 1 July 2019 and 21 December 2021 (following the period the subject of the Audit).

The Public Accountability Committee of the Legislative Council has heard evidence and reported on the administration of the fund as part of its inquiry into the 'Integrity, efficacy and value for money of NSW Grant programs'.

The Department acknowledges, as found by your Audit, that the design of the grant guidelines for the Fund was not best practice and could have been improved in a number of respects – including by clearly identifying the decision-maker and setting out the process for the selection and assessment of projects against specified criteria.

The creation of the Planning, Industry and Environment cluster brought together a diverse range of entities with different approaches to grants management. In August 2021 the Department commenced a whole of cluster grants management review and design program.

The design development program is ongoing, however the initial outcome of our review has found that generally, the recommendations of the Performance Audit are already being implemented in relation to Departmental grant programs.

In designing the proposed grants management and governance framework the Department will consider the findings of your Performance Audit, as well as the outcomes of the whole of government review of grants by the Department of Premier and Cabinet in partnership with the Productivity Commissioner, due to report in April 2022. This will ensure that the new DPE Grants Management process is best practice.

The new DPE Grants Management process will be ready for implementation across the cluster by 1 July 2022. We would welcome the opportunity to discuss the proposed framework with you prior to its implementation.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Mick Cassel'.

Mick Cassel
Secretary

Appendix two – List of funded projects - Stronger Communities Fund round two

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
Armidale	1	Coalition	5,950,000	Water infrastructure upgrades, Guyra
Burwood	1	Non-coalition	2,600,000	Henley Park Upgrades Sportsfield lighting, drainage and turf improvements, futsal pitch, refurbish amenities.
Canada Bay	2	Coalition	2,300,000	Majors Bay Reserve, Concord Synthetic soccer pitch and all
		Coalition	70,000	Goddard Park, Concord Upgrade to the amenities block.
Central Coast	25	Coalition	1,800,000	Greenfield Road upgrade at Empire Bay
		Coalition	175,000	Avoca Beach Rugby Club change room upgrade
		Coalition	31,000	Erina Archery Club canteen
		Non-coalition	120,000	Regional Development Australia: Central Coast Annual Funding
		Non-coalition	234,450	Hylton Moore Park floodlighting for Central Coast Baseball
		Coalition	300,000	Avoca Kayak Club clubhouse/community facility
		Coalition	260,000	Macmasters Beach public toilets and change room reconstruction
		Non-coalition	425,000	Mingara Regional Athletics Track resurfacing
		Coalition	34,000	Copacabana Surf Life Saving Club minor facilities improvements and equipment
		Coalition	240,000	Terrigal Surf Life Saving Club public amenities upgrade
		Coalition	177,000	Wamberal Surf Club deck and storage area extension
		Coalition	65,000	Davistown Progress Association car park remediation for drainage
		Coalition	183,000	Chertseydale Community Cottage upgrade, Springfield

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
Cootamundra-Gundagai	25	Coalition	66,000	Ex-HMAS Adelaide mast installation
		Coalition	227,000	Terrigal Rugby clubhouse refurbishment and roof replacement
		Non-coalition	200,000	Gosford Musical Society acquisition of multipurpose building
		Coalition	10,000	Water fountain Duffys Oval, Terrigal
		Coalition	10,000	Water fountain Frost Reserve, Kincumber
		Coalition	9,570	Flooring improvements Terrigal 50 Plus Leisure and Learning Centre
		Coalition	125,000	Management of salvinia molesta at Springfield Pond
		Coalition	150,000	Playspace upgrade Empire Bay
		Coalition	203,500	Public toilet upgrade Forresters Beach
		Coalition	150,000	Archibold Park upgrade Forresters Beach
		Coalition	250,000	Clubhouse upgrade Duffys Oval Terrigal
		Coalition	55,000	Kincumber Neighbourhood Centre equipment, facilities improvements
		Coalition	1,914,282	Cootamundra-Gundagai Regional Council additional administration costs (NCIF) ¹
		Coalition	1,355,000	Cootamundra Country Club Upgrades to precinct including dam, machinery shed, course, upgrade to building façade
		Coalition	510,000	Gundagai Preschool Capital works projects to build additional rooms, providing more spaces
		Coalition	60,000	Ellwood Hall (Tockinbingal) General repairs and installation of heating and cooling
		Coalition	200,000	Coolac Hall & Oval Project includes relining hall, new kitchen, installation of cricket nets, picket fence, irrigation, and seating
		Coalition	130,000	Adjungbilly Hall Upgrade tennis courts into multipurpose facility, install community BBQ
		Coalition	22,449	Battle of the Bidgee Installation of permanent storage sheds to support to event

¹ New Council Implementation Fund.

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
		Coalition	150,000	Cootamundra Rugby Union Club New dressing room facilities
		Coalition	3,142	Cootamundra Arts Centre Disabled access ramp
		Coalition	53,227	Cootamundra Nursing Home Installation of solar panels to help reduce costs
		Coalition	60,000	Gundagai South Public School Sensory garden
		Coalition	75,100	Gundagai Public School Installation of soft fall for playground
		Coalition	10,000	Gundagai Junior Rugby League New PA system
		Coalition	30,000	Town & Country Inc Disabled toilet
		Coalition	50,000	Gundagai Tourism Action Group (s355 Committee) Gundagai Main Street history walk
		Coalition	25,000	Gundagai RSL Landscaping Anzac Grove, Gundagai
		Coalition	130,000	Yarri Park Youth precinct/Lions Park Basketball courts and new amenities
		Coalition	52,000	Cootamundra Harness Racing Upgrades and maintenance to track
		Coalition	100,000	Cootamundra Mens Shed Relocation of Mens Shed to Depot 2 on Hovell Street
		Coalition	450,000	Cootamundra Netball Courts 4 new netball courts to replace non-complying courts
		Coalition	200,000	Mill Centre Interactive tourist attraction
		Coalition	40,000	Gundagai sports field River water pump
		Coalition	150,000	Gundagai sports ground Lighting
		Coalition	30,000	Tumblong Hall Community facilities, multipurpose courts and BBQ area
		Coalition	149,800	Youth initiative
		Coalition	7,100,000	Dubbo Regional Council Victoria Park Redevelopment (Stage 1)
Dubbo	10	Coalition	750,000	NSW VRA Depot Dubbo
		Coalition	1,550,000	NSW SES Depot Dubbo
		Coalition	4,500,000	Wellington Swimming Pool Redevelopment
		Coalition	565,000	Rygate Park Stage 2 Redevelopment Lighting, fencing, and amenities block
		Coalition	250,000	Wellington Justice Museum

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
Edward River	8	Coalition	245,000	Geurie Multicourt and Recreation Complex
		Coalition	1,500,000	Wiradjuri Tourism Experience
		Coalition	1,300,000	Wellington Caves Tourism Complex
		Coalition	10,000,000	Dubbo Traffic Management Plan Key Infrastructure Fitzroy Street Lights
		Coalition	600,000	New office complex and museum on the Deniliquin Festival site
		Coalition	1,600,000	Internal merger costs (NCIF) ²
		Coalition	1,200,000	Deniliquin streetscape CBD upgrade Cressy Street
		Coalition	700,000	Edward River riverfront revitalisation
		Coalition	640,000	Waring Gardens upgrade
		Coalition	250,000	Lagoon walking track Road treatments and wayfinding signage
Federation	7	Coalition	200,000	Peppin Heritage and Visitor Centre upgrade
		Coalition	400,000	Development of a truck stop
		Coalition	181,000	Additional funding to support merger costs (NCIF) ²
		Coalition	3,483,746	Corowa swimming pool
		Coalition	434,469	Urana Aquatic Centre leisure centre building
		Coalition	100,000	Corowa Civic Bowls Club air conditioning
		Coalition	300,000	Wemyss Road Mulwala upgrade and seal
		Coalition	1,000,000	Howlong multipurpose hall and gymnasium
		Coalition	90,785	Lonsdale Reserve Bay 13 facilities upgrade
		Coalition	1,000,000	Gannons Park stage 3 Irrigation, resurfacing of 8 fields, holding tanks, treatment plant, and drainage works
Georges River	5	Coalition	800,000	Gannons Park Sports amenities building
		Non-coalition	2,200,000	Hurstville Oval Expansion of Booth Saunders Pavilion building
		Coalition	3,000,000	Poulton Park New synthetic surface and sports amenities building

² New Council Implementation Fund.

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
Hilltops	24	Coalition	2,500,000	Hurstville Golf Course New clubhouse, reconstruction of six greens and new pathways
		Coalition	2,600,000	Additional funding to support amalgamation costs (NCIF) ³
		Coalition	894,328	Hilltops Council Village Hall improvements (Jugiong, Monteagle, Bendick Murrell, and Wombat)
		Coalition	140,000	Harden Murrumburrah Historical Society Mackay Lighthouse Memorial
		Coalition	80,000	Young PCYC Young Sports Stadium upgrades
		Coalition	364,316	Bronze Bill the Bastard Complete bronzing
		Coalition	230,464	Young LALC Cultural Centre
		Coalition	269,148	Murrumburrah Showground Trust Showground electrical upgrade
		Coalition	54,722	Harden Pony Club Murrumburrah Showground improvements
		Coalition	140,815	Wombat Progress Association Wombat Oval improvements
		Coalition	432,000	Harden Country Club Golf Course irrigation
		Coalition	104,802	Tubbul Campdraft Bribbaree Showground electrical upgrade
		Coalition	18,000	Koorawatha Fire Brigade Shelter for second firetruck
		Coalition	13,356	Zac's Place Upgrade to entry doors
		Coalition	13,029	Young PCYC Renovations to entry foyer
		Coalition	30,954	Young Childcare Centre (Gumnut Grove) Upgrade to 30 year old storage
		Coalition	9,955	Young Darts Association New equipment
		Coalition	6,300	Bribbaree Hall Replace ceiling
		Coalition	20,000	Bunyip Preschool Installation of children's cycleway path
		Coalition	30,000	HardenMurrumburrah Junior Rugby League
		Coalition	50,000	Young Preschool, Young Mobile Play Activities Purchase of new vehicle for mobile playgroup

³ New Council Implementation Fund

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
Hornsby	2	Coalition	250,000	Young Community Arts Centre Trust Installation of solar panels and capital works improvements to the Lambing Flat Museum precinct
		Coalition	5,000	Young Sports Advisory Council (355 committee) Purchase of sports equipment
		Coalition	5,000	Murringo Public School Purchase of sports equipment
		Coalition	187,811	Youth initiative
		Coalition	50,000,000	Hornsby Quarry
Hunters Hill	1	Coalition	40,000,000	Westleigh Recreational Area
		Coalition	1,000,000	Upgrade of Boronia Park grandstand and sporting fields
Lane Cove	5	Coalition	150,000	Replanting of Epping Road azaleas
		Coalition	450,000	Tantallon Oval grandstand rebuild
		Coalition	107,000	Greendale Scout Hall new floor and walls
Mid-Coast	10	Coalition	180,000	Longueville Sporting Club New roof
		Coalition	50,000	Blackman offleash dog area
		Coalition	750,000	Avalon Road, Krumbach Reconstruction, Wallanbah Road to Krumbach between Germany Road and The Bucketts Way
		Coalition	1,500,000	Old Bar Road, Old Bar Warwiba Road to Berady Lane
		Coalition	750,000	The Lakes Way (South), Charlotte Bay reconstruction, 150m north of Boomerang Drive to start of shops
		Coalition	500,000	The Lakes Way (South), Bungwahl End of new work to 700m west
		Coalition	2,000,000	Stroud Hill Road, Stroud Road Bucketts Way west for 2.2km
		Coalition	2,000,000	Gloucester Road, Wingham Nowendoc Road to river
		Coalition	1,500,000	Thunderbolts Way, Gloucester Various sections
		Coalition	1,900,000	Bucketts Way Various section between Purfleet and Gloucester
		Coalition	1,000,000	The Lakes Way (North) Various sections between Blackhead Road and Rainbow Flat

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
Murray River	7	Coalition	600,000	Upper Myall Road, Markwell between Stroud Street to former Gloucester Boundary
		Coalition	1,500,000	Additional funding towards amalgamation costs including information and communication technology, communications, staff and cultural projects (NCIF) ⁴
		Coalition	1,195,000	Natural gas, water and sewer to expand the Moama Business Park
		Coalition	500,000	Upgrade reticulation water pressure at the Moama Business Park
		Coalition	250,000	Upgrade the carpark at the former Moama Sports Club
		Coalition	250,000	Upgrade to enable heavier mass limits standards at the Barham Bridge Road Access
		Coalition	200,000	Road sealing and drainage works at Moama Recreation Reserve
Murrumbidgee	11	Coalition	200,000	Upgrade the irrigation system at Tooleybuc Recreation Reserve to allow separation from Tooleybuc Sports Club
		Coalition	425,000	Provision of 50 per cent funding for telephone tower at Bundure (NCIF) ⁵
		Coalition	350,000	Integration and updating of LEP and Development Control Plans (NCIF) ⁵
		Coalition	150,000	Provision of Integrated Risk Management Systems (NCIF) ⁵
		Coalition	300,000	Provision of project readiness Design briefs and estimates (NCIF) ⁶
		Coalition	1,500,000	Development of Young Street subdivision at Darlington Point
		Coalition	300,000	Waddi Community Centre Stage 1 & 2 Education Arts & Cultural Centre (Darlington Point)
		Coalition	200,000	Darlington Point Caravan Park Plan of Management
		Coalition	300,000	Long Day Care Centre Compliance requirement (Jerilderie)
		Coalition	1,000,000	Brolga Place Streetscape/Masterplan upgrade works (Coleambally)
		Coalition	500,000	Sports Precinct upgrade works
		Coalition	565,000	Community Hall upgrade works

⁴ New Council Implementation Fund.

⁵ New Council Implementation Fund.

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
Northern Beaches	11	Coalition	8,000,000	Church Point Community Park (Pasadena Building)
		Coalition	5,000,000	Wakehurst Parkway flood mitigation
		Coalition	2,500,000	Mona Vale Public School Regional Performing Arts Centre
		Coalition	1,400,000	Mona Vale Surf Club refurbishment
		Coalition	500,000	Long Reef Surf Club refurbishment
		Coalition	1,000,000	Currawong Beach heritage refurbishment
		Coalition	1,000,000	North Pittwater foreshore improvements
		Coalition	300,000	Scotland Island wastewater feasibility study
		Coalition	300,000	Northern Pittwater permanent netball courts
		Coalition	100,000	Newport Surf Club refurbishment (planning)
		Coalition	1,000,000	Barrenjoey High School performance space
Parramatta	1	Coalition	16,000,000	Development of a community hub in Epping and improvements to Dence Park, Epping
Queanbeyan-Palerang	28	Coalition	3,500,000	Additional funding for transition costs (NCIF) ⁶
		Coalition	450,000	Queanbeyan Golf Club Upgrades
		Coalition	50,000	Oktoberfest 2018–19
		Coalition	7,000	Octoberfest 2017
		Coalition	5,000	Braidwood Writers' Festival
		Coalition	10,000	Bungendore CWA Electrical upgrade
		Coalition	100,000	Googong Community Club Planning
		Coalition	50,000	Bungendore P&C Smart Board project
		Coalition	50,000	Majors Creek Recreational Ground upgrades
		Coalition	400,000	Queanbeyan Whites Change Room upgrades
		Coalition	100,000	Treehouse Special Needs Group
		Coalition	352,000	Captains Flat RFS New Shed Additional contribution
		Coalition	200,000	Bungendore Showground Arena upgrade
		Coalition	10,000	1 st Tinderry Scout Group

⁶ New Council Implementation Fund.

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
		Coalition	50,000	Braidwood Radio Tower
		Coalition	45,280	Meals on Wheels
		Coalition	20,000	Wamboin Community Hall
		Coalition	20,000	Royalla Common
		Coalition	10,000	Bungendore Tigers
		Coalition	9,000	Queanbeyan Kilt
		Coalition	20,000	Queanbeyan Rodeo
		Coalition	30,000	SES Queanbeyan Roller Doors
		Coalition	1,500	Queanbeyan Gift – Athletics Race
		Coalition	10,000	Queanbeyan East P&C to support the school projects associated with \$9 million upgrades
		Coalition	40,000	YMCA Bungendore towards fit out for the new premises
		Coalition	11,780	HOME in Queanbeyan Support provision of temporary accommodation for the mentally ill and/or people at risk of homelessness
		Coalition	35,000	Ricky Stuart Foundation for a feasibility study for a new centre in Queanbeyan
		Coalition	3,000	Braidwood Mens Shed to purchase materials
Randwick	1	Coalition	2,580,000	Coogee Surf Life Saving Club upgrade
Ryde	6	Coalition	700,000	Meadowbank Ovals 2 & 3 Facility building
		Coalition	200,000	ANZAC Park West Ryde for major upgrades and softfall installation
		Coalition	500,000	Meadowbank Park district playground
		Coalition	400,000	Ryde Outdoor Youth Space Skate Park
		Coalition	500,000	Morrison Bay Park New basketball court and running track
Snowy Monaro	20	Coalition	50,000	Santa Rosa Park Ryde for BBQ installations and amenity upgrades
		Coalition	3,500,000	Snowy Monaro additional funding for transition costs (NCIF) ⁷
		Coalition	100,000	Cooma North Public School playground
		Coalition	2,000	Cooma rotary Club BBQ
		Coalition	500,000	Cooma multifunction centre upgrade
		Coalition	120,000	Monaro family support service

⁷ New Council Implementation Fund.

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
Snowy Valleys	32	Coalition	10,000	Berridale School tennis courts
		Coalition	150,000	Cooma Men's Shed new building
		Coalition	250,000	Bombala Business Chamber
		Coalition	35,000	Cooma Pony Club
		Coalition	60,000	Snowy Mountains neighbourhood centre
		Coalition	25,000	Monaro Air Rifle Club driveway sealing
		Coalition	100,000	Jindabyne playground
		Coalition	23,000	Adaminaby Public School playground
		Coalition	11,200	Delegate Progress Association
		Coalition	361,093	Cooma Truck Wash
		Coalition	3,500	St Patrick's Parish School flag poles
		Coalition	30,000	Dalgety Show Society's showground upgrades
		Coalition	200,000	New community facility Mulach Street Cooma Shared community use, particularly for the Cooma Multicultural Centre, Cooma University of the 3rd Age and the Monaro Arts Group
		Coalition	95,000	Snowy Alpine Heritage Association's Jindabyne Heritage Centre Plan
		Coalition	14,000	Monaro FM Community Radio 2MNO Radio's new roof
		Mixed	850,000	Integrated systems and work processes (NCIF) ⁸
		Mixed	100,000	Preparation of new local environmental plan (NCIF) ⁸
		Mixed	100,000	Preparation of development control plan (NCIF) ⁹
		Mixed	120,000	Culture program and capability development (NCIF) ⁸
		Mixed	450,000	Service level review and improvement program (NCIF) ⁸
		Mixed	200,000	Unification and placemaking (NCIF) ⁹
		Mixed	400,000	Strategic business plans Water, sewer, domestic waste, private works (NCIF) ⁸
		Mixed	100,000	Rate harmonisation (including public participation) (NCIF) ⁸
		Mixed	500,000	Client business environment standardisation (NCIF) ⁸

⁸ New Council Implementation Fund.

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
Waverley	7	Non-coalition	40,000	Town WiFi upgrades Brungle, Tumut, Batlow, Talbingo
		Non-coalition	500,000	Tumut pump track & cycling initiatives
		Non-coalition	200,000	Batlow Cannery Site Planning/business case development
		Non-coalition	50,000	Playground equipment upgrades Batlow, Talbingo
		Non-coalition	490,000	Rural ratepayer projects/initiatives
		Non-coalition	20,000	Batlow Tourism projects/planning
		Non-coalition	10,000	Jack Ryan memorial and centenary of WW1 project
		Coalition	25,000	Town WiFi upgrades Khancoban, Tumbarumba
		Coalition	20,000	Tumba Tourism App
		Coalition	40,000	Historical walking tracks
		Coalition	800,000	Rail Trail additional funds
		Coalition	350,000	Tumbarumba links with Mountain Bike Trail
		Mixed	50,000	Repositioning of Snowy Valleys Way Planning & implementation
		Coalition	80,000	Carcoola New kitchen and dining room
		Mixed	100,000	Implementation of new SVC destination brand & marketing strategy
		Coalition	40,000	Khancoban pool shade sails
		Coalition	30,000	Jingellic pedestrian bridge over horse creek
		Coalition	30,000	Tooma amenity/appearance
		Non-coalition	10,000	Town WiFi upgrades Adelong
		Non-coalition	25,000	Adelong Tourism projects/planning
		Non-coalition	100,000	Adelong Main Street facade improvements
		Non-coalition	20,000	Adelong walking tracks Signage
		Non-coalition	100,000	Playground equipment upgrades Adelong
		Coalition	500,000	North Bondi Surf Life Saving Club upgrade
		Coalition	345,000	Bronte Surf Life Saving Club upgrade
		Coalition	100,000	Clarke Reserve Vacluse Upgrade to playground and fencing
		Coalition	400,000	Upgrade of the Marlborough Reserve playground, Bronte

Eligible council	Total number of projects funded	Political representation at project location	Total project amount (\$)	Project description
		Coalition	280,000	Upgrade of the Varna Park playground, Waverley
		Coalition	75,000	Upgrade of cricket facilities at Waverley Park, Waverley
		Coalition	300,000	Bondi Beach playground Design work for upgrade
Totals:	Coalition: 221 (89%)		Coalition: \$241,727,423 (96%)	
	Non-coalition: 18 (7%)		Non-coalition: \$7,344,450 (3%)	
	Mixed: 11 (4%)		Mixed: \$2,970,000 (1%)	

Appendix three – List of funded projects - Regional Cultural Fund

Round One

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Albury City Council	1,300,000	Liberal Party	Albury City Council will extend the Pumphouse Makerspace with an additional 54.5m ² for a reception, office space, toilet facilities and a small courtyard. They will purchase tools and equipment to fit out the space. 'A Month in the Country' farmhouse will receive comprehensive work including new roofing, electrical and plumbing works. The interior will be upgraded with work occurring in the kitchen, bathroom, flooring and climate control. The House will also receive a climate control upgrade and an electrical upgrade to three-phase power.
Armidale and Region Aboriginal Cultural Centre and Keeping Place Inc	846,000	National Party	This funding will enable the Armidale and Region Aboriginal Cultural Centre and Keeping Place (ACCKP) to complete its gallery works, car park, footpath and landscaping and will allow them to install solar panels on the building. Being the only fully operating Aboriginal cultural centre and keeping place in the New England North West region, the ACCKP has become a significant venue for the community and the surrounding regions.
Arts Council of Gulgong Inc.	14,441	National Party	This project involves creating 40 exhibition display panels which will be used by Gulgong Arts Council for annual exhibitions, members exhibitions, individual exhibitions and members workshops. The sturdy, lightweight panels can be used in multiple configurations to utilise maximum display and floor space areas.
Ballina Shire Council	158,480	The Greens	The heritage-listed former Ballina Fire Station is to be re-born as 'Ignite Studios', a multi-disciplinary arts facility offering accessible creative studio spaces, dedicated workshop/project spaces and a visiting artist-in-residence space. This grant will also fund sustainable lighting upgrades for the Northern Rivers Community Gallery and the temporary engagement of a consultant to champion strategic development and partnership opportunities for the gallery.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Bathurst Regional Council	79,254	National Party	The City Hall of the Bathurst Memorial Entertainment Centre (BMEC) will receive many upgrades, including the installation of a rectangular grid truss, signal and power reticulation, replacement of scenery battens used for scenery and lighting, a wireless communication system for the Hall and Theatre and the replacement of the theatre sound console. These upgrades will ensure the City Hall and BMEC are able to accommodate the requirements of a diverse range of performances and stage designs to support future productions.
Batlow Development League	44,393	Liberal Party	The Batlow Literary Institute is an iconic building with great historic and cultural value to the local community and this funding will allow the facility to 'ring out' again with new stage lighting, sound equipment and retractable exhibition walls. The venue with its vaulted ceiling, picture theatre balcony and seating, deep stage and commercial kitchen, will be upgraded to stage arts, cultural and recreational events for all the community.
Berrima District Historical and Family History Society Inc.	113,324	Liberal Party	The Berrima District Museum will initiate the first stage of its Masterplan beginning with the fit-out of two new exhibition spaces and the introduction of new digital content. It will also include three large new showcases containing a significant proportion of the Museum's collection which will be installed for visitors to experience and discover.
Binnaway Rail Heritage and Preservation Group Inc.	80,212	National Party	Binnaway Rail Heritage Group Inc. will commemorate the Centenary of Rail by erecting an open-air museum with interpretation panels to display historical objects including rolling stock and tools.
Bourke Arts Council	60,000	National Party	Bourke Art Council (BAC) will refurbish a disused building into a pottery centre. Works will include the fit-out of the building, installation of reverse cycle air-conditioning and installation of a solar panels, along with the purchase of equipment including kilns, a slab roller, pottery wheels and associated tools.
Bundanon Trust	8,592,299	Liberal Party	When the Riversdale Masterplan is realised it will provide a permanent home for Arthur Boyd's generous gift to the Australian people of the nationally significant Boyd art collection. The expanded Riversdale will be open to the public five days a week, offering expanded public programs and providing new accommodation for artist groups, residential education and related event purposes. It will also enable the Bundanon Trust to grow its valuable community engagement work connecting disadvantaged people with the arts, with a focus on Aboriginal and at-risk youth.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Bunker Cartoon Gallery Inc.	37,368	National Party	The Bunker Cartoon Gallery is home to a valuable collection of more than 23,000 original cartoons dating back to the middle of last Century. These works have a unique place in recording a comedic view of Australian history, and it is viewed as essential that this collection is adequately housed, displayed and the artform protected. To achieve this, the Gallery will receive a specialised compactus storage unit which can store and protect 30,000 original cartoon artworks, new sound and projection equipment including a projector, laptop computer, internal speakers, screen, TV and microphones and an upgrade of existing touch screen installation, computer and POS system. Low energy lighting will also be installed to ensure all works in the gallery are well lit to further enhance the visitor experience.
Byron Writers Festival	80,100	The Greens	'Writers on the Road' brings leading Australian authors to regional towns in northern NSW, extending the activities of the Byron Writers Festival and its school program StoryBoard. The authors run free creative writing workshops in schools and literary events in communities. 'Writers on the Road' extends the reach and use of the StoryBoard bus, a mobile piece of artistic infrastructure containing a library, miniature writing room and creative resources. It celebrates and extends the power of books, stories and writing to create connection and a sense of community.
Clarence Valley Council	7,621,480	National Party	The rejuvenated and expanded Grafton Regional Gallery will deliver a regional arts and creative destination for the Clarence Valley. The project will provide a new, national standard, main gallery and storage for the collection above flood level. Repurposed workshop and exhibition facilities will improve and expand events and artist engagement and increase visitor accessibility. Energy-efficient cooling and heating will improve the sustainability of the gallery and enhance the visitor experience.
Cobar Shire Council	295,603	National Party	Weatherproofing the Great Cobar Heritage Centre will preserve the building and its wonderful collection of exhibits and artefacts. The building needs a chemical damp course to stop rising damp and salinity and a new roof, windows and doors to stop water and dust entering and to reduce pest incursions. The weatherproofed centre will allow better use of the existing space including increased exhibition space, improved safety and a more comfortable experience for visitors.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Coffs Harbour Creative Arts Group Inc.	31,236	National Party	In 2016 Coffs Harbour Creative Arts Group Inc. (CHCAG) embarked on a four-staged project to improve the gallery facilities. This funding will support the completion of stage three, which includes installing insulation and ceilings in the main workroom and the Gallery, installing air conditioning and new glass doors, refitting lighting and fans as well as repainting the internal space.
Creative Mullumbimby Inc.	25,928	The Greens	Funding will enable the creation of 'The Ark' – a solar powered shipping container equipped and fitted-out as an off-grid workshop, shelter, stage, and store. This project will help promote and support public art installation, performance, circus, community events and festivals in Mullumbimby and surrounding regions. The Ark will include a 1KW off-grid solar power system, benches, storage facilities, mobile stage units and a lighting rig that will support remote performances, art installations, small scale fabrications and administration of community events. The facility will be developed and tested in the context of small community art projects in 2018 before being available for loan or hire from early 2019.
Dubbo Regional Council and Old Dubbo Gaol	600,000	National Party	The redevelopment of the Old Dubbo Gaol exhibition will create opportunities to increase cultural tourism to this state heritage listed site and the Dubbo region. The upgrade will further strengthen the visitor experience to meet the current and future needs of a wide demographic including cultural tourism, educational tourism, entertainment, those visiting friends and relatives and general destination tourists.
Flying Fruit Fly (Circus) Foundation	43,497	Liberal Party	The expansion of facilities at Australia's youth circus headquarters in Albury will introduce major new circus apparatus to the open access programs of the celebrated Flying Fruit Fly Circus. This will significantly increase capacity and enhance community participation. Sustainability of the building will also be improved with new solar panels expected to significantly reduce power costs.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Goulburn Mulwaree Council	4,500,000	Liberal Party	Goulburn's historic Old Town Hall will soon be redeveloped into a state-of-the-art performing arts centre for the region. A contemporary extension to the original 1887 building will create a 440-seat auditorium with tiered seating on two levels, and full front and back-of-house services including a café and bar. The theatre will have the highest technical specifications to facilitate use for theatrical, music, dance and spoken word performances. The foyer will be able to be converted to a small performance space for an audience of 100 or be used for larger conferences and events. Currently Goulburn does not have a professional standard performing arts venue, so this project will transform the cultural life of the region.
Goulburn Regional Conservatorium	1,300,000	Liberal Party	The development of a creative precinct and renewed facilities will provide a central creative space for Goulburn's local community to collaborate and stimulate imaginations. The precinct will offer spaces for rehearsal, performance, professional development, community collaboration and creative exploration. Located in central Goulburn and part of the Goulburn Regional Conservatorium facilities, this creative and innovative precinct will provide a wide range of opportunities for regional cultural enrichment and increase access and participation in the arts.
Great Lakes Art Society	49,513	National Party	This funding will allow the Great Lakes Art Society to renovate the interior storage, kitchen and office area of their Gallery. The funding will also enable the society to create additional exhibition space, install a contemporary lighting system and construct a reception desk. The facility provides significant recreational, educational and social benefits to the people of the greater Forster/Tuncurry region, especially those with mental and physical health issues.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Griffith City Council	663,175	National Party	Griffith Regional Theatre will receive a major upgrade and revitalisation of its current facilities. Upgrades will include; new public toilets that meet accessibility standards and include a parents' room, the expansion and enhancement of the foyer area with outdoor spaces to increase flexibility and the renovation of dressing rooms (including bathroom facilities). Air-conditioning will also be installed in the Burley Griffin Room – the cabaret and meeting space, as well as a new lighting desk to support current multi-channel lighting systems for local and touring productions. New acoustic panelling in the auditorium will be installed to help reduce feedback and improve sound quality particularly for hearing impaired patrons.
Gulgong Holtermann Museum	198,240	National Party	The Gulgong Holtermann Museum is being upgraded so that it can showcase the UNESCO-listed Holtermann Collection of photographs as well as provide community exhibition and workspaces. The next stage of the project is the design, creation and setting up of the interpretative and interactive exhibition together with the fit-out of the new facility into restored gold rush buildings and newly constructed galleries. The State Library of NSW has been providing key advice and support for the exhibition which will allow visitors to interact with this outstanding collection of photographs.
Guyra and District Historical Society Inc.	60,000	National Party	The Guyra Historical Museum will undergo a major refurbishment and renovation, which includes painting the whole building, electrical and plumbing repairs, replacement of doors and flooring where necessary, and the temporary removal of all museum display objects whilst these works take place. The project also includes a new research space and upgrade of data research tools.
Hilltops Council	3,000,000	National Party	The centrepiece of a new Cultural, Community and Education Precinct in Young will enhance cultural opportunities for the whole community through access to state-of-the-art facilities not currently available in the region. Hilltops Council, in partnership with School Infrastructure NSW, is planning a purpose-built joint-use facility with Young High School to provide a joint-use library service and a range of other services that currently don't exist in the Hilltops community. These include an arts workshop and exhibition space, support for tertiary education, a proactive youth focussed wellbeing hub and a Wiradjuri learning and cultural centre.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Inverell Shire Council	26,440	National Party	The upgrade of the Inverell Town Hall annex will re-energise the arts landscape in Inverell by boosting the capacity of the 1905 venue to host a wider variety of events. Following the upgrade, the annex will host arts, cultural and heritage events including drama workshops, a pop-up theatre, short films, acoustic live music performance, contemporary dance, week-long artist-in-residence programs and visual art exhibitions.
Junee Shire Council	48,800	National Party	The Junee Athenium Theatre will benefit from the installation of commercial sound and lighting to complement the variety of events that occur at the venue. The project is a high priority for the Junee Shire Council and the Friends of the Athenium Theatre who have played a major role in the planning and refurbishment of the theatre over many years.
Kyogle and District Historical Society Inc	130,000	National Party	The Kyogle and District Historical Society Inc. cares for a significant collection of antiques and historical memorabilia including over 6,000 photographs. The Society will fit out a new facility that will create a historical hub for the community, school tours and visitors. The vision is for a welcoming, vibrant place which inspires, informs and delights visitors with engaging exhibitions, stories and educational programs and activities.
Lake Macquarie City Council	735,789	Independent	Stage three of Lake Macquarie City Art Gallery's development will include an extended collection storage and exhibition space (including a dedicated space for contemporary Aboriginal arts practice), a covered outdoor programming space, a reconfigured entrance, a new efficient air-conditioning and additional photovoltaic panels. This project has become crucial due to rapidly growing audiences, higher demands for public/exhibition space, a rapidly developing collection (including from a bequest), the development and promotion of Aboriginal arts practice, and environmental imperatives to reduce carbon footprints.
Lake Macquarie City Council	1,346,661	Independent	The Speers Point Multi Arts Space will be a new multi-arts facility for the presentation of screen and digital art, performance and music, installations, workshops and offer a central hub for outdoor creative activity within Speers Point Park. The vision is for a contemporary, architect-designed space that will fulfil the expanded role the Council wants to play over the coming decade in nurturing creative development and provide access to quality arts and cultural experiences for residents and visitors.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Lithgow City Council	775,664	National Party	Lithgow's Union Theatre will be transformed to support increased participation in a thriving arts and cultural sector in the local community and region. The project involves enhancing the back-of-house facilities, upgrading audio and lighting equipment, new lifts, staging, curtains and dress room facilities.
Lockhart Shire Council	72,920	Liberal Party	The Greens Gunyah Museum in Lockhart will expand into an adjacent building and redesign its display of nationally significant machinery. There will be safe, accessible spaces for all visitors and additional space for machinery and rural-related exhibitions. The project is a partnership between Lockhart Shire Council and the Greens Gunyah Museum (Lockhart and District Historical Society).
Mid Coast Council	20,959	National Party	This funding will allow Mid Coast Council to commission architectural plans, construction drawings and theatre consultant plans for a versatile flat-floor performance and rehearsal space at the Manning Entertainment Centre in Taree.
Mid Coast Council	58,393	National Party	The Manning Entertainment Centre will install new sound equipment, including speakers and amplifiers which will meet the specific needs of the Entertainment Centre. The Manning Entertainment Centre ('MEC') is in Taree and is the only performing arts centre in the region. The MEC hosts 95 performances each year with annual audiences of 27,000 people. This sound upgrade will mean that the MEC is better equipped to host performances by major touring acts as well as by local performers, amateur theatre groups and schools.
Mid Coast Council	1,550,000	National Party	This project will enable Mid Coast Council to construct and fit-out a versatile flat-floor performance and rehearsal space at the Manning Entertainment Centre in Taree. The new space will provide affordable rehearsal space as well as an intimate and versatile performance space for local performers. It will also allow for professional touring products such as cabaret, comedy, film screenings, chamber and contemporary music that local audiences are not currently able to experience due to the current limitations of the venue.
Mid Coast Council	80,000	National Party	This project will help fund the revitalisation of the Manning Regional Art Gallery to better serve, connect and engage with the communities of the Mid Coast region, by improving access and facilities, creating an Artist-in-residence studio space as well as new exhibition space to support both emerging and local artists.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Moree Plains Shire Council	1,052,182	National Party	The Moree Civic Precinct – incorporating the Memorial Hall, Banquet Hall and Moree Plains Library – is an iconic 1923 building set in the heart of Moree's main street. It has long been the home of the dramatic arts for the region. However, it needs redevelopment to satisfy the current and future requirements of theatrical and dance groups, visiting stage shows, schools and community groups. The redevelopment will improve heating and cooling, access, amenities, acoustics, and fire safety. It will also provide access for people with a disability and a safe and modern stage.
Murrah Hall Preservation Association Inc.	70,000	Liberal Party	The Murrah Metamorphosis aims to increase the accessibility, viability and cultural reach of the historic Murrah Hall by equipping it with a portable in-house public address system and digital lighting for live music and theatre. The Murrah Metamorphosis has the support of the local community, Bega Valley Shire Council, South East Arts, and visiting and local artists.
Muswellbrook Shire Council	28,000	National Party	Anchored by the Muswellbrook Art Prize and presented by Muswellbrook Regional Art Centre, Culture Harvest is an Autumn Celebration with a three-day program of visual art, contemporary dance, music and performance. This project aims to broaden the awareness of the Art Prize, engage new audiences for the Muswellbrook Regional Art Centre and promote the cultural vibrancy of the Upper Hunter. The Festival is a partnership between Muswellbrook Regional Art Centre, Muswellbrook Council, Arts Upper Hunter, the Upper Hunter Conservatorium of Music and Catapult Dance.
Muswellbrook Shire Council	135,300	National Party	Muswellbrook Regional Art Centre, the premier gallery for the Upper Hunter region, will install an updated climate control system to protect the significant Max Watters Collection and other artworks and meet the standards required to host travelling exhibitions and ensure the comfort of staff and visitors. The centre's upgrade also includes energy-efficient LED lighting for the gallery space and a modern sound system for multi-media installations and public events.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
NAISDA Dance College	117,164	Labor Party	NAISDA plans to develop its current NSW Central Coast campus into a flagship, international precinct for Indigenous creative learning to be called Naya Wa Yugali which means 'we dance' in Darkinjung language. The new precinct will be a 'ngura', a gathering place where Indigenous artists from across the world can meet and exchange ideas, knowledge and skills. It will be a learning hub, offering a unique understanding of the development of Australian and international contemporary Indigenous dance for Australian students and arts practitioners, and will include a state-of-the-art auditorium which can also host visiting performance companies.
Nambucca Community and Arts Centre Committee of Management	40,534	National Party	The Nambucca Community and Arts building, originally a School of Arts built in 1890 will receive a stage lighting upgrade, new stage curtains and refurbishment to the timber floors.
Nambucca Shire Council	32,500	National Party	The existing historical Bowraville Theatre will receive new lighting, sound and wiring that will enhance the delivery of all performances held at this historical venue, in addition to reducing electricity and energy usage. With these upgrades the Bowraville Theatre is set to be the 'go-to' venue in the Nambucca Valley and will vastly improve performers and visitor's experiences.
Narrabri Shire Council	9,480	National Party	Narrabri Shire Council will purchase an outdoor cinema screen and operating accessories for use throughout the shire (and adjoining shires when requested). It will provide cinematic, cultural and artistic experiences for the broader community and be available for community fundraising activities. The equipment will be based in Narrabri and transported to various locations as needed to serve the needs of community groups, outlying towns and neighbouring shires.
Northern Rivers Conservatorium	636,172	National Party	The refurbishment of the Northern Rivers Conservatorium's historic building will improve access for all members of the community through the installation of a lift and internal ramps and upgrade of all amenities. The teaching, administrative and public spaces will also be refurbished so that the physical space reflects the excellence of the conservatorium's music education, presentation and participation activities.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Orange City Council	4,052,990	Shooters, Fishers and Farmers Party	Extending the Orange Regional Gallery will provide additional storage and exhibition spaces and enable the gallery to resume acquiring modern and contemporary works. It will then be able to capitalise on its current reputation through the increased exhibition of those works, ensuring its continuing relevance as a collecting institution for future generations.
Parkes Shire Council	2,000,000	Shooters, Fishers and Farmers Party	Parkes Shire Library will reinvent itself with an innovative and modern expansion project to deliver new dynamic art and cultural spaces including a gallery and an intergenerational maker space. The new architect-designed indoor and outdoor space will also provide areas for children's programs, meetings, quiet study, connecting with technology, and green space. The communities of Parkes, Peak Hill, Trundle, Tullamore, Cookamidgera and Bogan Gate will benefit from this project.
Queanbeyan Palerang Council	40,000	National Party	Finders Keepers funding will enable the creation of a vibrant arts shopfront located within The Q Exhibition Space in the Queanbeyan Performing Arts Centre. Funding will assist to fit-out the first third of the current exhibition space to operate as a shopfront to promote, profile and sell high quality, locally produced art and craft of the Queanbeyan-Palerang region. The shopfront will fill a niche gap in the regional marketplace.
Queanbeyan Palerang Regional Council	999,000	National Party	Refurbishment will transform the Bicentennial Hall into a functional and multi-purpose space, allowing it to form part of a 'cultural hub' and provide a sought-after venue for current and potential users in the performing arts, visual arts, community and culture.
Saltwater Freshwater Arts Alliance	74,050	National Party	The Saltwater Freshwater Exhibition and Aboriginal Art Award will tour to the Glasshouse Regional Gallery in Port Macquarie, Coffs Harbour Regional Gallery, Manning Regional Gallery in Taree and the Wadjar Regional Aboriginal Art Gallery. The Saltwater Freshwater Arts Alliance will run arts and cultural programs in conjunction with the exhibition including engaging an independent Aboriginal curator to mentor an Aboriginal artist from each area.
Scone Films Inc.	45,916	National Party	Scone Films Inc. will purchase and install digital cinema screening and audio equipment and train volunteers in its use to enable film screenings and an annual short film festival. This project will ensure that Scone Films are able to continue screening current and vibrant films.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Spiral Gallery Co-operative Ltd	18,000	Liberal Party	For its 20th year, the Spiral Gallery will undergo renovations and refurbishments to improve the exhibition, kitchen, office and collection spaces, including the installation of a new hanging system which will improve overall exhibition standards, enable effective double hanging of artworks and shorten installation time.
Sulphide Street Railway and Historical Museum Trust	23,526	National Party	The 1920-40s Johns Bros Joyland fun fair collection will finally have a permanent home with the construction and fit-out of a shed to house this significant element of Broken Hill's social and recreational history. The collection includes a merry-go-round, clowns, mini greyhound track, enamel signs and more.
Tamworth Regional Council	52,805	National Party	The revitalisation of the Barraba Museum will provide essential upgrades to the museum buildings to better support site activation, place making and access to the museum and its collection. This volunteer run museum requires essential building maintenance to provide a safe, secure and accessible museum that adequately cares for its collection.
Tamworth Regional Gallery	58,500	National Party	TRANSMIT will provide large-scale portable and permanent digital screens to enable community wide access to events occurring in places such as state galleries and universities. It will also support education programs for all ages and abilities. The screens will be located inside the Tamworth Regional Gallery and in other locations in the region. TRANSMIT supports access to the arts in regional Australia, the principle priority of the gallery since it opened nearly 100 years ago. TRANSMIT was launched on the gallery's centenary 1 June 2019.
Taree Film Society Inc.	58,802	National Party	The installation of a Digital Cinema Initiatives (DCI) projector at the Manning Valley Visitors Information Centre will utilise the current seating, sound system and screen to ensure its continued operation and ability to increase the frequency of the screening programme. This upgrade will enable the Society to continue to collaborate with community partners and to facilitate a film festival for the Manning Valley.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
The Arts Centre Cootamundra	60,000	National Party	The Arts Centre Cootamundra Fulcrum Project is an organisational capacity building project that focuses on soft infrastructure – its people: volunteers, board and community. A decade of renovations and building, including more than 7,000 hours of volunteer labour, has created a wonderful venue of great cultural and financial value to the community. The next phase for the arts centre demands increased skills in governance, administration and engagement to realise its full community potential. Fulcrum will act as a catalyst to improve the processes and engagement of the organisation and place it on track to increase its self-sustainability.
The CORRIDOR project	142,715	National Party	Funding will develop a prototype for a fully relocatable Museum of Visual Exchange (MOVE), self-contained exhibition venue. A temporal museum based on a commercial building typology providing a hermetic environment to connect arts, sites and communities. The concept for MOVE is born out of a recognition that there are severe restrictions and limitations for the display of gallery and museum-based exhibitions outside of major institutions. Consideration of the limited access and exchange experienced by communities and audiences who are not traditionally reached through major art institutions has motivated this project.
The Wired Lab	64,124	National Party	The Wired Lab will utilise the funds to support the installation and fit-out of two insulated shipping containers for secure storage purposes, and the purchase of infrastructure including a PA system, an inflatable screen, and data projector to offer a mobile outdoor cinema experience and a high-quality PA (for screenings and live performance) across the Eastern Riverina/South West Slopes districts and surrounds.
Tilligerry Arts Group Inc.	3,806	Country Labor Party	The ongoing renovation and refurbishment of the old Lemon Tree Passage Rural Fire Brigade building will transform it into an art gallery, workshop/meeting venue and source of community information.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Tweed Unlimited Arts Inc.	20,100	National Party	Tweed Unlimited Arts Inc. will receive a new kiln, ventilation system and window upgrades to provide better facilities for its art and creative groups, which includes; spinning and weaving, creative fibre arts, pottery, four art groups (using various media), patchwork and quilting, mixed needlework/creative crafts and cake decorating. As part of this upgrade Tweed Unlimited Arts Inc. will also install two accessible parking spaces which will provide improved access to the facilities.
Uralla Shire Council	16,196	National Party	Uralla Shire Council has been approached by Local Aboriginal Elders wishing to loan or donate artefacts to preserve and assist the community in learning about local cultural heritage. This display will offer a diverse and distinctive cultural experience by encouraging development and growth in the regional cultural sector. The cabinets will be placed in the soon-to-be-upgraded Visitor Information Centre allowing tourists and locals to experience and learn about the local Aboriginal Culture and strengthen the relationships between the Local Elders, Uralla Shire Council, the local Community and the high tourist market.
Valley Movies Inc.	42,699	Liberal Party	This Project will install high quality audio-visual equipment at the Kangaroo Valley Hall including a motorised screen; projector and Blu-ray player; surround sound system with amplifiers; and hearing augmentation. The Hall is a Council owned and managed heritage building, which is used by many community groups for a variety of purposes, as well as being available for hire to other groups and individuals. The Project will allow for screening of movies or other visual mediums for entertainment or educational purposes, as well as providing opportunities for holding and supporting cultural and community events.
Wagga Wagga City Council	3,188,383	Liberal Party	Funding will be used to redevelop the exhibition and collection storage spaces at the Museum of the Riverina's Botanic Gardens site. The Museum of the Riverina is a collecting institution that services a large region and includes an outreach service supporting volunteer community museums throughout the region.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Warren Shire Council	90,618	National Party	The Warren Sport and Cultural Centre is the only centre for art and cultural events and activities in Warren Shire. It is used for dance including Aboriginal dance, music and theatre performances, movies and art exhibitions. The upgrade will include tiered seating, a projector and screen, audio facilities, spotlights and retractable doors (to create a separate area for either a green room or other smaller cultural activities) to enable the cultural, economic and social advancement of Warren.
Wauchope Community Arts Council	22,800	National Party	The Wauchope Community Arts Hall's auditorium will be upgraded with new stage units including four lightweight portable units and brand-new seating. Wauchope Community Arts Council also received a Community Grant of \$5,500 from Port Macquarie-Hastings Council which was spent on new sound and lighting equipment.
West Darling Arts	59,712	National Party	Screen Broken Hill will develop an unused space above the Post Office in Broken Hill into a film, TV and digital hub. Establishing this physical hub will meet an urgent community need for a collaborative, affordable co-working space in the heart of town for local and visiting filmmakers and digital artists. It will centralise and consolidate the local screen industry culture and strengthen opportunities available to the media industry of Broken Hill.
Yarrawarra Aboriginal Cultural Centre	103,757	National Party	The Yarrawarra Aboriginal Cultural Centre will undergo a refurbishment and upgrade of its existing buildings, in addition to the construction of an on-site pottery shed. The refurbishment will demonstrate the values and ideals of the local Aboriginal community and will ensure the collection is preserved properly and celebrated. The collection includes archaeological items, that trace nearly 4000 years of local history and the Centre itself provides important cultural services to regional and Aboriginal communities.

Round two

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Ballina Shire Council	1,833,502	The Greens	RCF funding will go to improvements to the Lennox Head Cultural and Community Centre's roofing and structural linings as well as air conditioning and a ventilation system in the Park Lane Theatre. These works will greatly improve the experience for performing artists and audiences alike.
Bathurst Regional Council	2,300,000	National Party	This large, new purpose-built collection facility in Bathurst will accommodate valuable and fragile collections, archives and other significant cultural items. It will also provide much needed storage, along with collection management services including cataloguing, preventative and material conservation treatment, curatorial inspection of collections, digitisation, a virtual classroom and onsite learning facilities.
Bellingen Shire Council	3,303,000	National Party	The Bellingen Memorial Hall is seeking to broaden arts and culture events and performances at the venue with the development of more lighting, stage and performance spaces. The project will encompass new amenities, change rooms, performance spaces, a kitchen, supper room and meetings rooms. The project will also improve accessibility.
Bellingen Shire Council	93,023	National Party	Bellingen Shire Council will provide an extension to the Urunga Library to create an accessible, multi-purpose meeting space for cultural activities on the NSW North Coast community. The room will be fitted out with the new technology for presentations and screenings.
Bishop's Lodge Management Committee	10,685	National Party	Supported by Hay Shire Council and the Hay Museum community, the RCF funds will make it possible to install and display objects and interpretative panels from the Bishop's Lodge Historic House and Garden collection, in the Riverina-Murray region.
Black Dog Management Pty Ltd	2,490,000	Liberal Party	RCF funding is going towards the development of The Southern Highlands Regional Gallery, in Bowral that will be situated on a property bequeathed to the National Trust by the late James Fairfax AC. Funding will permit the design, adaptive reuse and fit-out of the several spaces into a state-of-the-art regional gallery.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Black Gully Printmakers	7,736	National Party	Black Gully Printmakers is a not-for-profit community group keeping the Museum of Printing at New England Regional Art Museum open to the public. Funding will allow for the creation of a permanent, yet portable exhibition system consisting of twenty-five adjustable and re-usable matching wooden exhibition frames of varying sizes; a hanging system, and a variety of matts and a matt cutter.
Brunswick Picture House Entertainment Limited	627,000	The Greens	Located in the Northern Rivers region, the Brunswick Picture House is a classic coastal construction, originally built in 1952. After extensive renovation and some refurbishment, the venue was re-opened in 2016. RCF funding will enable a major upgrade of the venue, including a new office, backstage area, seating, air conditioning, solar panels and toilet facilities with disabled access.
Cobar Shire Council	398,188	National Party	The exhibitions of the Great Cobar Heritage centre will be given their first refurbishment in 30 years, allowing the Centre to tell the stories of Cobar and its people through to the present day. New displays will feature diverse themes and conform to excellent modern museum standards.
Comboyne Community Association Inc.	114,750	National Party	Comboyne Community Association will put the RCF funding towards the restoration of a farmhouse and secure storage for the community's historical collection which showcases the community's early timber and dairy farming industries. The site will also provide an attractive landscaped garden, picnic area, parking facilities, men's shed, Artist in Residence program, and school & community programs.
Condobolin and District Historical Society Inc.	49,990	National Party	The Condobolin and District Museum is prominently located in the town's main street. RCF funding will allow the Historical Society to improve the museum's offerings with new display cases and interpretation.
Eurobodalla Shire Council	8,000,000	Liberal Party	The Mackay Park Arts and Cultural Centre in Batemans Bay will be a purpose-built exhibition, workshop, rehearsal and performance centre and storage space that will service the region's art, theatre and dance groups as well as the broader community. The facility will have a flexible auditorium with retractable seating for 500 people; rehearsal rooms, dressing rooms, a green room, an exhibition space and storage. The site will also play an important role as the gateway of the new recreation, community and tourism precinct for the town.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Federation Council	178,418	Liberal Party	The 7.2m high Dexter Horizontal Windmill was imported to Australia before 1883. Federation Council will use working components, rescued and reserved by the local Historical Society and restored by engineers, to reinstate the rare historic windmill in Urana.
Federation Council	38,000	Liberal Party	With the Urana Court House Museum's roof in desperate need for replacement, this project will upgrade and enhance existing infrastructure to preserve historical items on display at the museum. Built in 1879 and designed by James Barnet, the Colonial Architect, the museum is proudly used for educational purposes for both residents and visitors.
Friends of Myall Creek Memorial Incorporated	1,066,981	National Party	Funding is going to a cultural centre associated with the national and state heritage listed Myall Creek Memorial. Works will provide a culturally appropriate outdoor performance space and meeting place for dance, drama and storytelling.
Gilgandra Shire Council	1,551,799	National Party	This project will see a revitalisation of spaces within the Gilgandra Cultural Precinct and an extension to the Coo-ee Heritage Centre, creating modern and interactive community space for recreation, learning and cultural expression.
Gilgandra Shire Council	466,903	National Party	RCF funding will help the Gilgandra Library complete its extensions with an architecturally designed indoor/outdoor space for creative workshops for people of all ages. The library will also gain a small meeting room, accessible bathroom and storeroom. To complete the indoor/outdoor cultural space, an accessible ramp, covered walkway and garden space will be installed.
Glen Innes & District Historical Society Inc	9,437	National Party	The Glen Innes & District Historical Society has accumulated an extensive and ever-expanding collection of valuable district records, documents, photographs and other significant historical and cultural items. A new secure and fireproof archive room will ensure the museum collection is protected for enjoyment by future generations.
Gunnedah Shire Council	155,725	National Party	The Gunnedah Rainbow Serpent Water Feature Project will deliver a large seating area in a shape and design that symbolises and pays respect to the traditional Kamilaroi story of the Rainbow Serpent. The water feature will be located in front of Gunnedah's Cultural Precinct.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Guyra & District Historical Society Inc.	60,346	National Party	The Guyra Historical Museum will be fitted-out to provide a safe and protected space for valuable museum collection items, including: new display cases, UV protector film and blinds for all windows, hanging tracks, security cameras and a back to base alarm and monitoring system.
Lady Denman Heritage Complex Huskisson Inc	1,345,711	Liberal Party	This project will assist the volunteer-run Lady Denman Heritage Complex in Huskisson to replace and enhance essential infrastructure to create a museum that can be a cultural hub and gathering place for the region's community and visitors.
Lawrence Historical Society Inc.	186,150	National Party	The Lawrence Museum project will enhance access for visitors and volunteers. The works include asbestos removal and repainting, construction of an accessible toilet within an existing outbuilding and new paths and access ramps to link existing facilities.
Leeton Shire Council	3,945,000	National Party	RCF Funding is going to the refurbishment of Leeton's State Heritage-Listed and Art Deco-designed Roxy Theatre. The project will increase functional space and improve access and safety to the building.
Lismore Theatre Club	29,123	National Party	Home to Lismore Theatre Company, the century-old, 88 seat Rochdale Theatre is being upgraded with improved air conditioning, refurbished seating and exterior painting.
Manning Valley Historical Society Inc.	45,000	National Party	Improvements to workspace and storage facilities at Wingham Museum will include a new shed for maintenance volunteers and the conversion of an existing workroom into an environmentally controlled exhibition and storage space.
Mid-Coast Council	58,449	National Party	Refurbishment of the Nabiac Library will increase capacity and accessibility, with new shelving, carpet, painting and the installation of a range of new relaxation, study and event furniture.
Mid-Western Regional Council	2,300,000	National Party	Funding will assist the construction and fit out of a new Mid-Western Regional Gallery and Cultural Centre in Mudgee. The new Gallery and Cultural Centre will include permanent and temporary exhibition spaces, a tourism office, regional gift shop, book shop, art store, sculpture garden, café, seminar/conference space and artist in residence space.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Muda Aboriginal Corporation	665,019	National Party	RCF funding will enable the Muda Aboriginal Corporation to purchase and fit out buildings for the Bourke Aboriginal Artists workshop and sales outlet. New facilities will foster growth among a vibrant group of local indigenous artists who have established themselves within the art and tourism industry. The funds will also better safeguard the production and sale of artworks that is fundamental to the group's ongoing success.
Nambucca Shire Council	1,500,000	National Party	This project provides for an extension of the Nambucca Heads Library and Cultural Precinct. The extension will almost double the size of the library space and allow for storage on the below ground level, lift access, staff room, and work room for repair and maintain the extensive collection.
Narrabri Shire Council	249,000	National Party	The Deriah Aboriginal Heritage and Cultural Area Access Road upgrade will improve access to an important heritage and cultural site and improve safety in the area. The road is the only access to the Deriah Aboriginal Area, which holds important cultural significance to the Gamilaraay People.
Narrandera Shire Council	53,650	National Party	RCF funding will enable the Narrandera Library, in collaboration with its community, to create a dedicated youth area that features flexible furnishings and a range of technology. The space will entertain, educate and excite visitors by creating new opportunities to imagine and explore.
National Trust of Australia (NSW)	40,000	National Party	Vital funds will upgrade the amenities for people with a disability at Cooma Cottage, ensuring the heritage cottage and the grounds are an accessible venue to the entire community.
New England Conservatorium of Music Ltd	73,786	National Party	The New England Conservatorium of Music in Armidale is creating a new Piano Studio and will employ its RCF Funding to purchase two new Grand pianos, currently on loan from the University of New England.
Northern Rivers Performing Arts Inc.	1,116,625	National Party	Lismore City Hall will become the premier performing arts centre in the Northern Rivers with a new fit-out and a re-brand as Northern Rivers Performing Arts. The refurbishment will encompass new theatre lighting, sound equipment and exterior lighting.
Old Fairbridgians' Association - Molong Incorporated	500,000	Shooters, Fishers and Farmers Party	RCF funding will go toward establishing a heritage education point relating to the 1,000 British child migrants sent to Fairbridge Farm, Molong. Through interpretive walks and linked online information, the space will provide visitors and locals with an understanding of the children's journey to Molong and their lives at the farm.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Port Macquarie Historical Society Inc	113,965	National Party	The Port Macquarie Historical Society will use funding to prepare a master plan, business case and schematic design for the upgrade of access to the Port Macquarie Museum and storage of its significant collection.
Port Macquarie-Hastings Council	127,828	National Party	The Glasshouse in Port Macquarie will expand and diversify its cultural programming by revitalising the Studio with a new seating system. The project will allow the studio to increase utilisation and capacity of the studio performance space, improve accessibility for audiences and increase its flexibility to cater for a broader range of performing genres.
Port Macquarie-Hastings Council	136,470	National Party	A new vehicle will replace the existing Port Macquarie community library van to offer a more flexible delivery mode and enable the Library to reach a wider audience and extend its existing services to emerging growth areas and the Aboriginal Land Council.
Queanbeyan-Palerang Regional Council	500,000	National Party	RCF funding will go toward improving the Queanbeyan-Palerang region's Q Centre for Performing Arts and Bicentennial Hall. The project will see the two adjacent arts and cultural spaces made complete, connected and more accessible. The refurbishment of the mezzanine floor of the Bicentennial Hall will provide a truly multi-purpose venue.
Richmond Valley Council	208,172	National Party	RCF funding will enable a project to upgrade stage flooring, increase seating/capacity, improve storage, interior painting and refurbishment of the art deco appearance will revitalise Casino's Civic Hall. Funding will also enable development of a Cultural Revitalisation Plan for prioritising future works in a heritage-appropriate style.
Richmond Valley Council	46,397	National Party	Richmond Valley Council and the Richmond-Upper Clarence Regional Library aim to provide mobile cultural outreach services to isolated rural areas in the region. RCF funds will go to purchasing and branding a van to bring cultural activities to the six small towns of the Richmond Valley.
Robertson School of Arts Incorporated	99,490	Liberal Party	The Robertson School of Arts will use the RCF funding to refurbish and revitalise its 134-year-old Hall and ensure its continued use by the people of Robertson, the Robertson Public School and the School of Arts.
Shear Outback Limited	103,481	National Party	Vital funds will enable the installation of solar power at the Shear Outback Museum in Hay, reducing operational costs and ensuring the museum and its café remain financially sustainable.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Shoalhaven City Council	600,000	Liberal Party	Shoalhaven Regional Gallery, Nowra has received RCF funding to upgrade and support the installation of a new climate control system. This is required to reduce current issues experienced with a poorly performing system.
Singleton Council	2,787,000	National Party	A new Arts & Culture Centre at Townhead Park in Singleton will be created, featuring a large exhibition space, two artists' workshops, a media area, large decking areas providing connectivity to the Visitor Information Centre, a café and a carpark to accommodate additional visitors.
Snowy Monaro Regional Council	3,000,000	National Party	Snowy - Monaro Council and Schools Infrastructure are developing a major joint-use facility with Jindabyne Central School. The facility will provide a joint-use library service, innovation space, meeting rooms and a presentation space.
South West Arts Inc.	89,389	National Party	Creating a focus for cultural, social and regional economic development the Creative Common project will see the renovation of an underutilised council building in Deniliquin and installation of a solar power system. Among its aims are improving accessibility and functionality of the heritage site. The project will deliver to arts and cultural organisations spaces for workshops, meetings and creative enterprise for youth and others. With co-location with key regional development organisations, it is hoped the new creative hub will help promote and embed arts and cultural capacity in regional development.
Taree Film Society Incorporated	50,965	National Party	The Taree Film Society is relocating to the Manning Entertainment Centre and will use RCF funding to upgrade equipment, including a new surround-sound system and retracting screen.
Tenterfield and Districts Historical Society Inc.	28,866	National Party	The Tenterfield & Districts Historical society will undertake urgent repairs to the main museum building. The 1871 era building will be repaired, new exhibits will be built and disabled access established.
Tenterfield Shire Council	72,000	National Party	The Tenterfield Sir Henry Parkes Memorial School of Arts will employ funding to install air-conditioning and insulation in this iconic 1875 building. The modernised and improved climate-controlled conditions in the building will make hosting travelling exhibitions easier and support expanded theatre offerings.
The Bunker Cartoon Gallery Inc.	2,697,778	National Party	Funding will go to a new second floor gallery to be home to a permanent exhibition utilising hi-tech presentation devices and showing the history of Australia from 1900 to today, as seen through the eyes of the cartoonists of the time.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Tweed Shire Council	1,114,000	National Party	The Murwillumbah Auditorium will be upgraded with a new roof, new technologies, an improved front and back-of-house and improved accessibility to facilities, ensuring the 1975 building complies with legislation and attracts a growing range of diverse audiences.
Uniting Church in Australia Property Trust (NSW) on behalf of Gosford Uniting Church	4,000	Labor Party	RCF funding will go to upgraded lighting and a new mixing desk at Uniting Productions in Gosford, allowing amateur performers to be trained in theatrical performance, production and stagecraft on the North Coast.
Walcha Council	87,744	National Party	RCF funding will enable an upgrade of the kitchen facilities at Walcha's one community multi-purpose centre, providing the community with an enhanced experience.
Warren Shire Council	48,509	National Party	The revitalisation of the Nevertire Hall in Warren will enable the historic hall to continue to serve the arts and cultural requirements of the community. The refurbishment includes painting, installation of an energy efficient heating and cooling system, along with other improvements for safety and comfort.
Weddin Shire Council	220,000	National Party	The old circa 1920's Grenfell Public School building is used by Grenfell Dramatic Society Inc. and Grenfell Arts and Crafts Group in Grenfell. This project will allow the repair, restoration, repainting and preservation of the facility's nine rooms and hall.

Digitisation

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Albury and District Historical Society Incorporated	65,994	Liberal Party	Description not available.
Albury City Council	233,965	Liberal Party	The project will establish a digitisation workshop space and studio at Albury LibraryMuseum that will in turn provide digitisation capability to seven community museums and collecting organisations in the Murray region including Culcairn Station Masters House Museum; Flying Fruit Fly Circus; Headlie Taylor Header Museum; Holbrook Submarine Museum, Jindera Pioneer Museum; Wollpack Inn Museum; and Wymah School House Museum. Specialised digitisation equipment will be purchased, and professional training programs implemented to build and maintain the skills and capacity of individual museums, facilitating the digitisation of at least 400 objects. Council and partners will continue to offer regular digitisation training, a collection database and equipment availability to each organisation into the future.
Armidale Aboriginal Cultural Centre and Keeping Place	100,000	N/A*	The NSW First Nations Digitisation Project has been established to support the development of the Recipient (as one of four NSW First Nations organisations identified) to become cultural digital champions. The Project includes: development of a Digitisation Project Plan; training in digitising collections using the Mukurtu program; the Recipient digitising its own collections and the feedback of learnings into the development of training resources and protocols for others to benefit from and use.
Bathurst District Historical Society Inc	2,000	National Party	Description not available.
Coffs Harbour City Council	510,000	National Party	Description not available.
Council of the City of Broken Hill	433,359	National Party	Description not available.
Griffith City Council	48,105	National Party	Description not available.
Inverell Shire Council	71,192	National Party	Description not available.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Lake Macquarie City Council	64,039	Independent	<p>Lake Macquarie City Council, in conjunction with four regional museums and historical societies (West Wallsend District Heritage Group Incorporated; History of East Lake Macquarie Group; Lake Macquarie District Historical Society and Morisset Hospital Museum), will digitise 500 significant objects and stories that help to tell Lake Macquarie's unique regional story.</p> <p>The project seeks to make accessible objects and stories that have never before been available to communities in order to generate appreciation for the history and heritage of the area. Led by Lake Macquarie City Council, the digitised objects will be made available to the community through the 'Collections and Stories' website and also on a e-hive platforms developed for each museum to assist with future digitisation and access. The stories and objects will be bought together through an e-hive community forming a digital exhibition.</p>
Maitland City Council	478,000	Country Labor Party	<p>This initiative aims to digitise and unify into a single online space the cultural collections significant to and held within the Maitland community. A digital hub will be established at Maitland Regional Art Gallery (MRAG) that interacts with collections held by MRAG, Maitland Libraries, Maitland Gaol, Morpeth Museum and the Old Maitland Hospital. Funding will go towards the purchase of a collection management system, the digitisation of prioritised collections and the development of new narratives that interpret the newly unified digital collection. New staff positions will also be created with digital management, digital design, collection interpretation and community engagement and capacity building expertise, to enable digitisation to continue long-term.</p>
Millthorpe and District Historical Society Inc	45,883	National Party	Description not available.
Museums and Galleries of NSW Ltd	296,705	N/A*	Regional Digitisation Prototype.
Museums and Galleries of NSW Ltd	93,750	N/A*	Description not available.
Museums and Galleries of NSW Ltd	635,250	N/A*	<p>The project includes the provision of guidance on object digitisation in accordance with sector standards, revision of the existing features and function of the website, working with hubs and spokes to research and develop object story content for uploading to the website, and publishing and promotion of the updated website.</p>

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Orange City Council	71,000	Shooters, Fishers and Farmers Party	Description not available.
Shoalhaven City Council	132,481	Liberal Party	The project will support five volunteer led museums in the Shoalhaven - Lake Tabourie Museum, Bomaderry Children's Home; Berry Historical Society, Kangaroo Valley Historical Society and Milton Ulladulla Historical Society to significantly improve their digital and online interactions through the purchase of a digital content management system (CMS), set up of a digitisation studio and upskilling volunteers and staff to ensure long term sustainability. The project will see the digitisation of more than 200 items from Shoalhaven Collections, published on e-hive in both individual collection sub domains and a 'Shoalhaven Museums' community. The images created through the project, and beyond will be stored in Council's Digital Asset Management System for safety and future access, and the digital studio created during the project will be used by both primary and secondary partners to continue generating new digital assets and enhanced accessibility and engagement with collections across the Shoalhaven.
Tamworth Regional Council	309,051	National Party	Tamworth Regional Gallery is partnering with five local museums and collections (Tamworth Powerstation Museum; Australian Country Music Collections, Rocks, Gems, Minerals and Fossil Collection; Moonbi Museum; Tamworth Regional Film and Sound Archive) to digitise the collections, establish a permanent studio setup, offer essential training, provide online exhibitions and employ professional museum contractors, including designated First Nations positions to better support access to and engagement with the museums and their collections.
Tenterfield Shire Council	18,100	National Party	Description not available.
Warren Historical Society Inc	20,000	National Party	Description not available.
Warrumbungle Shire Council	41,850	National Party	The first project under the Warrumbungle Shire Council Initiative is Coolah and District Historical Society's digitisation of the research of Roy Cameron, OAM, providing access to local history for both the community and other researchers. This project will provide the digitisation capacity, skills and impetus for future collaborations with additional historical societies and volunteer organisations in the area.

Grant recipient	Total grant allocation (\$)	Political representation at project location	Project description
Wungunja Cultural Centre - Trangie LALC	100,000	N/A*	The NSW First Nations Digitisation Project has been established to support the development of the Recipient (as one of four NSW First Nations organisations identified) to become cultural digital champions. The Project includes: development of a Digitisation Project Plan; training in digitising collections using the Mukurtu program; the Recipient digitising its own collections and the feedback of learnings into the development of training resources and protocols for others to benefit from and use.
Yarkuwa Indigenous Knowledge Centre	100,000	N/A*	The NSW First Nations Digitisation Project has been established to support the development of the Recipient (as one of four NSW First Nations organisations identified) to become cultural digital champions. The Project includes: development of a Digitisation Project Plan; training in digitising collections using the Mukurtu program; the Recipient digitising its own collections and the feedback of learnings into the development of training resources and protocols for others to benefit from and use.
Yarrawarra Aboriginal Cultural Centre - Gurehlgam Corporation Limited	100,000	N/A*	The NSW First Nations Digitisation Project has been established to support the development of the Recipient (as one of four NSW First Nations organisations identified) to become cultural digital champions. The Project includes: development of a Digitisation Project Plan; training in digitising collections using the Mukurtu program; the Recipient digitising its own collections and the feedback of learnings into the development of training resources and protocols for others to benefit from and use.

N/A*: For the 'Digitisation' rounds, five organisations received funding without making an initial application. Create NSW approached these organisations as a part of its strategic approach to ensure digitisation funds were fully utilised across a range of organisations.

Appendix four – About the audit

Audit objective

The objective of this performance audit is to assess the integrity of the assessment and approval processes for NSW Government grant programs.

Audit criteria

The audited agencies' performance is assessed against the following audit criteria:

- grant assessment and approval processes were consistent with relevant legislative requirements
- grant applications were assessed and approved in line with program objectives.

Audit scope and focus

The grant programs that are the focus of this audit are:

- Stronger Communities Fund (round two tied grants round) administered by the former Office of Local Government (OLG)
- Regional Cultural Fund which was administered by Create NSW within DPC, and previously administered by the former Department of Planning and Environment.

Both of these programs were administered during the 2017–18 and 2018–19 financial years. At that time, OLG was a stand-alone government agency but is now part of the Department of Planning and Environment (DPE). Create NSW is a division of DPC that now has oversight of the Regional Cultural Fund. DPC also has responsibility for the NSW Government Good Practice Guide to Grants Administration. The two audited agencies are DPE and DPC.

Audit exclusions

The audit did not:

- examine other stages of grants administration processes, including entering into funding agreements, monitoring or acquittal of grants and evaluation of grant programs
- examine other NSW grant programs
- question the merits of government policy objectives.

Although the audit report comments on some of these to provide context.

Audit approach

Our procedures included:

1. interviewing staff involved in administering the grant programs
2. interviewing other stakeholders
3. reviewing documents and web-based materials related to the grant programs
4. reviewing other documents relating to grant administration more broadly, including relevant legislation
5. reviewing documents related to the Parliamentary Inquiry into Integrity, efficacy and value for money of NSW Government grant programs which was underway at the time of the audit.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by staff from the Department of Planning and Environment and the Department of Premier and Cabinet.

Audit cost

Total cost of this audit, including disbursements, is \$640,000.

Appendix five – Performance auditing

What are performance audits?

Performance audits determine whether state or local government entities carry out their activities effectively and do so economically and efficiently and in compliance with all relevant laws.

The activities examined by a performance audit may include a government program, all or part of an audited entity, or more than one entity. They can also consider particular issues which affect the whole public sector and/or the whole local government sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake performance audits is set out in section 38B of the *Government Sector Audit Act 1983* for state government entities, and in section 421B of the *Local Government Act 1993* for local government entities.

Why do we conduct performance audits?

Performance audits provide independent assurance to the NSW Parliament and the public.

Through their recommendations, performance audits seek to improve the value for money the community receives from government services.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, state and local government entities, other interested stakeholders and Audit Office research.

How are performance audits selected?

When selecting and scoping topics, we aim to choose topics that reflect the interests of parliament in holding the government to account. Performance audits are selected at the discretion of the Auditor-General based on our own research, suggestions from the public, and consultation with parliamentarians, agency heads and key government stakeholders. Our three-year performance audit program is published on the website and is reviewed annually to ensure it continues to address significant issues of interest to parliament, aligns with government priorities, and reflects contemporary thinking on public sector management. Our program is sufficiently flexible to allow us to respond readily to any emerging issues.

What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team develops an understanding of the audit topic and responsible entities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the audited entity, program or activities are assessed. Criteria may be based on relevant legislation, internal policies and procedures, industry standards, best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork, the audit team meets with management representatives to discuss all significant matters arising out of the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with management representatives to check that facts presented in the draft report are accurate and to seek input in developing practical recommendations on areas of improvement.

A final report is then provided to the head of the audited entity who is invited to formally respond to the report. The report presented to the NSW Parliament includes any response from the head of the audited entity. The relevant minister and the Treasurer are also provided with a copy of the final report. In performance audits that involve multiple entities, there may be responses from more than one audited entity or from a nominated coordinating entity.

Who checks to see if recommendations have been implemented?

After the report is presented to the NSW Parliament, it is usual for the entity's audit committee to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report received by the NSW Parliament. These reports are available on the NSW Parliament website.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards.

The Public Accounts Committee appoints an independent reviewer to report on compliance with auditing practices and standards every four years. The reviewer's report is presented to the NSW Parliament and available on its website.

Periodic peer reviews by other Audit Offices test our activities against relevant standards and better practice.

Each audit is subject to internal review prior to its release.

Who pays for performance audits?

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament.

Further information and copies of reports

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website www.audit.nsw.gov.au or contact us on 9275 7100.

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR PURPOSE

To help Parliament hold government accountable for its use of public resources.

OUR VALUES

Pride in purpose

Curious and open-minded

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Contagious integrity

Courage (even when it's uncomfortable)

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