



LEGISLATIVE COUNCIL

PUBLIC ACCOUNTABILITY COMMITTEE

Integrity, efficacy and value for money of NSW Government grant programs

Final report



Report 10

February 2022

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Public Accountability Committee

**Integrity, efficacy and value
for money of
NSW Government grant
programs**

Final report

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“February 2022”.

Chair: Mr David Shoebridge, MLC



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Terms of reference

1. That the Public Accountability Committee inquire into and report on the integrity, efficacy and value for money of NSW Government grant programs, and in particular:
 - (a) the range and availability of funding programs, including but not limited to:
 - (i) discretionary grants funds such as the Premier's Discretionary Fund and the Deputy Premier's Miscellaneous Grants
 - (ii) local government funding such as the Stronger Communities Fund and Stronger Country Communities Fund,
 - (iii) arts funding such as the Regional Cultural Fund,
 - (iv) sports funding such as the Greater Sydney Sports Facility Fund and the Regional Sports Infrastructure Fund,
 - (v) Jobs for NSW funding, including the review into Jobs for NSW,
 - (b) the manner in which grants are determined, including:
 - (i) the oversight of funding determinations,
 - (ii) the transparency of decision making under grants schemes,
 - (iii) the independence of the assessment of projects,
 - (iv) the role of Members of Parliament in proposing projects for funding,
 - (v) the scope of Ministers' discretion in determining which projects are approved,
 - (c) measures necessary to ensure the integrity of grants schemes and public confidence in the allocation of public money, and
 - (d) any other related matter.
2. That the committee table a first report by 31 March 2021 and a final report by 28 February 2022.

The terms of reference were self-referred by the committee on 3 July 2020.¹

¹ *Minutes*, NSW Legislative Council, 4 August 2020, pp 1099-1100.

Committee details

Committee members

Mr David Shoebridge MLC	The Greens	<i>Chair</i>
The Hon Robert Borsak MLC	Shooters, Fishers and Farmers Party	<i>Deputy Chair</i>
The Hon Lou Amato MLC*	Liberal Party	
The Hon Scott Farlow MLC**	Liberal Party	
The Hon John Graham MLC	Australian Labor Party	
The Hon Courtney Houssos MLC	Australian Labor Party	
The Hon Peter Poulos MLC***	Liberal Party	

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* The Hon Lou Amato MLC replaced the Hon Trevor Khan MLC as a substantive member of the committee from 25 January 2022.

The Hon Trevor Khan MLC was a substantive member of the committee to 6 January 2022.

** The Hon Scott Farlow MLC replaced the Hon Natalie Ward MLC as a committee member on 16 June 2021.

*** The Hon Peter Poulos MLC replaced the Hon Matthew Mason-Cox MLC as a committee member on 13 May 2021.

Chair's foreword

In this final report, the committee turns its attention to examining the misuse and maladministration of the bushfire relief grants, and arts and cultural grants. We again see a complete lack of transparency and accountability for these grant programs. We question how widespread this issue is and can only conclude that the administration of all grant programs by this Liberal and Nationals Government is deeply problematic and flawed.

A system that continues to allow public money to be used to curry political favour and buy votes cannot remain in place. The ongoing failure to address this significantly harms the reputation of these programs in New South Wales and has left many communities feeling betrayed. There is also the ongoing opportunity cost of these improperly allocated grants which deprive worthy projects of support. The grant system must be fairly allocated to respond to actual need, not political convenience.

Importantly this report not only identifies the repeated systemic failures of the grants system, it also proposes urgent reforms to restore public confidence in the grants system. These recommendations focus on transparency, integrity and accountability. Our recommendations for reform build on the work of our first report on grants delivered last year and the more recent review of grants by the Auditor General's office. This is now urgent work, with a State election on the horizon these reforms must be adopted before attempts are again made by the government to literally buy votes in March 2023.

The 2019-20 bushfires caused significant destruction and devastation across New South Wales. They were then followed by other disasters, including flooding and the COVID-19 pandemic, placing individuals and businesses under incredibly difficult circumstances. It is in this context that we are unable to fathom why the government would allocate funding for bushfire recovery based on anything but the needs of those affected communities. Instead, this committee has found that funding allocations were politically driven and with no proper administration or approval processes in place.

We have again seen many of the failings of the NSW Government's approach to the Stronger Communities Fund in their rollout of stage one of the Bushfire Local Economic Recovery Fund. There were examples of guidelines for grant funding not being published and no proper application or merit process being implemented. The Department of Regional NSW also applied its own internal criteria to narrow down the list of potential projects and then this criteria was applied inconsistently. As a result, this committee has found that the NSW Government misused \$108 million of public money under the guise of the fast-tracked priority local infrastructure projects stream of the Bushfire Local Economic Recovery Fund.

While we acknowledge the challenge of distributing disaster relief quickly, this cannot be at the expense of transparency and accountability. We found that many grant programs were administered with no systemic fraud controls in place. This paved the way for many to take advantage of the grant programs, resulting in \$16.23 million in paid and \$40 million in unpaid fraudulent applications. In the absence of adequate fraud identification measures these figures may well underestimate the true extent of actual fraud in the system. What should have been rightfully given to people in need was handed out to those seeking to cheat the system, including organised crime syndicates.

We are not convinced that Service NSW is adequately advised of this issue and that the information provided is timely, and thus the committee has recommended that the current level of fraud, both paid and unpaid, be thoroughly investigated and money recovered. Further, the committee calls for sufficient

fraud control measures and identification systems to be put in place for all grant programs as a matter of urgency to detect both past and future fraud.

The administration of the arts and cultural grants program again echoes what this committee has seen repeatedly throughout this inquiry – applications processes are opaque, onerous and inefficient, information is not published early enough to allow applicants sufficient time to apply, limited resourcing has made for an overly competitive process, and there is no transparency around the making of grant decisions. While the administration of these grants by Create NSW was more professional than we have seen in other agencies reviewed by this committee, the role of the Minister and the final outcome was deeply problematic.

The overt and undocumented Ministerial interference with the process, with the frequent overriding of recommendations made by assessment panels was simply wrong. We found one example where the then Minister for Arts misused his discretion in diverting Arts and Cultural Grants Program funding to the Sydney Symphony, an organisation which had not even applied for the grant. The committee is left to question how frequently this has been occurring, and prompts a number of recommendations to bolster transparency in this process. Our world class arts organisations and creative communities across the state deserve better than this.

Again we found clear examples of pork-barrelling by this government of the Regional Cultural Fund and in the funding of stage two of the Riverina Conservatorium of Music. Both demonstrate the concerning practice of this government in ignoring recommendations made by expert panels, announcing grants as 'pre-election commitments' prior to any paperwork received or assessment of a project, and implementing such programs without the transparency or accountability that has plagued so many grant programs under this government.

The fact that this committee's findings across both reports for this inquiry have been overwhelmingly supported by the recent independent review of grants undertaken by the Audit Office only underscores the NSW Government's consistent failure to ensure integrity in its grant administration.

It is extremely disappointing to see this government repeatedly use grant programs for political gain. Alongside the recommendations made in this report, we strongly reiterate the recommendations made in our first report. In particular, we emphasise that a complete overhaul of the government grant process is urgently needed. Twelve months have passed since our first report and none of the recommendations have yet been adopted, leaving the public purse open to continued abuse in the next 12 months leading up to the next election.

In this regard, while the current inquiry has drawn to a close, the work of this committee is not over, as reflected in our final recommendation that the committee conduct a further inquiry into the integrity, efficacy and value for money of NSW Government grant programs. The people of New South Wales deserve a government that treats public funds with due care and strives to ensure that public money is applied so as to do the greatest public good.

On behalf of the committee, I would like to thank all those who participated in the inquiry. I would also like to thank the secretariat for their assistance, and committee members for their considered contributions to this process.



Mr David Shoebridge MLC

Committee Chair

Findings

- Finding 1** **36**
That despite an economic impact of the bushfires on the Central Coast valued at \$163.3 million, on the Blue Mountains of \$65.4 million, and on Ballina of \$4.2 million, these councils did not receive funding under the Bushfire Local Economic Recovery stage one funding.
- Finding 2** **37**
The allocation of \$108 million under the fast-tracked priority local infrastructure projects stream of the Bushfire Local Economic Recovery Fund was politically driven, based on changing and opaque criteria, without clear approval processes and without any formal public notification process. Given this, it could not deliver the maximum public benefit that bushfire impacted communities deserved from a government grants program whose goal was to mitigate the impacts of such a devastating emergency.
- Finding 3** **37**
That the decisions relating to the politically driven allocation of Bushfire Local Economic Recovery Funding occurred after the first report of this inquiry had drawn the attention of the NSW Government to systemic problems with the allocation of grant funding in New South Wales.
- Finding 4** **37**
The Commonwealth guidelines (the Local Economic Recovery framework), under which bushfire recovery grants were endorsed for co-funding by the Commonwealth, were not finalised, published, or provided to eligible local councils.
- Finding 5** **37**
The Department of Regional NSW applied its own internal eligibility criteria to projects under consideration. The Department did not adequately communicate these criteria to councils or keep adequate records. The criteria were applied inconsistently and some projects that were funded were not eligible.
- Finding 6** **64**
The then Minister for Arts misused his discretion in seeking to divert Arts and Cultural Grants Program funding to the Sydney Symphony, an organisation which had not applied for the grant, reducing the remaining pool of funding so that there were only six successful applications from the 222 applications in that round of funding.
- Finding 7** **67**
The NSW Government improperly used Regional Cultural Fund grants to allocate public money for political purposes overwhelmingly in Coalition seats.
- Finding 8** **67**
That in May 2009 then NSW Auditor-General, Mr Peter Achterstraat AM, in a report titled '*Grants Administration*', found 'no significant difference in the funding of government and opposition electorates'.
- Finding 9** **68**
The reservation of \$20 million for stage two of the Riverina Conservatorium of Music was publicly announced without any assessment or approval of the application.

Finding 10

74

While the detail of the Government Sector Finance Amendment (Government Grants) Bill 2021 and the Government Grants Administration Bill 2021 should be a matter for proper parliamentary consideration, the committee commends these bills in general and recognises their adoption would advance the issues that the committee has raised in its two reports in this inquiry.

Recommendations

- Recommendation 1** **9**
That this committee calls on the NSW Government to respond as a matter of urgency to its first and now its final report on grants administration in New South Wales, in particular, the recommendations of a systemic change.
- Recommendation 2** **39**
That Service NSW ensure that:
- the current level of fraud, both paid and unpaid, are thoroughly investigated and money recovered
 - capable and resilient fraud control measures and identification systems are put in place to detect fraud on future grant programs and retrospectively as a matter of urgency.
- Recommendation 3** **39**
That the NSW Government urgently allocate resources, including adequate funding and staffing, to ensure that it mitigates the risk of fraud across all future government grant programs, including the implementation of sufficient fraud control measures and identification systems.
- Recommendation 4** **65**
That the Minister for the Arts publish reasons whenever the Minister deviates from a grant application recommendation made by Create NSW or an Artform Advisory Board.
- Recommendation 5** **65**
That Create NSW publish online a list of all applications recommended to the Minister for the Arts for funding when funding announcements are made, including:
- name of the applicant
 - a broad description of the project
 - the ranking of each application by the assessment panel.
- Recommendation 6** **66**
That Create NSW review all arts-related grant application forms and processes with a view to simplifying and streamlining the process.
- Recommendation 7** **66**
That the NSW Government ensure that arts organisations, peak bodies and individual artists are considered in separate funding streams with targeted application requirements and criteria for each distinct group.
- Recommendation 8** **67**
That the NSW Government reinstate devolved funding programs under the Arts and Cultural Funding Program.

Recommendation 9**67**

That the NSW Government revise its provision of grant funding to peak bodies and restore dedicated funding for these bodies outside of a grants process. If this recommendation is not supported, the committee instead recommends that Create NSW return to funding peak bodies with multi-year, rather than annual, funding.

Recommendation 10**71**

That all NSW Government grant schemes follow a mandatory set of guidelines which detail the process for award of the grant, the criteria considered and the requirements for public reporting of the guidelines, criteria, decision making process and final outcomes. Such guidelines are to provide different streams for different grant processes, with all grants subject to common requirements of integrity, transparency and prioritising of the public good.

Recommendation 11**73**

That, where the decision maker for a grant program is a public servant, the committee notes the submission of the Independent Commission Against Corruption that in certain circumstances Ministers or Ministerial staff attempting to influence that decision could prove to be a breach of public trust. It is recommended that the NSW Government strengthen its processes to make sure that this does not occur.

Recommendation 12**73**

That the NSW Government ensure that when a Minister who is a decision maker for a grants process does not agree, in whole or in part, with a written recommendation of the agency administering the grants program, the Minister is required to do so in writing, providing full and adequate reasons. Such a decision should be made public, for example, by publishing on a centralised grants website.

Recommendation 13**74**

That the Public Accountability Committee conducts a further inquiry into the integrity, efficacy and value for money of NSW Government grant programs, including whether recommended reforms from key bodies have been implemented.

Conduct of inquiry

The terms of reference for the inquiry were self-referred by the committee on 3 July 2020.

The committee received 115 submissions and three supplementary submissions.

The committee held nine public hearings at Parliament House in Sydney and one virtual hearing.

Inquiry related documents are available on the committee's website, including submissions, hearing transcripts, tabled documents and answers to questions on notice.

Chapter 1 Background

The committee's first report, released in March 2021, focused on the Stronger Communities Fund tied grants round and local government grants. This final report explores grants to arts and cultural groups and bushfire relief grants, including how fraud has been managed in the administration of bushfire and disaster relief grants. It also seeks to draw together a series of recommendations on systemic reform with the benefit of the evidence we have received together with the findings and recommendations from the Audit Office of New South Wales, including the recent audit of the Stronger Communities Fund and Regional Cultural Fund.

This chapter provides a brief overview of the first report as background to the current report and its focus. This is followed by an outline of recent reviews and procedural developments since the first report.

The first report

- 1.1 The committee tabled its first report for this inquiry on 30 March 2021 which focused on the Stronger Communities Fund and local government grants. The committee made 13 findings and 15 recommendations in this report, which are reproduced in full in Appendix 3.²
- 1.2 The first report outlined the principles of good grant design and administration which were presented to the inquiry by stakeholders such as the Auditor-General and the Independent Commission Against Corruption. The report noted that governments are responsible for distributing public money in a way that is transparent and accountable. Grants programs should be administered and decisions should be made according to published guidelines and principles of public trust.³
- 1.3 In this context the committee found that the Stronger Communities Fund was a 'clear abuse of ministerial power and of the grants process'.⁴ It found that the program guidelines were revised in order to facilitate certain payments that were not in keeping with the fund's original intent and that the then Premier and then Deputy Premier, who were not the designated decision-makers, approved \$250 million worth of grants.⁵ There was no open application process and no assessment of the merits of projects. Records were inadequately kept and in some cases were deliberately destroyed.⁶
- 1.4 The first report also examined systemic failings in the design and administration of local government grants and made a number of recommendations to improve the efficiency,

² Public Accountability Committee, NSW Legislative Council, *Integrity, efficacy and value for money of NSW Government grant programs: First report*, (2021), pp x-xiv.

³ Public Accountability Committee, NSW Legislative Council, *Integrity, efficacy and value for money of NSW Government grant programs: First report*, (2021), pp 23-25.

⁴ Public Accountability Committee, NSW Legislative Council, *Integrity, efficacy and value for money of NSW Government grant programs: First report*, (2021), p 43.

⁵ Public Accountability Committee, NSW Legislative Council, *Integrity, efficacy and value for money of NSW Government grant programs: First report*, (2021), pp 45 and 71.

⁶ Public Accountability Committee, NSW Legislative Council, *Integrity, efficacy and value for money of NSW Government grant programs: First report*, (2021), pp 70-72.

accessibility and transparency of these grants. Key recommendations in this regard included that the NSW Government:

- review and update the *Good Practice Guide to Grants Administration* and related circular to ensure it aligns with current best practice, and that the key requirements of this guide are enforceable
- create and maintain a central website for all grant application information, including guidelines, objectives and eligibility, and an annual calendar with open and closing dates along with projected times of project announcements
- ensure that all grant programs have, as an absolute minimum, the following legally binding and mandatory elements:
 - a designated decision-maker
 - eligibility criteria
 - a process for identifying and assessing proposed projects against those criteria
 - program guidelines that are clear, detailed and publicly available.⁷

1.5 Overall, the committee concluded in its first report that the NSW Government must overhaul its current model of grants for local government and instead move towards a set formula for funding local councils.⁸

1.6 It is in this context the committee turned to an examination of concerns about significant levels of fraudulent claims together with the politicisation of arts and disaster relief grant funds by the NSW Government in its final report.

The final report

1.7 During this inquiry the committee has remained committed to examining the potential misuse and maladministration of NSW Government grant programs. While the committee was preparing its first report, reports emerged in the media which suggested another large grant fund – this time for bushfire relief – had been misused.⁹

1.8 This final report examines systemic concerns regarding the pork barreling of bushfire relief grants as well as concerns raised with arts and cultural grants. It also considers how fraud has been managed in the administration of bushfire and disaster relief grants.

1.9 Many of the problems stakeholders raised about these grant programs, discussed in detail in the next chapters, echo the issues examined in the first report regarding local government grant programs, including:

- lack of consultation and transparency

⁷ Public Accountability Committee, NSW Legislative Council, *Integrity, efficacy and value for money of NSW Government grant programs: First report*, (2021), pp xii-xiv.

⁸ Public Accountability Committee, NSW Legislative Council, *Integrity, efficacy and value for money of NSW Government grant programs: First report*, (2021), pp 93-95.

⁹ Lucy Cormack, 'Fresh claims of pork barreling over \$177m fire relief fund', *Sydney Morning Herald*, 30 January 2021; Alexandra Smith, 'Bushfire damaged areas got zero funds', *Sydney Morning Herald*, 8 February 2021.

- opaque application processes
- partisan allocation of funds, and
- concerns around the use of ministerial discretion.

Recent and relevant reviews

1.10 Since the committee established this inquiry a number of other reviews have been pursued in relation to the administration of government grant programs. This includes two performance audits conducted by the Audit Office of New South Wales, completed in June 2021 and February 2022, and the review recently established to be jointly led by the Department of Premier and Cabinet alongside the NSW Productivity Commissioner.

Audit Office of NSW performance audits

1.11 The Audit Office of New South Wales has completed two performance audits since the committee's first report – one into the administration of disaster relief grants and the other into the integrity of grant administration, with a focus on the Stronger Communities Fund and Regional Cultural Fund.

Grants administration for disaster relief

1.12 In early 2021, the Audit Office of New South Wales undertook a performance audit examining whether NSW Treasury, Service NSW and the Department of Customer Service effectively administered grants programs funded under the \$750 million Small Business Support Fund.

1.13 The Audit Office published its findings in June 2021 in its report titled '*Grants administration for disaster relief*', which recommended that by December 2021:

- NSW Treasury should finalise and implement an evaluation of both grants programs, including obtaining feedback from businesses
- Service NSW should develop a framework that documents expected controls for how it administers grants, including business processes, fraud control and governance and probity requirements
- Service NSW should publish information on all grants programs, including grants distribution and uptake
- the Department of Customer Service should ensure its processes for managing conflicts of interest meets its policy requirements.¹⁰

1.14 Mr Damon Rees, Chief Executive Officer, Service NSW, acknowledged the value of the independent review conducted by the Audit Office of New South Wales in June 2021. In evidence to the committee, Mr Rees advised that Service NSW continues to prioritise the work

¹⁰ Audit Office of New South Wales, *Grants administration for disaster relief performance audit* (24 June 2021), p 5; Media release, Audit Office of New South Wales, 'Grants administration for disaster relief', 24 June 2021.

needed to address the recommendations directed to them and was on track to deliver by the end of 2021.¹¹

Integrity of grant program administration

- 1.15** On 8 February 2022, the NSW Auditor-General delivered a report titled '*Integrity of grant program administration*' examining the administration of two particular grant schemes.
- 1.16** The performance audit assessed the integrity of the assessment and approval processes for the Stronger Communities Fund (round two tied grants round) administered by the former Office of Local Government, now known as the Local Government Group within the Department of Planning and Environment, and the Regional Cultural Fund which was administered by Create NSW within the Department of Premier Cabinet, and previously administered by the former Department of Planning and Environment.¹²
- 1.17** The report concluded that 'the assessment and approval processes for round two of the Stronger Communities Fund lacked integrity' and that program guidelines developed by the Office of Local Government 'were deficient in a number of aspects and were not used to guide the selection of councils or projects for funding'. In addition, the report found that in relation to the Regional Cultural Fund 'the integrity of the approval process for funding allocations was compromised'.¹³
- 1.18** A number of recommendations were made, including that the Department of Premier and Cabinet develop a model for grant administration that must be used for all grant programs administered in the state, and that this model:
- is based on ethical principles
 - ensures assessments and decisions can be made against clear eligibility criteria
 - ensures accountability for decisions and actions of all those who are involved in the program
 - includes minimum mandatory administration and documentation standards
 - requires any Ministerial override of recommendations to be documented.¹⁴
- 1.19** The report also recommended that the Department of Planning and Environment ensure that guidelines prepared for all grant programs are published and include a governance framework with accountabilities and key assessment steps.¹⁵
- 1.20** Further discussion on the Auditor-General's report can be found in chapter 4.

¹¹ Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, p 3.

¹² Audit Office of New South Wales, *Integrity of grant program administration* (8 February 2022), p 5.

¹³ Audit Office of New South Wales, *Integrity of grant program administration* (8 February 2022), pp 2-3.

¹⁴ Audit Office of New South Wales, *Integrity of grant program administration* (8 February 2022), p 3.

¹⁵ Audit Office of New South Wales, *Integrity of grant program administration* (8 February 2022), p 3.

Review of grants administration in New South Wales

- 1.21** In November 2021, the NSW Government announced that the Department of Premier and Cabinet in partnership with the NSW Productivity Commissioner, Mr Peter Achterstraat AM, would be leading a review of grants administration in New South Wales.¹⁶
- 1.22** The terms of reference for the review stipulate that its purpose is 'to deliver value for money for the New South Wales taxpayer by ensuring that the administration, assessment and assurance of grants programs in New South Wales is in line with best practice'. The objectives of the review include:
- to ensure that all grants programs administered by the NSW Government:
 - deliver value for public money in achieving their stated purpose or purposes
 - are robust in their planning and design
 - adopt key principles of transparency, accountability and probity
 - deliver a high-quality customer experience.
 - to produce an updated *Good Practice Guide to Grants Administration*.¹⁷
- 1.23** The review will consider guidelines from other jurisdictions, recommendations made by New South Wales parliamentary, integrity and oversight bodies, best practice risk assessment and frameworks for grants administration and assurance, and the existing policy and legislative context. During the review, consultation will take place across the public sector, including through a working group comprising representatives from key agencies that administer grants.¹⁸
- 1.24** The recommendations from the review, including an updated *Good Practice Guide to Grants Administration*, is due to be provided to the NSW Premier by April 2022.¹⁹
- 1.25** It is noted that during the inquiry, the committee had the benefit of meeting with the NSW Productivity Commissioner on two occasions since the joint review was announced to discuss issues raised during the committee's inquiry. The committee is grateful to have had this useful informal exchange with the Commissioner.

Audit Office of NSW 2009 report '*Grants Administration*'

- 1.26** In May 2009, then NSW Auditor-General, Mr Peter Achterstraat AM, issued a report conducted in accordance with section 38E of the *Public Finance and Audit Act 1983* titled '*Grants Administration*'.

¹⁶ Department of Premier and Cabinet, *Review of grants administration in NSW* (4 November 2021) <<https://www.dpc.nsw.gov.au/updates/2021/11/04/review-of-grants-administration-in-nsw/>>

¹⁷ Department of Premier and Cabinet, *Review of grants administration in NSW, Terms of reference* (4 November 2021), < <https://www.dpc.nsw.gov.au/assets/dpc-nsw-gov-au/files/Updates/Terms-of-Reference-Review-of-Grants-Administration-in-NSW.pdf>>

¹⁸ Department of Premier and Cabinet, *Review of grants administration in NSW, Terms of reference* (4 November 2021), < <https://www.dpc.nsw.gov.au/assets/dpc-nsw-gov-au/files/Updates/Terms-of-Reference-Review-of-Grants-Administration-in-NSW.pdf>>

¹⁹ Department of Premier and Cabinet, *Review of grants administration in NSW, Terms of reference* (4 November 2021), < <https://www.dpc.nsw.gov.au/assets/dpc-nsw-gov-au/files/Updates/Terms-of-Reference-Review-of-Grants-Administration-in-NSW.pdf>>

1.27 The report found that in 2007-08 New South Wales spent \$5.5 billion or 12 per cent of general government expenditure on grants that were neither subsidies nor inter-agency payments. This audit went on to ask how grants are defined, where grants went and what recipients think of the grant system.

1.28 In relation to the politicisation of grant processes, the report found:

We found no significant difference in the funding of government and opposition electorates. However, more money was given to electorates that were safely held by the major parties. These seats received \$1.29 for every dollar given to marginal and independent seats with government marginals getting the least. Electorates also receive different levels of funding according to which region they are in.²⁰

Procedural developments

1.29 A number of procedural developments since the tabling of the committee's first report are worthy of note, including the importance of documents obtained through the Legislative Council under standing order 52, and the non-compliance of the NSW Government in providing a response to the committee's first report.

Orders for papers

1.30 Similar to the committee's use of documents in relation to the Stronger Communities Fund detailed in the first report, the committee again relied on documents produced to the Legislative Council under standing order 52, this time in relation to bushfire and disaster relief grants and grant fraud. The following timeline sets out the documents ordered by the committee:

Table 1 Timeline of key documents related to the final report

Date (2021)	Event
17 February	The Legislative Council resolves to order papers under standing order 52 relating to: <ul style="list-style-type: none"> • Bushfire Local Economic Recovery Fund • 2019-2020 bushfire season grants.²¹

²⁰ Audit Office of New South Wales, *Grants Administration* (May 2009), <https://www.audit.nsw.gov.au/sites/default/files/pdf-downloads/2009_May_Report_Grants_Administration.pdf>, p 2.

²¹ *Minutes*, NSW Legislative Council, 17 February 2021, pp 1934-1935 and 1948-1949.

18 February	The Legislative Council resolves to order papers under standing order 52 relating to bushfire recovery grants for small businesses and primary producers. ²²
18 March	Bushfire Local Economic Recovery Fund documents are produced. ²³
23 March	Bushfire recovery grants for small businesses and primary producers are produced. ²⁴
24 March	2019-2020 bushfire season grants documents are produced. ²⁵
5 May	The Legislative Council resolves to order papers under standing order 52 relating to Core Integrity. ²⁶
12 May	Initial documents relating to Core Integrity are produced. ²⁷
3 June	Further documents relating to Core Integrity are produced. ²⁸

Government response

- 1.31** The government response to the committee's first report was due on 30 September 2021. On 17 September 2021, the committee received correspondence from the Hon Don Harwin MLC, Leader of the Government in the Legislative Council, advising that 'the government will provide a holistic response to the committee's recommendations in its first report together with any additional recommendations in its final report following its tabling'.²⁹
- 1.32** Under standing order 233, the Leader of the Government must, within six months of a report being tabled, report to the Legislative Council what action, if any, the government proposes to take in relation to each recommendation. If a government response is not received within the six month deadline the President is to report this to the House.³⁰
- 1.33** During the current session of Parliament, standing order 233 was amended to include a provision that if a response does not address each recommendation, the President is to inform the House on the next sitting day and the relevant Minister must immediately explain to the House the reason for non-compliance. If, after explanation in the House, the Minister has not provided a full government response within a period of one month, the President is to again

²² *Minutes*, NSW Legislative Council, 18 February 2021, pp 1978-1979.

²³ *Minutes*, NSW Legislative Council, 18 March 2021, p 2053.

²⁴ *Minutes*, NSW Legislative Council, 23 March 2021, pp 2060-2061.

²⁵ *Minutes*, NSW Legislative Council, 24 March 2021, p 2086.

²⁶ *Minutes*, NSW Legislative Council, 5 May 2021, p 2121.

²⁷ *Minutes*, NSW Legislative Council, 12 May 2021, p 2184.

²⁸ *Minutes*, NSW Legislative Council, 8 June 2021, p 2253.

²⁹ Correspondence from Hon Don Harwin MLC, Leader of the Government in the Legislative Council, to Mr David Blunt, Clerk of the Parliaments, 17 September 2021.

³⁰ Legislative Council, *Standing rules and orders* (5 May 2004), Standing order 233, p 81.

inform the House and the Minister will again be called to explain. This will continue until a full government response is received.³¹

1.34 In this case, the committee responded to Minister Harwin advising that the government response did not fulfil the requirements under standing order 233. The committee also wrote to the President of the Legislative Council requesting that the President inform the House on the next sitting day of the non-compliance.³²

1.35 On 12 October 2021, the Leader of the Government was called upon by the President to explain his reasons to the House for non-compliance. Minister Harwin replied:

As is suggested in the response, the Government will consider each of these recommendations in a holistic manner alongside any recommendations made in the final report on the inquiry. Noting the imminent delivery of the committee's final report, it is wholly appropriate and completely defensible that the Government seeks to deal with all of the inquiry recommendations together rather than responding to them in a piecemeal fashion.³³

1.36 On 16 November 2021, the committee had still not received a response to the recommendations from the first report. The Leader of the Government was again called upon by the President to explain the reasons for non-compliance to the House. Minister Harwin responded in a similar fashion to his response on 12 October 2021. Minister Harwin also noted the establishment of a review into the grants process led by the Department of Premier and Cabinet in partnership with the NSW Productivity Commissioner (as noted earlier in the chapter).³⁴

1.37 This was the first occasion the amended standing order 233 requiring a Minister to address the House to explain the reason for non-compliance had been applied. To date the committee has not received a response from the government to its first report.

Committee comment

1.38 There are serious and enduring issues of accountability and transparency across a number of different NSW Government grant programs. While this committee only examined a small selection of available grant programs in New South Wales, each reveal common causes for concern and indicate that grant programs are not being well designed or well managed. The extent of this will be considered throughout the report, as it focuses on bushfire and disaster relief grants, and arts and cultural grants.

1.39 The committee notes with interest the examination of government grant administration through various independent review mechanisms. In particular, the committee is encouraged by the recent report by the Auditor-General on the integrity of grant program administration, which

³¹ Legislative Council, *Sessional Orders, Temporary Orders, Resolutions of Continuing Effect and Office Holders, First Session of the fifty-seventh Parliament* (25 November 2021), pp 12-13.

³² Correspondence from Chair, to Hon Don Harwin MLC, Leader of the Government in the Legislative Council, 27 September 2021; Correspondence from Chair, Hon Matthew Mason-Cox MLC, President of the Legislative Council, 27 September 2021.

³³ *Hansard*, NSW Legislative Council, 12 October 2021, p 21.

³⁴ *Hansard*, NSW Legislative Council, 16 November 2021, p 5.

made a number of key findings that match those identified in the first report delivered by the committee for this inquiry. The Audit Office report also makes important recommendations for reform to grants administration which reflect many of the recommendations of this inquiry. These will be discussed further in chapter 4.

- 1.40** The committee also acknowledges the significant interplay between the House and the work of the committee in upholding public scrutiny of NSW Government grant programs. The opportunity to interrogate through the inquiry process the documents produced under standing order 52 has only highlighted the important role of the committee and the House in ensuring that the government is held to account. We are grateful for the cooperation of members across the political spectrum in achieving this.
- 1.41** Given the extent of the politicisation of grants and the scale of the problem, it is troubling that almost 12 months have elapsed since our first report and none of the recommendations have yet been adopted by the government. That is another 12 months where the administration of grants in New South Wales has occurred without anything like adequate controls or integrity measures. We further note that the critical findings and the broad recommendations made by this committee in that first report have been overwhelmingly corroborated by the recent audit in the Stronger Community Fund by the Audit Office. This failure to act by the government amounts to a breach of good faith with the people of New South Wales who deserve a government that treats public funds with due care and strives to ensure the public, not political parties, benefit from the use of scarce public funds.
- 1.42** The committee calls on the NSW Government to respond as a matter of urgency to its first and now its final report on grants administration in New South Wales, in particular, the recommendations of a systemic change.

Recommendation 1

That this committee calls on the NSW Government to respond as a matter of urgency to its first and now its final report on grants administration in New South Wales, in particular, the recommendations of a systemic change.

- 1.43** Whether or not it was the intention of the NSW Government, the failure to ensure integrity in grants now leaves the public purse open to continued abuse in the 12 months leading up to the next state election. This is despite the damning evidence uncovered by this committee and the House 12 months and more ago outlining the gross politicisation of grant administration in New South Wales.
- 1.44** The fact that this committee's findings have been overwhelmingly supported by the independent review of grants undertaken by the Audit Office only underlines the government's culpable lack of action. If the intention of the government was to leave the way open to attempt to buy the upcoming election with politicised grants then this failure to act would be explicable. It is not consistent with a government striving to ensure that public money is applied so as to do the greatest public good. This matter is further discussed in chapter 4.

Chapter 2 Bushfire relief grants

This chapter outlines the key grant programs established by the NSW Government to provide bushfire relief and recovery. It examines stage one of the Bushfire Local Economic Recovery Fund in detail, in particular, issues with the 'fast-tracked priority local infrastructure projects' stream. The chapter then turns to an examination of concerns with bushfire and disaster relief grants in general, including how fraud has been managed in the administration of these grants.

2019-20 bushfires

- 2.1** The 2019-20 bushfires had a devastating and ongoing impact on New South Wales. The NSW Government's Bushfire Inquiry described the bushfires as 'some of the worst in the world and in recorded history'. A number of factors, not least climate change, combined to cause extreme bushfire events such as megafires and fire-generated thunderstorms during 240 consecutive days of burning. Over 5.52 million hectares of land were burnt, resulting in the significant loss of homes, property, wildlife, land, stock and crops. 2,476 houses were destroyed, as well as thousands of other buildings. Twenty six lives were lost.³⁵
- 2.2** Local councils from around New South Wales described the serious and ongoing impacts the 2019-2020 bushfires had on their economies, their communities and the environment. For example, in the Bega Valley Shire Council area, over 470 houses and four lives were lost.³⁶ In the Blue Mountains, 22 homes were lost and an estimated 70 to 80 per cent of Blue Mountains World Heritage Area was significantly burnt.³⁷ Other impacts included interrupted supply chains and damage to crops on the Central Coast,³⁸ and \$425 million worth of forestry lost in the Queanbeyan-Palerang area.³⁹
- 2.3** The economic impact of the bushfires was exacerbated by other events such as floods and the COVID-19 pandemic. Dr Rosemary Dillon, Chief Executive Officer of Blue Mountains City Council said the bushfires, along with other disasters had a 'cumulative impact' that 'devastated the economy'.⁴⁰ The reduction in tourism from both the bushfires and pandemic further compounded the economic impacts on local communities.⁴¹ For instance, Bega Valley Shire

³⁵ NSW Government, *Final Report of the NSW Bushfire Inquiry*, 31 July 2020, pp iv-v and 1-2 <https://www.dpc.nsw.gov.au/assets/dpc-nsw-gov-au/publications/NSW-Bushfire-Inquiry-1630/Final-Report-of-the-NSW-Bushfire-Inquiry.pdf>.

³⁶ Evidence, Ms Leanne Barnes OAM, General Manager, Bega Valley Shire Council, 26 April 2021, pp 20-21.

³⁷ Evidence, Dr Rosemary Dillon, Chief Executive Officer, Blue Mountains City Council, 26 April 2021, p 2.

³⁸ Submission 114, Central Coast Council, p 1.

³⁹ Evidence, Mr Matthew Hyde, Chief Executive Officer, Snowy Valleys Council, 26 April 2021, p 20.

⁴⁰ Evidence, Dr Rosemary Dillon, Chief Executive Officer, Blue Mountains City Council, 26 April 2021, p 2.

⁴¹ Evidence, Ms Tamara Smith MP, Member for Ballina, 26 April 2021, p 60; Dr Rosemary Dillon, Chief Executive Officer, Blue Mountains City Council, 26 April 2021, p 2.

Council noted they had been impacted by six natural disasters in 15 months and were particularly affected by the lack of interstate tourism during the pandemic.⁴²

New South Wales response

2.4 The NSW Government provided a number of grants for various aspects of bushfire recovery, some of which were co-funded by the Commonwealth Government. Overall, \$4.4 billion worth of combined grant funding was provided for bushfire recovery by the New South Wales and Commonwealth Governments.⁴³ Three key programs were delivered by the Department of Regional NSW and Resilience NSW to fund bushfire response, recovery and preparedness:

- Bushfire Local Economic Recovery Fund
- Bushfire Industry Recovery Package
- Bushfire Community Resilience and Recovery Fund.⁴⁴

2.5 The following table sets out the three key programs and their different funding rounds and streams. A table provided by the Department of Regional NSW that includes further information about each of these is reproduced in Appendix 4.

Table 2 Overview of New South Wales key bushfire grant programs

Bushfire Community Recovery & Resilience Fund (BCRRF)		Bushfire Industry Recovery Package (BIRP)		Bushfire Local Economic Recovery Fund (BLER)	
Phase 1		Stream 1 Supply chain support grants	Stream 2 Sector development grants (delivered under stage 1 BLER)	Stage 1 early co-funded projects	
Phase 2				BIRP Sector development grants	Fast-tracked priority local infrastructure projects
Stream 1	Stream 2	Stage 2			
		Stage 3			

⁴² Evidence, Ms Leanne Barnes OAM, General Manager, Bega Valley Shire Council, 26 April 2021, p 12; Mr Anthony McMahon, Director, Assets and Operations, Bega Valley Shire Council, 26 April 2021, p 21.

⁴³ Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 26 April 2021, p 30.

⁴⁴ NSW Government, *Regional Recovery Program*, last updated 24 November 2020, <https://www.nsw.gov.au/regional-nsw/regional-recovery-programs>.

Bushfire Local Economic Recovery Fund

- 2.6** During the inquiry the committee focused on the Bushfire Local Economic Recovery (BLER) Fund and specific concerns regarding the identification of projects for the fast-tracked local infrastructure projects stream.
- 2.7** The BLER Fund was co-funded by the New South Wales and Commonwealth Governments. The overall package was worth over \$500 million,⁴⁵ which included \$270 million of funding from the Commonwealth Local Economic Recovery Fund.⁴⁶
- 2.8** As seen in the table above, the BLER Fund is made up of three stages:
- Stage one – early co-funding
 - Stage two – open round
 - Stage three – final projects/initiatives.
- 2.9** Stage one, known as 'early co-funded projects', consisted of two different streams:
- Stream one: sector development grants – assessed under the Bushfire Industry Recovery Package then merged into BLER
 - Stream two: fast-tracked priority local infrastructure projects – identified by the NSW Government.
- 2.10** The sector development stream was set up under the Bushfire Industry Recovery Package (BIRP) with applications open from May to July 2020.⁴⁷ After applications opened, the Commonwealth Government agreed to co-fund the grants under BLER.⁴⁸ Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, indicated that once the Commonwealth joined these grants were then assessed under the BIRP guidelines. The BIRP guidelines were in turn approved by Cabinet before being approved by the Commonwealth Government against the Local Economic Recovery framework for co-funding.⁴⁹
- 2.11** When asked to explain how a grants program's criteria could be changed after applications had opened, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional

⁴⁵ Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 26 April 2021, p 30.

⁴⁶ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, pp 32-33.

⁴⁷ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, p 34; Tabled document, Mr Jonathan Wheaton, *Powerpoint presentation entitled 'Bushfire recovery support package'*, 26 April 2021, p 4.

⁴⁸ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, pp 33-34.

⁴⁹ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, pp 34 and 46.

Development, Department of Regional NSW, said that co-funding 'expands the amount of money available because the Commonwealth doubles the money'.⁵⁰

- 2.12** Stage two of the BLER is an open application round worth \$250 million.⁵¹ Applications for stage two were under assessment at the time of the committee's examination of the fund. A further stage three is also planned.⁵²
- 2.13** A table setting out the three stages of the fund is reproduced in Appendix 5.

Pork-barrelling concerns

- 2.14** In November 2020, \$177 million worth of successful BLER grants were announced by the then Federal Minister for Emergency Management the Hon David Littleproud MP and then Deputy Premier, the Hon John Barilaro MP.⁵³
- 2.15** The announcement prompted allegations of pork-barrelling in the media, which were repeated by stakeholders to this inquiry. In particular, stakeholders were concerned that fast-tracked allocations in BLER stage one had been made on political grounds as some heavily-impacted areas in non-government seats had missed out on funding, while some projects in Coalition electorates, with apparently less merit, were awarded grants.
- 2.16** Central Coast and Blue Mountains City Councils both noted that while they were grateful for bushfire support received, they missed out on funding from the BLER stage one, despite sustaining significant damage from the bushfires. Central Coast Council said it 'was not invited to nominate projects to be fast-tracked' and was only notified of the program in October 2020.⁵⁴
- 2.17** Dr Dillon said that to miss out on funding despite being asked to submit projects and despite the impact of bushfires in the Blue Mountains, was 'shocking':
- ... [F]or us to miss out, given also that they specifically contacted us and asked us to make the submission, and given that we were a major impacted area, it's just incredulous to me that we received nothing.⁵⁵
- 2.18** Dr Dillon noted further that the informality of the process contributed to the perception that funding allocations had not been made fairly. She stated:

⁵⁰ Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 26 April 2021, p 34.

⁵¹ Guidelines for round 2 are available online: <https://www.nsw.gov.au/sites/default/files/2020-11/Bushfire%20Local%20Economic%20Recovery%20Fund%20Program%20Guidelines.pdf>.

⁵² Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 26 April 2021, p 30.

⁵³ Media release, Hon David Littleproud MP, Minister for Emergency Management, 'Joint media release with the Hon John Barilaro MP - \$177 Million for 71 bushfire recovery projects in NSW', 2 November 2020, <https://minister.homeaffairs.gov.au/davidlittleproud/Pages/177-million-for-71-bushfire-recovery-projects-in-nsw.aspx>.

⁵⁴ Submission 114, Central Coast Council, p 2.

⁵⁵ Evidence, Dr Rosemary Dillon, Chief Executive Officer, Blue Mountains City Council, 26 April 2021, p 5.

When you have got an informal process there can be a great perception that it might not be a fair process. In this case it is hard not to reach the conclusion that there were political agendas at play.⁵⁶

- 2.19** Local members from non-government seats noted that their communities felt that bushfire grants are part of a 'rigged system' and were unhappy by the politicisation of recovery funds.⁵⁷ Ms Tamara Smith MP, Member for Ballina, said that stage one of BLER lacked rigour, transparency and independence and is out of step with what the community expects in the administration of public money.⁵⁸
- 2.20** Ms Trish Doyle MP, Member for Blue Mountains, said that 'the people of New South Wales deserve better' and that those affected by bushfires deserve support, regardless of politics.⁵⁹
- 2.21** Ms Smith and Ms Doyle argued that, in the context of programs such as the Stronger Communities Fund and Stronger Country Communities Fund, examined in the committee's first report, bushfire relief grants were part of an established culture of pork-barrelling and secrecy, and noted that 'the Liberals-Nationals have form'.⁶⁰
- 2.22** Then Deputy Premier, the Hon John Barilaro MP, disputed that the Bushfire Local Economic Recovery Fund was pork-barrelled, arguing that \$50 million of the \$177 million in grant funding announced in November 2020 was allocated to non-government seats. Mr Barilaro also stated that according to Rural Fire Service data '90 per cent of buildings damaged were destroyed in Coalition seats' and 77 per cent of overall impact was also in Coalition seats.⁶¹
- 2.23** Mr Wheaton said that 'projects across every single local government area in high and medium impacted areas were under consideration' for grants. He indicated it was not intended that certain areas would be excluded and noted that some highly-impacted government seats, such as Wollondilly and Snowy Monaro, also did not receive fast-tracked BLER funding.⁶²
- 2.24** In relation to the Blue Mountains City Council missing out on fast-tracked grants, Mr Barilaro said that the Blue Mountains had received a total of around \$26 million in grants and support, and that the area ranked lower than other areas when considering economic impact and

⁵⁶ Evidence, Dr Rosemary Dillon, Chief Executive Officer, Blue Mountains City Council, 26 April 2021, p 4.

⁵⁷ Evidence, Ms Tamara Smith MP, Member for Ballina, 26 April 2021, p 61; Ms Trish Doyle MP, Member for Blue Mountains, 26 April 2021, p 58.

⁵⁸ Evidence, Ms Tamara Smith MP, Member for Ballina, 26 April 2021, pp 58-59.

⁵⁹ Evidence, Ms Trish Doyle MP, Member for Blue Mountains, 26 April 2021, pp 58-59.

⁶⁰ Evidence, Ms Tamara Smith MP, Member for Ballina, 26 April 2021, pp 58 and 62; Ms Trish Doyle MP, Member for Blue Mountains, 26 April 2021, p 58.

⁶¹ Evidence, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 8 February 2021, pp 5-6.

⁶² Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, pp 36-37 and 52-53.

buildings impacted.⁶³ He further advised that the Blue Mountains will be prioritised for funding in the next round.⁶⁴

- 2.25** Significantly, it is noted that impact assessment data captured by the NSW Government's own Spatial Services, reveals that non-government electorates such as the Central Coast, Blue Mountains and Ballina indeed suffered relatively large economic impact. For example, the economic impact on the Central Coast was valued at \$163.3 million, on the Blue Mountains \$65.4 million, and on Ballina \$4.2 million.⁶⁵
- 2.26** The committee also questioned the then Deputy Premier on the appropriateness of particular grants:
- \$11 million to Kempsey Council for Macleay Valley Skydiving Adventure Park – application had been previously unsuccessful in a number of other grant programs.⁶⁶
 - \$10 million to Visy Corp – large grant to a multinational corporation.⁶⁷
- 2.27** Mr Barilaro noted that he was unaware the Skydiving Adventure Park project had failed to attract funding under other grant programs, but argued this did not mean the project did not merit funding on this occasion.⁶⁸ Mr Barilaro emphasised the economic impact the grant would have, saying the project 'would boost the local economy including supporting local businesses' and that it would 'create tourism in the region'.⁶⁹
- 2.28** Regarding the Visy Corp grant, Mr Barilaro stated that the bushfires devastated the forestry industry in southern New South Wales and he asserted that this particular grant secured 1,200 jobs.⁷⁰

⁶³ Evidence, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 8 February 2021, pp 5, 8 and 11.

⁶⁴ Evidence, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 8 February 2021, pp 31-32.

⁶⁵ Tabled document, Mr David Shoebridge MLC, *2 maps indicating NSW Bushfires State Electorate Overview – Impact assessment data*, 8 February 2021, pp 1-2.

⁶⁶ Wiriya Sati and Luisa Rubbo, 'Kempsey Council defends \$11m "world-class" skydiving project funded by bushfire recovery', *ABC News*, 16 February 2021 <https://www.abc.net.au/news/2021-02-16/kempsey-shire-skydive-park-bushfire-money-controversy/13145448>; Tom Rabe, ' "Shopped around for years": Skydiving funding from bushfire grants criticised', *Sydney Morning Herald*, 11 February 2021 <https://www.smh.com.au/national/nsw/shopped-around-for-years-skydiving-funding-from-bushfire-grants-criticised-20210210-p571bo.html#:~:text=The%20funding%20for%20the%20Macleay,an%20inquiry%20into%20government%20grants>.

⁶⁷ Evidence, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 8 February 2021, pp 12-13.

⁶⁸ Evidence, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 8 February 2021, p 9.

⁶⁹ Evidence, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 8 February 2021, pp 9-10.

⁷⁰ Evidence, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 8 February 2021, pp 12-13.

Fast-tracked priority local infrastructure projects

2.29 The fast-tracked priority local infrastructure projects stream, worth a total of \$108 million was particularly controversial as councils viewed that they were not adequately notified of the process and were not provided with guidelines or eligibility criteria. This section will first establish the process undertaken by the department before turning to the concerns raised by stakeholders.

Identification of projects

2.30 Projects funded under this stream were identified by the NSW Government and assessed by the Commonwealth Government under Commonwealth Local Economic Recovery guidelines.

2.31 In July 2020, the Commonwealth Government announced that \$270 million of the Local Economic Recovery funding was available to New South Wales under the Disaster Recovery Funding Arrangements, which require a 50-50 co-contribution. The Commonwealth Government also requested that New South Wales 'leverage existing processes' and rapidly identify projects that would be suitable for fast-tracked funding.⁷¹

2.32 Mr Hanger explained that the Department of Regional NSW had an 'existing pipeline of projects' as thousands of applications had been submitted to various programs under the Regional Growth Fund that had not received funding.⁷² In addition, the department directly approached three councils that were not eligible under the Regional Growth Fund – Wollondilly, the Blue Mountains and Hawkesbury – and asked them to put forward shovel-ready projects for funding.⁷³

2.33 These projects were assessed internally by the Department of Regional NSW, Resilience NSW and Public Works.⁷⁴ In only two to three weeks departmental staff reviewed thousands of projects and narrowed them down to a list of around 400 projects.⁷⁵ This list was then refined to 22 projects and submitted to the Expenditure Review Committee and then to the National Bushfire Recovery Agency.⁷⁶

⁷¹ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, pp 32-33; Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, pp 32-33 and 35.

⁷² Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 26 April 2021, p 35.

⁷³ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, pp 36-37; Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 26 April 2021, pp 54-55.

⁷⁴ Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 26 April 2021, p 35.

⁷⁵ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, pp 35-36.

⁷⁶ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, pp 35-36, 48 and 53.

2.34 Mr Wheaton clarified that this process was a means of rapidly identifying projects rather than assessing them and that the NSW Government was 'not running a grant program at that point in time'.⁷⁷

Commonwealth guidelines and internal departmental criteria

2.35 In order to attract Commonwealth co-funding, identified projects had to be endorsed by the Commonwealth Government under the Commonwealth guidelines, known as the Local Economic Recovery (LER) framework.⁷⁸ However, the guidelines were not finalised until November 2020.⁷⁹ As a result, the guidelines were not provided to stakeholders or published when projects were being identified.

2.36 An internal Department of Regional NSW document returned in response to an order for papers established the principles used by the department to identify projects. Mr Wheaton described it as an 'initial guiding document' which was used from July 2020 to set out the 'high-level process' by which the department reviewed potential projects.⁸⁰

2.37 This document noted that each project was to be reviewed to ensure it met the following Commonwealth LER framework criteria (in draft form at that time). These criteria are the same as those listed in the final LER framework and are available online:⁸¹

- balance and need
- alignment
- enduring benefit
- funding stream suitability
- local participation, support and delivery
- evidence base
- feasibility.⁸²

2.38 The document set out two further criteria the department used and states:

Projects considered as a fast-tracked project must:

- have been submitted for funding through NSW Government programs or otherwise identified as a local priority project

⁷⁷ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, pp 35-36 and 39-40.

⁷⁸ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, p 46.

⁷⁹ Answers to questions on notice, Department of Regional NSW, 21 May 2021, p 1.

⁸⁰ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, pp 41-42.

⁸¹ National Bushfire Recovery Agency, *Local Recovery Projects: Frequently asked questions* <https://www.bushfirerecovery.gov.au/local-recovery-projects>.

⁸² Tabled document, Mr David Shoebridge MLC, *Bushfire Fast Tracked Projects: Project selection*, 26 April 2021, p 1.

- be shovel-ready, meaning work can commence within six months.⁸³

2.39 Mr Wheaton described how the Department of Regional NSW used these criteria:

We were looking for projects that could be very quickly validated as shovel-ready ... We had alignment with local recovery plans or the regional economic development strategies and the bushfire addenda, which we had developed post-bushfires, council recovery plans or other relevant documents locally. We were looking for an alignment with the Local Economic Recovery (LER) framework that would have been the draft LER framework and those criteria at that time.⁸⁴

2.40 As well as the guidelines criteria, the Department of Regional NSW 'set a number of internal criteria' in order to reduce the list of proposed fast-tracked local infrastructure projects from 400 to 22.⁸⁵

2.41 According to the then Deputy Premier, in order to be recommended for fast-tracked funding projects had to be:

- worth at least \$1 million
- shovel-ready
- align with Local or Regional Recovery Action Plans, NSW Regional Economic Development Strategies Bushfire Addenda or other community and council recovery priorities and have confirmed local support
- be in a high or moderate impacted bushfire area.⁸⁶

2.42 Mr Wheaton explained that the department first considered projects in medium-to-high impacted local government areas in order to narrow down the list:

To reduce that list, we then identified and focused on areas that were in medium-to-high impacted areas, or local government areas. This is all done at the local government area, and we had used the building impact assessment numbers to basically then classify at that point in time low, medium or highly impacted local government areas for the purposes of this process of being able to then get to a list of which we then had certainty as far as possible that those projects could be delivered and an immediate decision as the rapidly identified set of projects.⁸⁷

⁸³ Tabled document, Mr David Shoebridge MLC, *Bushfire Fast Tracked Projects: Project selection*, 26 April 2021, p 1.

⁸⁴ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, p 36.

⁸⁵ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, p 36.

⁸⁶ Answers to supplementary questions, the Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 22 March 2021, p 1.

⁸⁷ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, p 36.

- 2.43 Mr Wheaton then explained that the additional criteria of a \$1 million minimum project value was applied to further narrow down the list of projects.⁸⁸

Stakeholder concerns

- 2.44 Local councils, local members and community groups expressed concern that information about the fast-tracked local infrastructure projects was not communicated clearly nor its criteria applied consistently.

Poor communication

- 2.45 While it is understood that the Department of Regional NSW liaised with some councils about the grants program through regional recovery committees and, as noted earlier, contacted the Wollondilly, Blue Mountains and Hawkesbury Councils directly, concerns were raised during the inquiry that communication from the Department was insufficient and vague, and that no council was provided with specific eligibility or assessment criteria for guidance.

- 2.46 For example, according to Dr Dillon, communication from the Department of Regional NSW and Resilience NSW had been informal and vague, stating:

In July 2020 I was contacted by the NSW Government – Regional NSW and Resilience NSW. It was through a number of telephone calls, fairly informal, where I was told by the offices that there might be up to \$270 million available in grant funding from the Commonwealth and State governments to help us in our recovery process ...⁸⁹

- 2.47 Other councils expressed a similar view, arguing that specific details about the funding, including eligibility criteria, were not communicated. For instance, when asked about whether he had been advised of the \$1 million threshold or shovel-ready requirement, Mr Hyde stated that council was not given details around criteria but that 'there was just an expectation that there would be some assistance available'. He added: 'We were unsure about what that would have been'.⁹⁰

- 2.48 Some regional local councils had likewise been informed about the potential funding but as part of more general discussions with the Department. For example, Mr Matthew Hyde, Chief Executive Officer of Snowy Valleys Council, said Council was originally notified about potential funding for fast-tracked projects through discussions in recovery groups.⁹¹ Similarly, Ms Leanne Barnes, General Manager, Bega Valley Shire Council, explained that Council was part of a regional recovery committee for south-east New South Wales. The committee and its working groups met regularly and therein discussed potential fast-tracked funding.⁹²

⁸⁸ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, p 42.

⁸⁹ Evidence, Dr Rosemary Dillon, Chief Executive Officer, Blue Mountains City Council, 26 April 2021, p 2.

⁹⁰ Evidence, Mr Matthew Hyde, Chief Executive Officer, Snowy Valleys Council, 26 April 2021, p 14

⁹¹ Evidence, Mr Matthew Hyde, Chief Executive Officer, Snowy Valleys Council, 26 April 2021, p 14.

⁹² Evidence, Ms Leanne Barnes OAM, General Manager, Bega Valley Shire Council, 26 April 2021, pp 14-15.

- 2.49** Others simply had no idea that the grants program existed, with Central Coast Council informing the committee it had not been invited to nominate fast-tracked projects and was only notified of the program in October 2020.⁹³ Local members also commented on not being informed, with MPs from bushfire-affected areas advising that they were not notified that grant funding was available or approached to suggest projects. Member for Blue Mountains Ms Doyle advised that she had first found out about stage one through the media.⁹⁴ Member of Ballina Ms Smith noted she had not been told of any eligibility criteria.⁹⁵
- 2.50** Of those who engaged with the process, some maintained that poor communication continued to be a problem. For example, Dr Dillon said that Blue Mountains City Council submitted a comprehensive package of around 23 shovel-ready projects but did not receive further communication after this.⁹⁶ Similarly, Bega Valley Shire Council also encountered communication issues later in the process, with Council receiving funding for community hall replacements but only discovering this through the media. Council then had to initiate and follow up contact with Resilience NSW to progress a funding agreement.⁹⁷
- 2.51** In response to the assertions made by Central Coast and Blue Mountains City Councils, the Department of Regional NSW disputed the claim that no contact had been made and provided evidence to the committee of sent emails.⁹⁸ These emails evidenced some contact but did not evidence advice being given about criteria, timing or other critical information about the grants.
- 2.52** Representatives from the Department of Regional NSW and Resilience NSW asserted that they had been in contact with local councils, but accepted that they had not provided guidelines and had been vague around assessment criteria.
- 2.53** Mr Hanger advised that the Department of Regional NSW had 'conversations with councils to identify projects as priorities that are shovel-ready' and noted that this communication took place in the broader context of discussions around COVID support.⁹⁹ Ms Marg Prendergast, Executive Director, Disaster Recovery at Resilience NSW, added that Resilience NSW communicated with local councils about potential projects through regional recovery coordinators from around early July 2020.¹⁰⁰
- 2.54** According to Mr Hanger, communication with councils was 'quite general' because the program guidelines had not yet been finalised.¹⁰¹ He emphasised the context for these conversations and

⁹³ Submission 114, Central Coast Council, p 2.

⁹⁴ Evidence, Ms Trish Doyle MP, Member for Blue Mountains, 26 April 2021, pp 59-6.

⁹⁵ Evidence, Ms Tamara Smith MP, Member for Ballina, 26 April 2021, p 60.

⁹⁶ Evidence, Dr Rosemary Dillon, Chief Executive Officer, Blue Mountains City Council, 26 April 2021, p 2.

⁹⁷ Answers to questions on notice, Ms Leanne Barnes OAM, General Manager, and Mr Anthony McMahon, Director – Assets and Operations, Bega Valley Shire Council, 19 May 2021, p 4.

⁹⁸ Answers to questions on notice, Department of Regional NSW, 21 May 2021, pp 5-10.

⁹⁹ Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 26 April 2021, pp 33 and 55.

¹⁰⁰ Evidence, Ms Marg Prendergast PSM, Executive Director, Disaster Recovery, Resilience NSW, 26 April 2021, p 33.

¹⁰¹ Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 26 April 2021, p 50.

requests, noting that '[i]n July when we started the conversation with the council, those details were at early stages because we had draft guidelines from the Commonwealth and the final program mix was yet to be determined'.¹⁰²

- 2.55** Mr Wheaton added that the department could not inform councils of the criteria as the NSW Government had not committed to co-funding at that point and did not even know how much money would be available.¹⁰³
- 2.56** Mr Hanger stated that if they had waited until the Commonwealth guidelines were finalised, they would not have been able to call for projects until late November, delaying the process further. While he agreed that grant programs should include robust processes, Mr Hanger characterised it as 'a balance question' and said the department had prioritised distributing funding as quickly as possible.¹⁰⁴

Application of internal criteria

- 2.57** Following on from concerns about a lack of clear communication about the scope and eligibility for project grants, stakeholders raised further concerns that the additional departmental criteria discussed earlier in the chapter was applied inconsistently.
- 2.58** For example, in the first instance, Blue Mountains City Council argued they were never told about the \$1 million threshold. Dr Dillon said it was 'quite shocking' that the council was asked to submit proposals, but was not given specific criteria.¹⁰⁵ The only criteria the council was given was that projects had to be shovel-ready and council prepared a number of proposals on the basis of this requirement.¹⁰⁶
- 2.59** The then Deputy Premier advised that Blue Mountains City and Central Coast Councils did not receive funding under the fast-tracked stream because their proposed projects were ineligible. Mr Barilaro advised that the Blue Mountains City Council's proposed projects were not eligible as projects 'had to be able to be completed within six months or started within six months' and were required to meet the \$1 million minimum threshold.¹⁰⁷ In relation to the projects proposed by the Central Coast Council, Mr Barilaro clarified that they were not deemed suitable for co-funding.¹⁰⁸

¹⁰² Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 26 April 2021, p 50.

¹⁰³ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, p 55.

¹⁰⁴ Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 26 April 2021, pp 46-47 and 50-51.

¹⁰⁵ Evidence, Dr Rosemary Dillon, Chief Executive Officer, Blue Mountains City Council, 26 April 2021, p 4.

¹⁰⁶ Evidence, Dr Rosemary Dillon, Chief Executive Officer, Blue Mountains City Council, 26 April 2021, pp 2 and 4.

¹⁰⁷ Evidence, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 8 February 2021, pp 6-7.

¹⁰⁸ Answers to questions on notice, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 9 March 2021, pp 2-3.

- 2.60** However, the Department of Regional NSW suggested that projects did not necessarily need to be shovel-ready, describing it as 'a consideration' and stating that Blue Mountains City Council missed out on funding as their proposals did not meet the \$1 million threshold.¹⁰⁹
- 2.61** Although the \$1 million threshold was asserted by the government to be a key criteria, a number of projects lower than this threshold received grant funding. When questioned about this inconsistency, the then Deputy Premier suggested that these successful projects may have been considered as part of a package.¹¹⁰
- 2.62** Further, A Better Eurobodalla raised concerns about a \$5.25 million grant to Eurobodalla Shire Council for a recreational walking track. According to local residents, this project was not shovel-ready as it had not even had a route declared and no public consultation had occurred. The group questioned how the project could represent value for money when it had not been properly assessed, and how it managed to attract so much funding from various bushfire recovery funds when no public documentation was available nor had community consultation occurred.¹¹¹
- 2.63** Blue Mountains City Council concluded that the process of identifying projects 'lacked an appropriate framework, guidance and assessment criteria'.¹¹²

Concerns with the bushfire relief package

- 2.64** Stakeholders also raised a number of concerns with the NSW Government's bushfire relief funding as a whole. Many of these concerns mirrored those examined in the committee's first report regarding local government grants, such as:
- delays in application open dates and funding announcements¹¹³
 - onerous and opaque application processes¹¹⁴
 - lack of transparency and consistency in project assessments and approvals.¹¹⁵
- 2.65** The context of bushfire and disaster recovery, where communities need more support and quickly, makes these matters even more pertinent. Stakeholders commented that issues such as

¹⁰⁹ Answers to questions on notice, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, and Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 21 May 2021, p 2.

¹¹⁰ Evidence, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 8 February 2021, p 17; Tabled document, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, *Questions: If asked about the process to identify known priority local infrastructure projects*, 8 February 2021, p 1.

¹¹¹ Submission 111, A Better Eurobodalla, pp 2-7; Evidence, Dr Brett Stevenson, Co-convenor, A Better Eurobodalla, 26 April 2021, pp 26-27.

¹¹² Submission 115, Blue Mountains City Council, pp 1-3.

¹¹³ Submission 107, Nambucca Valley Shire Council, p 3; Submission 36a, Bega Valley Shire Council, pp 1-2.

¹¹⁴ See, e.g.: Submission 114, Central Coast Council.

¹¹⁵ See, e.g.: Evidence, Ms Tamara Smith MP, Member for Ballina, 26 April 2021, p 61; Submission 102a, Wollongong City Council; Submission 36a, Bega Valley Shire Council, p 4.

delays in announcements and shovel-ready requirements become more challenging in the context of disaster recovery.¹¹⁶

- 2.66** While local councils were grateful for the funding they received, some argued funding was insufficient and was not coordinated. For example, Blue Mountains City Council stated that 'this funding has been received in a piecemeal and fragmented manner, top down in a way that does not always address local recovery priorities'.¹¹⁷
- 2.67** Local residents felt they had been left out of the process and questioned why funding had not been directed to improving disaster facilities such as evacuation centres. Dr Clare Buswell, a local resident, described current disaster funding as reactive and argued that as natural disasters will reoccur, funding should be directed to preparing communities for future events.¹¹⁸
- 2.68** Local residents agreed recovery funding should be directed to disaster infrastructure and resilience such as improving communications and evacuation centres.¹¹⁹ Mr Frank Ross, a local resident, argued bushfire recovery funding had not taken into account the needs of the community:
- They have not actually done their homework on basic needs assessment before they go into serving out the proprieties. I think that is where this model has fallen down. I think actually listening to communities needs and actually having a model which incorporates communities needs should be a first priority.¹²⁰
- 2.69** In terms of improvements for future emergency recovery grant programs, Central Coast Council recommended that a departmental officer be assigned to each affected local government area to provide a coordinated approach.¹²¹ In June 2021, the NSW Government announced the establishment of a Disaster Response Taskforce to 'help council staff develop and deliver disaster recovery projects across New South Wales'. The taskforce is to include five new specialist staff who will assist councils in applying for disaster funding.¹²²
- 2.70** In addition, Nambucca Valley Council described Financial Assistance Grants allocated to councils based on a range of predetermined factors, as the 'gold standard for transparency, integrity, efficacy and fairness' and recommended greater use be made of the funding formula managed by the NSW Grants Commission.¹²³

¹¹⁶ Submission 36a, Bega Valley Shire Council, pp 5-6; Submission 48a, Snowy Valleys Council, pp 5-6.

¹¹⁷ Submission 115, Blue Mountains City Council, p 3.

¹¹⁸ Evidence, Dr Clare Buswell, Local resident, 26 April 2021, pp 24 and 28.

¹¹⁹ Evidence, Ms Bernie O'Neil, Co-convenor, A Better Eurobodalla, 26 April 2021, p 27; Evidence, Mr Frank Ross, Local resident, 26 April 2021, p 28.

¹²⁰ Evidence, Mr Frank Ross, Local resident, 26 April 2021, p 28.

¹²¹ Submission 114, Central Coast Council, p 2.

¹²² Transport for NSW, *New taskforce to support councils with disaster recovery* (7 June 2021), Transport for NSW media releases, <https://roads-waterways.transport.nsw.gov.au/about/news-events/news/ministerial/2021/210607-new-taskforce-to-support-councils-with-disaster-recovery.html>.

¹²³ Submission 107, Nambucca Valley Council, p 2.

Bushfire Local Economic Recovery Fund stage 2

- 2.71** Some of the enduring problems with grants programs were typified by issues with the Bushfire Local Economic Recovery Fund stage 2, which was an open application round worth \$250 million. In particular, the open round was oversubscribed and short timeframes and delays caused problems for applicants.
- 2.72** Local councils were concerned that the open round was oversubscribed given the number of letters of support for community project applications they had prepared and were concerned this will cause further agitation for communities.¹²⁴ The then Deputy Premier acknowledged that the open round was oversubscribed, noting that 650 applications had been received worth a total of \$6 billion.¹²⁵
- 2.73** Stakeholders also raised concerns about timeframes and delays. The fund was first announced in mid-2020 but applications did not open for another six months. According to Bega Valley and Snowy Valleys Councils, this delay 'created friction in the community'.¹²⁶ Mr Hyde noted that once government had created the expectation of funding it generated 'some angst' in the community when it was delayed.¹²⁷ These problems were exacerbated by the short application timeframe of just six weeks,¹²⁸ which made it difficult for councils to plan and allocate staff to prepare applications.¹²⁹
- 2.74** Blue Mountains City Council echoed the concerns about timeframes and added that eligibility for the open round included community groups. This meant that councils and their residents were effectively competing against each other for funding. This was concerning to council given the risk that grants to community groups will affect council-owned assets. According to Blue Mountains Council: '[T]he tight timeframes combined with political pressures and lobbying can mean some projects are put forward that are not adequately thought through or planned'.¹³⁰
- 2.75** Mr Wheaton noted that the department extended the seven week timeframe by which applications were open for a further five or six weeks, based on feedback from councils. Project delivery due dates were also extended for 12 months from June 2022 to June 2023.¹³¹
- 2.76** In June 2021, it was announced that \$283 million of funding through stage 2 of the Bushfire Local Economic Recovery Fund was committed to 195 local community projects. Stage 3 of the package was set to be designed and delivered by the end of 2021, with projects and initiatives to be agreed between the Australian and New South Wales governments.¹³²

¹²⁴ Submission 36a, Bega Valley Shire Council, p 3; Submission 48a, Snowy Valleys Council, p 3.

¹²⁵ Evidence, The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, 8 February 2021, p 7.

¹²⁶ Submission 36a, Bega Valley Shire Council, p 3; Submission 48a, Snowy Valleys Council, p 3.

¹²⁷ Evidence, Mr Matthew Hyde, Chief Executive Officer, Snowy Valleys Council, 26 April 2021, p 16.

¹²⁸ Submission 36a, Bega Valley Shire Council, p 3; Submission 48a, Snowy Valleys Council, p 3.

¹²⁹ Evidence, Mr Matthew Hyde, Chief Executive Officer, Snowy Valleys Council, 26 April 2021, p 16.

¹³⁰ Submission 115, Blue Mountains City Council, pp 2-3.

¹³¹ Evidence, Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development Programs, Department of Regional NSW, 26 April 2021, p 51.

¹³² NSW Government, *Bushfire Local Economic Recovery Package*, 2021, <
<https://www.nsw.gov.au/regional-nsw/regional-recovery-programs/bushfire-recovery/bushfire->

Fraud management

2.77 This chapter now turns to the issues surrounding fraud management arising from a number of bushfire grant programs and COVID-19 support programs.

Background

2.78 In March 2020, Service NSW was alerted by the NSW Police Force and financial institutions to a number of potential instances of fraud associated with the Volunteer Fire Fighter Bushfire and COVID-19 grant programs. The grants included were the:

- \$6K Volunteer Fire Fighter Payment – from 20 January 2020
- \$50K Small Business Bushfire Recovery Grant – from 4 February 2020
- \$10K Small Business Bushfire Support Grant – from 23 April 2020
- \$10K Small Business COVID-19 Support Grant – from 14 April 2020.¹³³

2.79 The committee received confirmation from Core Integrity that these instances of fraud included organised crime syndicates and other different groups from across the Hunter and the upper North Coast seeking to access these grants through multiple linked applications.¹³⁴

2.80 In response to these alerts, Service NSW established the Grants Administration Taskforce, comprised of Service NSW and Department of Customer Service representatives, to review the status of the current programs, bolster controls to mitigate further fraud exposure, implement processes to seek recovery of fraudulent and ineligible payments and enhance fraud detection and case management systems.¹³⁵

2.81 In correspondence to the committee, Mr Damon Rees, Chief Executive Officer, Service NSW, explained that the department 'had not previously administered grants and outward payments of this magnitude or complexity' and was 'required to deliver these payments in extremely short timeframes ... to respond to an immediate need to support impacted communities'. Mr Rees acknowledged that 'whilst this approach reduced the burden on applicants in applying for funds, and allowed funds to be disseminated quickly, it did result in an increased fraud risk across the grant programs'.¹³⁶

local-economic-recovery-package#:~:text=%2472%2C311%2C957-
,Stage%20%20%E2%80%93%20BLER%20Fund,and%20delivering%20ongoing%20community
%20benefit.>

¹³³ Correspondence from Mr Damon Rees, Chief Executive Officer, Service NSW, to Chair, 11 May 2021.

¹³⁴ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, pp 2 and 10 and p 18.

¹³⁵ Correspondence from Mr Damon Rees, Chief Executive Officer, Service NSW, to Chair, 11 May 2021.

¹³⁶ Correspondence from Mr Damon Rees, Chief Executive Officer, Service NSW, to Chair, 11 May 2021.

The role of Core Integrity

- 2.82** To assist the Grants Administration Taskforce, Core Integrity, an advisory firm that assists organisations to deliver integrity risk solutions,¹³⁷ was engaged between May 2020 and February 2021 at a total cost of \$1,360,027.¹³⁸ Service NSW advised that Core Integrity's work during this time included:
- assisting Service NSW in assessing and sizing the grant fraud exposure
 - providing advice on the referral of suspected fraud matters to the NSW Police Force
 - establishing the Strategic Investigations Unit within the Department of Customer Service to respond to inbound police enquiries to provide data and evidence to support criminal investigations
 - designing how a fraud prevention and control team could be set up internally within the Department of Customer Service or Service NSW
 - working with Service NSW on a Transition Plan to address outstanding investigation matters and transition the operations of the Strategic Investigations Unit to Service NSW.¹³⁹
- 2.83** The committee received evidence from representatives from Core Integrity who provided further detail on the work they did for the Department of Customer Service and Service NSW.
- 2.84** Mr Darren Murphy, Chief Executive Officer, Core Integrity, advised the committee that their company was initially contracted for five days 'to size and scope the potential fraud exposure in the grant programs and to provide some expertise around how they might stand up some investigation response to those'. Mr Murphy explained that those first five days was then extended another ten days where the team worked hard 'to try and connect data sources, get access to that data and provide advice back into their business around profiling that'.¹⁴⁰
- 2.85** In May to early June 2020, Mr Murphy said that they transitioned the data analytics in terms of profiling the fraud back to Service NSW, who initially did not have the ability to profile that data. Core Integrity then moved into other investigative tasks, including providing law enforcement engagement, investigation duties and helping to resolve inbound inquiries from the NSW Police Force and financial institutions. Mr Murphy clarified that early on in their engagement they were not involved in any fraud control framework or advisory piece around systems, and were more focused on setting up response protocols, commenting that other parties were involved in the fraud control framework.¹⁴¹
- 2.86** In terms of their role in the investigative process, Mr Murphy advised a key part of that was assisting the Department of Customer Service in building an investigative function. Mr Murphy

¹³⁷ Core Integrity, 2021, < <https://coreintegrity.com.au/> >

¹³⁸ Answers to supplementary questions, 30 October 2021, p 2.

¹³⁹ Correspondence from Mr Damon Rees, Chief Executive Officer, Service NSW, to Chair, 11 May 2021.

¹⁴⁰ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, pp 2 and 5.

¹⁴¹ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, pp 6-7 and 9.

said that this was 'starting from ground zero' as the department did not have 'a protracted or complex investigation capability and was not able to understand ... the complexities involved in how to get access to those data and systems to do an investigation'. He said that the team spent 'a very large chunk of time and effort' working on this.¹⁴²

2.87 Mr Murphy said that Core Integrity then established the Strategic Investigations Unit, comprised of seven Core Integrity staff with the main focus of dealing with the inbound police and financial institutional referrals. Mr Murphy explained that in parallel, Core Integrity was also mapping out the data sources and systems to support that investigation process. In November 2020, Mr Murphy said their team was scaled back in terms of resourcing, due to funding. Their initial contract, which was due to end on 31 December 2020, was then extended to February 2021 to support the transition plan, following which the contract ended.¹⁴³

2.88 In regards to resourcing, Mr Murphy commented that 'resourcing was a constant challenge'. He explained that the initial Strategic Investigations Unit (SIU) only comprised of seven individuals and that in his experience a response like this would 'require more investigation capacity'. Mr Murphy compared this to a bank which may have 30 dedicated investigators in a team processing 300 to 400 investigations a year of complex internal fraud.¹⁴⁴ Mr Dylan Bohnen, Senior Manager, Core Integrity, confirmed that they dealt with 31 cases (30 inbound police referrals and one outbound), with a total of 346 cases having been referred to the SIU by the end of their engagement.¹⁴⁵ Mr Murphy added that this was 'not ideal' and they did advise the department that more resourcing was needed, however 'no additional resourcing or funding was forthcoming'.¹⁴⁶

Level of fraud exposure

2.89 During the inquiry, the committee was provided statistics on the level of fraud exposure, the number of referrals to the NSW Police Force and the amount that had been recouped to date.

2.90 Mr Bohnen from Core Integrity advised that from their initial analysis it showed that there were fraud indicators for the \$10K Small Business Bushfire Support Grant which equalled \$64,260,000, of which \$51 million was unpaid and \$120,900,000 was paid. In relation to the \$10K Small Business COVID-19 Support Grant, Mr Bohnen reported that \$106,843,795 worth of applications had fraud indicators present, of which \$113,452,646 was unpaid and \$238,396,787 was paid.¹⁴⁷ It was acknowledged by Mr Murphy that these initial figures were large, however the model continued to be refined as Core Integrity learned more about the business.¹⁴⁸

¹⁴² Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, p 7.

¹⁴³ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, p 10.

¹⁴⁴ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, p 13.

¹⁴⁵ Evidence, Mr Dylan Bohnen, Senior Manager, Core Integrity, 9 December 2021, p 13.

¹⁴⁶ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, p 14.

¹⁴⁷ Evidence, Mr Dylan Bohnen, Senior Manager, Core Integrity, 9 December 2021, p 6; Note: The committee notes the discrepancy in these figures.

¹⁴⁸ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, p 6.

- 2.91** Mr Rees from Service NSW also provided data on the level of fraud exposure. He said that the initial data analysis of the grant programs projected a maximum forecast fraud exposure amount of \$26.69 million, however, this was based on sampling and assumptions that have since been shown to be generous and included a significant volume of false-positives. Mr Rees added that following the establishment of internal Manual Assessment and Fraud Triage teams, a more accurate current projected fraud exposure of \$11.16 million was calculated (as at 28 April 2021).¹⁴⁹
- 2.92** At a hearing in September 2021, Mr Rees updated the committee on the current projected fraud exposure, noting that it had increased to \$16.23 million. Mr Rees confirmed that this is the total value of suspected fraud where payments had been paid and does not include suspected fraud that were prevented prior to payment which, at September 2021, sits at approximately \$40 million. Mr Rees added that it also includes the full 16 programs¹⁵⁰ administered by Service NSW, which would have grown since calculating the total projected fraud exposure in April 2021.¹⁵¹
- 2.93** As is noted below there are significant issues with this analysis of the extent of fraud by the NSW Government given the ongoing lack of sophisticated systems to uncover fraud.
- 2.94** Service NSW later provided a summary table of grants administered from 1 April 2021 and the number and value of suspected fraud applications as at 21 October 2021.¹⁵² A copy of this summary table including figures from 1 April 2021 to 21 October 2021 can be found at Appendix 6.
- 2.95** In terms of the number of suspected internal fraud matters, Mr Rees confirmed that there are three examples that have been raised around potential internal fraud matters across these programs. He told the committee that 'two of those three have been fully investigated and found to have no basis for fraud', and the third was still being investigated.¹⁵³
- 2.96** Turning to referrals to the NSW Police Force, Service NSW advised that as at 21 October 2021 the total number of cases with the police were 2163, that is 1225 outbound referrals and 938 inbound requests. Service NSW reported that the total value (paid and unpaid) was \$21,637,364 and provided the below break down of figures.¹⁵⁴

¹⁴⁹ Correspondence from Mr Damon Rees, Chief Executive Officer, Service NSW, to Chair, 11 May 2021.

¹⁵⁰ The full 16 programs can be found at: Answers to supplementary questions, Service NSW, 30 October 2021, p 1.

¹⁵¹ Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, pp 5 and 7.

¹⁵² Answers to supplementary questions, Service NSW, 30 October 2021, pp 4-5.

¹⁵³ Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, p 4.

¹⁵⁴ Answers to questions on notice, Service NSW, 30 October 2021, pp 2-3.

Table 3 Total number of inbound and outbound referrals and paid and unpaid value as at 21 October 2021

	Paid		Unpaid	
	Apps	Amount	Apps	Amount
Police Inbound	357	\$ 3,527,144	581	\$ 6,652,771
Police Outbound	462	\$ 3,390,433	763	\$ 8,067,016
Total	819	\$ 6,917,577	1344	\$ 14,719,78

Answers to questions on notice, Service NSW, 30 October 2021, p 3.

2.97 Service NSW also advised that as at 21 October 2021, the total number of charges laid was 346, including 75 arrests and 44 convictions.¹⁵⁵

Recovery of funds

2.98 The committee raised concerns with Service NSW regarding the time it was going to take to recover funds, given the reported number of referrals to the NSW Police Force and the amount recovered to date.

2.99 Mr Rees explained that 'there is a long lead time to get to the point where we make that referral to police', given the 'significant amount of work that goes into getting to that conclusion and preparing the evidence packs that support that'.¹⁵⁶ Service NSW anticipated that 'a large proportion of the fraud will be reported within the next 4 months (approximately), subject to the number of investigative and triage matters and inbound requests received in the intervening period'. Service NSW confirmed that just over 40 cases, involving approximately 6,000 applications, were in the pipeline to be referred to police by January 2022.¹⁵⁷

2.100 Mr Murphy from Core Integrity also reflected on the 'complicated' and 'protracted' process within the department to refer cases to the police:

I think it took us a good five months or so of heavy lifting internally to get the business—being Service NSW—to understand the importance of identifying data sources that are related to applications and different platforms and software, and collating that data in a usable format, not only for the investigation process but, particularly, to build an evidence pack and then refer it out to police. That was a very arduous task.¹⁵⁸

2.101 In terms of the recovery of funds, Service NSW advised that the total amount recovered (both from fraudulent and non-fraudulent activity) amounts to \$5,649,225 (as at 21 October 2021). Service NSW provided the following breakdown of the total of all funds recouped as a result of

¹⁵⁵ Answers to questions on notice, Service NSW, 30 October 2021, p 5.

¹⁵⁶ Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, p 7.

¹⁵⁷ Answers to questions on notice, Service NSW, 30 October 2021, p 4.

¹⁵⁸ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, p 12.

fraudulent convictions, or suspected fraudulent activity still under investigation, and via other means.¹⁵⁹

Table 4 Total of all funds recouped as at 21 October 2021

Recovered via voluntary return	Recovered as a result of conviction	Recovered via bank recalls	Total Recovered	Compensation orders awarded by courts, enabling the Revenue initiate debt recovery, noting this does not guarantee funds will be recovered.
2 applications \$20,000	4 applications \$30,350	205 applications \$1,758,875	\$1,809,225 (excl. unpaid compensation orders)	\$667,946

Answers to questions on notice, Service NSW, 30 October 2021, pp 3-4.

- 2.102** Service NSW indicated that an additional \$3.84 million has been recovered as a result of non-fraud recoveries, including from voluntary returns and compliance activity.¹⁶⁰
- 2.103** In terms of the pace of recovery of funds, Mr Rees commented that 'unfortunately it is a very slow process'. Mr Rees explained that Service NSW will seek compensation orders wherever a conviction has been made, but highlighted that time needs to be allowed for cases to be seen by the courts and determined by the courts. Mr Rees said that although he would like to see an acceleration of those funds recovered, Service NSW can only accelerate the elements it can control, including improving risk controls and continuing the investigation of cases and referring to the NSW Police Force.¹⁶¹ When challenged, however, that at the current rate it would take 400 years to resolve the recovery of funds, Mr Rees accepted that '400 years is a long and unacceptable amount of time'.¹⁶²
- 2.104** Mr Rees advised that Service NSW have applied lessons learnt to the way they deliver grant programs to assist with any recovery of funds. For example, Mr Rees explained that the more recent grants are delivered as an act of grace payments, which means that Revenue NSW can perform the compliance and funds recovery, which is not available for the earlier grant programs.¹⁶³

¹⁵⁹ Answers to questions on notice, Service NSW, 30 October 2021, pp 3-4.

¹⁶⁰ Answers to questions on notice, Service NSW, 30 October 2021, p 4.

¹⁶¹ Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, pp 13 and 15.

¹⁶² Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, pp 13 and 15.

¹⁶³ Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, p 13.

Fraud analysis tool

- 2.105** At the hearing the committee questioned Service NSW on what systems were in place when the grant programs that are the subject of suspected fraud were administered and what systems have been put in place since.
- 2.106** Mr Rees told the committee that since the time that fraud was initially identified, the department has 'enhanced' their fraud controls, including the introduction of 'a sophisticated triage process' supported by various technology initiatives, automation, and new data analytics and fraud detection solutions.¹⁶⁴ According to Service NSW, these analytical tools include Quantexa (still at phased implementation stage), graph analytics via Python using Tableau, and other controls.¹⁶⁵ Mr Rees advised that the department has also worked with other state and federal agencies to improve access to data and intelligence sources and has established an internal team for managing suspected cases of fraud.¹⁶⁶
- 2.107** During the initial stages of mobilising the grant programs, however, Mr Rees told the committee that there was a period of time where the analytics to detect fraud was largely undertaken manually using an Excel spreadsheet, as 'we did not have a sophisticated tool set at the time'. He said that over the last 18 months work has been undertaken to build fraud controls parallel with the delivery of the grant programs, and as these controls have been put in place and new areas of exposure or risk found, they have been able to re-apply the analytics back to previous programs.¹⁶⁷
- 2.108** In a document produced to the Legislative Council under standing order 52, it was noted that Core Integrity identified early on in their engagement that Service NSW's ability to undertake data matching analysis was 'limited if not non-existent' and involved analysis in spreadsheets using data extracts from Salesforce.¹⁶⁸ In response to questioning about this, Mr Rees replied:

If that is what Core Integrity put in their report, that is their perspective. It does not mean we share that perspective. Service NSW has a data insights and analytics team and capability. There is a maturity to that capability. The department more broadly holds the data analytics centre and a range of other capabilities. I believe Core Integrity have drawn that perspective and opinion from a narrow viewpoint.

...

As I said, at the introduction of these programs, a number of these capabilities were new; they needed further maturing. We have continued to mature those capabilities and industrialise those capabilities over the life of those programs.¹⁶⁹

- 2.109** Further, the document stated that Core Integrity offered to provide Service NSW a network association tool using Power Bi to use to assist with case referrals, however it noted that this

¹⁶⁴ Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, p 3.

¹⁶⁵ Answers to questions on notice, Service NSW, 30 October 2021, p 14.

¹⁶⁶ Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, p 3.

¹⁶⁷ Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, p 11.

¹⁶⁸ Tabled document, Mr David Shoebidge, *Grant Delivery Chronology of E2E Events*, 30 September 2021, p 16.

¹⁶⁹ Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, p 15.

was rejected by Service NSW as it was felt it could not be supported internally and additional licenses would be required.¹⁷⁰

- 2.110** Service NSW clarified that it did not adopt Power Bi as recommended by Core Integrity due to 'product limitations'. Service NSW explained that whilst Power Bi is capable of mapping and displaying connections between cases it was not purpose built for fraud detection. Instead, Service NSW decided to use Tableau, asserting that it has the same mapping capability and was already in use by the department since 2016.¹⁷¹
- 2.111** It is noted that during the hearing, Mr Rees maintained that Tableau is the primary tool for data analytics, however, it was not clear the extent to which this tool is being used or its value beyond data visualisation. On the one hand, Mr Rees asserted that 'Tableau is a data analytics and visualisation tool in the same way that Microsoft PowerBi is'. However, Mr Rees also stated that such network visualisation tools 'whilst they are nice from a visualisation standpoint, practically become very limited in their use and benefit at scale for the investigations function'.¹⁷² According to Mr Rees, 'the data itself and the relationships are all underpinned by our data warehouse. That is the important asset here, not the visualisation tool that you put over the top of it'.¹⁷³ Apart from the use of excel spreadsheets there was no other tool that the Department could point to that was being applied to analyse the data from this 'data warehouse'.

Core Integrity's data analysis

- 2.112** The committee subsequently spoke with representatives from Core Integrity on the capability of Service NSW to detect fraud using the systems and tools that were in place.
- 2.113** At the time that Core Integrity was engaged by the Department of Customer Service, being up to and including February 2021, Mr Murphy indicated that the systems in place to detect fraud were a 'level two manual assessment check of applications', which involved the use of an Excel spreadsheet to manually review and look for anomalies.¹⁷⁴
- 2.114** When asked if this was a fairly rudimentary way of identifying anomalies, Mr Murphy agreed, stating 'I think it is fair to say that when we came into the engagement it was quite rudimentary and there was not a level of maturity that exists right now'. Mr Murphy added that the systems in place at that time were 'not fit for purpose', however acknowledged that the department was going through a transition stage from being an organisation that receives money from members of the public to now an organisation who initiates payments.¹⁷⁵
- 2.115** In terms of the primary tool being used to map the scale of fraud, Mr Murphy explained that Power Bi was the tool that Core Integrity used to enhance their ability to review, assess and prioritise cases, and this was being used with a plug-in to look at correlated datasets. Mr Murphy

¹⁷⁰ Tabled document, Mr David Shoebridge, *Grant Delivery Chronology of E2E Events*, 30 September 2021, p 17.

¹⁷¹ Answers to questions on notice, Service NSW, 30 October 2021, pp 13-14; Answers to supplementary questions, Service NSW, 30 October 2021, p 3.

¹⁷² Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, p 16.

¹⁷³ Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, p 17.

¹⁷⁴ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, p 4.

¹⁷⁵ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, pp 4-5 and 7-8.

commented that 'there was definitely utility in that application' and that a lot of work had gone in to trying to get it into Service NSW, however, ultimately it was not adopted. He said that at the time of transitioning this function to Service NSW it was decided that Tableau would be used instead as it was 'their in-house solution', and so the dashboards from Power Bi were then replicated in the Tableau environment.¹⁷⁶

- 2.116** However, the document produced to the Legislative Council under standing order 52 indicated that the network association tool that was meant to be built in Tableau 'has never been built and funding was not approved'.¹⁷⁷ Mr Murphy commented that from his assessment and advice 'there should have been no reason ... why they could not have adopted something like this'. He said that his understanding as to the reason it was not adopted is due to a 'funding issue', however he noted that 'it is not an expensive product'.¹⁷⁸
- 2.117** Further, Mr Murphy clarified that Service NSW do have their own data warehouse and they use Tableau as their system, however this was an additional capability to leverage Tableau 'that they should have put in place'. He commented that 'for this situation, this was a frustrating point' as he did not see any reason why they should not have been looking at enhancing the assessment process by individuals using a tool such as Power Bi. Mr Murphy said that there was a lot of back and forth with the department on this issue over many months, particularly around funding, and there was frustration also on the department's side that it was not being adopted.¹⁷⁹
- 2.118** When asked if this impacted the ability to scale the level of fraud, Mr Murphy replied: 'I think it is fair to say retrospectively, if you went and looked at the data, you may find more correlated IDs'.¹⁸⁰

Priority Matrix

- 2.119** The committee raised concerns with Service NSW in relation to the Priority Matrix that was used to prioritise fraud applications. In particular, the committee was concerned with cases being prioritised based on a high or low level of media exposure, whether or not the customer is aware of the fraud, and if a freedom for information request or ministerial correspondence had been received.¹⁸¹
- 2.120** When questioned on this during the hearing, Mr Rees was not aware that this criteria was being used by Service NSW to prioritise its efforts. Mr Rees said that they do have some prioritisation in relation to cases where funds are paid, the complexity of the cases and the ability to prepare a brief that will stand scrutiny, but has seen no indication that those criteria are being used to prioritise the work.¹⁸²

¹⁷⁶ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, pp 9-10 and 20-21.

¹⁷⁷ Tabled document, Mr David Shoebridge, *Grant Delivery Chronology of E2E Events*, 30 September 2021, p 16.

¹⁷⁸ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, p 21.

¹⁷⁹ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, pp 21-22.

¹⁸⁰ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, p 22.

¹⁸¹ Evidence, 30 September 2021, pp 13-14.

¹⁸² Evidence, Mr Damon Rees, Chief Executive Officer, Service NSW, 30 September 2021, pp 13-14.

- 2.121** Subsequently, Service NSW confirmed that a Priority Matrix was developed by Core Integrity ahead of the function transferring to Service NSW, and this had a number of various criteria to prioritise fraud, including whether there was a high level of media exposure, if the customer was aware of the fraud and if the case was the subject of a freedom for information request or ministerial correspondence. A copy of the Strategic Investigations Unit Priority Matrix developed by Core Integrity as at 7 September 2020 can be found at Appendix 7.¹⁸³
- 2.122** Service NSW further advised that since Core Integrity transitioned the functions to Service NSW, it has been prioritising inbound police requests and using alternate criteria. A copy of the Priority Matrix used by Service NSW to prioritise fraud applications can be found at Appendix 8.¹⁸⁴
- 2.123** The committee questioned Core Integrity on the Priority Matrix they had initially developed. Mr Murphy explained that it is common practice for a priority matrix to be developed to assign the resources to the higher risk cases. He said it is intended to protect customers, stakeholders and the government and 'is not designed to minimise or get rid of things'. Mr Murphy further explained that the inputs on the Priority Matrix would be taken together to assign a rating and 'not one is more dominant than the other'. He added that it is also about resourcing, as there are 'finite resources' and they need to deploy those resources in the most efficient manner on the highest risk cases.¹⁸⁵
- 2.124** The committee questioned Mr Murphy on the triaging of the unsuccessful attempts of fraud, which were given a low score on the Priority Matrix. Mr Murphy confirmed that it was his understanding that unsuccessful attempts of fraud were not being investigated, unless they came as part of police inbound referrals. Mr Murphy elaborated on the risk this creates:

So the risk is that you have got people that have defrauded the government that might potentially get away with that. You are waiting on police to identify it. That is not their role. I mean, sure they have a role to play but, as a government entity, you own the risk; you are issuing the payment so you have an obligation to take action in relation to that.¹⁸⁶

Committee comment

- 2.125** The 2019-20 bushfires were devastating events and communities are still reeling from the massive impact on individuals, economies and the environment. This has been exacerbated by the cumulative impact of other disasters, such as flooding and especially the COVID-19 pandemic, and flow-on impacts on local tourism and economies.
- 2.126** Government has a responsibility to ensure that public funds are distributed impartially and with transparency. In the wake of a disaster such as the 2019-20 bushfires, where communities are rendered more vulnerable, this responsibility is amplified.

¹⁸³ Answers to questions on notice, Service NSW, 30 October 2021, pp 10 and 16-19.

¹⁸⁴ Answers to questions on notice, Service NSW, 30 October 2021, pp 10 and 20-21.

¹⁸⁵ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, pp 17-18.

¹⁸⁶ Evidence, Mr Darren Murphy, Chief Executive Officer, Core Integrity, 9 December 2021, p 16; Evidence, Mr Dylan Bohnen, Senior Manager, Core Integrity, 9 December 2021, p 16.

- 2.127** The committee was therefore extremely disappointed to learn that funding for bushfire recovery, in particular stage one of the Bushfire Local Economic Recovery fund, was allocated based on political considerations and without proper grants administration or approval processes. This was particularly concerning in the context of this committee's examination of pork-barrelling in the administration of the Stronger Communities Fund in our first report.
- 2.128** There are clearly systemic failures in the transparency and accountability of grant programs by the NSW Government. Like the Stronger Communities Fund, the Bushfire Local Economic Recovery Fund exposes continual and deliberate failings on the part of the NSW Government to administer public money in good faith. While the committee recognises disaster recovery has particular challenges, and funding should be distributed quickly, disaster relief grants should not be used to distribute public money without any accountability or transparency.
- 2.129** The committee finds that despite an economic impact of the bushfires on the Central Coast valued at \$163.3 million, on the Blue Mountains of \$65.4 million, and on Ballina of \$4.2 million, these councils did not receive funding under the Bushfire Local Economic Recovery stage one funding.
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Finding 1

That despite an economic impact of the bushfires on the Central Coast valued at \$163.3 million, on the Blue Mountains of \$65.4 million, and on Ballina of \$4.2 million, these councils did not receive funding under the Bushfire Local Economic Recovery stage one funding.

- 2.130** Stage one of the Bushfire Local Economic Recovery Fund reveals many of the failings of the NSW Government's approach to grant funds.
- 2.131** In the 'fast tracked local priority infrastructure projects' stream, no guidelines were published and no application or merits process occurred. A few projects were simply cherry-picked for funding. This meant many worthy projects in areas heavily-impacted by bushfires, like the Blue Mountains, were not funded, while other projects that were not supported by local communities were.
- 2.132** The NSW Government did not adequately inform local councils of the criteria or guidelines. Some local councils were at an advantage as they had previously submitted projects through Regional Growth Fund programs and were in close contact with departments through regional recovery committees. Other councils such as Blue Mountains and the Central Coast were disadvantaged as they did not have the same level of support and ultimately did not receive funding.
- 2.133** Despite not informing councils of eligibility criteria, the Department of Regional NSW applied its own internal criteria to narrow down the list of potential projects. The internal criteria were then applied inconsistently.
- 2.134** For example, Blue Mountains City Council submitted projects that were shovel-ready, but did not receive funding. However, a number of projects that were not shovel-ready received funds. The then Deputy Premier argued that the projects proposed by Blue Mountains City Council did not meet a threshold cost of \$1 million. However, some funded projects in this funding round were under \$1 million and this threshold was not mentioned in any documentation
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provided to the Legislative Council until it was tabled by the then Deputy Premier to this committee as part of his speaking notes.

Finding 2

The allocation of \$108 million under the fast-tracked priority local infrastructure projects stream of the Bushfire Local Economic Recovery Fund was politically driven, based on changing and opaque criteria, without clear approval processes and without any formal public notification process. Given this, it could not deliver the maximum public benefit that bushfire impacted communities deserved from a government grants program whose goal was to mitigate the impacts of such a devastating emergency.

Finding 3

That the decisions relating to the politically driven allocation of Bushfire Local Economic Recovery Funding occurred after the first report of this inquiry had drawn the attention of the NSW Government to systemic problems with the allocation of grant funding in New South Wales.

Finding 4

The Commonwealth guidelines (the Local Economic Recovery framework), under which bushfire recovery grants were endorsed for co-funding by the Commonwealth, were not finalised, published, or provided to eligible local councils.

Finding 5

The Department of Regional NSW applied its own internal eligibility criteria to projects under consideration. The Department did not adequately communicate these criteria to councils or keep adequate records. The criteria were applied inconsistently and some projects that were funded were not eligible.

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- 2.135** The committee notes stakeholders' concerns regarding the administration of the bushfire relief package in general. As noted in chapter 1, many of these issues, such as delays, problems with announcements and support from government, and onerous and opaque application processes, were discussed in the committee's first report in relation to local government grants. The committee reiterates the recommendations made in the first report to improve the design, administration and approval of grants and to improve transparency and accountability in grant programs generally.
- 2.136** While it is understandable that there will be some mistakes and administration difficulties in rapidly delivering funds in the wake of a disaster the scale and size of the 2019-20 fires, this does not adequately explain the failures that were uncovered in this inquiry. In the context of disaster relief funding, these issues compound the pressures on local government to distribute disaster relief funds to their communities and get their economies back on track. As well as an overhaul of local government grants, recommended in our first report, it may be time to review the National Disaster Relief and Recovery Arrangements and how the NSW Government can better ensure that disaster relief funds are distributed quickly *and* accountably.

- 2.137** We wish to make it clear that we accept that the officials from Service NSW and Regional NSW endeavoured to assist this committee with honest and frank evidence. They were in the unenviable position of attempting to administer grants programs, at the direction of the government, in a system that had few of the controls, checks or balances the public would have expected. In that situation they did their best they could responding to the pressures that were able to be applied to them in such a poorly constructed grants system. Clear, unambiguous guidelines and transparent decision-making not only protects the public interest, it also protects officials in the future when they are tasked with administering grants in the face of political and other pressures.
- 2.138** The committee notes stakeholder concerns that not enough funding in the bushfire relief package was directed at disaster recovery and resilience. While the economic recovery of the State is important, further consideration should be given to funding for disaster facilities and infrastructure such as evacuation centres to prepare for future disasters. We join with the numerous witnesses and submissions that raised concerns with the allocation of disaster recovery funds to projects such as a skydiving centre when people were unable to rebuild their homes and businesses after the fires.
- 2.139** We now turn to the significant amount of fraud that ensued from the bushfire grant programs and COVID-19 support programs. Whilst we acknowledge that disaster relief payments need to be provided to those in need quickly, it is unacceptable that there was no systemic fraud control in place when these grant programs were established. The result is at least \$16.23 million in paid potential fraud exposure and \$40 million in unsuccessful fraud attempts. We note that in the absence of any sophisticated systemic capacity to detect fraud in Service NSW we can have no confidence that this figure in any way represents the true scale of the fraud committed.
- 2.140** The committee was surprised to hear that initially the only fraud control in place was one employee with an Excel spreadsheet trying to identify connections for millions of dollars in payments made under these grants programs. Even more surprising is that the recommendations made by the company who was brought in to assist with assessing the fraud exposure, particularly in relation to the adoption of Power Bi or a similar system, and providing more resources to manage the level of fraud, were not taken up.
- 2.141** The committee is also concerned with the current rate of recovery of public money that seemingly will take hundreds of years to get back, if at all, with a very small percentage of people who have fraudulently either sought to obtain or obtained public money being prosecuted. This lack of action is an invitation for people to conduct fraud when these grants programs are implemented as many will walk away scot-free. The fact that there was still no adequate fraud detection capability at the end of 2021 is especially troubling given the scale of attempted and actual fraud with these programs.
- 2.142** What we are left with is no sense of a competent or capable fraud detection ability in Service NSW and very little confidence that the scale of fraud that has been announced by the government to date truly reflects what happened. We are concerned that the lack of investment in sophisticated fraud detection measures represents a 'hear no evil see no evil' approach designed to minimise bad news rather than genuinely address the scale of the problem. Therefore the committee strongly recommends that additional resourcing be put in place as a priority to tackle this specific issue. We also recommend more broadly that the NSW Government allocate resources to ensure that the risk of fraud is mitigated across all future

government grant programs, including the implementation of sufficient fraud control measures and identification systems.

Recommendation 2

That Service NSW ensure that:

- the current level of fraud, both paid and unpaid, are thoroughly investigated and money recovered
- capable and resilient fraud control measures and identification systems are put in place to detect fraud on future grant programs and retrospectively as a matter of urgency.

Recommendation 3

That the NSW Government urgently allocate resources, including adequate funding and staffing, to ensure that it mitigates the risk of fraud across all future government grant programs, including the implementation of sufficient fraud control measures and identification systems.

Chapter 3 Arts and cultural grants

This chapter examines concerns raised with the administration of arts and cultural grant programs, including compelling evidence regarding the use of ministerial discretion in arts funding, echoed in the recent report from the Audit Office of New South Wales on the integrity of grant program administration. The chapter then considers recent reforms to the Arts and Cultural Funding Program and the impact of these reforms on the sector. Finally, the chapter examines concerns raised with the Regional Cultural Fund and funding reserved for the Riverina Conservatorium of Music.

The combination of inadequate historical and ongoing funding together with the economic impacts of the pandemic have put the creative industries in New South Wales under such sustained pressure that it is best described as a crisis that impacts the ability of many performers and artists to remain in the industry.

Availability of funding

- 3.1** Overall, funding for the arts is considered to be insufficient.¹⁸⁷ Inquiry participants argued that there is not enough funding available for the arts and described the sector as 'undervalued' and 'neglected'.¹⁸⁸ Stakeholders noted that funding has not kept up with the consumer price index which means in real terms it has decreased.¹⁸⁹ For example, the Arts and Cultural Development Program, which is particularly important to small and medium arts organisations, has not increased in recent years.¹⁹⁰
- 3.2** Stakeholders argued New South Wales falls behind other States in arts spending. According to the National Association for the Visual Arts (NAVA), New South Wales spent only \$18 per capita in 2016-17, compared to \$22.90 in Victoria and \$33.80 in Queensland.¹⁹¹ Ms Penelope Benton, Acting Chief Executive Officer of NAVA, stated that 'New South Wales has the highest number of artists than any other State but commits one of the lowest per capita arts investments in Australia'.¹⁹² Mr John Wardle, representing the Live Music Office, agreed that if New South Wales were to keep up with Victoria's spending on contemporary music it would spend at least \$35 million per year.¹⁹³

¹⁸⁷ Evidence, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 1 February 2021, p 8; Evidence, Ms Michelle Silby, Executive Director, Ausdance NSW, 1 February 2021, p 8.

¹⁸⁸ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 19; Evidence, Ms Michelle Silby, Executive Director, Ausdance NSW, 1 February 2021, p 10; Submission 51, National Association for the Visual Arts (NAVA), p 3.

¹⁸⁹ Evidence, Ms Michelle Silby, Executive Director, Ausdance NSW, 1 February 2021, p 8; Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 19.

¹⁹⁰ Answers to questions on notice, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 12 February 2021, p 1.

¹⁹¹ Submission 51, National Association for the Visual Arts (NAVA), p 2.

¹⁹² Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 19.

¹⁹³ Evidence, Mr John Wardle, Consultant, Live Music Office, 1 February 2021, p 11.

- 3.3** Insufficient grant funding means most applications are unsuccessful. As Ms Benton described: '[T]he funding pool is not growing. When new players are successful it means that previous recipients are bumped out ...'¹⁹⁴ NAVA estimated applicants typically have less than a 20 per cent chance of receiving funding, with success rates as low as three per cent for some programs.¹⁹⁵ Round two of the Arts and Cultural Project fund in 2018, for example, funded only six projects out of 222 applications.¹⁹⁶
- 3.4** Representatives from the Theatre Network NSW and Regional Arts NSW agreed with NAVA's estimated success rates, with Mr David Clarkson, Board Member, Theatre Network NSW, noting that arts organisations commonly expect a 15 to 20 per cent application success rate.¹⁹⁷ Success rates are so low that many artists do not apply for grants in the first place.¹⁹⁸
- 3.5** Writing NSW indicated that artistic organisations often compete with peak bodies in the same funding rounds against the same criteria. This disadvantages peak bodies, with Writing NSW recommending that arts organisations, individual artists and peak bodies be provided with separate funding streams or grant programs.¹⁹⁹
- 3.6** However, the Department of Premier and Cabinet disputed the lack of investment in the arts, arguing that recent investment, particularly in light of the pandemic, was much higher. The Department argued the \$18 per capita figure from 2016-17 was later revised to \$20.24 per capita and that this figure again rose in 2017-2018 when New South Wales spent \$35.81 per capita, compared to \$39.63 in Victoria.²⁰⁰
- 3.7** Ms Benton acknowledged that NAVA's estimate may be outdated but said it is very difficult to find up-to-date and clear information on arts funding and therefore to properly analyse arts investment in New South Wales,²⁰¹ a concern shared by other stakeholders detailed later in the chapter.
- 3.8** The Department also argued that the success rate for arts grants had improved. Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, stated that since October 2019, when the Arts and Cultural Funding Program was reformed, the success rate has been 33 per cent.²⁰² In addition, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, noted that the NSW Government had committed \$50

¹⁹⁴ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 19.

¹⁹⁵ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 19.

¹⁹⁶ Submission 51, National Association for the Visual Arts (NAVA), p 2.

¹⁹⁷ Evidence, Mr David Clarkson, Board Member, Theatre Network NSW, 1 February 2021, p 7.

¹⁹⁸ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 19.

¹⁹⁹ Submission 81, Writing NSW, pp 2-3; Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, p 27.

²⁰⁰ Answers to questions on notice, Department of Premier and Cabinet, 26 February 2021, p 15.

²⁰¹ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 24.

²⁰² Evidence, Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 60.

million as part of a Rescue and Restart package which was the largest COVID support package in Australia.²⁰³

Pandemic support

- 3.9** Inquiry participants informed the committee that funding issues for artists were exacerbated by the impact of COVID-19 and associated venue closures and lack of tourism. Ms Benton described the serious mental health impacts on artists, noting that they 'went into the crisis exhausted and struggling'. Individuals were most concerned about income security and that many artists were considering leaving the industry, state or country.²⁰⁴ Ms Michelle Silby, Executive Director, Ausdance NSW, agreed people are leaving the arts sector and noted that a reduction in arts events and opportunities is a social loss to communities, as well as an economic one.²⁰⁵
- 3.10** The NSW Government provided pandemic stimulus funding for the arts. Mr Keely acknowledged that the arts was the second-highest impacted industry after hospitality and said the government 'moved very quickly' to support the sector by providing \$6.35 million in funding followed by a Rescue and Restart package, the largest COVID support package in Australia.²⁰⁶ Destination NSW also facilitated 1,000 performances of Australian artists across New South Wales in November 2020 as part of Great Southern Nights.²⁰⁷
- 3.11** The Rescue and Restart was a \$50 million package, administered by Create NSW, which aimed to support arts and cultural organisations during the COVID-19 pandemic. The package, announced in May 2020, was available for not-for-profit arts and cultural organisations on a case-by-case basis and was to be delivered in two stages:
- immediate funding to offset the impacts of temporary closures to comply with Public Health Orders, and
 - further funding to enable organisations to restart operations when public health requirements allowed.²⁰⁸
- 3.12** As part of this funding, all arts organisations were given a proportion of their annual revenue as an additional funding boost. Ms Jane McCredie, Chief Executive Officer, Writing NSW, noted this included a substantial one-off investment in literature, including funding to Writing NSW

²⁰³ Evidence, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, p 58.

²⁰⁴ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 23.

²⁰⁵ Evidence, Ms Michelle Silby, Executive Director, Ausdance NSW, 1 February 2021, p 8.

²⁰⁶ Evidence, Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 54.

²⁰⁷ Great Southern Nights, *About*, <https://www.greatsouthernights.com.au/about>.

²⁰⁸ Create NSW, *\$50 million COVID-19 Rescue and Restart package announced for NSW arts and cultural sector* (24 May 2020), <https://www.create.nsw.gov.au/news-and-publications/news/covid-19-rescue-and-restart-package-announced-for-nsw-arts-and-cultural-sector/>.

to run programs for culturally diverse writers, though she noted that one-off payments can be problematic as they do not fund projects to continue.²⁰⁹

- 3.13** Stakeholders also noted that delays in notification of and receipt of Rescue and Restart funding had significant impacts. The 14 regional arts development organisations (RADOs) were offered funding that was supposed to be delivered quickly as part of the Rescue and Restart package but were impacted by delays. Regional Arts NSW reported that this led to artists withdrawing and some RADOs relying on their own limited reserves to start projects.²¹⁰
- 3.14** In addition, Mr Wardle, Live Music Office, noted that private venues, which were particularly impacted by the pandemic and important for artists, were ineligible for the funding. This is in contrast to some other Australian states which provided targeted funding to venues.²¹¹

Ongoing concerns with the administration of arts and cultural grant programs

- 3.15** Stakeholders raised a number of issues with arts and cultural grants application processes and Create NSW. Many of these reflect issues raised in the committee's first report with local government grants. Overall, stakeholders argued that funding is insufficient, and what funding is available is inaccessible as grant processes are onerous and lack transparency. Concerns raised include:
- the use of ministerial discretion in decision-making
 - lack of transparency around decision-making and project assessments
 - overly-bureaucratic and illogical application processes
 - lack of engagement with the sector.
- 3.16** In their joint submission, Theatre Network NSW, MusicNSW, Ausdance NSW and Regional Arts NSW provided an overview of a sector-wide survey of 86 of their members on their experiences with aspects of NSW Government grant programs for the arts. Survey participants reported lack of investment, engagement and transparency as the major issues with arts funding. The peak bodies concluded that there is a 'strong lack of trust' in grant processes, particularly around the use of Ministerial influence, and that the sector is frustrated with the lack of investment and development in the arts by the NSW Government.²¹²
- 3.17** Mr Clarkson noted that while some of the points raised in the above submission have since been ameliorated by Create NSW, the sector still has concerns about lack of consultation, lack of transparency around decision-making and the 'shifting goalposts' of constantly changing applications and funding criteria.²¹³

²⁰⁹ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, pp 34-35.

²¹⁰ Answers to questions on notice, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 12 February 2021, p 1.

²¹¹ Evidence, Mr John Wardle, Consultant, Live Music Office, 1 February 2021, p 12; Submission 90, Live Music Office, pp 4-5.

²¹² Submission 37, Theatre Network NSW, MusicNSW, Ausdance NSW and Regional Arts NSW, pp 2-10.

²¹³ Evidence, Mr David Clarkson, Board Member, Theatre Network NSW, 1 February 2021, p 2.

- 3.18** It is important to note that these concerns align to a large extent with many of the findings made by the Auditor-General in her recent report on the integrity of grant program administration, as outlined in chapter 1.
- 3.19** In particular, the report highlighted through its examination of the Regional Cultural Fund (to be discussed later in the chapter) that the integrity of the approval process for funding allocation was 'compromised', concluding amongst other findings that:
- the then Minister for the Arts did not follow the recommendations of the independent panel on multiple occasions after consulting with the then Deputy Premier
 - several applicants received large grants after not being recommended by the independent panel
 - the Minister did not document reasons for not following the recommendations of the independent panel
 - parts of the approach to program administration changed after the program had commenced.²¹⁴
- 3.20** Further examination of the Auditor General's findings and recommendations can be found in chapter 4.
- 3.21** The following section examines the concerns identified by stakeholders during the inquiry in greater detail.

Ministerial discretion

- 3.22** The biggest concern stakeholders raised was the role Ministerial discretion plays in decision-making. Stakeholders were concerned the then Minister for Arts had increasingly overridden or ignored recommendations of assessment panels or artform boards, and that there continues to be very little information available about when or why assessment panel recommendations have not been followed.
- 3.23** Participants in the survey run by a number of the peak bodies were particularly concerned about cases where the Minister had overridden the decisions of assessment panels or boards. The submission concluded that the perception of Ministerial influence is one of the biggest threats to the integrity of arts grants.²¹⁵
- 3.24** Stakeholders noted that there have been several occasions in recent years where a Minister overrides recommendations of panels.²¹⁶ A number of peak bodies such as Theatre Network NSW and Ausdance NSW both advised they had been previously recommended for funding by

²¹⁴ Audit Office of New South Wales, *Integrity of grant program administration* (8 February 2022), p 20-23 and p 25.

²¹⁵ Submission 37, Theatre Network NSW, MusicNSW, Ausdance NSW and Regional Arts NSW, pp 2 and 8.

²¹⁶ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 19.

Create NSW, but then ultimately were not approved by the Minister.²¹⁷ Ms Elizabeth Rogers, Chief Executive Officer of Regional Arts NSW, noted a number of her colleagues who served on the assessment panels had resigned out of frustration that the recommendations they had put to the Minister had been overturned or overlooked.²¹⁸

3.25 Stakeholders commented that grant applications are a significant investment of time and resources for both applicants and assessors, and it is inefficient to have stakeholders go through the whole process only for recommendations to be ignored at the end.²¹⁹ Ms McCredie argued that feedback from Create NSW also becomes pointless when a good application is recommended for funding but ultimately not approved.²²⁰

3.26 Ms Benton described the increased frequency and extent of Ministerial discretion in arts grants as 'quite a new thing' which had only become common practice in the last five or six years.²²¹ Ms Benton's view was that a Minister should never be able to override a panel to select a poorly rated application and there is no role for Ministerial discretion in an established, fair assessment process:

[I]f there is a fair process set-up for peer assessors following the strategic recommendations preferences and objectives of the funding program of a government, there should not be cause for the overriding of any decision.²²²

3.27 Ms Benton viewed that where recommendations from assessment processes do not match available funding or strategic objectives, a meeting be held between the chair of the assessment panel and the Minister or decision-maker, and that 'both sides should discuss and agree on the changes'.²²³

3.28 As acknowledged previously, the concerns raised by participants in this inquiry have been largely corroborated by the conclusions of the Audit Office in its recent review of the integrity of grant administration, in which ministerial discretion was examined. As outlined in chapter 1, it is noted that a recommendation was made in that report calling for a requirement that any Ministerial override of recommendations be documented, with transparent consideration of probity and conflict of interest.

Arts and Cultural Projects fund

3.29 According to inquiry participants, the worst example of Ministerial discretion was round two of the Create NSW Arts and Cultural Projects fund. In this instance, 222 applications were made

²¹⁷ Evidence, Mr David Clarkson, Board Member, Theatre Network NSW; Ms Michelle Silby, Executive Director, Ausdance NSW, 1 February 2021, pp 3-4.

²¹⁸ Evidence, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 1 February 2021, p 5.

²¹⁹ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 20.

²²⁰ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, p 35.

²²¹ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, pp 20-21.

²²² Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 22.

²²³ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 19.

with a combined value of over \$8 million. An independent panel recommended 17 of the projects be funded, worth a combined \$660,000. However, only six projects were funded, worth a total of \$256,029. \$404,000 in remaining funds was then provided to the Sydney Symphony Orchestra, which had not been part of the assessment process.²²⁴

- 3.30** Peak bodies noted that, while Sydney Symphony returned the money, this practice should not happen again.²²⁵ NAVA stated that Create NSW had itself acknowledged this would result in a loss of trust in the agency and process.²²⁶ Stakeholders also questioned how funding that had been ring-fenced for independent artists and small to medium companies could be permissibly reallocated to a major performing arts board company.²²⁷

Lack of transparency

- 3.31** As well as lack of transparency around Ministerial discretion, inquiry participants noted that there is very little transparency generally, including around what the grant decision-making process is, what the overall outcomes are, and why decisions have been made.
- 3.32** Peak bodies reported that there is overwhelming concern in the sector about decision-making processes, with 80 per cent of respondents to an internal survey reporting they did not believe current decision-making processes are transparent.²²⁸ Survey respondents described the process as 'like a lottery' and were concerned with potential political interference in the process.²²⁹
- 3.33** Speaking about this survey finding, Mr Clarkson argued that the process of assessing and approving grants programs in the arts is not transparent and there is confusion around 'how funding is allocated, who allocates it, what the Minister's role is in all this and in the end, who really decides who is funded and who is not'.²³⁰ Mr Clarkson described how decisions are made as a 'black box' as there is no transparency about how decisions are made:

You put a grant in. It is assessed by a board. Then that board recommends funding or not. It goes onwards to the Minister. What's not clear is: What exactly is that process? It feels like there is a board assessing your application – Create NSW also has some input – and then it is like the grant disappears into a black box and then you get a result later down the line.²³¹

²²⁴ Submission 51, National Association for the Visual Arts (NAVA), pp 2-3.

²²⁵ Evidence, Mr David Clarkson, Board Member, Theatre Network NSW, 1 February 2021, p 7.

²²⁶ Submission 51, National Association for the Visual Arts (NAVA), pp 2-3.

²²⁷ Evidence, Ms Michelle Silby, Executive Director, Ausdance NSW, 1 February 2021, p 7; Evidence, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 1 February 2021, p 7.

²²⁸ Submission 37, Theatre Network NSW, MusicNSW, Ausdance NSW and Regional Arts NSW, pp 4-5.

²²⁹ Submission 37, Theatre Network NSW, MusicNSW, Ausdance NSW and Regional Arts NSW, pp 4; 8.

²³⁰ Evidence, Mr David Clarkson, Board Member, Theatre Network NSW, 1 February 2021, p 2.

²³¹ Evidence, Mr David Clarkson, Board Member, Theatre Network NSW, 1 February 2021, p 4.

- 3.34** Ms Benton agreed with this characterisation of the decision-making process and described the lack of transparency as the biggest issue for NAVA and its stakeholders.²³² Ms Benton noted that as results of funding decisions are not easily accessible online, it is difficult to compare the outcomes of different grant rounds and analyse the overall mix of successful funding or to assess, for example, the impact of low success rates on the sector.²³³
- 3.35** Others agreed that more data around the overall funding decisions should be available publicly. Mr Wardle, representing the Live Music Office, argued that confidence in decisions could be 'really easily clarified with application data' and would help shape investment in the future.²³⁴ He noted that currently, no data is available about how many applications were made or how many were successful, or about who is applying:

From our desk there are things that would be good to know: who is applying, who is not applying and why. As an industry we do not have visibility of funding metrics such as how many applications are made, how many are eligible, how many are successful or unsuccessful and how many are partially funded.

...

There is no visibility of location, artist, venue, program, gender, age, background or demographics where the funding goes.²³⁵

Grant applications

- 3.36** Stakeholders were concerned that artists and organisations cannot access the limited arts funding available. Application processes are too onerous and removed from artists and their processes. Compounding this, stakeholders argued Create NSW does not provide enough support in submitting applications.

Onerous application processes

- 3.37** Some inquiry participants viewed that application processes are so onerous they discourage applicants from applying. For example, Writing NSW argued that application processes in New South Wales were 'the most cumbersome and time-intensive' of all arts grant applications, 'placing considerable barriers in the way' of potential applicants.²³⁶ According to Writing NSW, 'the accessibility of NSW Government funding is undermined by the onerous and unpredictable nature of the funding process'.²³⁷

²³² Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, pp 21 and 22.

²³³ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 21.

²³⁴ Evidence, Mr John Wardle, Consultant, Live Music Office, 1 February 2021, pp 13-14 and 16.

²³⁵ Evidence, Mr John Wardle, Consultant, Live Music Office, 1 February 2021, pp 16-17.

²³⁶ Submission 81, Writing NSW, p 2.

²³⁷ Submission 81, Writing NSW, p 2.

- 3.38** Ms Benton agreed that the complexity, uncertainty and level of detail required means the process has become 'exclusive and inaccessible'.²³⁸ Ms Benton said NAVA frequently hears concerns that Create NSW requires too much information from applicants, which is especially problematic as success rates are so low. She indicated that preparing an application takes approximately 30 to 40 hours.²³⁹
- 3.39** Ms McCredie agreed that it takes roughly 30 to 40 hours for an individual artist to prepare a funding application, and estimated it is roughly twice that for arts organisations.²⁴⁰ She also described application forms as 'unwieldy' and inefficient, noting, for example, that applications for annual funding had 16 narrative questions which represented a challenge for applicants and would have been 'a nightmare for an assessor'.²⁴¹
- 3.40** For Writing NSW, this problem is compounded by 'the lack of clear and timely communication' around funding programs, especially as dates are generally not announced in advance.²⁴² Similarly, Ms Benton noted that delays in announcing funding add to the problem and can 'completely undermine an applicant's project and ... can derail the viability of an organisation or an artist's career'.²⁴³

Support from Create NSW

- 3.41** Stakeholders described Create NSW as bureaucratic and not in touch with the arts sector and its needs. There was a general view among stakeholders that Create NSW is difficult to engage and cannot provide applicants with meaningful support.
- 3.42** A number of stakeholders noted it is very difficult to contact Create NSW for support in submitting applications. Respondents to the survey undertaken by a number of peak bodies described communication as 'unclear' and 'extremely poor' with one respondent commenting that while engagement with staff has been positive, they are often unable to provide meaningful assistance.²⁴⁴
- 3.43** Ms Silby acknowledged the staff in Create NSW work very hard, but said that there is a clear difference between the way things operated a few years ago to how they do now:

... [T]here is a very clear difference from how things operated and the engagement, collaboration and collegiality that we used to find up until 2015 and 2016 to the last

²³⁸ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, pp 19-20 and 24.

²³⁹ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, pp 19-20.

²⁴⁰ Evidence, Ms Jane McCredie, Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, p 30.

²⁴¹ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, p 31.

²⁴² Submission 81, Writing NSW, p 2.

²⁴³ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, pp 19-20.

²⁴⁴ Submission 37, Theatre Network NSW, MusicNSW, Ausdance NSW and Regional Arts NSW, pp 2-3.

several years where unfortunately people are unavailable. Our members report not being able to even get a meeting by phone or in person for a year at a time.²⁴⁵

- 3.44** While stakeholders noted they received feedback for unsuccessful applications, they argued this feedback was not helpful. For example, peak bodies reported that respondents to their survey said feedback is often unclear and generic, and simply reduced to there being just not enough funding available to fund all applicants.²⁴⁶ In addition, stakeholders commented that feedback is not useful if an application was recommended for funding but had not been successful because of a decision by the Minister.²⁴⁷
- 3.45** The committee asked whether an annual grants calendar, published online with all application dates for the year, would assist. Ms McCredie agreed an annual grants calendar that is announced ahead of time would be ideal.²⁴⁸ Ms Silby recommended that funding criteria be released at least six months in advance and that grant programs remain open for at least 10 to 12 weeks.²⁴⁹
- 3.46** Mr Clarkson acknowledged that communication with Create NSW is improving and phone numbers of staff are now listed online. However, he argued that more publicly-available data is required for the sector to gain a better understanding of processes and decisions.²⁵⁰
- 3.47** Department of Premier and Cabinet representatives noted some grant related information is available online but acknowledged there is more work to do engaging with the sector. Mr Keely stated that documentation is available on the Create NSW website regarding relevant dates.²⁵¹ Ms Foy also noted that when a funding round opens, Create NSW runs a webinar to explain the particular process and timeline. According to Ms Foy '... Create NSW has made significant effort to acknowledge there is more to do in terms of engaging with the sector'.²⁵² When asked whether a single calendar with all grant dates was available, Ms Foy committed to reviewing the website and stated 'any efforts we can make to make that more transparent and better communicated to the sector we will absolutely make'.²⁵³

Suggested improvements to grants administration

- 3.48** NAVA recommended the following measures to improve the integrity of grant schemes and public confidence in them:

²⁴⁵ Evidence, Ms Michelle Silby, Executive Director, Ausdance NSW, 1 February 2021, p 4.

²⁴⁶ Submission 37, Theatre Network NSW, MusicNSW, Ausdance NSW and Regional Arts NSW, pp 2-3.

²⁴⁷ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, p 35.

²⁴⁸ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, pp 32-33.

²⁴⁹ Evidence, Ms Michelle Silby, Executive Director, Ausdance NSW, 1 February 2021, p 6.

²⁵⁰ Evidence, Mr David Clarkson, Board Member, Theatre Network NSW, 1 February 2021, p 10.

²⁵¹ Evidence, Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 47.

²⁵² Evidence, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, p 60.

²⁵³ Evidence, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, pp 46-47.

- consistent methodology and full transparency in the decision-making and grant approval process
- rotational peer and expert assessment panels
- respect for artists in the application process
- provide clear and comparable results each round in a timely fashion
- provide actionable feedback to unsuccessful applicants
- ambitious investment in the NSW arts sector.²⁵⁴

3.49 A number of arts organisations were asked to respond to these recommendations during evidence. Regional Arts NSW, Theatre Network NSW and the Live Music Office all supported each of NAVA's recommendations.²⁵⁵ Mr Clarkson of Theatre Network NSW supported NAVA's suggestions that assessment panels be rotational but argued that rotations should occur over a longer time frame of two to three years to allow members to build expertise.²⁵⁶ Mr Wardle agreed with NAVA's recommendations and added that a New South Wales Music Office be established to improve engagement.²⁵⁷

Arts and Cultural Funding Program reform

3.50 Arts and cultural grants have undergone a number of reforms in recent years. The most significant changes are part of reform of the Arts and Cultural Funding Program in 2019 and 2020. The reforms were intended to simplify and improve access to funding,²⁵⁸ but stakeholders disagreed about whether this had occurred.

3.51 Reforms to competitive grants under the Arts and Cultural Funding Program include reduced eligibility criteria (from 26 to four), simplified project categories (from 14 different categories to one), consolidated multiple funding rounds and long-lead funding notification dates.²⁵⁹ According to Mr Keely, the reforms followed 'a very extensive period of consultation with the sector' and aimed to address the sector's concerns about how to make funding simpler and easier to access. The reforms are ongoing, but are considered by Create NSW to be a success.²⁶⁰

3.52 However, stakeholders raised a number of issues with particular aspects of the reforms:

²⁵⁴ Submission 51, National Association for the Visual Arts (NAVA), p 4.

²⁵⁵ Answers to questions on notice, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 12 February 2021, p 1; Answers to questions on notice, Mr David Clarkson, Board Member, Theatre Network NSW, 26 February 2021, pp 1-2; Answers to questions on notice, Mr John Wardle, Consultant, Live Music Office, 1 March 2021, pp 10-11.

²⁵⁶ Answers to questions on notice, Mr David Clarkson, Board Member, Theatre Network NSW, 26 February 2021, pp 1-2.

²⁵⁷ Answers to questions on notice, Mr John Wardle, Consultant, Live Music Office, 1 March 2021, pp 12-14.

²⁵⁸ Submission 95, Department of Premier and Cabinet, p 3.

²⁵⁹ Submission 95, Department of Premier and Cabinet, p 3.

²⁶⁰ Evidence, Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 60.

- Artform Advisory Boards are not representative or effective
- peak bodies have been defunded
- devolved funding programs have been removed.

3.53 In addition, inquiry participants were concerned that constant change to arts grants and to Create NSW have had a negative impact, especially on the ability of Create NSW to engage adequately with the sector. Ms Benton reported that NAVA's stakeholders 'are having a hard time trying to keep up with so much constant change'.²⁶¹

3.54 Mr Clarkson suggested that constant change within Create NSW has resulted in a lack of continuity and loss of corporate knowledge, stating:

There is a feeling in the sector that Create NSW is understaffed, has insecure employment contracts and is constantly buffeted by numerous restructuring processes. While restructuring may be necessary at times it cannot be so frequent or drastic that it leads to a loss of corporate knowledge and industry acumen.²⁶²

Artform Advisory Boards

3.55 One of the major reforms of the Arts and Cultural Funding Program was the creation of ten Artform Advisory Boards. The boards are intended to provide greater representation in assessment of projects, but stakeholders had mixed views.

3.56 The Boards were set up to assess applications and provide strategic advice across the following artforms:

- Aboriginal Arts & Culture
- Classical Music, Opera and Choral
- Contemporary Music
- Dance & Physical Theatre
- Festivals
- Literature
- Multi-arts
- Museums & History
- Theatre & Musical Theatre
- Visual Arts.²⁶³

²⁶¹ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 19.

²⁶² Evidence, Mr David Clarkson, Board Member, Theatre Network NSW, 1 February 2021, p 2.

²⁶³ Create NSW, 'Artform Advisory Boards', <https://www.create.nsw.gov.au/funding-and-support/artform-boards/create-nsw-artform-advisory-boards/>.

- 3.57** The Department of Premier and Cabinet advised that the Artform Advisory Boards were created in response to feedback from the arts and cultural sector that a more flexible and responsive funding program was needed. The boards assess applications to the Arts and Cultural Funding Program and provide recommendations and strategic advice to the Minister.²⁶⁴ The boards had also been amended in response to feedback, for example, with the creation of boards for musical theatre and festivals.²⁶⁵
- 3.58** The Department of Premier and Cabinet described the boards as a success and said they provide 'consistency, stability, and a considered approach in funding'.²⁶⁶ Mr Keely described the boards as a 'radical change' and said the sector experts not only provide advice to Create NSW but give the government the opportunity to 'reach back into the sector to understand the issues that are emerging'.²⁶⁷
- 3.59** Some stakeholders agreed the boards had made a positive impact and should continue. Mr Clarkson viewed the boards as 'fantastic' but noted there is room for improvement, especially regarding transparency around what happens to a recommendation once a board has made it.²⁶⁸ Mr Wardle said that board was 'a great step forward'.²⁶⁹
- 3.60** Others were not convinced the boards were an improvement. Ms Benton pointed out that Create NSW has always had some form of peer assessment process. In her view, the recent reforms simply changed the way assessors are appointed to this process to give the Minister more input.²⁷⁰
- 3.61** Ms Silby said that in her view the boards were an improvement on more recent processes but not as good as older ones. She stated:

... [W]e are happy to see a return to an independent Advisory Artform Board – it is definitely better than a couple of years ago ... but it is nowhere close to how fine-tuned and well-functioning they were five years ago.²⁷¹

²⁶⁴ Submission 95, Department of Premier and Cabinet, pp 1-2.

²⁶⁵ Evidence, Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 60.

²⁶⁶ Submission 95, Department of Premier and Cabinet, p 1; Evidence, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, p 60.

²⁶⁷ Evidence, Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 60.

²⁶⁸ Evidence, Mr David Clarkson, Board Member, Theatre Network NSW, 1 February 2021, p 9.

²⁶⁹ Evidence, Mr John Wardle, Consultant, Live Music Office, 1 February 2021, p 17.

²⁷⁰ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 25.

²⁷¹ Evidence, Ms Michelle Silby, Executive Director, Ausdance NSW, 1 February 2021, p 10.

- 3.62** In particular, stakeholders were concerned that the boards are advisory only and recommendations can be, and frequently are, disregarded by the Minister.²⁷² Mr Clarkson argued that recommendations from the board should be listened to and, where possible, acted on.²⁷³
- 3.63** Writing NSW compared the New South Wales Advisory Artform Boards to the Commonwealth grants system whereby grants are administered at arm's length by the Australia Council. According to Writing NSW, the Commonwealth system does not have the same conflict of interest risks that arise from the Advisory Artform Boards and there is more public confidence in the transparency and integrity of the process.²⁷⁴ Ms McCredie said that recommendations or rankings from the boards are not publicly announced, but should be, and that if a Minister deviates from recommendations of the board, the Minister should publish their reasons for doing so.²⁷⁵

Representation

- 3.64** The Artform Advisory Boards are made up of sector experts from a 'diverse pool of New South Wales artists, small and medium organisations, major performing arts organisations, state-significant organisations and cultural institutions'.²⁷⁶ Members of the boards are selected from expressions of interest held annually. The Chair of each Board is appointed directly by the Minister for Arts and members may also be appointed by the Minister.²⁷⁷
- 3.65** Stakeholders were concerned the boards are not representative. Writing NSW, for example, noted the boards have been criticised for lack of diversity in their membership.²⁷⁸ Mr Clarkson felt that 'there was more equity emerging' and overall, slight improvements had been made in the representation of the boards, but acknowledged there is mixed opinion about this and more work to be done.²⁷⁹
- 3.66** Others raised concerns about the role the Minister plays in appointing members of the board. NAVA noted that it is difficult to have confidence in the integrity of a board's decision when the Minister has selected each chair and worked with those chairs to appoint other members.²⁸⁰
- 3.67** Writing NSW noted that the new system has strengths as well as risks. On the positive side, the boards give those appointed to them a chance to build expertise and knowledge of the sector

²⁷² Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, p 19; Evidence, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 1 February 2021, p 5

²⁷³ Answers to questions on notice, Mr David Clarkson, Board Member, Theatre Network NSW, 26 February 2021, p 2.

²⁷⁴ Submission 81, Writing NSW, p 3.

²⁷⁵ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, pp 33-34.

²⁷⁶ Submission 95, Department of Premier and Cabinet, pp 1-2.

²⁷⁷ Create NSW, 'Artform Advisory Boards, <https://www.create.nsw.gov.au/funding-and-support/artform-boards/create-nsw-artform-advisory-boards/>.

²⁷⁸ Submission 81, Writing NSW, p 3.

²⁷⁹ Evidence, Mr David Clarkson, Board Member, Theatre Network NSW, 1 February 2021, pp 9-10.

²⁸⁰ Submission 51, National Association for the Visual Arts (NAVA), p 4.

over time, however, they may not encourage diversity in the assessment pools and 'can lead to a bit of an insiders' club'.²⁸¹

- 3.68** Ms Benton noted that Create NSW has been responsive to some sector concerns and had put out expressions of interest for the next round of assessment, which she described as 'a good approach'.²⁸² She said that, in her view, assessors should not serve on a particular assessment process for more than a year.²⁸³ On the other hand, representatives from Theatre Network NSW and Writing NSW argued that, while rotation of board members is important, a longer time frame of two to three years or more is needed so the boards can build expertise and continuity across different application rounds.²⁸⁴

Defunding of peak bodies

- 3.69** Writing NSW and Regional Arts NSW informed the committee that they, along with a number of other peak bodies, had suddenly been defunded or had their funding reduced in 2020.
- 3.70** These bodies had previously been funded through Create NSW by negotiated funding agreements. This changed in 2015 to funding through a grant process. Ms Silby noted that peak bodies welcomed the introduction of a separate category for them, known as 'service organisations', as it meant they were not in competition with their members. However, she said the change 'also left us slightly vulnerable' as evident in the recent funding cuts discussed later in the chapter.²⁸⁵
- 3.71** In 2020, Create NSW undertook a review of service organisations to 'identify gaps in the provision of services for the arts and cultural sector, and on the future direction and content of funding programs directed to the services sector'. The review found 'a number of gaps and demands from the sector' regarding improvements, including further digitisation.²⁸⁶ When asked whether part of the review aimed to 'step past' existing peak bodies, Mr Keely replied that it was not. Instead, he said the goal of the review was 'to ensure that the government funding that is devoted towards services delivers to the sector that the services are being provided to'.²⁸⁷

Writing NSW

- 3.72** At the start of 2021, Writing NSW lost its multi-year funding. This was despite the organisation being recommended for the funding by the Artform Advisory Board. The uncertainty severely

²⁸¹ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, p 35.

²⁸² Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, pp 21-22 and 25.

²⁸³ Evidence, Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (NAVA), 1 February 2021, pp 21-22.

²⁸⁴ Answers to questions on notice, Mr David Clarkson, Board Member, Theatre Network NSW, 26 February 2021, p 1; Submission 81, Writing NSW, p 3; Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, p 35.

²⁸⁵ Evidence, Ms Michelle Silby, Executive Director, Ausdance NSW, 1 February 2021, pp 3-4.

²⁸⁶ Evidence, Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 56.

²⁸⁷ Evidence, Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 56.

impacted Writing NSW and it relied on its own financial reserves and JobKeeper payments to commit to operating to June 2021, but could not commit beyond that.²⁸⁸

- 3.73** Ms McCredie described the impact as 'immeasurable' as the organisation could not plan programs, guarantee jobs for its staff, or enter into agreements with partners. Ms McCredie stated:

We lost six months of planning time. We lost staff. We were forced to divert resources to solve a funding crisis at a time when we were already stretched to our limits ... We were unable to deliver a key message to the writers we serve about our future and our key partnerships were undermined.²⁸⁹

- 3.74** Writing NSW was then told it would receive annual funding to fund it until the end of 2021 but were not informed of this until 9 December 2020 – three weeks prior to the funding start date.²⁹⁰ Ms McCredie noted that while the organisation was grateful to receive funding, the annual funding application was very different and took a substantial amount of time to complete. She noted that Writing NSW will be in a similar position at the end of 2021 if it cannot get its multi-year funding restored.²⁹¹ Ms McCredie explained that the organisation lost its funding as there was not enough available to support all the recommended organisations and argued that it was part of historic underfunding to the literature sector.²⁹²

- 3.75** Writing NSW called for multi-year funding for peak bodies to be restored. Ms McCredie argued that the application process for multi-year funding is more efficient for both government and the organisations and allows organisations to be more productive in the use of funding they receive. Ms McCredie recommended that more arts organisations be provided with multi-year funding to avoid organisations 'lurching from one funding round to the next, never knowing whether they can plan ahead'.²⁹³

Regional Arts NSW

- 3.76** Regional Arts NSW had also received notice that it would be defunded as part of ongoing reform. Regional Arts NSW is the peak body and service agency for arts and cultural development in regional and remote New South Wales.²⁹⁴

- 3.77** Ms Rogers told the committee that in November 2020, she was informed the organisation's regular funding would be reallocated to the 14 Regional Arts Development Organisations (RADOs).²⁹⁵ Regional Arts NSW now has \$120,000, compared to its usual \$450,000 a year to restructure the organisation.²⁹⁶ In Ms Rogers' view, the fact that additional funding to RADOs

²⁸⁸ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, pp 28-29.

²⁸⁹ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, pp 27-28.

²⁹⁰ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, pp 27-28.

²⁹¹ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, pp 30-31.

²⁹² Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, pp 27-29.

²⁹³ Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, pp 27-28.

²⁹⁴ Evidence, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 1 February 2021, p 2.

²⁹⁵ Evidence, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 1 February 2021, p 5.

²⁹⁶ Evidence, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 1 February 2021, p 6.

was only achieved at the expense of funding from the peak body 'is indicative of a grants process that is both flawed and inconsistent'.²⁹⁷

- 3.78** In Budget Estimates 2020-21, then Minister for the Arts, the Hon Don Harwin MLC said that Regional Arts NSW has not been defunded. He argued the funding had been reallocated to the 14 RADOs and it is up to them to decide how much they will resource Regional Arts NSW in the future.²⁹⁸
- 3.79** Mr Keely stated the key rationale for the change was to allow local decision-makers more power over funding decisions in their local areas and that the reassessment of funding 'will maintain the same level of funding to the network'.²⁹⁹ The Department further noted that the change meant that funding to each of the 14 individual RADOs increased by \$28,000 per annum and argued the redistribution of funding was a result of stage 1 of a Review of the Regional Arts Network commenced in 2019.³⁰⁰
- 3.80** However, Ms Rogers argued that Regional Arts NSW and most of the RADOs considered the review to be 'very flawed' with the outcomes seemingly predetermined.³⁰¹

Changes to devolved funding programs

- 3.81** A number of devolved funding programs were also discontinued as part of the reforms. Previously, a number of organisations were provided funding to run their own small grant programs. In 2019, as part of the reform of the arts and cultural funding program, the existing 11 devolved programs were reduced to just five.³⁰²
- 3.82** The five devolved funding programs were to be managed by the 14 RADOs, Museums and Galleries NSW, the Band Association of NSW and the Royal Australian Historical Society. The remaining funds were brought in-house at Create NSW to deliver quick response grants which would 'provide more opportunities to the sector through a rolling grant round' and distribute funding within three weeks of submitting an application.³⁰³
- 3.83** Writing NSW raised concerns with the process and argued that it was better-placed to understand the needs of its member organisations and administer grants in a more responsive way, with more transparency and accountability than the NSW Government.³⁰⁴ Writing NSW had previously been provided \$30,000 a year in devolved funding to offer small grants for

²⁹⁷ Evidence, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 1 February 2021, p 3.

²⁹⁸ Evidence, Portfolio Committee No. 1 – Premier and Finance, Budget Estimates 2020-2021, The Hon Don Harwin MLC, Minister for the Arts, 25 February 2021, pp 27-28 and 34-35.

²⁹⁹ Evidence, Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, 1 February 2021, pp 61-62.

³⁰⁰ Answers to questions on notice, Department of Premier and Cabinet, 26 February 2021, p 23.

³⁰¹ Evidence, Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, 1 February 2021, p 5.

³⁰² Answers to questions on notice, Department of Premier and Cabinet, 26 February 2021, p 12.

³⁰³ Answers to questions on notice, Department of Premier and Cabinet, 26 February 2021, p 12; Evidence, Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 56.

³⁰⁴ Submission 81, Writing NSW, p 1; Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, pp 31-32.

writers and emerging writing organisations. Writing NSW was notified in December 2019 that its devolved funding program, which was due to start in January 2020, would be cancelled and they were not given an explanation about this.³⁰⁵

- 3.84** Representatives from the Department of Premier and Cabinet argued that the Writing NSW devolved funding program has been replaced by small project grants of up to \$5,000 and that increased annual funding is available for writers.³⁰⁶

The Regional Cultural Fund

- 3.85** The Regional Cultural Fund was established to support the development of cultural infrastructure in regional New South Wales. The fund is administered by Create NSW together with the Deputy Premier and the Minister for the Public Service and Employee Relations, Aboriginal Affairs, and the Arts.³⁰⁷ In 2018, \$100 million was provided to 136 projects under this fund, such as new performing arts spaces, refurbishment of libraries and museums, and smaller community projects.³⁰⁸
- 3.86** This section examines allegations of pork-barrelling of the Regional Cultural Fund as well as concerns that funding was reallocated to earlier rounds.

Pork-barrelling concerns

- 3.87** The committee inquired into claims that the Regional Cultural Fund had been used as a pork-barrelling fund. In 2020 it was reported in the media that an expert panel had recommended and ranked 116 applications for funding, but these recommendations were not followed. Instead, \$47 million was provided to 56 projects in 23 state government electorates, 20 of which were Coalition electorates.³⁰⁹
- 3.88** Indeed, the recent Auditor-General's report on the integrity of grant administration processes found that in relation to the Regional Cultural Fund, 'most applications were from organisations in the electorates held by the National Party and most funding was provided to applicants in electorates held by the National and Liberal Parties'.³¹⁰

³⁰⁵ Submission 81, Writing NSW, p 1; Evidence, Ms Jane McCredie, Chief Executive Officer, Writing NSW, 1 February 2021, p 32.

³⁰⁶ Evidence, Mr Christopher Keely, Executive Director, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 55; Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, p 61.

³⁰⁷ Evidence, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, p 51.

³⁰⁸ Create NSW, *Regional Cultural Fund*, <https://www.create.nsw.gov.au/cultural-infrastructure/regional-cultural-fund-2/>.

³⁰⁹ Michaela Boland and Greg Miskelly, 'NSW Deputy Premier John Barilaro, Don Harwin accused of 'pork-barrelling' in Coalition seats before state election' *ABC News*, 25 May 2020, <https://www.abc.net.au/news/2020-05-25/nsw-ministers-accused-of-favouritism-in-arts-spending/12271392>.

³¹⁰ Audit Office of New South Wales, *Integrity of grant program administration* (8 February 2022), p 19.

- 3.89** During the inquiry, it was also reported that some projects were funded despite not being recommended for funding by the panel. This included \$2.7 million to a volunteer-run gallery in the electorate of Coffs Harbour and \$249,000 for a road upgrade in Narrabri which the panel, unsurprisingly, did not consider to be eligible cultural infrastructure.³¹¹ Other applications, such as for the Bega Valley Regional Gallery, were rated as top funding priorities by the panel but were not approved.³¹²
- 3.90** Ms Foy stated that all bids were assessed by panels comprising of representatives with regional expertise from the arts sector, representatives from the Department of Premier and Cabinet, and Create NSW (then part of the Department of Planning and Infrastructure).³¹³ The panels assessed projects for eligibility, ranked applications, and provided advice to the Minister.³¹⁴ Final decisions were made by the Minister for Arts, in consultation with the Deputy Premier.³¹⁵
- 3.91** Proposals were assessed according to the following four criteria:
- case for change
 - capacity to deliver
 - value for money
 - engagement and reach.³¹⁶
- 3.92** According to Ms Foy, 237 expressions of interest were received for stage one of round one and 159 applications were received for round two, a total of 396 for both rounds.³¹⁷ The panel assessed applications and advised whether projects were either 'recommended for funding, if funding is available' or 'not recommended for funding'. Of the 396 total applications received, the panel assessed 172 projects as eligible and meriting funding. 136 projects across the two rounds were then funded.³¹⁸

³¹¹ Michaela Boland and Greg Miskelly, 'NSW Deputy Premier John Barilaro, Don Harwin accused of 'pork-barrelling' in Coalition seats before state election' *ABC News*, 25 May 2020, <https://www.abc.net.au/news/2020-05-25/nsw-ministers-accused-of-favouritism-in-arts-spending/12271392>.

³¹² Michaela Boland and Greg Miskelly, 'Bega gallery missed out on Regional Cultural Fund grant despite being rated top priority', *ABC News*, 27 May 2020, <https://www.abc.net.au/news/2020-05-26/bega-gallery-missed-out-on-nsw-regional-arts-grant/12282108>.

³¹³ Evidence, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, pp 37-39.

³¹⁴ Evidence, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, pp 45-46.

³¹⁵ Answers to questions on notice, Department of Premier and Cabinet, 26 February 2021, p 1; Answers to questions on notice, Department of Regional NSW, 12 November 2020, p 4.

³¹⁶ Evidence, Ms Annette Pitman, Head of Create Infrastructure, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 45.

³¹⁷ Evidence, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, p 45.

³¹⁸ Answers to questions on notice, Department of Premier and Cabinet, 26 February 2021, p 4.

- 3.93** Ms Foy indicated that Create NSW does not normally consider the location of proposed projects.³¹⁹ However, Create NSW noted that location details are provided to the assessment panel and may be provided to the Minister if requested.³²⁰ She informed the committee that for this fund all recommended and funded projects were considered eligible. While Ms Foy agreed that assessment panels rank applications and provide advice to government, she noted it is ultimately for the government to decide which projects to approve.³²¹
- 3.94** Ms Foy further informed that probity advisers were appointed and provided advice at key intervals of the program.³²² Probity plans were developed for rounds one and two of the program and a further independent audit of stage one of round one was undertaken by Ernst and Young.³²³

Changes to funding rounds

- 3.95** The Regional Cultural Fund was originally set up to distribute \$100 million over three funding rounds, but was restructured so that the funding was distributed over two rounds rather than three.
- 3.96** A Department of Premier and Cabinet briefing note provided to the Legislative Council under standing order 52 and tabled to this committee sets out the following recommended changes to the funding rounds:

Table 5 Original funding round plan³²⁴

Round	Funding	Application	Announcement of successful projects
One	\$25 million	Open, two-step	May 2018
Two	\$25 million	Closed, one-step	October 2018
Three	\$50 million	Open, two-step	January 2019

³¹⁹ Evidence, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, p 38.

³²⁰ Answers to questions on notice, Department of Premier and Cabinet, 26 February 2021, p 1.

³²¹ Evidence, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, p 46.

³²² Evidence, Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, 1 February 2021, pp 37-39.

³²³ Answers to questions on notice, Department of Premier and Cabinet, 26 February 2021, p 2.

³²⁴ Tabled document, the Hon Courtney Houssos MLC, *Department of Premier and Cabinet briefing note entitled 'Bringing forward funding under the Regional Cultural Fund'*, 1 February 2021, p 1.

Table 6 Proposed changes to funding rounds

Round	Funding	Application	Announcement of successful projects
One	\$50 million	Open, two-step	May 2018
Two	\$50 million	Open, one-step	December 2018

3.97 Ms Annette Pitman, Head of Create Infrastructure at Create NSW, explained that it was originally planned that a smaller allocation of \$25 million would be available in the first round. However, Create NSW received 237 expressions of interest in the first round requesting a total of \$189.8 million. Therefore the rounds were amended to provide more funding in the first round. This was intended to 'enable more of those projects to be successful in a shorter period of time'.³²⁵

3.98 Even so, the briefing note identified a number of key risks associated with removing round three of funding and changing the application process for round two. These include:

- additional costs to applicants as they will be required to provide significantly more detail for a one-step application than an expression of interest
- unfairness from merging closed and open rounds as non-shortlisted applicants from round one had been provided support with their application
- reducing the opportunity for those who intended to apply for funding in later rounds.³²⁶

3.99 The briefing note also highlighted that future rounds had already been announced publicly, that bringing forward the funding may reduce opportunities for some applicants who intended to apply for a later round, and that previous probity advice had recommended that rounds two and three not be merged.³²⁷

Batemans Bay Leisure Centre

3.100 One particular grant of concern to the committee was \$8 million funding provided to Eurobodalla Shire Council towards the Batemans Bay Regional Aquatic, Arts and Leisure Centre.

3.101 The funding for the leisure centre was approved under the Regional Cultural Fund on 28 November 2018.³²⁸ The committee examined concerns with the timing of this grant as it was

³²⁵ Evidence, Ms Annette Pitman, Head of Create Infrastructure, Create NSW, Department of Premier and Cabinet, 1 February 2021, p 50.

³²⁶ Tabled document, the Hon Courtney Houssos MLC, *Department of Premier and Cabinet briefing note entitled 'Bringing forward funding under the Regional Cultural Fund'*, 1 February 2021, pp 1-2.

³²⁷ Tabled document, the Hon Courtney Houssos MLC, *Department of Premier and Cabinet briefing note entitled 'Bringing forward funding under the Regional Cultural Fund'*, 1 February 2021, pp 1-2.

³²⁸ Answers to supplementary questions, Department of Premier and Cabinet, 26 February 2021, p 1.

announced on 26 March 2018, months before the funding was approved and even before applications for the round opened on 1 July 2018.³²⁹ Stakeholders also raised concerns, asking why the leisure centre had received substantial funding when it had been ranked number 72 by assessors. This was particularly concerning for the community group A Better Eurobodalla as an application by Bega Valley Regional Gallery had been ranked number one by assessors but had not received funding.³³⁰

- 3.102** A Better Eurobodalla questioned how the project had secured a total of \$51 million in State and Federal grant funding, including \$8 million from the Regional Cultural Fund when it was not a viable project as it was on flood-prone land. They noted the project had already been scaled back, but the cost had blown out to over \$70 million and the local community faced reduced services and facilities to make up the \$19 million shortfall.³³¹
- 3.103** The Department of Premier and Cabinet advised that the project was assessed in round two by the panel and deemed as eligible and of merit, and that Create NSW was not involved in the announcement of the funding in March 2018 and holds no documentation on the announcement.³³²

Riverina Conservatorium of Music

- 3.104** The committee considered related pork-barrelling concerns regarding \$30 million of funding announced for the Riverina Conservatorium of Music. This funding, particularly \$20 million announced for stage two, was controversial as it was announced a few weeks prior to the 2018 by-election in Wagga Wagga and was allocated without Departmental recommendation or on the basis of any assessed paperwork.
- 3.105** The Department of Regional NSW advised that there were two stages to funding for the project. Stage one, worth \$10 million, was announced in February 2018. This stage was funded under the 2019-20 Budget under the Property NSW Building Refurbishment Program in order to fit-out a new premises for the conservatorium as the current lease was due to expire.³³³
- 3.106** A further \$20 million was announced for stage two of the project by the Minister for the Arts in August 2018.³³⁴ This funding was described as a 'pre by-election commitment'.³³⁵ While the NSW Government had publicly committed to, and reserved the funds, 'a number of checks and balances' were still required when the announcement had been made.³³⁶

³²⁹ Submission 108, Mr Frank Ross, p 3.

³³⁰ Submission 111, A Better Eurobodalla, p 3; Submission 108, Mr Frank Ross, p 3.

³³¹ Submission 111, A Better Eurobodalla, p 3.

³³² Answers to questions on notice, Department of Premier and Cabinet, 26 February 2021, pp 7-8.

³³³ Answers to questions on notice, Department of Regional NSW, 12 November 2020, pp 4-5 and 8; Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 16 October 2020, p 21.

³³⁴ Answers to questions on notice, Department of Regional NSW, 1 March 2021, pp 4 and 6.

³³⁵ Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 16 October 2020, pp 21-22.

³³⁶ Evidence, Mr Jonathan Wheaton, Executive Director, Regional Programs, Department of Regional NSW, 16 October 2020, p 26.

- 3.107** Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, explained that this funding had been reserved but not formally approved as key paperwork had not yet been received and there had not yet been any written assessment of stage two. Mr Hanger explained that a reservation of funding is different to a commitment of funding. A reservation of funding 'is for the purposes of allowing project proponents to continue to develop projects ...'³³⁷ but a commitment of funding required paperwork such as a business case or application that meets the program criteria.³³⁸
- 3.108** The Department of Regional NSW further informed that funding reservations are common practice, but the process to confirm a funding reservation varies. For the conservatorium project, the funding was approved as a reservation by the Treasurer under the Regional Communities Development Fund subject to the following:
- the project being submitted for consideration and successful through the competitive assessment process of the fund
 - finalisation of the scope of works for the project
 - the project meeting the guidelines of the fund
 - a final business case being approved by the Expenditure Review Committee.³³⁹
- 3.109** The Department of Regional NSW were aware of the high-level concept idea from stage one funding but had not received a business case or assessed documentation for stage two.³⁴⁰ A final business case was expected to be finalised by the end of 2020.³⁴¹ When the committee heard from Department of Regional NSW representatives in February 2021, the business case had not been received.³⁴²
- 3.110** Then Premier, the Hon Gladys Berejiklian MP, was asked about the approval of the funding at Budget Estimates. She recollected there was an announcement regarding the project during the by-election but when asked about whether she approved the reservation stated: '[I]t is not me who makes the funding allocations and I would not have known how much to approve ...'³⁴³ She noted further:

... [A]nnouncements in a by-election are often made by the Premier or the candidate or the Leader of the Opposition or whomever, and then subsequently the relevant agency does all the due diligence and makes all the allocations and does all those things. So it is not uncommon, during a by-election in particular, for the candidate or the

³³⁷ Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 1 February 2021, pp 40 and 43.

³³⁸ Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 1 February 2021, p 52.

³³⁹ Answers to questions on notice, Department of Regional NSW, 1 March 2021, pp 1 and 5.

³⁴⁰ Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 1 February 2021, pp 40-44.

³⁴¹ Answers to questions on notice, Department of Regional NSW, 12 November 2020, pp 5 and 8.

³⁴² Evidence, Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, 1 February 2021, p 43.

³⁴³ Evidence, Portfolio Committee No. 1 – Premier and Finance, Budget Estimates 2020-2021, The Hon Gladys Berejiklian MP, Premier, 4 March 2021, pp 16-17.

Premier or anybody else to make a public announcement on an issue that is relevant to that community. But then how government resolves to make the allocation and the dollars and all those things have to go through the proper process.³⁴⁴

Committee comment

- 3.111** The problems with arts and cultural grants are the same as many of the concerns the committee has heard previously in relation to local government grants. Like local government grants, examined in the committee's first report, the grants system for arts and cultural organisations is not fit for purpose. Application processes are onerous and inefficient and removed from the practice they are there to support.
- 3.112** The over-reliance on Ministerial discretion is the biggest concern. Organisations, peak bodies and artists spend significant time and resources completing arduous grant applications which are then assessed by independent panels. This process becomes pointless when the Minister frequently overrides or ignores the recommendations that arise. There is no transparency around decision-making and no data available for comparison.
- 3.113** The worst example of this was when the then Minister diverted over \$400,000 to the Sydney Symphony, an organisation that was not eligible for the funding round. While the committee acknowledges the money was returned, the incident is a troubling indication of the then Minister's view of his discretion.

Finding 6

The then Minister for Arts misused his discretion in seeking to divert Arts and Cultural Grants Program funding to the Sydney Symphony, an organisation which had not applied for the grant, reducing the remaining pool of funding so that there were only six successful applications from the 222 applications in that round of funding.

- 3.114** It may not be appropriate for a Minister to use their discretion merely because a project is deemed 'eligible'. Assessment panels and government departments do not just assess projects for eligibility. They assess projects for merit against grant program criteria and rank projects as most suitable for funding against other eligible applications.
- 3.115** The committee notes comments made by ICAC outlined in the committee's first report around Ministerial discretion – chiefly, that Ministerial discretion is not unfettered and must be exercised in accordance with the legislative framework and program guidelines of a particular grant program, as well as in accordance with public interest principles. In particular, Ministerial discretion does not give a Minister power to approve funding for a project or application that does not meet the criteria of a grant funding program or to redirect funding to an organisation that did not apply.

³⁴⁴ Evidence, Portfolio Committee No. 1 – Premier and Finance, Budget Estimates 2020-2021, The Hon Gladys Berejiklian MP, Premier, 4 March 2021, p 17.

- 3.116** The committee also notes the findings and recommendations made by the Auditor-General in her recent report examining the integrity of grant program administration, of which the Regional Cultural Fund was a focus. In that report, it is recommended that any Ministerial override of recommendations be documented, with reasons given and transparent consideration of probity and conflict of interest.
- 3.117** The committee wholeheartedly supports this recommendation, noting that it is consistent with a recommendation from our first report which the committee again reiterates – namely, that the NSW Government update the *Good Practice Guide to Grants Administration* to include minimum requirements and, in particular, guidelines around the discretion of Ministers and other decision-makers.
- 3.118** The committee believes any requirements should not only ensure that any Ministerial override of decisions is adequately documented, but that this documentation specifically includes the reasons for deviating from a grant application, which should in turn be published.

Recommendation 4

That the Minister for the Arts publish reasons whenever the Minister deviates from a grant application recommendation made by Create NSW or an Artform Advisory Board.

- 3.119** The committee's concerns about how Ministerial discretion is being misused in arts and cultural grants are further exacerbated by the lack of transparency in how arts grants are administered and approved. There is considerable distrust in the sector of the process and no information available on how and why decisions are made by the Minister.
- 3.120** To allow stakeholders to compare approval recommendations, the committee recommends that Create NSW release more information about its merit assessments and rankings online. Various details such as the name of applicants, broad descriptions of applications and their merits, and the ranking of each application compared to other recommended projects, can be made public without prejudicing commercial interests and should be made available online.

Recommendation 5

That Create NSW publish online a list of all applications recommended to the Minister for the Arts for funding when funding announcements are made, including:

- name of the applicant
- a broad description of the project
- the ranking of each application by the assessment panel.

- 3.121** The Liberal/Nationals Government has neglected the arts and this is evident in how it runs its grant programs. There is simply not enough money allocated to arts and cultural projects in New South Wales. Arts and cultural groups and individuals have been particularly impacted by COVID-19 pandemic. While the committee notes the sector is appreciative of additional funding provided in light of the pandemic, particularly the Rescue and Restart Package, much of the funding is not ongoing and was delayed.

- 3.122** The limited funding available is locked-up in inaccessible and overly competitive grant processes. Onerous application processes and delays in timing, coupled with low success rates, mean applying for grants is often not worth the effort.
- 3.123** Application processes urgently need to be simplified and more information should be published online in a more accessible way. While opening and closing dates for grants programs are published online, they are not always published early enough to allow applicants enough time to plan and there is no central online calendar displaying dates for all the various programs. The committee reiterates its recommendation in the first report that a central website be established publishing all grant application information, including a rolling 12 month calendar with open and closing dates for all arts grants. We further recommend that application forms be reviewed and simplified and that arts organisations and peak bodies be catered to in distinct funding streams.

Recommendation 6

That Create NSW review all arts-related grant application forms and processes with a view to simplifying and streamlining the process.

Recommendation 7

That the NSW Government ensure that arts organisations, peak bodies and individual artists are considered in separate funding streams with targeted application requirements and criteria for each distinct group.

- 3.124** Recent reforms to the Arts and Cultural Funding Program have not improved the accessibility of arts grants funding and, in some instances, have made it worse. The Artform Advisory Boards are not representative and there is too much Ministerial input. A number of peak bodies have had their multi-year funding cut and some were notified very late that they would receive less secure, annual funding instead. Peak bodies were unable to guarantee their existence and would have experienced the same situation at the end of 2021 if multi-year funding was not restored.
- 3.125** Regional Arts NSW was defunded, with its funding redistributed to the 14 RADOs. A number of devolved funding programs were also scrapped with the reforms. These changes were made without adequate notification or consultation and the committee is not satisfied with the reasons given for these decisions. The NSW Government claimed redistributing Regional Arts NSW funding would give local decision makers more power over funding decisions while at the same time removing devolved funding programs which were administered by local bodies.
- 3.126** The committee recommends that all devolved funding programs be reinstated and that funding for peak bodies return to more regular, guaranteed funding. Requiring peak bodies to compete for grant funding to survive places them in a precarious position. At the very least, peak bodies should have their multi-year funding restored.

Recommendation 8

That the NSW Government reinstate devolved funding programs under the Arts and Cultural Funding Program.

Recommendation 9

That the NSW Government revise its provision of grant funding to peak bodies and restore dedicated funding for these bodies outside of a grants process. If this recommendation is not supported, the committee instead recommends that Create NSW return to funding peak bodies with multi-year, rather than annual, funding.

- 3.127** The Regional Cultural Fund was a clear example of pork-barrelling by the Coalition Government. 116 projects were assessed and ranked by an expert panel but only 56 projects were approved in 23 State Government electorates, 20 of which were Coalition electorates. A number of projects were rated as top priorities by the panel but did not receive funding, while others were not recommended by the panel, but received funding. Timing of some of the grants also indicated the fund was not administered appropriately. Funding for the Batemans Bay Leisure Centre, for example, was announced in March 2018, months before applications opened and before the funding was approved.

Finding 7

The NSW Government improperly used Regional Cultural Fund grants to allocate public money for political purposes overwhelmingly in Coalition seats.

- 3.128** Further to this, the committee notes, as outlined in chapter 1, the findings of the 2009 report by the then NSW Auditor-General, Mr Peter Achterstraat AM, which found there to be 'no significant difference in the funding of government and opposition electorates'.

Finding 8

That in May 2009 then NSW Auditor-General, Mr Peter Achterstraat AM, in a report titled '*Grants Administration*', found 'no significant difference in the funding of government and opposition electorates'.

- 3.129** The reservation of funding for stage two of the Riverina Conservatorium of Music is another egregious example of pork-barrelling and the concerning lack of transparency in the administration and approval of arts funding. The funds for stage two were announced by the then Minister for Arts in August 2018, just prior to the State by-election in Wagga Wagga. The funding was a 'pre-election commitment' but was reserved without any paperwork or assessment of the project. It was hard for the committee to even find out which program the funding has been reserved under. The only formal record of this reservation the committee was provided with was an undated letter signed by the then Treasurer Dominic Perrottet on then Premier Gladys Berejiklian's letterhead.

- 3.130** The process for funding stage two was completely backwards. The project was not assessed under any grant program criteria and the council had not made a formal application under any program. Funds had been reserved and publicly announced outside of any advertised grant program. The NSW Government also publicly committed to supporting and funding the project when the business case is received. This puts public servants in an impossible situation as they must recommend funding after it has been effectively approved.

Finding 9

The reservation of \$20 million for stage two of the Riverina Conservatorium of Music was publicly announced without any assessment or approval of the application.

Chapter 4 Conclusions

The committee is fortunate to have gained the insight of the Audit Office of New South Wales in its recent performance audit on the integrity of grant program administration, prior to the committee tabling its final report for this inquiry.

In light of the findings and recommendations made by the Auditor-General in her ensuing report, this chapter reflects on the conclusions of the committee across both of its reports and seeks to present further recommendations on systemic reform.

Auditor-General's report on the integrity of grant program administration

- 4.1** In examining the Stronger Communities Fund and Regional Cultural Fund in its performance audit on the integrity of grant program administration, the Audit Office made a number key findings relevant to and consistent with the evidence to this inquiry.
- 4.2** In relation to the Stronger Communities Fund, the Auditor-General's report found, for example, that:
- round two of the Stronger Communities Fund did not have an open application process
 - the program guidelines were deficient and did not include key information about the purpose and administration of the program
 - the program guidelines lacked the necessary information to safeguard against biased or subjective assessment
 - projects were not assessed against criteria described in the program guidelines
 - decisions about the amount of funding awarded to each council, and the merits of specific projects were not transparent
 - inadequate records were retained of approval for funding allocations, with poor records having resulted in opaque accountability and responsibility for decisions about grant allocations
 - 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.
- 4.3** In relation to the Regional Cultural Fund, the Auditor-General's report noted that the administration of the fund involved an independent assessment panel assessing applications against clearly defined program objections and criteria, and that the process generally complied with the relevant legislative requirements for financial management and record keeping. However, the report found that:
- the then Minister for the Arts did not follow the recommendations of the independent panel on multiple occasions after consulting with the then Deputy Premier
 - several applicants received large grants after not being recommended by the independent panel

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

4.4 Drawing on these findings, several recommendations were made in the Auditor-General's report speaking to the integrity of grant program administration. In full, these recommendations are:

The Department of Premier and Cabinet should develop a model for grant administration that must be used for all grant programs administered in New South Wales that:

- is based on ethical principles such as impartiality, equity and transparency
- ensures assessments and decisions can be made against clear eligibility criteria
- ensures accountability for decisions and actions of all those who are involved in the program
- includes minimum mandatory administration and documentation standards
- requires any ministerial override of recommendations to be documented.

The Department of Planning and Environment should ensure that guidelines prepared for all grant programs are published and include a governance framework that includes accountabilities and key assessment steps.³⁴⁵

4.5 As referenced throughout the report, these recommendations strongly align with the findings and recommendations of this committee including in our earlier report, on which further comment is provided below.

Committee comment

4.6 Throughout this inquiry, it has been made clear that the NSW Government has so far failed to take any meaningful steps to ensure that grant programs are designed and administered according to proper principles of accountability and transparency. For this reason, the committee strongly reiterates the suite of recommendations made in its first report regarding the administration of grant programs, in addition to making further recommendations for reform.

4.7 For example, the committee again emphasises the importance of publishing detailed program guidelines and requiring that grants be administered according to these guidelines. The need for public reporting on guidelines, criteria, decision makers, recommendations and decisions which depart from recommendations is clear.

4.8 In particular, the committee recommended in its first report that the NSW Government review and update its own application, assessment and approval processes for grants programs, including a review of the *Good Practice to Grants Administration* to include minimum requirements and enforceable key elements. We note the recently announced review by the Department of

³⁴⁵ Audit Office of New South Wales, *Integrity of grant program administration*, (8 February 2022), p 3.

Premier and Cabinet in partnership with the NSW Productivity Commissioner will be producing an updated *Good Practice Guide to Grants Administration*, and urge that our comments and recommendations in this regard, particularly on enforceability, be considered as part of this review.

- 4.9** Indeed, every grant program administered in New South Wales must have clear and publicly available guidelines which are mandatory. Different streams may apply depending on the nature of the grant, for example, some grants will not require a competitive process, some will be determined under delegation by the Department, some will be determined by the Minister, and some may require a supportive business case.
- 4.10** To this end, the committee recommends that all grant schemes follow a mandatory set of guidelines which detail the process for award of the grant, the criteria considered and the requirements for public reporting of the guidelines, criteria, decision making process and final outcomes. These mandatory guidelines would provide different streams for different grant processes, however, all would be subject to common requirements of integrity, transparency and prioritising of the public good.
- 4.11** Different requirements would apply under the guidelines where grants are subject to competitive tender, are not subject to open tender but require a business case with a cost benefit ratio greater than 1, or are discretionary. The guidelines would need to meet, at a minimum, the recommendations enunciated by the Audit Office in its most recent report for each stream.

Recommendation 10

That all NSW Government grant schemes follow a mandatory set of guidelines which detail the process for award of the grant, the criteria considered and the requirements for public reporting of the guidelines, criteria, decision making process and final outcomes. Such guidelines are to provide different streams for different grant processes, with all grants subject to common requirements of integrity, transparency and prioritising of the public good.

- 4.12** Further, we acknowledge references in the first report to the Commonwealth model of grant program administration, which includes the Commonwealth Grants Rules and Guidelines (CGRGs) issued by the Australian Government in 2017. The Commonwealth guidelines set out both requirements and better practice guidance for Australian government agencies that administer grants programs, and contain a small number of requirements applicable to Ministers, in terms of grants related decision-making and reporting requirements.
- 4.13** We draw attention to these guidelines, noting that they indeed represent a step towards setting standards of integrity in the way public funds are distributed. However, it must be said that recent investigations into allegations of misuse of Commonwealth grant programs, such as the Safer Communities Fund, Community Sport Infrastructure Grant, and Urban Congestion Fund,³⁴⁶ demonstrate that guidelines alone do not ensure grant programs are always as

³⁴⁶ <<https://www.anao.gov.au/work/performance-audit/award-funding-under-the-safer-communities-fund>>;

<https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/AdminoftheUCF/Report>.

transparently, accountably and fairly administered in a way that delivers clear public benefit as the public has a right to expect. Their enforcement is key, as expressed in our recommendation in the first report centred on the enforceability of key requirements in New South Wales' own *Good Practice Guide to Grants Administration*.

- 4.14** Notwithstanding this, it is noted that along with the Commonwealth guidelines, the Australian Government's GrantsConnect website provides a centralised, searchable, information system that publishes current and forecast grant opportunities, and information of grants that have been awarded. This website provides a layer of transparency on grants that are available for community organisations to apply for, and what grants have been made, that is currently lacking in New South Wales.
- 4.15** To this end, the committee reiterates its recommendation in the first report that the NSW Government update grant application processes to make them less opaque. Consistent with the Auditor-General's recommendation that grant guidelines be published, the committee's recommendations includes the publishing of all grant application information and a rolling 12 months grants calendar of upcoming grants.
- 4.16** The committee also expresses again its strong condemnation of the way grants have been politicised and used as slush funds. It is plainly wrong that grants are prone to continued misuse for political rather than community purposes as demonstrated through the evidence to this inquiry. The committee highlights its previous comments that grant programs are not a suitable way to provide funding to local government. We refer to our recommendation in the first report that the NSW Government overhaul its current reliance on grant programs and move to funding local government through a predetermined, public formula.
- 4.17** Of particular concern to the committee and a key concern identified by the Auditor-General in her latest report is the lack of clear documentation of decision making about grant allocations, including in instances where Ministerial decision-making has allocated grants to projects that were not recommended for approval.
- 4.18** Therefore, the committee recommends that the NSW Government ensure that, when a Minister who is a decision maker for a grants process does not agree, in whole or in part, with a written recommendation of the agency administering the grants program, the Minister is required to do so in writing, providing full and adequate reasons. Such a decision should be made public, for example, by publishing on a centralised grants website.
- 4.19** Further, the committee notes the submission of the Independent Commission Against Corruption that, where the decision maker for a grant program is a public servant, in certain circumstances Minister or Ministerial staff attempting to influence a decision could prove to be a breach of public trust. The committee therefore recommends that the NSW Government strengthen its processes make sure that this does not occur.

Recommendation 11

That, where the decision maker for a grant program is a public servant, the committee notes the submission of the Independent Commission Against Corruption that in certain circumstances Ministers or Ministerial staff attempting to influence that decision could prove to be a breach of public trust. It is recommended that the NSW Government strengthen its processes to make sure that this does not occur.

Recommendation 12

That the NSW Government ensure that when a Minister who is a decision maker for a grants process does not agree, in whole or in part, with a written recommendation of the agency administering the grants program, the Minister is required to do so in writing, providing full and adequate reasons. Such a decision should be made public, for example, by publishing on a centralised grants website.

- 4.20** Indeed, documentation standards must be upheld, as highlighted by the Auditor-General in her report. Whether it be the deliberate destruction of records, discussed in the committee's first report, or the failure to document the Ministerial override of decisions, as discussed in this report, the committee finds it unacceptable that clear processes for documentation have eluded the administration of grant programs in New South Wales.
- 4.21** As outlined throughout this report, issues around onerous and inaccessible application processes as well as problems with timeframes and notifications, were again raised in relation to arts and cultural grants and bushfire recovery grants. Of continuing concern to the committee was evidence that, like grants examined in the first report, decisions around arts and bushfire grant allocations have been made politically and without transparency. The committee again calls for a grants model based on what the Auditor-General describes as 'ethical principles' such as impartiality, equity and transparency.
- 4.22** Indeed, we acknowledge the important work undertaken by the Audit Office of New South Wales in reviewing the effectiveness of grant administration. We particularly draw attention to the recommendations made in our first report to increase the powers and remit of the Auditor-General to include 'follow the dollar' powers, as well as enable the Auditor-General to conduct more regular performance audits on the design and guidelines of government grant programs. The outcome of such audits has proven particularly significant in painting a broader picture of grant administration in New South Wales, particularly when considered together with the findings of this inquiry.
- 4.23** In light of all of this, the committee notes that in 2023 the New South Wales state election will be held. We are concerned that government grants will be misused again for political gain. Therefore, while this current inquiry has drawn to a close, the work of this committee in reviewing grants has not yet concluded. We believe there is a strong case to revisit this issue as the state election approaches. It will also enable this committee to review the recommendations and updated *Good Practice Guide to Grants Administration* from the review by the Department of Premier and Cabinet and the NSW Productivity Commissioner. The committee therefore recommends that the Public Accountability Committee conducts a further inquiry on this issue.

Recommendation 13

That the Public Accountability Committee conducts a further inquiry into the integrity, efficacy and value for money of NSW Government grant programs, including whether recommended reforms from key bodies have been implemented.

4.24 The committee also notes the introduction into the Parliament of a number of bills that closely relate to the content of its first and final reports, which seek to legislate some of the principles that the reports of the committee have recommended.

- Government Sector Finance Amendment (Government Grants) Bill 2021 introduced by the Hon Robert Borsak MLC on 17 February 2021 – an Act to amend the *Government Sector Finance Act 2018* to enable members of Parliament to be informed about decisions related to grants of money by the Government, and for other purposes; and
- Government Grants Administration Bill 2021 introduced by the Hon John Graham MLC on 17 November 2021 – an Act to provide for the transparent administration of government grant schemes; to provide for the audit of entities in relation to the government grant schemes; and for related purposes.

4.25 While the detail of these bills should be a matter for proper parliamentary consideration, the committee commends these bills in general and recognises their adoption would advance the issues that the Committee has raised in its two reports in this inquiry.

Finding 10

While the detail of the Government Sector Finance Amendment (Government Grants) Bill 2021 and the Government Grants Administration Bill 2021 should be a matter for proper parliamentary consideration, the committee commends these bills in general and recognises their adoption would advance the issues that the committee has raised in its two reports in this inquiry.

Appendix 1 Submissions

No.	Author
1	Greek Cultural Association Inc.
2	Ms Cathy Merchant
3	Cr Craig Davies, Mayor Narromine Shire Council and Chair of the Orana Joint Organisation of councils
4	Mid Western Regional Council
5	Halls Accounting Pty Ltd
6	Inverell Shire Council
7	Bathurst Regional Council
8	Coolamon Shire Council
9	Narrandera Shire Council
10	Port Stephens Council
11	Local Government NSW
12	Mosman Municipal Council
13	Tenterfield Shire Council
14	Narrabri Shire Council
15	Goulburn Mulwaree Council
16	Hornsby Shire Council
17	Canterbury Bankstown Council
18	Blayney Shire Council
19	Bland Shire Council
20	NSW Council of Social Service (NCOSS)
21	Ms Sonja Elwood
22	Name suppressed
23	NSW Auditor General
24	Gunnedah Shire Council
25	Name suppressed
26	Boambee East Community Centre
27	Name suppressed
28	Lismore City Council
29	Temora Shire Council
30	Cabonne Council
31	Dr Darren Heinrich

No.	Author
32	Woolgoolga Surf Life Saving Club
33	Coffs Harbour Community Men's Shed Inc.
34	Jaybees Entertainment
35	Screenwave
36	Bega Valley Shire Council
36a	Bega Valley Shire Council
37	Theatre Network NSW, MusicNSW, Ausdance NSW and Regional Arts NSW
38	Richmond Valley Council
39	Central NSW Joint Organisation
40	Port Macquarie Hastings Council
41	Bourke Shire Council
42	Lachlan Shire Council
43	Cr Ben Shields, Mayor of Dubbo Regional Council
44	Griffith City Council
45	Ballina Shire Council
46	Tweed Shire Council
47	Brewarrina Shire Council
48	Snowy Valleys Council
48a	Snowy Valleys Council
49	Federation Council
50	Yass Valley Council
51	National Association for the Visual Arts (NAVA)
52	Kyogle Council
53	Canberra Region Joint Organisation
54	NSW Joint Organisations
55	Dubbo Golf Club
56	Netball NSW
57	Confidential
58	MidCoast Council
59	Lecton Shire Council
60	Namoi Unlimited
61	Penrith City Council
62	Nambucca Valley Youth Services Centre
63	Sydney Improvised Music Association
64	City of Newcastle

No.	Author
65	Bereta Laffe Group
66	School Bands Australia
67	The Hills Shire Council
68	Clarence Valley Council
69	Wentworth Shire Council
70	Cessnock City Council
71	Mr Sam McNally
72	Confidential
73	Department of Regional NSW
74	Mr Phillip Johnston
75	Mr Rick Robertson
76	Ms Simone Waddell
77	Hunter Joint Organisation
78	Ms Angelika Erpic
79	Ms Sarah Cattini
80	The Hon. John Barilaro MP
81	Writing NSW
82	Cr Darcy Byrne, Mayor of Inner West Council
83	Name suppressed
84	Mr Ian Docker
85	Mrs Carol Edds
86	Mr Jonathan Zwartz
87	Mr Alex Masso
88	Name suppressed
89	Mr George Tulloch
90	Live Music Office
91	Name suppressed
92	Independent Commission Against Corruption NSW
93	Lake Macquarie City Council
94	Mrs Kylie Docker
95	Department of Premier and Cabinet
96	Waverley Council
97	Mr Greg Conkey, Mayor of Wagga Wagga
98	Mr Tim Crakanthorp MP, Member for Newcastle
99	Mr Paul Scully MP, Member for Wollongong

No.	Author
100	The Hunters Hill Trust
101	Inner West Council
102	Wollongong City Council
102a	Wollongong City Council
103	Confidential
104	South East Region Conservation Alliance
105	Confidential
106	Mr David McAlister
107	Nambucca Valley Council
108	Mr Frank Ross
109	Queanbeyan-Palerang Regional Council
110	Mr John Knight
111	A Better Eurobodalla
112	Dr Clare Buswell
113	Ms Tamara Smith MP
114	Central Coast Council
115	Blue Mountains City Council

Appendix 2 Witnesses at hearings

Date	Name	Position and Organisation
Monday 21 September 2020 Macquarie Room Parliament House, Sydney	Cr Linda Scott	President, Local Government NSW
	Cr Khal Asfour	Mayor, Canterbury-Bankstown Council
	Cr Darcy Byrne	Mayor, Inner West Council
	Mr Steven Head	General Manager, Hornsby Shire Council
	Mr Glen Magus	Director Corporate Support, Hornsby Shire Council
	Mr John Gordon	City Presentation Manager, Penrith City Council
	Mr Michael Edgar	General Manager, Hills Shire Council
	Mrs Chanda Saba	Chief Financial Officer, Hills Shire Council
Friday 16 October 2020 Jubilee Room Parliament House, Sydney	Mr Tim Hurst	Deputy Secretary, Local Government, Planning and Policy, Department of Planning, Industry and Environment
	The Hon Peter Hall QC	Chief Commissioner, Independent Commission Against Corruption
	Mr Chris Hanger	Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW
	Mr Jonathan Wheaton	Executive Director, Regional Programs, Department of Regional NSW
	Ms Margaret Crawford	Auditor-General of New South Wales, Audit Office of New South Wales
Friday 23 October 2020 Jubilee Room , Parliament House Sydney	Mr Scott Stanton	Acting Deputy Auditor-General of New South Wales, Audit Office of New South Wales
	Ms Claudia Migotto	Assistant Auditor-General, Performance Audit, Audit Office of New South Wales
	Ms Sarah Cruickshank	Former Chief of Staff, Office of the NSW Premier
	Ms Sarah Lau	Senior Policy Advisor, Office of the NSW Premier

Date	Name	Position and Organisation
Friday 27 November 2020	Cr Nuatali Nelmes <i>(via videoconference)</i>	Lord Mayor, City of Newcastle
Macquarie Room		
Parliament House, Sydney	Mr Simon Massey <i>(via videoconference)</i>	Economic Strategy and Government Relations Manager, City of Newcastle
	Mr Paul Scully MP	Member for Wollongong
	Mr Tim Crakanthorp MP	Member for Newcastle
	Ms Shelley Oldham <i>(via videoconference)</i>	General Manager, Lismore City Council
	Mr Tim Mackney <i>(via videoconference)</i>	Manager Infrastructure Delivery, Tweed Shire Council
	Mr Anthony McMahon <i>(via videoconference)</i>	Director, Assets and Operations, Bega Valley Shire Council
	Mr Gerard Van Emmerik <i>(via videoconference)</i>	Manager Community & Economic Development, Federation Council
	Cr Phillip O'Connor <i>(via videoconference)</i>	Mayor, Brewarrina Shire Council
	Mr Jeff Sowiak <i>(via videoconference)</i>	General Manager, Brewarrina Shire Council
	Ms Jacquelyn Richards <i>(via videoconference)</i>	Portfolio General Manager, Community Choice, Queanbeyan-Palerang Regional Council
	Cr Bill West	Regional Prosperity Portfolio Mayor, Central NSW Joint Organisation
	Cr Rowena Abbey <i>(via videoconference)</i>	Chair, Canberra Region Joint Organisation and Chair, NSW Joint Organisations Chairs' Forum
	Ms Kalina Koloff <i>(via videoconference)</i>	Chief Executive Officer, Canberra Region Joint Organisation
	Cr Bob Pynsent <i>(via videoconference)</i>	Chair, Hunter Joint Organisation
	Mr Joe James	Chief Executive Officer, Hunter Joint Organisation
	Mr Steve Wilson	Director of Regional Policy and Programs, Hunter Joint Organisation

Date	Name	Position and Organisation
Wednesday 9 December 2020 Macquarie Room Parliament House, Sydney	Mr Matthew Crocker	Former Policy Director, Office of the NSW Premier
	Ms Laura Clarke	Former Deputy Chief of Staff, Office of the Deputy Premier
	Mr Kevin Wilde	Former Chief of Staff, Office of the Former Minister for Local Government
	Mr Tony Harris	Former NSW Auditor-General
Monday 01 February 2021 Jubilee Room Parliament House, Sydney	Mr David Clarkson	Board Member, Theatre Network NSW
	Ms Michelle Silby <i>(via videoconference)</i>	Executive Director, Ausdance NSW
	Ms Elizabeth Rogers <i>(via videoconference)</i>	Chief Executive Officer, Regional Arts NSW
	Mr John Wardle	Consultant, Live Music Office
	Ms Penelope Benton <i>(via videoconference)</i>	Acting Chief Executive Officer, National Association for the Visual Arts
	Ms Jane McCredie	Chief Executive Officer, Writing NSW
	Ms Kate Foy	Deputy Secretary, Community Engagement, Department of Premier and Cabinet
	Mr Chris Keely	Executive Director, Create NSW, Department of Premier and Cabinet
	Ms Annette Pitman	Head of Create Infrastructure, Create NSW, Department of Premier and Cabinet
	Mr Chris Hanger	Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW
	Mr Jonathan Wheaton	Executive Director, Public Works Advisory and Regional Development, Regional Programs, Department of Regional NSW
Monday 08 February 2021 Jubilee Room Parliament House, Sydney	The Hon John Barilaro MP	Deputy Premier and Minister for Regional NSW
	Mr Tim Hurst	Deputy Secretary, Local Government, Planning and Policy, Department of Planning, Industry and Environment

Date	Name	Position and Organisation
Monday 26 April 2021 Jubilee Room Parliament House, Sydney	Ms Leanne Barnes	OAM, General Manager, Bega Valley Shire Council
	Mr Matthew Hyde	Chief Executive Officer, Snowy Valleys Council
	Mr Peter Tegart	Chief Executive Officer, Queanbeyan-Palerang Council
	Mr Anthony McMahon	Director – Assets and Operations, Bega Valley Shire Council
	Ms Jacquelyn Richards	Portfolio General Manager, Community, Queanbeyan-Palerang Council.
	Mr Frank Ross	Local Resident
	Dr Brett Stevenson	Co-convenor, A Better Eurobodalla
	Ms Bernie O'Neal	Co-convenor, A Better Eurobodalla
	Dr Clare Buswell	Local Resident
	Mr Chris Hanger	Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW
	Mr Jonathan Wheaton	Executive Director, Public Works Advisory and Regional Development, Regional Programs, Department of Regional NSW
	Ms Marg Prendergast PSM	Executive Director, Disaster Recovery, Resilience NSW
	Mr Chris Presland	Director, Natural Disaster Expenditure and Governance, Resilience NSW
Ms Trish Doyle MP	Member for Blue Mountains	
Ms Tamara Smith MP <i>(via teleconference)</i>	Member for Ballina	
Thursday 30 September 2021 Virtual Hearing	Mr Stephen Brady	Chief Operating Officer, Department of Customer Service
	Mr Damon Rees	Chief Executive Officer, Service NSW
	Mr Sam Toohey	Director Policy and Ministerial Coordination, Resilience NSW

Date	Name	Position and Organisation
	Ms Lyndal Punch	Executive Director Finance and Investment Delivery, Resilience NSW
Thursday 9 December 2021	Mr Darren Murphy	Founder and Chief Executive Officer, Core Integrity
Macquarie Room		
Parliament House, Sydney	Mr Dylan Bohnen	Senior Manager, Core Integrity

Appendix 3 Findings and recommendations – First report

Findings

Finding 1

That the Stronger Communities Fund tied grants round was a clear abuse of the grants process. It was an improper allocation of public money and falls well short of principles of proper grants administration and public expectations.

Finding 2

That, of the \$252 million allocated in the Stronger Communities Fund tied grants round, 95 per cent, which is a total of \$241 million, was allocated to councils in Coalition-held or marginal electorates.

Finding 3

That the grant of \$90 million to Hornsby Shire Council went against the original intent of the Stronger Communities Fund, was made without any due process or merit assessment, and was a misuse of public money by the NSW Government for a political purpose unrelated to the objects of the grants scheme.

Finding 4

That the revised guidelines for the Stronger Communities Fund tied grants round were ambiguous and did not identify with enough specificity the designated decision-maker or how projects would be identified or approved.

Finding 5

That the guidelines for the Stronger Communities Fund tied grants round were deliberately devised to accommodate the pork-barrelling scheme in order to:

- partially resolve certain legal disputes involving Hornsby Shire Council and Parramatta City Council
- win favour with the public in Coalition and marginal seats ahead of the 2019 state election
- punish local councils that had objected to forced amalgamation proposals.

Finding 6

That the Office of Local Government failed to publish the revised guidelines for the Stronger Communities Fund tied grants round.

Finding 7

That the working advice notes created in the Office of the Premier were used as formal funding briefs by which the Premier of New South Wales, the Hon Gladys Berejiklian MP, approved projects for the Stronger Communities Fund tied grants round.

Finding 8

That staff in the Office of the Premier breached the *State Records Act 1998* by destroying working advice notes concerning the Stronger Communities Fund tied grants round.

Finding 9

That the Premier of New South Wales, the Hon Gladys Berejiklian MP and the Deputy Premier of New South Wales, the Hon John Barilaro MP approved projects to be funded under the Stronger Communities Fund tied grants round and directed the Office of Local Government to make the payments.

Finding 10

That the Office of the Deputy Premier failed to comply with the basic rules of good governance by keeping no records detailing the basis on which the Deputy Premier of New South Wales, the Hon John Barilaro MP determined to allocate \$61.3 million of public money under the Stronger Community Fund tied grants round.

Finding 11

That the Office of Local Government had no process whereby it assessed potential projects for funding under the Stronger Communities Fund tied grants round, nor did any other agency.

Finding 12

That the agency administering the fund, the Office of Local Government, did not hold or record any conflicts of interest in relation to these grants. No evidence of any conflict of interest declarations was presented, including in the Offices of the Premier and the Deputy Premier.

Finding 13

That it is unacceptable for large regional cities, such as Wollongong and Newcastle, to be excluded when complementary grants programs are designed for both metropolitan and regional areas, such as the Greater Sydney Sports Facility Fund and Regional Sports Infrastructure Fund.

Recommendations

Recommendation 1

That the NSW Government review and update the Good Practice Guide to Grants Administration and related circular to ensure it aligns with current best practice including:

- minimum requirements including publication of guidelines, clear chains of authority and decision-making and adequate record keeping
- guidelines around the role of members of parliament and discretion of ministers and other decision-makers.

Recommendation 2

That the NSW Government ensure that key requirements of the Good Practice Guide to Grants Administration are enforceable.

Recommendation 3

That the NSW Government create and maintain a central website, similar to the Australian Government's Grant Connect website for:

- all grant application information, including guidelines, objectives and eligibility
- an annual calendar with open and closing dates along with projected times of project announcements.

Recommendation 4

That the NSW Government:

- increase the powers and remit of the Auditor-General of New South Wales to include 'follow the dollar' powers, consistent with other Australian State and Territory jurisdictions
- enable the Auditor-General of New South Wales to conduct more regular performance audits on the design and guidelines of government grant programs.

Recommendation 5

That the NSW Government ensure all grant programs have, as an absolute minimum, the following legally binding and mandatory elements:

- a designated decision-maker
- eligibility criteria
- a process for identifying and assessing proposed projects against those criteria
- program guidelines that are clear, detailed and publicly available.

Recommendation 6

That the Board of the State Records and Archives Authority reconsider its decision not to pursue further action against the Premier of New South Wales, the Hon Gladys Berejiklian MP, and her office, in light of its findings that the Office of the Premier breached the *State Records Act 1998* by destroying working advice notes regarding the Stronger Communities Fund tied grants round.

Recommendation 7

That the Legislative Council refer its concerns regarding the inappropriate design and maladministration of the Stronger Communities Fund tied grants round to the Audit Office of NSW, along with this report and committee transcripts of evidence for investigation.

Recommendation 8

That the Legislative Council refer its concerns regarding the inappropriate design and maladministration of the Stronger Communities Fund tied grants round to the Independent Commission Against Corruption, along with this report and committee transcripts of evidence for investigation.

Recommendation 9

That the Legislative Council send a message to the Legislative Assembly to establish a Joint Select Committee to inquire into and report on the NSW budget process and parliamentary oversight.

Recommendation 10

That the NSW Government, in close consultation with Local Government NSW, overhaul its current model of grant funding to local councils to move towards providing the bulk of its funding through a funding formula that:

- is linked to local councils' existing strategic planning documents and priorities
- acknowledges the additional costs and needs of regional and remote councils
- is predictable and provides multi-year funding commitments
- is regularly and publicly reviewed to ensure it meets the needs of the sector.

Recommendation 11

That the NSW Government consider using staged application processes for large grants so that applicants submit an initial expression of interest and are shortlisted to progress through to a full application.

Recommendation 12

That the NSW Government ensure that no local government grant funding announcement is made before the recipient has been informed and accepts.

Recommendation 13

That the NSW Government review and standardise eligibility classifications across grant programs, including investigating whether to include a third category of 'gateway city' in its classification of regions.

Recommendation 14

That the Department of Premier and Cabinet table half-yearly reports to the Legislative Council on all current grant processes, including:

- guidelines for open and upcoming grant programs and any revisions to these guidelines
- total amount available for the round and approximate amounts available to each applicant
- updates on amounts paid for each project for the last quarter.

Further, that the Department of Premier and Cabinet publish this information on an online dashboard and update it regularly.

Recommendation 15

That the NSW Government ensures the Office of Local Government is audited for each grant funding round it administers, including checks to ensure whether the Office has complied with the relevant guidelines, ensured programs are subject to probity audits, and kept accurate and sufficient records.

Appendix 4 Bushfire Grant Programs

Bushfire Community Recovery & Resilience Fund	Bushfire Industry Recovery Package	Bushfire Local Economic Recovery Fund (BLER)
<p>Phase 1</p> <ul style="list-style-type: none"> February – March 2020 Co-funded C'wth / NSW Governments Direct payments to impacted councils of up to \$250,000 46 councils, \$7.5 million 	<p>Stream 1 – Supply Chain Support Grants</p> <ul style="list-style-type: none"> Applications open 19 May – 26 July 2020 NSW Government funded; outside of BLER Open applications, eligibility based Targeted to support six driver industries: forestry, dairy, apiculture, horticulture, viticulture and aquaculture 487 grants, \$65.8 million <p><i>* Applications for burnt timber haulage grants close 19 May 2021 or until funding is fully allocated</i></p>	<p>Stage 1 – Early Co-funded Projects</p> <p>a. Bushfire Industry Recovery Program Stream 2 – Sector Development Grants</p> <ul style="list-style-type: none"> Applications open 19 May – 26 July 2020 Co-funded C'wth / NSW Governments Open applications; competitive / merit-based assessment Targeted to support six driver industries: forestry, dairy, apiculture, horticulture, viticulture and aquaculture 50 projects, \$72.3 million <p>b. Fast-tracked priority local infrastructure projects</p> <ul style="list-style-type: none"> Announced from October 2020 Co-funded C'wth / NSW Governments Projects identified through a rapid internal assessment process managed by Department of Regional NSW 22 projects, \$107.8 million
<p>Phase 2 – Stream 1</p> <ul style="list-style-type: none"> Open 29 September – 3 November 2020 Co-funded C'wth / NSW Governments Direct payments to impacted councils of up to \$250,000 32 councils, \$7.25 million 	<p>Stream 2 – Sector Development Grants</p> <ul style="list-style-type: none"> See BLER Stage 1 – Early Co-funded Projects 	<p>Stage 2 – \$250m BLER Fund Open Round</p> <ul style="list-style-type: none"> Applications open 27 October 2020 – 28 January 2021 Co-funded C'wth / NSW Governments Open application: competitive / merit-based assessment per Functional Economic Region 650+ applications being assessed (\$1.6 billion)
<p>Phase 2 – Stream 2</p> <ul style="list-style-type: none"> Applications open 29 September – 11 December 2020 Co-funded C'wth / NSW Governments Open applications: competitive / merit-based assessment 		<p>Stage 3 – Final Projects / Initiatives</p> <ul style="list-style-type: none"> A final package of projects, programs and initiatives to be agreed between the NSW and C'wth governments Focus on gaps at community, regional or state level

Appendix 5 >\$500m NSW Bushfire Local Economic Recovery Package

STAGE 1 – EARLY CO-FUNDING (\$180 MILLION)		STAGE 2 – BLER FUND \$250 MILLION OPEN ROUND	STAGE 3 – FINAL PROJECTS / INITIATIVES
(a) Bushfire Industry Recovery Program (Stream 2) – Sector Development Grants	(b) Fast-tracked priority local infrastructure projects		
<ul style="list-style-type: none"> • Applications open 19 May – 26 July 2020 	<ul style="list-style-type: none"> • Announced from October 2020 	<ul style="list-style-type: none"> • Applications open 27 October 2020 – 28 January 2021 	<ul style="list-style-type: none"> • TBC
<ul style="list-style-type: none"> • Co-funded C'wth / NSW Governments 	<ul style="list-style-type: none"> • Co-funded C'wth / NSW Governments 	<ul style="list-style-type: none"> • Co-funded C'wth / NSW Governments 	<ul style="list-style-type: none"> • Co-funded C'wth / NSW Governments
<ul style="list-style-type: none"> • Open applications, competitive / merit-based assessment • Public Guidelines for projects seeking a minimum of \$50,000 up to \$10 million 	<ul style="list-style-type: none"> • Instigated by a request from the Commonwealth government for states to rapidly identify known priority projects for early co-funding • Projects selected through an internal assessment process managed by Department of Regional NSW • Minimum \$1 million threshold for shovel ready projects 	<ul style="list-style-type: none"> • Open applications, competitive / merit-based assessment • Guidelines specify that the majority of funding should be committed to the areas most impacted by the fires. 	<ul style="list-style-type: none"> • NSW continues to work with the Commonwealth Government to consider final projects and other initiatives
<ul style="list-style-type: none"> • Targeted six key industries: forestry, dairy, apiculture, horticulture, viticulture and aquaculture • Projects that will create jobs, build industry sustainability, increase value-add production, support supply-chain efficiencies, product diversification and market expansion. 	<ul style="list-style-type: none"> • Projects identified from a range of sources such as local and regional Recovery Action Plans, existing NSW Government programs and directly from councils. • Projects required to align with national Local Economic Recovery criteria set by the Commonwealth 	<ul style="list-style-type: none"> • Projects that retain and create new jobs in regional areas, build resilience and increase preparedness for future bushfire seasons 	
<ul style="list-style-type: none"> • 50 projects – \$72.3 million 	<ul style="list-style-type: none"> • 22 projects – \$107.8 million 	<ul style="list-style-type: none"> • 650+ applications (\$1.6 billion) currently under assessment 	

Appendix 6 Grants administered from 1 April 2021 and the number and value of suspected fraud applications as at 21 October 2021

SUMMARY TABLE						
Grant	Total # and \$ value of applications received and paid.	# and \$ value of unpaid applications where fraud is suspected (Attempted Fraud exposure)	# and \$ value of paid applications where fraud is suspected (Fraud exposure)	Total # and \$ value of applications where a fraud conviction has been recorded	Total # and \$ of applications successful in funds recovery (voluntary return, ineligible, human and/or system error cases)	Total # and \$ of applications successful in funds recovery (Fraudulent cases)
Small Business Fees and Charges Rebate (\$1500) (1 April – Present) Agency: Treasury	62.5K \$71.1M	0 \$0	313 \$438K Paid Fraud: 0.62%	0 \$0	26 \$21.2K	0 \$0
		Total Fraud (paid and unpaid): 0.62%				
50K Flood Disaster Recovery Small Business Grant (19 April 2021 – Present) Agency: Resilience NSW	7.3K \$39M	296 \$4.68M	13 \$172.6K Paid Fraud: 0.44%	0 \$0	0 \$0	0 \$0
		Total Fraud (paid and unpaid): 12.44%				
Northern Beaches Hardship Grant (30 April 2021 – 11 June 2021) Agency: Treasury	2.6K \$11.7M	4 \$16K	1 \$5K Paid Fraud: 0.04%	0 \$0	0 \$0	0 \$0
		Total Fraud (paid and unpaid): 0.18%				
NSW Mouse Control Rebate (5 July – Present) Agency: Regional NSW	48.3K \$20.2M	889 \$469.7K	702 \$348.7K Paid Fraud: 1.73%	0 \$0	3 \$1.5K	0 \$0
		Total Fraud (paid and unpaid): 4.05%				
2021 Covid-19 Business Hardship Grant (18 July 2021 – present) Agency: Treasury	201.1K \$2.33B	668 \$8.81M	296 \$4.1M Paid Fraud: 0.18%	0 \$0	107 \$958K	0 \$0
		Total Fraud (paid and unpaid): 0.55%				

2021 Covid-19 Micro Business Grant (25 July 2021 – present) Agency: Treasury	82.2K \$622M	607 \$897K	898 \$8.42M Paid Fraud: 1.35%	0 \$0	54 \$205K	0 \$0
		Total Fraud (paid and unpaid): 1.50%				
2021 Covid-19 JobSaver Grant (18 July 2021 – present) Agency: Treasury	212.5K \$5.83B	471 \$2.61M	313 \$1.26M Paid Fraud: 0.02%	0 \$0	10 \$157K	0 \$0
		Total Fraud (paid and unpaid): 0.07%				
Test and Isolate Payment (date – present) Agency:	49.4K \$14.2M	316 \$99.5K	757 \$242.2K Paid Fraud: 1.71%	0 \$0	25 \$8K	0 \$0
		Total Fraud (paid and unpaid): 2.41%				
Total	665.9K \$8.94B	3251 \$17.6M	3293 \$15M Paid Fraud: 0.17%*	0 \$0	225 \$1.35M	0 \$0
		Total Fraud (paid and unpaid): 0.36%				

* given this table only covers the period from 1 April 2021 to 21 October 2021, the total fraud figure is not representative of total fraud across all programs which is currently 0.27%

Appendix 7 Strategic Investigations Unit Priority Matrix

Strategic Investigations Unit Priority Matrix

Each referral/case will be assessed against this matrix **at the receipt by Strategic Investigations Unit (SIU)** and **reassessed** throughout the investigation. The priority matrix defines a case according to the following criteria and will be deemed as either **PRIORITY 1, 2, 3 or 4** or it will be flagged as **ON HOLD**. This matrix will be used to inform high level reporting requirements to Service NSW (SNSW) as well as operational decision-making within the SIU.

CRITERIA	DESCRIPTION	QUESTIONS	WEIGHTING			SCORE	
			N/A	20	10		1
Associated Dollar Value	Associated dollar value identified when the fraud is reported, and any further adjustments to this amount during the investigation stage.	What is the amount the fraud relates to?		• Greater than \$151k	• Between \$51k & \$150k	• Between \$0k & \$50k	
Media Exposure	Potential for fraud to cause damage to SNSW brand and reputation.	Is there anything unique to this case which would spark media interest? (E.g. Financial Loss, the grant program itself, identity or circumstances of the victim involved...etc.) AND/OR Is anything in this referral/case which is currently in the public eye?		• Potential for high level of media interest with negative reporting. • Victim or POI is of note. • Extreme financial loss (>\$500k).	• Some media interest but no reporting OR media interest with positive reporting.	• Little to no potential for media interest.	
Case Complexity	Case Complexity refers to how many Grant Programs have been exploited and number of UserIDs involved. NB: There are 5 Grant Programs (VFF \$6k, Bushfire \$10k, Bushfire \$50k, COVID \$10k, COVID \$3k)	How many Grant Programs are reflected in the referral/case? AND/OR How many User ID's involved?		5 AND/OR 15+	4 AND/OR 5-14	1-3 AND/OR 1-5	
Customer Impact	Potential on-going risk to customer.	Have a legitimate customer's details been used?		Customer aware and it's a high-risk matter (E.g. GIPA, formal complaint, ministerial).	Customer aware but reasonable.	Customer not aware.	
Risk for Escalation	The risk to SNSW of unnecessary incident escalation or complaint if an unhappy customer is left uninformed.	Has the customer been in contact with SNSW 2 or more times since the case was transferred to Level 2 or 3 without acknowledgement or resolve?	If Yes – Automatic Trigger to P2*.				
Paid Value equal to or greater than \$500k	Paid dollar value identified when the fraud is reported, and any further adjustments to this amount during the investigation stage.	Is the paid value equal to or greater than \$500k?	If Yes - Automatic Trigger to P1. Initiate relevant escalation protocol.				
Concerning Anomaly	An unusual case of substantial proportions relating to financial loss, case complexity or other concerning detail.	Is there an unusually high financial loss or application count relating to a case? AND/OR Has any other concerning anomaly or detail been identified?	If Yes - Automatic Trigger to P1. Initiate relevant escalation protocol.				
SNSW Business Priority Identified	SNSW business priority refers to a case which is designated as a priority by Senior Management at the point it is reported to the SIU. Current Priorities include: <ul style="list-style-type: none"> SNSW Staff member involved in fraud. Mailbox Breach Anything otherwise directed by the Governance Risk and Performance. Scenarios that would require further discussion to determine whether or not a Priority 1 would be triggered include:	Is a SNSW staff member suspected of being involved in the potential fraud? Have any of the referral details flagged in the Mailbox Breach data set? Has there been a direction by Dept Customer Service - Governance Risk and Performance to prioritise? Is this case related to a GIPA? If yes, notify team leader. Is the case related to a Ministerial?	If Yes - Automatic Trigger to P1. Initiate relevant escalation protocol.				

	<ul style="list-style-type: none"> Ministerial involved GIPA 	If yes, notify team leader.					
Time Sensitivity	Time sensitivity refers to the continuance of fraud in real time by a known entity.	Is a known entity continuing to submit fraudulent applications?	If Yes - Automatic Trigger to P1. Initiate relevant escalation protocol.				
Police action has occurred and/or is on-going.	Current, on-going or intended Police action on any case should not be disclosed to SNSW in order to maintain NSWPF's operational security unless by exception.	Are the police involved?	Yes and they require information as a priority. If Yes - Automatic Trigger to P1 but only distribute to SNSW as per escalation protocols.	Yes but it is an on-going investigation (not urgent). E.g. require info for fresh charges on someone on remand. If Yes – Automatic Trigger to P2*.			
On Hold	Investigations may be placed on hold pending directions from SNSW, NSWPF and/or the SIU OR if the investigation hits a roadblock for the following reasons: <ul style="list-style-type: none"> Enquiries outstanding despite multiple follow-ups. Current lines of enquiry have been exhausted but it's probable more will present in the future. Advice outstanding regarding the direction of the investigation. 	Has there been a direction to place the investigation on hold? Are enquiries outstanding and investigators have made reasonable attempts to exhaust them? Have all current lines of enquiry been exhausted but it's probable more will present in the future?	If Yes – Automatic Trigger to ON HOLD.				

		Is there advice outstanding required the future direction of the investigation?					
							TOTAL:

PRIORITY RESULT:

DATE:

PRIORITY	SCORE RANG
1	Only assigned when trigger identified.
2*	42 and above
3	22 to 41
4	4 to 13
ON HOLD	Only assigned when trigger identified.

* P2's associated with Police involvement have the potential to turn into a P1 by virtue of time. As such these carry additional weighting and should be considered on a case by case basis and above other P2s.

Appendix 8 Priority Matrix for Service NSW

Priority Matrix for Service NSW

Each casefile will be assessed against this matrix upon receipt by the **Law Enforcement Liaison Team** and **reassessed** throughout the investigation if the assessment criteria changes. The priority matrix defines a case according to the following criteria and will be deemed as either **PRIORITY 1, 2, 3, 4** or **5**, with the highest scoring cases being prioritised for police reporting.

CRITERIA	DESCRIPTION	QUESTIONS	SCORE			
			20	10	1	
Associated Dollar Value	Associated dollar value	What is the paid dollar amount the fraud relates to? Does the case involve organised crime? Are other agencies involved?	Paid amount greater than \$151k Unpaid amount greater than \$500K *Paid amount greater than \$250K triggers P1	Paid amount between \$51k & \$150k Unpaid greater than \$200K Other agencies or organised crime involvement.	Paid amount between \$0k & \$50k	
Customer Impact	Risk to customer	Have a legitimate customer's details been used. Is identity theft involved? Is there an ongoing risk to the customer?	Yes- Identity Theft- Triggers P1		Yes- ABN Hi-Jack	
Ongoing Risk	Risk of continuing fraud	Does the accused have the ability or demonstrated intent to continue to engage in fraudulent activity?	Yes- Triggers P1			
Active police investigation requiring information	Police request information to support active investigation	Are the police involved? Is the matter urgent?	Yes- Triggers P1 if the request is urgent	Yes, not urgent.		

Attempted Fraud	Cases involving only attempted fraud will be reported to Police in a schedule, on a periodical basis to the following NSW Police State Crime Units: <ul style="list-style-type: none"> • Intelligence CC • Digital Crime • Fraud 	Further information or evidence packs will be prepared only upon request from NSW Police.				
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PRIORITY	SCORE RANGE
1	Specified P1 Triggers
2	42 and above
3	22 to 41
4	4 to 13
5	Attempted Fraud

Appendix 9 Minutes

Minutes no. 31

Friday 3 July 2020

Public Accountability Committee

Via teleconference at 4:33 pm

1. Members

Mr Shoebridge, *Chair*

Mr Borsak, *Deputy Chair*

Mr Graham

Mrs Houssos

Mr Khan

Mrs Ward

2. Draft minutes

Resolved, on the motion of Mrs Houssos: That draft minutes no. 30 be confirmed.

3. Consideration of terms of reference

The Chair tabled the letter proposing the self-reference:

4. Integrity, efficacy and value for money of NSW Government grant programs

1. That the Public Accountability Committee inquire into and report on the integrity, efficacy and value for money of NSW Government grant programs, and in particular:

- (a) the range and availability of funding programs, including but not limited to:
 - (i) discretionary grants funds such as the Premier's Discretionary Fund and the Deputy Premier's Miscellaneous Grants
 - (ii) local government funding such as the Stronger Communities Fund and Stronger Country Communities Fund,
 - (iii) arts funding such as the Regional Cultural Fund,
 - (iv) sports funding such as the Greater Sydney Sports Facility Fund,
 - (v) Jobs for NSW funding, including the review into Jobs for NSW,
- (b) the manner in which grants are determined, including:
 - (i) the oversight of funding determinations,
 - (ii) the transparency of decision making under grants schemes,
 - (iii) the independence of the assessment of projects,
 - (iv) the role of Members of Parliament in proposing projects for funding,
 - (v) the scope of Ministers' discretion in determining which projects are approved,
- (c) measures necessary to ensure the integrity of grants schemes and public confidence in the allocation of public money, and
- (d) any other related matter.

2. That the Committee report by 31 March 2021.

Resolved, on the motion of Mr Graham: That paragraph 1(a) of the terms of reference be amended by inserting the words 'and the Regional Sports Infrastructure Fund' at the end of subsection (iv).

Mrs Ward moved: that the committee adopt the terms of reference as amended but defer the commencement of the inquiry until after the COVID-19 pandemic.

Question put.

The committee divided.

Ayes: Mrs Ward

Noes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Khan, Mr Shoebridge

Question resolved in the negative.

Resolved, on the motion of Mr Graham: That the committee adopt the terms of reference as amended.

5. Conduct of the inquiry into the integrity, efficacy and value for money of NSW Government grant programs

5.1 Proposed timeline, submission closing date and stakeholder list

Resolved, on the motion of Mrs Houssos: That the Chair, in consultation with the secretariat, circulate a proposed inquiry timeline and stakeholder list for the committee's in principle agreement via email.

5.2 Advertising

The committee noted that all inquiries are advertised via Twitter, Facebook, stakeholder letters and a media release distributed to all media outlets in New South Wales.

It is no longer standard practice to advertise in the print media. The committee should pass a resolution if it wishes to do so.

5.3 Hearing dates

Resolved, on the motion of Mr Borsak: That the Chair, in consultation with the secretariat, liaise with members via email to canvass proposed hearing dates.

6. Adjournment

The committee adjourned at 4:42 pm. *Sine die*.

Anthony Hanna
Clerk to the Committee

Minutes no. 33

Monday 17 August 2020

Public Accountability Committee

Macquarie Room, Sydney at 9:19 am

1. Members

Mr Shoebridge, *Chair* (via teleconference until 11.43 am; in person from 11.43 am)

Mr Borsak (from 9.36 am)

Mr Graham (from 9.19 am to 10.52 am; and from 12.10 pm to 12.56 pm)

Mrs Houssos (participating from 10.52 am)

Mr Khan

Mr Mason-Cox (via teleconference)

Mr Searle (substituting for Mrs Houssos)

Ms Sharpe (participating from 9.19 am to 11.07 am; and from 11.20 am to 12.56 pm)

Mrs Ward

2. Draft minutes

Resolved, on the motion of Mr Searle: That draft minutes no. 32 be confirmed.

3. Correspondence

The committee noted the following correspondence:

Received:

- 20 July 2020 – Email from Ms Alana Skibola, Executive Assistant to Deputy Secretary, Better Regulation Division, Department of Customer Service, to the secretariat requesting partial confidentiality for Tab A of the Better Regulation Division's answers to questions on notice arising from the hearing on 12 June 2020
- 23 July 2020 - Letter from the Hon Adam Marshall MP, Minister for Agriculture and Western New South Wales, to the Chair enclosing the Minister's post hearing responses from the hearing on 15 June 2020
- 24 July 2020 – Letter from the Hon Brad Hazzard MP, Minister for Health and Medical Research, to the Chair enclosing the Minister's post hearing responses from the hearing on 29 June 2020
- 30 July 2020 – Email from Ms Kathryn Gong, Special Projects Manager, Foodbank NSW & ACT, declining the committee's invitation to give evidence on 17 August 2020
- 5 August 2020 – Letter from the Hon Paul Scully MP, Member for Wollongong, to the Chair asking the committee to consider holding a public hearing in Wollongong as part of its inquiry into the integrity, efficacy and value for money of NSW Government grant programs
- 10 August 2020 – Email from Mr Sam Tedeschi, Director of Government Business in the Legislative Council, to the secretariat nominating the Hon Gareth Ward MP, Minister for Families, Communities and Disability Services, to assist the committee with its inquiry on financial hardship, homelessness and housing stress and advising of his availability

Sent:

- 23 July 2020 – Email from the secretariat to Mr Sam Tedeschi, Director of Government Business in the Legislative Council, inviting the Government to propose witnesses for the hearing on 17 August 2020

4. Inquiry into the NSW Government's management of the COVID-19 pandemic

4.1 Publication of answers to questions on notice

Resolved, on the motion of Mr Khan:

- That the committee authorise the publication of Minister Taylor's answers to questions on notice, received on 9 July 2020, with the exception of identifying information which is to remain confidential, as per the recommendation of the secretariat
- That the committee authorise the publication of Ms Webb's answers to questions on notice, received 16 July 2020, with the exception of identifying/sensitive information, as per the request of the author.

4.2 Conduct of inquiry – Additional witnesses for hearing on 17 August 2020

Committee noted that it previously agreed (via email) to a proposal from the Chair to add Homelessness NSW and the Asylum Seekers Centre to the witness list for the hearing on 17 August 2020.

4.3 Allocation of question time

Resolved, on the motion of Mrs Ward: That the allocation of questioning be left in the hands of the Chair for the hearing on 17 August 2020.

4.4 Chairing duties to be shared

Resolved, on the motion of Mr Khan: That the Hon Adam Searle MLC chair the hearing while the Chair (Mr Shoebriidge) appears via teleconference for the hearing on 17 August 2020.

4.5 Public hearing

The committee proceeded to take evidence in public.

Witnesses were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings, adverse mention and other matters.

The following witnesses were sworn:

- Dr Lucy Burgmann, Country Manager, Community Housing Ltd
- Ms Katherine McKernan, Chief Executive Officer, Homelessness NSW
- Mr Leo Patterson Ross, Chief Executive Officer, Tenants Union NSW
- Ms Joanna Quilty, Chief Executive Officer, NSW Council of Social Services

The witnesses were examined by the committee.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn:

- Ms Rhiannon Cook, Manager, Policy and Advocacy, St Vincent de Paul Society
- Mr Tony Devlin, Manager, Money Care, Salvation Army
- Ms Nada Nasser, State Director (NSW, ACT, Victoria), Mission Australia

The witnesses were examined by the committee.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn:

- Ms Rosanna Barbero, Chief Executive Officer, Addison Road Community Centre
- Mr Peter Hennessy, Company Secretary, St Francis Social Services
- Ms Miriam Pellicano, Executive Manager, House of Welcome, St Francis Social Services
- Ms Frances Rush, Chief Executive Officer, Asylum Seekers Centre

The witnesses were examined by the committee.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 12:47 pm.

5. **Tendered documents**

Resolved, on the motion of Mr Khan: That the committee accept and publish the following document tendered during the public hearing:

- Document titled 'Addison Road Community Organisation – Report to NSW Parliamentary Inquiry into Covid-19 response', tendered by Ms Rosanna Barbero, Chief Executive Officer of the Addison Road Community Organisation

6. **Adjournment**

The committee adjourned at 12:56 pm. *Sine die*.

Anthony Hanna
Clerk to the Committee

Minutes no. 35

Monday 21 September 2020

Public Accountability Committee

Macquarie Room, Parliament House at 9.19 am

1. Members presentMr Shoebridge, *Chair*

Mr Graham

Mrs Houssos

Mr Khan

Mr Mason-Cox (via Webex)

Mrs Ward

2. Apologies

Mr Borsak

3. Correspondence

The committee noted the following items of correspondence:

Received

- 7 August 2020 – Email from Mr Brad McPherson, Manager Governance, Canterbury Bankstown Council, inquiring into how the Council can apply to appear as a witness for the inquiry into the integrity, efficacy and value for money of NSW Government grant programs.
- 14 August 2020 – Email from Mr Lewis Rangott, Executive Director Corruption Prevention, NSW Independent Commission Against Corruption, requesting a submission extension of a few days for the inquiry into the integrity, efficacy and value for money of NSW Government grant programs.
- 17 August 2020 – Email from Ms Helen Vallance, Director Strategy, Office of the Deputy Secretary, Community Engagement, Department of Premier and Cabinet, requesting a two week submission extension for the inquiry into the integrity, efficacy and value for money of NSW Government grant programs.
- 19 August 2020 – Email from Ms Leanne Perry, A/Director, Public Works Advisory and Regional Development, Department of Regional NSW, advising their submission to the inquiry into the integrity, efficacy and value for money of NSW Government grant programs will be a few days late.
- 27 August 2020 – Email from Mr Geoff Bell, Laing Entertainment, to secretariat, providing a revised copy of his submission to the inquiry into the integrity, efficacy and value for money of NSW Government grant programs.
- 8 September 2020 – Email from Ms Michelle Perry, Executive Assistant, Mosman Municipal Council, to secretariat, advising that Mosman Council will not be appearing at the hearing on 21 September for the inquiry into the integrity, efficacy and value for money of NSW Government grant programs.
- 14 September 2020 – Email from Mrs Carol Edds to secretariat, providing a revised copy of their submission to the inquiry into the integrity, efficacy and value for money of NSW Government grant programs.

Sent

- 13 July 2020 - Email from Chair to various stakeholders inviting them to provide a submission to the inquiry into the integrity, efficacy and value for money of NSW Government grant programs.

4. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs**4.1 Public submissions**

The following submissions were published by the committee clerk under the authorisation of the resolution appointing the committee: submissions nos 1–21, 23–24, 26, 28–56, 58–71, 73–82, 84–87, 89–96.

A revised version of submission no. 85 has also been circulated and published.

4.2 Partially confidential submissions

The following submissions were partially published by the committee clerk under the authorisation of the resolution appointing the committee: submission nos 22, 25, 83, and 88.

A revised version of submission no. 27 has also been circulated and published.

Resolved, on the motion of Mr Khan: That the committee authorise the publication of submission nos 22, 25, 27, 83, and 88 with the exception of the author's name, which is to remain confidential, at the request of the author.

4.3 Confidential submissions

Resolved, on the motion of Mr Khan: That the committee keep submission nos 57 and 72 confidential, as per the request of the author.

4.4 Witnesses

The committee noted the Chair's draft lists of witnesses for the hearings on 21 September 2020 and 16 October 2020, as agreed via email:

21 September 2020

- Local Government NSW
- Panel of local councils:
 - Canterbury-Bankstown Council
 - Mosman Municipal Council
 - Cr Darcy Byrne, Mayor, Inner West Council
- Panel of local councils:
 - Hornsby Shire Council
 - Penrith City Council
 - Hills Shire Council
- Office of Local Government.

16 October 2020

- Independent Commission Against Corruption
- Auditor-General
- Department of Regional NSW
- Department of Premier and Cabinet.

4.5 Future hearing dates

Resolved, on the motion of Mr Graham: That the committee hold further hearings for the inquiry into the integrity, efficacy and value for money of NSW Government grants on Tuesday 3 November 2020 and Friday 27 November 2020.

4.6 Election of Deputy Chair

Resolved, on the motion of Mrs Ward: That the Hon Courtney Houssos MLC be elected Deputy Chair for the purposes of today's meeting.

4.7 Allocation of questioning

Resolved, on the motion of Mr Graham: That the allocation of questioning for the hearing be as follows:

- Alternate between opposition and crossbench with 15 minutes reserved at the end of each session for government questions.
- For the afternoon session with Mr Tim Hurst: alternate between opposition and crossbench with 15 minutes reserved for government questions at 3.00 pm and 4.45 pm.

4.8 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings, adverse mention and other matters.

The following witness was sworn and examined:

- Cr Linda Scott, President, Local Government NSW.

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Cr Khal Asfour, Mayor, Canterbury-Bankstown Council
- Cr Darcy Byrne, Mayor, Inner West Council.

Cr Asfour tendered the following documents:

- Correspondence from Cr Asfour to the Hon Gabriel Upton MP, Minister for the Environment, Local Government and Heritage, regarding opportunities for further funding for Canterbury-Bankstown Council, dated 8 June 2018 and correspondence from the Hon Scot MacDonald MLC, Parliamentary Secretary for Planning, in reply.

Cr Byrne tendered the following documents:

- Legal advice from Turner Freeman lawyers to Mr Tim Hurst, dated 13 July 2020.
- Correspondence from Cr Byrne to Mr Tim Hurst, Office of Local Government, regarding the Stronger Communities Fund, dated 24 August 2020.
- Correspondence from Mr Tim Hurst to Cr Byrne, regarding a matter referred to NCAT, dated 14 September 2020.

The committee proceeded to deliberate in private.

Witnesses, the media and the public withdrew.

4.9 Deliberative

Resolved, on the motion of Mr Graham: That the committee forward the transcript of this day's hearing to Mr Tim Hurst, Chief Executive Officer, Office of Local Government, to provide him with the opportunity to respond to any comments made by other witnesses about him.

4.10 Public hearing

Witnesses, the public and the media were re-admitted.

Cr Khal Asfour and Cr Darcy Byrne were examined.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Steven Head, General Manager, Hornsby Shire Council
- Mr Glen Magus, Director Corporate Support, Hornsby Shire Council
- Mr John Gordon, City Presentation Manager, Penrith City Council
- Mr Michael Edgar, General Manager, Hills Shire Council
- Mrs Chanda Saba, CFO, Hills Shire Council.

Mr Gordon tabled the following document:

- Document created by Penrith City Council entitled 'Penrith Sport and Recreation Strategy: Executive Summary'.

The evidence concluded and the witnesses withdrew.

Mr Khan left the meeting.

Witnesses, the media and the public withdrew.

4.11 Deliberative

Resolved, on the motion of Mrs Houssos: That Mr James Hebron, Deputy Secretary, Legal Services, Department of Planning, Industry and Environment, be permitted to attend the hearing with Mr Hurst as a legal advisor, but that Mr Hebron only attend in an advisory capacity.

4.12 Public hearing

Mr Khan joined the meeting.

Witnesses, the public and the media were admitted.

The following witness was sworn and examined:

- Mr Tim Hurst, Chief Executive Officer, Office of Local Government.

Mr Mason-Cox left the meeting.

Mr Shoebridge tabled the following documents returned to the Legislative Council, ordered under standing order 52 on 3 June 2020.

- Email from Laura Clarke to Tim Hurst, subject line 'Central Coast', dated 20 June 2018.
- Email from Sarah Lau to Tim Hurst, subject line 'Further approved funding for metro councils', dated 28 June 2018.
- Email from Sarah Lau to Tim Hurst, subject line 'FW: LG merger funds', dated 25 June 2018.
- Email from Sarah Lau to Laura Clarke and Tim Hurst, subject line 'RE: Central Coast', dated 20 June 2018.
- Email from Sarah Lau to Tim Hurst, subject line 'RE: Hornsby SCF payments', dated 27 June 2018.
- Email from Tim Hurst to Sarah Lau, subject line 'FW: Stronger Communities Funding', dated 6 November 2018.

The evidence concluded and the witness withdrew.

The public hearing concluded at 4.48 pm.

4.13 Tended documents

Resolved, on the motion of Mrs Ward: That the committee authorise publication of the following documents:

- Correspondence from Cr Asfour to the Hon Gabriel Upton MP, Minister for the Environment, Local Government and Heritage, regarding opportunities for further funding for Canterbury-Bankstown Council, dated 8 June 2018 and correspondence from the Hon Scot MacDonald MLC, Parliamentary Secretary for Planning, in reply, tendered by Cr Khal Asfour, Mayor of Canterbury-Bankstown Council.
- Document created by Penrith City Council entitled 'Penrith Sport and Recreation Strategy: Executive Summary', tendered by Mr John Gordon, City Presentation Manager, Penrith City Council.
- Email from Laura Clarke to Tim Hurst, subject line 'Central Coast', dated 20 June 2018, tendered by Mr Shoebridge.
- Email from Sarah Lau to Tim Hurst, subject line 'Further approved funding for metro councils', dated 28 June 2018, tendered by Mr Shoebridge.
- Email from Sarah Lau to Tim Hurst, subject line 'FW: LG merger funds', dated 25 June 2018, tendered by Mr Shoebridge.
- Email from Sarah Lau to Laura Clarke and Tim Hurst, subject line 'RE: Central Coast', dated 20 June 2018, tendered by Mr Shoebridge.
- Email from Sarah Lau to Tim Hurst, subject line 'RE: Hornsby SCF payments', dated 27 June 2018, tendered by Mr Shoebridge.
- Email from Tim Hurst to Sarah Lau, subject line 'FW: Stronger Communities Funding', dated 6 November 2018, tendered by Mr Shoebridge.

4.14 Further actions arising from the hearing

Resolved, on the motion of Mrs Houssos:

- That the Chair write to Mr Hurst inviting him to clarify potential inconsistencies between his evidence given today, information contained in documents returned to the Legislative Council in response to an order for papers on 3 June 2020, as well as his evidence to Portfolio Committee 7 – Planning and Environment on 4 March 2020 for the inquiry into Budget Estimates 2019-2020 relating to the Stronger Communities Fund.
- That, on behalf of the committee, the Chair write to the Clerk of the Parliaments seeking advice on what evidence a witness may give regarding documents that are subject to Cabinet confidentiality.

5. Adjournment

The committee adjourned at 5.10 pm, *sine die*.

Monica Loftus

Clerk to the Committee

Minutes no. 36

Wednesday 7 October 2020

Public Accountability Committee

Macquarie Room, Sydney at 9:15 am

1. Members

Mr Shoebridge, *Chair* (from 9.18 am to 1.52 pm; from 2.11 pm to 4.42pm)

Ms Faehrmann (participating member from 12.30 pm)

Mr Graham

Mrs Houssos (substituting for Mr Searle from 12.30 pm)

Mr Khan (from 9.18 am to 10.38 am; from 10.57 am to 2.21 pm; from 4.02 pm to 4.42 pm)

Ms Sharpe (substituting for Mr Searle until 11.45 am)

Mrs Ward

2. Apologies

Mr Borsak, *Deputy Chair*

Mr Mason-Cox

Mr Searle

3. Draft minutes

Resolved, on the motion of Mr Khan: That draft minutes no. 34 be confirmed.

4. Correspondence

The committee noted the following correspondence:

Received:

- 15 September 2020 – Email from Ms Katherine McKernan, Chief Executive Officer, Homelessness NSW, to the secretariat, advising Homelessness NSW is unable to provide answers to its questions on notice and supplementary question
- 20 September 2020 – Email from Mr John Green, Deputy CEO, Australian Hotels Association, to the Hon Natalie Ward MLC, providing further information to the committee on the tourism voucher scheme
- 29 September 2020 – Letter from the Hon Victor Dominello MP, Minister for Customer Service, to the Chair responding to the committee's open invitation to the Government for urgent roundtable discussions with industry groups and venue operators across live music, arts and the night time economy

Sent:

- 23 September 2020 – Email from the secretariat to Mr Sam Tedeschi, Director of Government Business in the Legislative Council, inviting the Government to nominate witnesses to respond to evidence on the pandemic's impact on live music, arts and the night time economy on 7 October 2020
- 23 September 2020 – Letter from the Chair to the Hon Don Harwin MLC, the Hon Rob Stokes MP and the Hon Victor Dominello MP, extending an open invitation to the Government for urgent roundtable discussion with industry groups and venue operators across live music, arts and the night time economy

5. Inquiry into the NSW Government's management of the COVID-19 pandemic**5.1 Government witnesses to appear on 7 October 2020**

Committee noted that it previously agreed (via email) to the Government's proposed witness list for the hearing on 7 October 2020.

5.2 Answers to questions on notice and supplementary questions

Committee noted that the following answers to questions on notice and supplementary questions were published by the committee clerk under the authorisation of the resolution appointing the committee:

- Answers to questions on notice from Ms Miriam Pellicano and Mr Peter Hennessy of St Francis Social Services, received on 17 September
- Answers to questions on notice from Ms Rhiannon Cook of St Vince de Paul Society, received on 18 September
- Answers to questions on notice from Ms Rosanna Barbero of the Addison Road Community Centre, received on 15 September
- Answers to questions on notice from Mr Tony Devlin of the Salvation Army, received on 17 September
- Answers to questions on notice from Ms Nada Nasser of Mission Australia, received on 22 September
- Answers to questions on notice from Mr Leo Patterson Ross of the Tenants Union NSW, received on 21 September

5.3 Election of Deputy Chair

Resolved, on the motion of Ms Sharpe: That Mr Graham be elected Deputy Chair for the hearing on 7 October 2020.

5.4 Public hearing

The committee proceeded to take evidence in public.

Witnesses were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings, adverse mention and other matters.

The Chair reminded Minister Ward that he has already sworn an oath to his office as a member of Parliament.

The Chair reminded the following witness that he has already been sworn for this inquiry:

- Mr Michael Coutts-Trotter, Secretary, Department of Communities and Justice

The following witnesses were sworn:

- Ms Simone Walker, Deputy Secretary, Strategy Policy and Commissioning, Department of Communities and Justice
- Ms Simone Czech, Deputy Secretary, Child Protection and Permanency, District and Youth Services, Department of Communities and Justice
- Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services, Department of Communities and Justice

The witnesses were examined by the committee.

The evidence concluded and the witnesses withdrew.

The Chair reminded Minister Dominello and Minister Harwin that they have already sworn an oath to their office as members of Parliament.

The Chair reminded the following witnesses that they have already been sworn for this inquiry:

- Ms Rose Webb, Deputy Secretary Better Regulation Division and Commissioner Fair Trading
- Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet

The following witnesses were sworn:

- Mr Paul Sariban, Director - Liquor and Gaming Policy, Better Regulation Division
- Ms Kristen Daghish Rose, Director Stakeholder Engagement and Regulatory Education, Better Regulation Division
- Mr Luke Walton, Executive Director, Policy, Department of Planning, Industry and Environment

Minister Harwin tendered the following document:

- Media release from the National Association for the Visual Arts titled *NAVA apologises to Create NSW staff and reports on artists' and organisations' key concerns*

The witnesses were examined by the committee.

The evidence concluded and the witnesses withdrew.

The Chair reminded Minister Hazzard that he has already sworn an oath to his office as a member of Parliament.

The Chair reminded the following witnesses that they have already been sworn for this inquiry:

- Ms Elizabeth Koff, Secretary, NSW Health
- Dr Kerry Chant PSM, Chief Health Officer and Deputy Secretary, Population and Public Health, NSW Health

The witnesses were examined by the committee.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 4:45 pm.

5.5 Tendered documents

Resolved, on the motion of Mrs Ward: That the committee accept and publish the following document tendered during the public hearing, with the exception of identifying information:

- Media release titled *NAVA apologises to Create NSW staff and reports on artists' and organisations' key concerns*, 18 September 2020, tabled by the Hon Don Harwin MLC.

Resolved, on the motion of Mrs Ward: That a link to the NSW Government's *Sydney 24 Hour Economy Strategy* be published on the committee's website.

6. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

6.1 Focus of hearing on 16 October 2020

Resolved, on the motion of Mr Graham: That the hearing on Friday 16 October 2020 is to focus on local government grants programs such as the Stronger Communities Fund and Stronger Country Communities Fund, and that the Chair, through the secretariat, is to advise the Department of Premier and Cabinet and Regional NSW accordingly.

7. Adjournment

The committee adjourned at 4.42 pm, until 9:15 am Friday 16 October 2020 (public hearing).

Anthony Hanna
Clerk to the Committee

Minutes no. 37

Wednesday 14 October 2020
Public Accountability Committee
Room 1136, Parliament House at 9.09 am

1. Members present

Mr Shoebridge, *Chair*
Mr Graham
Mrs Houssos, via teleconference
Mr Khan
Mr Mason-Cox
Mrs Ward

2. Apologies

Mr Borsak

3. Correspondence

The Committee noted the following items of correspondence:

Received

- 12 October 2020 – Emails from Ms Kate Foy, Deputy Secretary, Department of Premier and Cabinet, confirming the responsibilities for local government grant programs are with Regional NSW, not the Department of Premier and Cabinet.
- 13 October 2020 – Email from Ms Kate Boyd, General Counsel, Department of Premier and Cabinet, confirming that all persons involved in the Stronger Communities Fund are no longer employed by the Department of Premier and Cabinet.

Sent

- 8 October 2020 – Email from secretariat to Kirstan Fulton, A/Executive Officer, Office of the Deputy Secretary, Department of Regional NSW, informing that the focus of the hearing on 16 October 2020 is on local government grant programs.
- 8 October 2020 – Email from secretariat to Ms Helen Vallance, Director Strategy, Office of the Deputy Secretary, Community Engagement, Department of Premier and Cabinet, informing that the focus of the hearing on 16 October 2020 is on local government grant programs.

4. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs**4.1 Hearing on Friday 16 October**

Mr Graham moved:

- a. That, given the correspondence from Ms Kate Foy, General Counsel, Department of Premier and Cabinet received on 13 October 2020, the committee invite the following former and/or current staffers in the Premier's office to appear as witnesses at a hearing on Friday 23 October from 10.00 am to 12.00 pm:
 - Ms Sarah Cruickshank, former Chief of Staff
 - Ms Sarah Lau.
- b. That the chair write to the Department of Premier and Cabinet to inform them of the committee's

resolution.

Mrs Ward moved: That the motion of Mr Graham be amended by omitting all words and inserting instead: That the committee reinvite the Department of Premier and Cabinet to appear at the hearing on 16 October 2020 and consider calling ministerial staffers to appear at a hearing on 23 October 2020, pending their response.

Amendment of Mrs Ward put.

The committee divided.

Ayes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Graham, Mrs Houssos, Mr Shoebridge.

There being an equality of votes, question resolved in the negative on the casting vote of the Chair.

Original question of Mr Graham put.

Ayes: Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

There being an equality of votes, question resolved in the affirmative on the casting vote of the Chair.

4.2 November hearings

Arts hearing

Resolved, on the motion of Mr Graham:

- That the committee vacate the hearing date of Tuesday 3 November and hold a hearing into arts grants on Wednesday 9 December 2020
- That members nominate additional witnesses for this hearing by Friday 23 October 2020.

Regional councils hearing

Resolved, on the motion of Mr Graham: That the following witnesses be added to the chair's draft witness list for the hearing on 27 November 2020:

- Mr Paul Scully MP, Member for Wollongong and Mr Tim Crakanthorp MP, Member for Newcastle as an additional panel for 30 mins
- Queanbeyan-Palerang Regional Council as part of panel 3.

5. Adjournment

The committee adjourned at 9.35 am until 8.45 am Friday 16 October 2020 (public hearing for the inquiry into the integrity, efficacy and value for money of NSW Government grant programs).

Monica Loftus

Clerk to the Committee

Minutes no. 38

Friday 16 October 2020

Public Accountability Committee

Jubilee Room, Parliament House at 8.45 am

1. Members present

Mr Shoebridge, *Chair* (via WebEx)

Mr Amato (via WebEx substituting for Mrs Ward from 1.30 pm to 2.30 pm)

Mr Graham

Mrs Houssos (via phone until 8.55 am, in-person from 9.23 am)

Mr Khan (from 8.49 am)

Mr Mason-Cox (from 1.30 pm)

Mrs Ward (via WebEx until 8.58 am, in-person from 8.58 am to 1.30 pm and from 2.30 pm)

2. Apologies

Mr Borsak

3. Correspondence

The committee noted the following items of correspondence:

Received

- 18 September 2020 – Email from Garnet Brownbill, submission author, providing a dropbox link to supporting information to his submission.
- 28 September 2020 – Email from Vanessa Gill, Executive Officer, Office of the Auditor-General, to secretariat, requesting that witnesses from the Audit Office appear in the afternoon at the hearing on 16 October 2020.
- 29 September 2020 – Email from Lewis Rangott, Executive Director, Corruption Prevention, NSW ICAC, requesting that witnesses from ICAC appear at midday at the hearing on 16 October 2020.
- 1 October 2020 – Email from Kirstan Fulton, A/Executive Officer, Office of the Deputy Secretary, Department of Regional NSW, requesting that certain officials attend in the public gallery and as a legal advisor at the table at the hearing on 16 October 2020.
- 9 October 2020 - Email from Mr Bill Hawker, Mayoral Media Officer, Inner West Council, providing a cover letter for the document tendered by Cr Darcy Byrne at the hearing on 21 September 2020.
- 12 October 2020 – Email from Ms Kirstan Fulton, A/Executive Officer, Office of the Deputy Secretary, Department of Regional NSW, advising Mr Hanger is the most appropriate person to answer relevant questions and that Mr Jonathan Wheaton will also attend as a witness on 16 October 2020.
- 15 October 2020 – Email from Kaelee Aboud, Office of the Government Whip, advising that the Hon Lou Amato MLC will substitute for the Hon Natalie Ward MLC for the afternoon session of the hearing on 23 October 2020.

Sent

- 30 September 2020 – Letter from chair to Mr Tim Hurst, Deputy Secretary, Office of Local Government, providing a copy of the transcript from the hearing on 21 September 2020 and inviting Mr Hurst to respond to comments made about him.
- 7 October 2020 – Letter from chair to Mr Tim Hurst, Deputy Secretary, Office of Local Government, inviting him to reconsider evidence given to Portfolio Committee 7 – Planning and Environment at Budget Estimates 2019-2020.
- 9 October 2020 – Email from secretariat to Cr Darcy Byrne, Mayor, Inner West Council, regarding a document tendered by him at the hearing on 21 September 2020.
- 14 October 2020 – Letter from chair to Ms Kate Boyd, General Counsel, Department of Premier and Cabinet, in response to her correspondence on 13 October 2020 regarding the non-attendance of the Department of Premier and Cabinet at the hearing on 16 October 2020.

4. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

4.1 Election of Deputy Chair

Resolved, on the motion of Mrs Houssos: That Mr Graham be elected Deputy Chair for the purpose of today's meeting.

4.2 Acting Chair for the hearing

Resolved, on the motion of Mrs Houssos: That Mr Graham act as Chair for the purpose of today's hearing only.

Mr Khan joined the meeting.

4.3 Allocation of questioning

The committee noted that the allocation of questioning for today's hearing be left in the hands of the Acting Chair.

4.4 Answers to questions on notice

Resolved, on the motion of Mr Graham: That the committee publish the answers to questions on notice received from Cr Linda Scott, President, Local Government NSW, received 13 October 2020.

4.5 Public hearing

Witnesses, the public and the media were admitted.

The Acting Chair made an opening statement regarding the broadcasting of proceedings, adverse mention and other matters.

The following witness was sworn and examined:

- The Hon Peter Hall QC, Chief Commissioner, Independent Commission Against Corruption.

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW
- Mr Jonathan Wheaton, Executive Director, Regional Programs, Department of Regional NSW.

The evidence concluded and the witness withdrew.

The committee proceeded to deliberate in private.

Witnesses, the media and the public withdrew.

4.6 Previous minutes

Resolved, on the motion of Mrs Houssos: That draft minutes nos 35 and 37 be confirmed.

4.7 Submissions

The committee noted that the following submissions were published by the committee clerk under the authorisation of the resolution appointing the committee: submissions nos 97-99.

4.8 Resolution from hearing on 21 September 2020

Resolved, on the motion of Mrs Ward: That the committee defer consideration of its resolution from 21 September 2020 relating to seeking advice from the Clerk of the Parliaments on Cabinet documents.

4.9 Tended documents from hearing on 21 September 2020

The committee noted that it would defer consideration of whether to accept and publish documents tendered by Cr Darcy Byrne at the hearing on 21 September 2020, pending a response from Mr Tim Hurst.

4.10 Future hearing dates

The committee noted it has previously resolved to hold hearings on the following dates:

- Friday 23 October 2020 to hear from current and former staffers from the Premier's Office
- Friday 27 November 2020 to hear from regional councils
- Wednesday 9 December 2020 to hear about arts grants.

Resolved, on the motion of Mrs Houssos: That the committee hold a further hearing in early February 2021 and that the secretariat canvass member availability for a suitable date.

4.11 Public hearing

Mrs Ward left the meeting.

Mr Amato and Mr Mason-Cox joined the meeting.

Witnesses, the public and the media were re-admitted.

The following witnesses were sworn and examined:

- Ms Margaret Crawford, Auditor-General of New South Wales, Audit Office of New South Wales
- Mr Scott Stanton, Acting Deputy Auditor-General of New South Wales, Audit Office of New South Wales
- Ms Claudia Migotto, Assistant Auditor-General, Performance Audit, Audit Office of New South Wales.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 2.30 pm.

Witnesses, the media and the public withdrew.

Mr Amato left the meeting.

Mrs Ward joined the meeting.

4.12 ICAC Evidence

Resolved, on the motion of Mr Khan:

- a. That the committee not publish the ICAC session of the transcript from today until further consideration by the committee.
- b. That the committee meet as soon as practicable once the transcript has been made available to consider its publication.

4.13 Correspondence

The committee noted the following items of correspondence:

Received

- 15 October 2020 – Email from Kate Boyd, General Counsel, Premier and Cabinet, to the secretariat, indicating that Ms Sarah Cruickshank will not appear as a witness at the hearing on Friday 23 October 2020.
- 16 October 2020 – Email from Email from Kate Boyd, General Counsel, Premier and Cabinet, to the secretariat, indicating that Ms Sarah Lau will not appear as a witness at the hearing on Friday 23 October 2020.

4.14 Witnesses for hearing - 23 October 2020

Mr Graham moved: That, given the correspondence from Kate Boyd received on 15 and 16 October 2020:

- a. Ms Sarah Lau and Ms Sarah Cruickshank be re-invited to appear as witnesses at the hearing on Friday 23 October 2020.
- b. If Ms Sarah Lau and Ms Sarah Cruickshank again decline to appear or do not respond by 5.00 pm Tuesday 20 October, the committee issue summons to Ms Sarah Lau, Senior Policy Advisor, Office of the Premier and Ms Sarah Cruickshank, Deputy Secretary, Transformation Group, Department of Premier and Cabinet, to give evidence at the hearing on Friday 23 October 2020 at 10.00 am.

Question put.

The committee divided.

Ayes: Mr Graham, Mrs Houssos, Mr Shoebridge

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

There being an equality of votes, question resolved in the affirmative on the casting vote of the Chair.

5. Adjournment

The committee adjourned at 3.00 pm until 9.45 am, Friday 23 October 2020 (**hearing for the integrity, efficacy and value for money of NSW Government grant programs** inquiry).

Monica Loftus
Clerk to the Committee

Minutes no. 39

Friday 23 October 2020

Public Accountability Committee

Jubilee Room, Parliament House at 9.30 am

1. Members presentMr Shoebridge, *Chair*

Mr Graham

Mrs Houssos

Mr Khan

Mr Mason-Cox

Mrs Ward

2. Apologies

Mr Borsak

3. Draft minutes

Resolved, on the motion of Mr Khan: That draft minutes no 38 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Received

- 15 October 2020 – Letter from Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts, to the committee, requesting clarification of evidence from the hearing on 18 September for the inquiry into the NSW Government's management of the COVID-19 pandemic.
- 19 October 2020 – Email from Ms Kate Boyd, General Counsel, Department of Premier and Cabinet, to secretariat, requesting reasons for the committee's invitations to Ms Sarah Lau and Ms Sarah Cruickshank to appear on 23 October 2020 for the inquiry into NSW government grant programs.
- 20 October 2020 – Email from Ms Kate Boyd, General Counsel, Department of Premier and Cabinet, to secretariat, indicating that Ms Sarah Cruickshank will attend the hearing on 23 October 2020 for the inquiry into NSW government grant programs and Ms Sarah Lau will provide a response by the end of the day.
- 20 October 2020 - Email from Ms Kate Boyd, General Counsel, Department of Premier and Cabinet, to secretariat, indicating that Ms Sarah Lau will attend the hearing on 23 October 2020 for the inquiry into NSW government grant programs.
- 21 October 2020 – Email from Ms Kate Boyd, General Counsel, Department of Premier and Cabinet, to secretariat, confirming that Ms Sarah Lau will attend the hearing on 23 October 2020 and that the Department of Premier and Cabinet will not be nominating an alternative witness.

Sent

- 16 October 2020 – Letter from the chair to Ms Sarah Lau, Senior Policy Advisor, Office of the Premier, re-inviting her to appear at the hearing on 23 October 2020 and noting the committee will summon her if she declines for the inquiry into NSW government grant programs.
- 16 October 2020 – Letter from the chair to Ms Sarah Cruickshank, Deputy Secretary, Transformation Group, Department of Premier and Cabinet, re-inviting her to appear at the hearing on 23 October 2020 and noting the committee will summon her if she declines for the inquiry into NSW government grant programs.
- 20 October 2020 – Email from the secretariat to Ms Kate Boyd, General Counsel, Department of Premier and Cabinet, providing reasons for the committee's request that Sarah Lau and Sarah Cruickshank appear as witnesses at the hearing on 23 October 2020 for the inquiry into NSW government grant programs.

- 21 October 2020 – Email from the secretariat to Ms Kate Boyd, General Counsel, Department of Premier and Cabinet, in response to Ms Kate Boyd's advice that the Department of Premier and Cabinet will not be nominating an alternative witness.

Resolved, on the motion of Mr Graham: That the committee authorise the publication of the correspondence received from and sent to Ms Kate Boyd on 21 October 2020 (noted above).

5. Inquiry into the NSW Government's management of the COVID-19 pandemic

5.1 Clarification of evidence

Resolved, on the motion of Mr Khan: That the committee authorise:

- the publication of correspondence from Ms Penelope Benton, dated 15 October 2020, clarifying evidence she provided at the hearing on 18 September 2020
- the addition of footnotes to the relevant sections of Ms Benton's evidence of 18 September 2020, reflecting her clarification of evidence.

6. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

6.1 Election of Deputy Chair

Resolved, on the motion of Mrs Ward: That Mrs Houssos be elected Deputy Chair for the purpose of today's meeting.

6.2 Allocation of questioning

Resolved, on the motion of Mr Graham: That the sequence of questions to be asked at the hearing is to alternate between the opposition and crossbench, with 15 minutes reserved at the end for government questions.

6.3 Publication of hearing footage

The committee noted it had previously resolved by email to authorise the secretariat to publish the video footage of the hearing on 16 October 2020 on the committee's website.

6.4 Transcript from 16 October 2020

Mr Graham moved: That the committee authorise the immediate publication of the ICAC evidence from the hearing on 16 October 2020, noting that it may further consider this position pending future advice from the ICAC provided in answers to questions on notice.

Mrs Ward moved: That the motion of Mr Graham be amended by removing all words after '16 October 2020'.

Amendment of Mrs Ward put.

The committee divided.

Ayes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Graham, Mrs Houssos, Mr Shoebridge.

There being an equality of vote, question resolved in the negative on the casting vote of the Chair.

Original question of Mr Graham put and passed.

6.5 Answers to questions on notice

Resolved, on the motion of Mr Mason-Cox: That the committee authorise the publication of the following answers to questions on notice:

- Mr Steven Head, General Manager, Hornsby Shire Council, received on 21 October 2020, including appendixes
- Cr Darcy Byrne, Mayor, Inner West Council, received on 22 October 2020, included appendixes
- Mr Michael Edgar, General Manager and Ms Chandi Saba, Chief Financial Officer, The Hills Shire Council, received on 22 October 2020

- Mr Tim Hurst, Chief Executive Officer, Office of Local Government, received on 22 October 2020.

6.6 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings, adverse mention and other matters.

The following witnesses were sworn and examined:

- Ms Sarah Lau, Senior Policy Advisor, Office of the NSW Premier
- Ms Sarah Cruickshank, Former Chief of Staff, Office of the NSW Premier.

Ms Lau tendered the following document:

- Letter from Mr Tim Hurst, Office of Local Government to the Clerk of the Parliaments, regarding the Stronger Communities Fund tied grants round, signed 19 October

Mr Shoebridge tendered the following documents

- Various emails returned to the Legislative Council, ordered under standing order 52 on 3 June 2020 relating to the Stronger Communities Fund.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 11.48 am.

Witnesses, the media and the public withdrew.

6.7 Tendered documents

Resolved, on the motion of Mrs Houssos: That the committee accept and publish the following tendered documents:

- Letter from Mr Tim Hurst, Office of Local Government to the Clerk of the Parliaments, regarding the Stronger Communities Fund tied grants round, signed 19 October 2020, tendered by Ms Sarah Lau, Senior Policy Advisor, Office of the NSW Premier.
- Various emails returned to the Legislative Council, ordered under standing order 52 on 3 June 2020 relating to the Stronger Communities Fund, tendered by Mr Shoebridge.

6.8 Witnesses for future hearings

The committee noted the witness list for the hearing on 27 November 2020:

- Panel (50 mins)
 - City of Newcastle
 - Lake Macquarie City Council
 - Wollongong City Council
- Panel (30 mins)
 - Mr Paul Scully MP, Member for Wollongong
 - Mr Tim Crakanthorp MP, Member for Newcastle
- Panel (50 mins)
 - Lismore City Council
 - Tweed Shire Council
 - Bega Valley Shire Council
- Panel (50 mins)
 - Federation Council
 - Brewarrina Shire Council
 - Tenterfield Shire Council
 - Queanbeyan-Palerang Regional Council
- Panel (50 mins)
 - Central NSW Joint Organisation

- Canberra Region Joint Organisation
- Hunter Joint Organisation.

The committee noted that the chair had previously circulated the proposed witnesses to appear at the hearing on 9 December 2020 (the arts):

- Theatre Network, MusicNSW, Ausdance NSW & Regional Arts NSW
- Live Music Office
- National Association for the Visual Arts
- Writing NSW
- Darren Heinrich
- Alex Masso
- Sydney Improvised Music Association
- Create NSW.

Resolved, on the motion of Mrs Houssos: That members nominate additional or alternative witnesses and suggest allocation of times for the arts hearing by 10.00 am Monday 26 October 2020.

7. Adjournment

The committee adjourned at 12.05 pm until 1.00 pm, Friday 23 October 2020 (hearing for the Budget Process inquiry).

Monica Loftus

Clerk to the Committee

Minutes no. 40

Friday 23 October 2020

Public Accountability Committee

Jubilee Room, Parliament House, Sydney at 1.02 pm

1. Members present

Mr Shoebridge, *Chair*
 Mr Graham
 Mr Khan
 Mr Mason-Cox
 Mrs Ward (*arrived 1.08pm*)

2. Apologies

Mr Borsak, *Deputy Chair*
 Mr Primrose

3. Inquiry into the Budget process for independent oversight bodies and the Parliament of New South Wales

3.1 Public hearing

Witnesses were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings, adverse mention and other matters.

The following witnesses were sworn and examined:

- Ms Margaret Crawford, Auditor-General for NSW
- Mr Ian Goodwin, Deputy Auditor-General for NSW

Mrs Ward departed at 2.15 pm.

The evidence concluded and the witness withdrew.

The public hearing concluded at 2.29 pm.

3.2 Correspondence

The committee noted the following items of correspondence:

Received:

- 28 September 2020 – Letter from Mr Mark Webb, Chief Executive and Mr David Blunt, Clerk of the Parliaments, Parliament of New South Wales, requesting clarification on Parliament's second submission to the inquiry (budget process inquiry)
- 7 October 2020 – Email from Ms Lauren Berrell, Associate to the Chief Commissioner, Law Enforcement Conduct Commission (LECC), to the secretariat, requesting that the LECC submission not be published until after publication of the Auditor-General's report (budget process inquiry).

Sent:

- 24 September 2020 – Letter from the Chair, to Ms Margaret Crawford, Auditor-General for NSW, inviting her to attend a hearing on 23 October 2020 and to make a submission to the inquiry (budget process inquiry)
- 6 October 2020 – Letter from the Chair, to Mr Mark Webb, Chief Executive and Mr David Blunt, Clerk of the Parliaments, Parliament of New South Wales, responding to their request for clarification about a second submission to the inquiry (budget process inquiry).

3.3 Public submissions

The committee noted that the following submissions were published by the committee clerk under the authorisation of the resolution appointing the committee: submission nos. 10a, 55a and 57.

3.4 Future conduct of the inquiry

Resolved, on the motion of Mr Khan that members advise the secretariat by COB Wednesday 28 October 2020 if they wish to hold another hearing.

4. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

4.1 Future conduct of the inquiry

Mr Graham moved: That:

- a. That the committee repurpose the hearing date of 9 December 2020 from a focus on arts programs to the Stronger Communities Fund
- b. The following witnesses be invited to appear at the hearing on 9 December 2020:
 - Mr Matthew Crocker, Former Advisor in the Office of the Premier.
 - Appropriate representative/s from the Deputy Premier's Office
 - Appropriate representative/s from the former Minister for Local Government (Minister Upton's) Office, including Mr Kevin Wilde.
 - Mr Tim Hurst, Office of Local Government.
- c. Members have until 5.00 pm Wednesday 28 October 2020 to provide comment on the above proposed witnesses and to nominate appropriate representatives from the Offices of the Deputy Premier, the Hon John Barilaro and the former Minister for Local Government, the Hon Gabrielle Upton.

Question put.

The committee divided.

Ayes: Mr Graham, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox.

There being an equality of votes, question resolved in the affirmative on the casting vote of the Chair.

5. Adjournment

The committee adjourned at 2.38 pm, *sine die*.

Madeleine Dowd
Committee Clerk

Minutes no. 41

Monday 9 November 2020
Public Accountability Committee
Room 1136, Parliament House, 12.31 pm

1. Members present

Mr Shoebridge, *Chair* (until 12.45 pm)
Mr Borsak, *Deputy Chair*
Mr Graham
Mrs Houssos
Mr Khan
Mr Mason-Cox (*via Webex*)
Mrs Ward (until 1.05 pm)

2. Previous minutes

Resolved, on the motion of Mrs Houssos: That draft minutes nos 39 and 40 be confirmed.

3. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs**3.1 Declaration of conflict of interest**

Mr Shoebridge made a declaration of a potential pecuniary conflict of interest.

3.2 Election of Acting Deputy Chair for duration of inquiry

Resolved, on the motion of Mr Graham: That Mrs Houssos be elected Deputy Chair for any part of a meeting in which the Chair and Deputy Chair are not present for the purposes of the inquiry into the integrity, efficacy and value for money of NSW Government grant programs.

3.3 Witnesses – Hearing 9 December 2020

The committee noted it had resolved at the last meeting and confirmed over email (noting the objection of government members) that the following witnesses be invited to appear at the hearing on 9 December 2020:

- Mr Matthew Crocker, Former Director, Office of the NSW Premier, The Hon Gladys Berejiklian MP
- Ms Laura Clarke, Former Deputy Chief of Staff, Director of Policy, Office of the Deputy Premier, the Hon John Barilaro MP, and any additional nominated representatives
- Mr Kevin Wilde, Former Chief of Staff, Office of the Former Minister for Local Government, Ms Gabrielle Upton MP, and any additional nominated representatives
- Mr Tony Harris, Former NSW Auditor-General
- State Records Office.

The committee noted the secretariat had been unable to contact Mr Kevin Wilde.

The committee noted the following items of correspondence:

Received:

- 6 November 2020 – Letter from Mr Adam Lindsay, Executive Director, State Archives and Records Authority of NSW, to the chair, declining the committee's invitation to appear at the hearing on 9 December for the integrity of government grants inquiry and suggesting other ways they could assist the inquiry.

- 9 November 2020 – Email from Ms Laura Clarke, Former Chief of Staff, Office of the Deputy Premier, to the secretariat, declining the committee's invitation to appear at the hearing on 9 December for the integrity of government grants inquiry.

Mrs Houssos moved:

1. That:
 - a. The committee re-invite Ms Laura Clarke, Former Chief of Staff, Office of the Deputy Premier to appear as a witness at the hearing on Wednesday 9 December 2020.
 - b. If Ms Clarke again declines to appear or does not respond within 7 days, the committee issue summons to Ms Laura Clarke, former Chief of Staff, Office of the Premier, to give evidence at the hearing on Wednesday 9 December 2020 at 11.15 am on Wednesday 9 December 2020.
2. That:
 - a. If Mr Matthew Crocker, Former Director, Office of the NSW Premier declines to appear as a witness at the hearing on 9 December 2020 or does not respond to the committee's invitation within 7 days, the committee re-invite Mr Matthew Crocker to appear.
 - b. If Mr Crocker again declines to appear or does not respond within 7 days of the committee's re-invitation, the committee issue summons to Mr Matthew Crocker, Former Director, Office of the NSW Premier, to give evidence at the hearing at 10.00 am on Wednesday 9 December 2020.
3. That:
 - a. If Mr Kevin Wilde, Former Chief of Staff, Office of the Former Minister for Local Government, declines to appear as a witness at the hearing on 9 December 2020 or does not respond to the committee's invitation within 7 days of the committee's invitation, the committee re-invite Mr Kevin Wilde to appear.
 - b. If Mr Wilde again declines to appear or does not respond within 7 days of the committee's re-invitation, the committee issue summons to Mr Kevin Wilde, Former Chief of Staff, Office of the Former Minister for Local Government, to give evidence at the hearing at 1.30 pm on Wednesday 9 December 2020.

Question put.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

Resolved, on the motion of Mrs Houssos: That:

1. The State Archives and Records Authority be removed from the witness list for the hearing on 9 December 2020
2. The chair, on behalf of the committee, write to the State Archives and Records Authority seeking answers to written questions and any other information they wish to provide to the committee by Friday 4 December 2020
3. Members have until 9.00 am Thursday 12 November to submit proposed questions to the secretariat, to be circulated to the rest of the committee for comment.

Mr Shoebridge left the meeting.

3.4 Publication of correspondence

The committee noted the following items of correspondence were published by the committee clerk with names and identifying information removed, as agreed to by the committee over email, noting the objection of government members:

Received:

- 16 October 2020 – Email from Email from Kate Boyd, General Counsel, Premier and Cabinet, to secretariat, indicating that Ms Sarah Lau will not appear as a witness at the hearing on Friday 23 October 2020.
- 19 October 2020 – Email from Ms Kate Boyd, General Counsel, Department of Premier and Cabinet, to secretariat, requesting reasons for the committee's invitations to Ms Sarah Lau and Ms Sarah Cruickshank to appear on 23 October 2020 for the inquiry into NSW government grant programs.
- 21 October 2020 - Email from Ms Kate Boyd, General Counsel, Department of Premier and Cabinet, to secretariat, indicating that Ms Sarah Lau will attend the hearing on 23 October 2020 for the inquiry into NSW government grant programs.

The committee further noted the following items of correspondence were published by the committee clerk with names and identifying information removed, as agreed to by the committee over email:

Received:

- 2 November 2020 – Letter from Mr Tim Reardon, Secretary, Department of Premier and Cabinet, to chair, regarding witnesses at the hearing on 23 October 2020.

Sent:

- 20 October 2020 – Email from the secretariat to Ms Kate Boyd, General Counsel, Department of Premier and Cabinet, providing reasons for the committee's request that Sarah Lau and Sarah Cruickshank appear as witnesses at the hearing on 23 October 2020 for the inquiry into NSW government grant programs.

3.5 Correspondence to the Department of Premier and Cabinet

Mr Graham moved: That the Deputy Chair write to Mr Tim Reardon, Secretary, Department of Premier and Cabinet, in response to his letter of 2 November 2020, with further questions relating to the involvement of the Department in Ms Lau's attendance at the hearing on 23 October 2020, including:

- Whether the Department of Premier and Cabinet was conveying the view of Ms Lau when they stated 'I am therefore advised that Ms Lau is unlikely to be able to assist the Committee's inquiries further by attending in person' or whether this information was provided with some knowledge of the evidence Ms Lau might provide or was provided by others.
- Whether the Department of Premier and Cabinet was aware of the working advice notes when informing the committee that 'all records concerning Ms Lau's role in relation to communicating grant funding decisions to the Office of Local Government appear to have been produced ...'.
- When the Department of Premier and Cabinet became aware that the working advice notes had been shredded.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

There being an equality of votes, question resolved in the affirmative on the casting vote of the Acting Chair (Mr Borsak).

3.6 Questions relating to attendance of witnesses on 23 October

Resolved, on the motion of Mr Graham: That the committee does not intend to ask questions at the hearings on 27 November 2020 and 9 December 2020 relating to the correspondence between the Department of Premier and Cabinet and the committee regarding the witnesses for the hearing on 23 October 2020.

Mrs Ward left the meeting.

3.7 Correspondence to State Records Authority regarding destruction of documents

Resolved on the motion of Mr Graham:

1. That the chair write to the State Archives and Records Authority on behalf of the committee to ask:

- What sort of record is considered a 'state record' under the *State Records Act 1998*, and more specifically are working advice notes state records and are they required to be retained?
 - What are the consequences or penalties for a breach of the *State Records Act 1998* by disposing of a state record?
2. That the State Archives and Records Authority be asked to respond by 12.00 pm Monday 16 November 2020.

3.8 Correspondence to the Department of Premier and Cabinet relating to retrieval of electronic records

Mr Graham moved: That the chair write to Mr Tim Reardon, Secretary, Department of Premier and Cabinet, seeking assistance to retrieve electronic copies of the working advice notes referred to by Ms Sarah Lau, Senior Policy Advisor, Office of the Premier, in her evidence to the committee on 23 October 2020 and that the committee request the Department:

- a. retrieve and reconstitute these records from backups,
- b. provide them to committee,
- c. provide advice about how quickly this can be done, and
- d. respond by 12.00 pm Monday 16 November 2020.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos.

Noes: Mr Khan, Mr Mason-Cox.

Question resolved in the affirmative.

3.9 Invitation to Premier to attend as a witness

Mr Graham moved: That the Hon Gladys Berejiklian MP, Premier, be invited to appear as a witness at a future hearing on a date to be agreed to by the Premier and the committee.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos.

Noes: Mr Khan, Mr Mason-Cox.

Question resolved in the affirmative.

4. Adjournment

The committee adjourned at 1.15 pm, *sine die*.

Monica Loftus

Clerk to the Committee

Minutes no. 42

Friday 27 November 2020

Public Accountability Committee

Macquarie Room, Parliament House, 9.31 am

1. Members present

Mr Shoebridge, *Chair* (until 3.10 pm)

Mrs Houssos, *Acting Deputy Chair* (via Webex)

Mr Graham

Mr Khan (from 10.48 am)

Mr Mallard (substituting for Mrs Ward until 10.51 am)

Mrs Ward (via Webex, from 10.51 am)

2. Apologies

Mr Borsak
Mr Mason-Cox

3. Previous minutes

Resolved, on the motion of Mrs Houssos: That draft minutes no. 41 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Inquiry into the NSW Government's management of the COVID-19 pandemic***Received:***

- 6 November 2020 – Letter from the Hon Brad Hazzard MP, Minister for Health and Medical Research, to the Chair enclosing the Minister's post-hearing responses from the COVID-19 pandemic hearing on 7 October 2020.
- 9 November 2020 – Letter from the Hon Gareth Ward MP, Minister for Families, Communities and Disability Services, to the Chair enclosing the Minister's post-hearing responses from the COVID-19 pandemic hearing on 7 October 2020.
- 9 November 2020 - Letter from the Hon Don Harwin MLC, Minister for the Public Service, Employee Relations, Aboriginal Affairs and the Arts, to the Chair enclosing the Minister's post-hearing responses from the COVID-19 pandemic hearing on 7 October 2020.

Inquiry into the integrity, efficacy and value for money of NSW Government grant programs***Received:***

- 27 October 2020 – Letter from Mr Terry Dodds, Chief Executive, Tenterfield Shire Council, to secretariat, declining the committee's invitation to appear at the hearing on 27 November for the integrity of government grants inquiry.
- 30 October 2020 – Email from Todd Hopwood, Manager Governance and Customer Service, Wollongong City Council, to secretariat, declining the committee's invitation to appear at the hearing on 27 November for the integrity of government grants inquiry.
- 30 October 2020 – Letter from Mr Tim Hurst, Deputy Secretary, Local Government, Planning and Policy, Department of Planning, Industry and Environment, to the Chair, regarding evidence provided relating to the Stronger Communities Fund.
- 2 November 2020 – Email from Dan Hughes, Government Relations and Policy Advisor, Lake Macquarie City Council, to secretariat, declining the committee's invitation to appear at the hearing on 27 November for the integrity of government grants inquiry.
- 9 November 2020 – Email from Mr Matthew Crocker, Former Policy Advisor, Office of the Premier, to the secretariat, requesting the committee provide reasons for their invitation that he appear as a witness at the hearing on 9 December 2020.
- 10 November 2020 – Letter from Mr Tim Reardon, Secretary, Department of Premier and Cabinet, in response to the committee's request for deleted electronic records to be retrieved.
- 12 November 2020 – Letter from Mr Tim Hurst, Office of Local Government, to chair, regarding publication of documents tabled by Cr Darcy Byrne on 21 September 2020.
- 13 November 2020 – Letter from Mr Adam Lindsay, Executive Director, State Archives and Records Authority to the chair, in response to questions put to them regarding what constitutes a state records and what penalties exist for destruction of state records under the *State Records Act 1998* on 9 November 2020.
- 15 November 2020 – Email from Mr Kevin Wilde, Former Chief of Staff, Office of the Former Minister for Local Government, to the secretariat, advising he will attend the hearing on 9 December 2020 as a witness and requesting further information about his attendance.

- 16 November 2020 – Email from Mr Matthew Crocker, Former Policy Advisor, Office of the Premier, to the secretariat, advising he will attend the hearing on 9 December 2020 as a witness.
- 18 November 2020 – Email from Ms Laura Clarke, Former Deputy Chief of Staff, Office of the Deputy Premier, to the secretariat, advising she will attend the hearing on 9 December 2020 as a witness.
- 18 November 2020 – Email from Senada Bjelic, office of the Hon Robert Borsak MLC, advising Mr Borsak will be an apology for the hearings on 27 November and 9 December.
- 20 November 2020 – Letter from Mr Tim Reardon, Secretary, Department of Premier and Cabinet, to the Deputy Chair, in response to his letter of 10 November regarding the involvement of the Department of Premier and Cabinet in the attendance of witnesses at the hearing on 23 October.
- 20 November 2020 - Letter from Bran Black, Director Cabinet and Legal, Office of the Premier, to the Chair, declining the committee's invitation to appear at a future hearing.
- 24 November 2020 – Email from Kevin Wilde, Former Chief of Staff, Office of the Former Minister for Local Government, to the secretariat, requesting that he appear via Webex on 9 December 2020.
- 27 November 2020 – Email from Kaelee Aboud, Office of the Government Whip, advising that the Hon Shayne Mallard MLC will substitute for the Hon Natalie Ward MLC on 27 November 2020 until 11.00 am.

Sent:

- 9 November 2020 – Letter from the Chair to Mr Adam Lindsay, Executive Director, State Archives and Records Authority, requesting information on what constitutes a state records and what penalties exist for destruction of state records under the *State Records Act 1998*.
- 9 November 2020 – Letter from the Chair to Mr Tim Reardon, Secretary, Department of Premier and Cabinet, regarding retrieval of deleted working advice notes electronic copies.
- 10 November 2020 – Letter from the Deputy Chair to Mr Tim Reardon, Secretary, Department of Premier and Cabinet, in response to his letter of 2 November 2020 and seeking clarification on the advice from the Department of Premier and Cabinet relating to witness attendance at the hearing on 23 October 2020.
- 10 November 2020 – Email from the secretariat to Mr Matthew Crocker, Former Director, Office of the Premier, providing reasons for the committee's invitation for him to appear at the hearing on 9 December 2020.
- 11 November 2020 – Letter from the Chair to the Hon Gladys Berejiklian MP, Premier, inviting her to appear at a future hearing for the inquiry into the integrity, efficacy and value for money of NSW Government grant programs.
- 11 November 2020 - Letter from the Chair to Ms Laura Clarke, Former Chief of Staff, Office of the Deputy Premier, re-inviting her to appear at the hearing on 9 December 2020 and noting the committee will summon her if she declines.
- 17 November 2020 – Email from the secretariat to Mr Kevin Wilde providing reasons for the committee's request he appear as witnesses at the hearing on 9 December 2020.

5. Inquiry into the NSW Government's management of the COVID-19 pandemic

5.1 Answers to questions on notice and supplementary questions

The following answers to questions on notice were published by the committee clerk under the authorisation of the resolution appointing the committee:

- the Hon Gareth Ward MP and witnesses from the Department of Communities and Justice
- the Hon Brad Hazzard MP and Dr Kerry Chant PSM
- the Hon Don Harwin MLC and Ms Kate Foy
- the Hon Victor Dominello MP, Ms Rose Webb and Mr Paul Sariban.

The following answers to supplementary questions were published by the committee clerk under the authorisation of the resolution appointing the committee:

- the Hon Gareth Ward MP.

6. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

6.1 Public submissions

The following submissions were published by the committee clerk under the authorisation of the resolution appointing the committees: submission nos 100-102.

6.2 Answers to questions on notice

The following answers to questions on notice and supplementary questions were published by the committee clerk under the authorisation of the resolution appointing the committee:

- Cr Khal Asfour, Mayor, Canterbury-Bankstown Council, received 23 October 2020.
- The Hon Peter Hall QC, Commissioner, Independent Commission Against Corruption, received on 11 November.
- Mr Chris Hangar, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, received on 12 November.
- Ms Margaret Crawford, Auditor-General, including answers to supplementary questions, received on 12 November.
- Ms Sarah Lau, Senior Policy Advisor, Office of the NSW Premier, received on 20 November.
- Answers to supplementary questions from Ms Sarah Cruickshank, Former Chief of Staff, Office of the NSW Premier, received on 20 November.
- Answers to questions on notice from Ms Sarah Cruickshank, Former Chief of Staff, Office of the NSW Premier, received on 24 November.

6.3 Future inquiry activity

Resolved, on the motion of Mrs Houssos: That the chair circulate via email the draft witness list relating to Arts government grants for feedback from members by Monday 7 December 2020.

6.4 Allocation of questioning

Resolved, on the motion of Mr Graham: That the sequence of questioning to be asked at the hearing is to be left in the hands of the chair.

6.5 Due date for answers to questions on notice and supplementary questions

Resolved, on the motion of Mrs Houssos: That answers to questions on notice and supplementary questions from today's hearing are due by Tuesday 12 January 2021.

6.6 Request for virtual appearance

Resolved, on the motion of Mr Graham: That the committee write to Mr Kevin Wilde, Former Chief of Staff, Office of the Former Minister for Local Government indicating its strong preference that he appear at the hearing on 9 December 2020 in person and noting the committee can assist in paying for petrol and provide free parking.

6.7 Tended documents from hearing on 21 September 2020

Resolved, on the motion of Mrs Houssos: That the committee publish the documents tendered by Cr Darcy Byrne, Mayor of Inner West Council at the hearing on 21 September 2020 and correspondence from Mr Tim Hurst regarding the publication of the documents tendered by Cr Byrne, received 12 November 2020.

6.8 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings, adverse mention and other matters.

The following witnesses were sworn and examined:

- Cr Nuatali Nelmes, Lord Mayor, City of Newcastle (*via Webex*)
- Mr Simon Massey, Economic Strategy and Government Relations Manager, City of Newcastle (*via Webex*).

Mr Simon Massey tendered the following documents:

- Documents entitled 'The Newcastle Response' to COVID-19 challenges, for arts sector, youth unemployment, tourism sector, community sector, and innovation economy.

Mrs Ward joined the meeting.

Mr Khan joined the meeting.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Paul Scully MP, Member for Wollongong
- Mr Tim Crakanthorp MP, Member for Newcastle.

Mr Tim Crakanthorp MP tendered the following document:

- Document outlining upgrades required to Passmore Oval, Wickham Park.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Shelley Oldham, General Manager, Lismore City Council (*via Webex*)
- Mr Tim Mackney, Manager Infrastructure Delivery, Tweed Shire Council (*via Webex*)
- Mr Anthony McMahon, Director, Assets and Operations, Bega Valley Shire Council (*via Webex*).

Mr Graham left the meeting.

The evidence concluded and the witnesses withdrew.

The committee proceeded to deliberate in private.

Witnesses, the media and the public withdrew.

6.9 Acting Chair

Resolved, on the motion of Mrs Houssos: That, as the Deputy Chair is not present and the Acting Deputy Chair is appearing via videoconference, Mr Graham act as Chair this day for any time in which the Chair is absent from the room for the purposes of the hearing only.

6.10 Answers to questions on notice received from Sarah Lau

Mrs Houssos moved: That the committee respond to Ms Sarah Lau requesting more comprehensive answers to the questions on notice and supplementary questions arising from the hearing on 23 October 2020 by 7 December 2020 and noting the committee will review the sufficiency of her answers and may recall her for further questioning.

Question put.

The committee divided.

Ayes: Mrs Houssos, Mr Khan, Mr Shoebridge.

Noes: Mrs Ward.

Question resolved in the affirmative.

The committee noted Mrs Ward's further opposition to this resolution.

6.11 Public hearing

Mr Graham joined the meeting.

Witnesses, the public and the media were re-admitted.

The following witnesses were sworn and examined:

- Mr Gerard Van Emmerik, Manager Community & Economic Development, Federation Council (*via Webex*)
- Cr Phillip O'Connor, Mayor, Brewarrina Shire Council (*via Webex*)
- Mr Jeff Sowiak, General Manager, Brewarrina Shire Council (*via Webex*)
- Ms Jacquelyn Richards, Portfolio General Manager, Community Choice, Queanbeyan-Palerang Regional Council (*via Webex*).

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Cr Bill West, Regional Prosperity Portfolio Mayor, Central NSW Joint Organisation
- Cr Rowena Abbey, Chair, Canberra Region Joint Organisation and Chair, NSW Joint Organisations Chairs' Forum (*via Webex*)
- Ms Kalina Koloff, Chief Executive Officer, Canberra Region Joint Organisation (*via Webex*)
- Cr Bob Pynsent, Chair, Hunter Joint Organisation (*via Webex*)
- Mr Joe James, Chief Executive Officer, Hunter Joint Organisation
- Mr Steve Wilson, Director of Regional Policy and Programs, Hunter Joint Organisation.

Cr Bill West tendered the following document:

- Various case studies outlining the involvement of Central NSW Joint Organisation in NSW Government grant programs.

Mr Shoebridge left the meeting.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 3.55 pm.

Witnesses, the media and the public withdrew.

6.12 Tendered documents

Resolved, on the motion of Mr Khan: That the committee accept and publish the following documents tendered during the public hearing:

- Mr Simon Massey, Economic Strategy and Government Relations Manager, City of Newcastle- Documents entitled 'The Newcastle Response' to COVID-19 challenges, for arts sector, youth unemployment, tourism sector, community sector, and innovation economy.
- Mr Tim Crakanthorp MP, Member for Newcastle - Document outlining upgrades required to Passmore Oval, Wickham Park.
- Cr Bill West, Regional Prosperity Portfolio Mayor, Central NSW Joint Organisation - Various case studies outlining the involvement of Central NSW Joint Organisation in NSW Government grant programs.

6.13 Further submission from NSW Government

Resolved, on the motion of Mr Graham: That the Chair write to the Department of Premier and Cabinet inviting them to provide a more detailed submission to the inquiry.

7. Adjournment

The committee adjourned at 4.15 pm, until 9.45 am, Wednesday 9 December 2020 – public hearing for the inquiry into the integrity, efficacy and value for money of NSW Government grant programs.

Monica Loftus
Clerk to the Committee

Minutes no. 43

Wednesday 9 December 2020

Public Accountability Committee

Macquarie Room, Parliament House, 9.51 am

1. Members present

Mr Shoebridge, *Chair*
Mrs Houssos, *Acting Deputy Chair*
Mr Graham
Mr Khan
Mr Mason-Cox
Mrs Ward

2. Apologies

Mr Borsak

3. Previous minutes

Resolved, on the motion of Mrs Ward: That draft minutes no. 42 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Received

- 24 November 2020 – Email from Mr Chris Rumore, ACP Sub-Committee – Sydney Wharf, to secretariat, raising a number of issues which their strata scheme would like the government to address immediately with regards to recommendations made by the committee for the inquiry into the regulation of building standards, building quality and building disputes.
- 30 November 2020 – Email from Mr Kevin Wilde, Former Chief of Staff, Office of the Former Minister for Local Government, to the secretariat, indicating he will appear at the hearing on 9 December in person.
- 3 December 2020 – Letter from Ms Jodie Hillard to the Deputy Chair, regarding the NSW Government's management of the COVID-19 pandemic.

Sent

- 26 November 2020 – Email from secretariat, to Mr Chris Rumore, ACP Sub-Committee – Sydney Wharf, responding to his email of the 24 November and suggesting to seek action on their issues from the NSW Fair Trading Commissioner, NSW Building Commissioner or Minister for Better Regulation and Innovation.
- 27 November 2020 – Email from secretariat, to Mr Kevin Wilde, Former Chief of Staff, Office of the Former Minister for Local Government, in response to his request to appear at the integrity of government grants hearing on 9 December 2020 via Webex.
- 30 November 2020 – Letter from the chair to Ms Sarah Lau, Senior Policy Advisor, Office of the Premier, requesting more substantial answers to questions on notice and supplementary questions arising from the integrity of government grants hearing on 23 October 2020.
- 30 November 2020 – Letter from the chair to Mr Tim Reardon, Secretary, Department of Premier and Cabinet, requesting he provide a more detailed whole-of-government submission to the integrity of government grants hearing.

5. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs**5.1 Answers to further supplementary questions from Sarah Lau**

The following answers to further supplementary questions were published by the committee clerk under the authorisation of the resolution appointing the committee:

- Ms Sarah Lau, Senior Policy Advisor, Office of the Premier, received on 7 December 2020.

5.2 Witnesses for 1 February hearing

Resolved, on the motion of Mr Graham: That the Chair confer with members regarding witnesses for the 1 February arts grants hearing and will circulate a revised witness list by Wednesday 16 December 2020.

5.3 Allocation of questioning

Resolved, on the motion of Mr Graham: That the sequence of questions to be asked at the hearing is to alternate between the opposition and crossbench, with 10 minutes reserved at the end of each session for government questions.

5.4 Due date for answers to questions on notice

Resolved, on the motion of Mr Khan: That answers to questions on notice and supplementary questions from the hearing on 9 December 2020 are due by Monday 25 January 2021.

5.5 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings, adverse mention and other matters.

The following witness was sworn and examined:

- Mr Matthew Crocker, Former Policy Director, Office of the Premier.

The evidence concluded and the witness withdrew.

The following witness was sworn and examined:

- Ms Laura Clarke, Former Deputy Chief of Staff, Office of the Deputy Premier.

Mr Shoebridge tendered various documents relating to the Stronger Community Fund returned to the Legislative Council under standing order 52 and to Portfolio Committee No. 7 – Planning and Environment as part of Budget Estimates 2019-2020.

Mrs Houssos tendered a document relating to the Stronger Community Fund returned to the Legislative Council under standing order 52.

Mr Graham tendered various documents relating to the Stronger Community Fund returned to the Legislative Council under standing order 52.

The evidence concluded and the witness withdrew.

The following witness was sworn and examined:

- Mr Kevin Wilde, Former Chief of Staff, Office of the Former Minister for Local Government.

The evidence concluded and the witness withdrew.

The following witness was sworn and examined:

- Mr Tony Harris, Former NSW Auditor-General.

The evidence concluded and the witness withdrew.

The public hearing concluded at 3.45 pm.

Witnesses, the media and the public withdrew.

5.6 Additional further supplementary questions to Sarah Lau

Resolved, on the motion of Mr Graham: That the committee put additional further supplementary questions to Ms Sarah Lau, Senior Policy Advisor, Office of the Premier by 25 January 2021 and that proposed questions be circulated by Wednesday 16 December 2020 to be agreed on over email.

5.7 Future hearing activity

Mr Graham moved: That the committee invite the following Ministers to appear as witnesses at the hearing on 8 February 2021:

- the Hon Gladys Berejiklian MP, Premier (noting she has previously declined)
- the Hon John Barilaro MP, Deputy Premier
- Ms Gabrielle Upton MP, Former Minister for Local Government.

Question put.

The committee divided.

Ayes: Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative on the casting vote of the chair.

5.8 Tended documents

Resolved, on the motion of Mrs Houssos: That the committee accept and publish the following documents tendered during the public hearing:

- Mr Shoebridge - Various documents relating to the Stronger Community Fund returned to the Legislative Council under standing order 52 and to Portfolio Committee No. 7 – Planning and Environment as part of Budget Estimates 2019-2020.
- Mrs Houssos - A document relating to the Stronger Community Fund returned to the Legislative Council under standing order 52.
- Mr Graham - Various documents relating to the Stronger Community Fund returned to the Legislative Council under standing order 52.

6. Adjournment

The committee adjourned at 3.55 pm, *sine die*.

Monica Loftus

Clerk to the Committee

Minutes no. 44

Monday 1 February 2021

Public Accountability Committee

Jubilee Room, Parliament House, 9.16 am

1. Members present

Mr Shoebridge, *Chair*

Mr Borsak, *Deputy Chair* (via Webex)

Mr Fang (via Webex, substituting for Mr Khan until 1.00 pm)

Mr Graham

Mrs Houssos

Mr Khan (from 2.00 pm)

Mr Mason-Cox (via Webex)

Mr Secord (participating until 1.00 pm)

Mrs Ward

2. Previous minutes

Mr Graham moved: That draft minutes no. 43 be confirmed.

Mrs Ward moved: That the motion of Mr Graham be amended by inserting 'and former Labor staffer' after 'Mr Tony Harris, Former NSW Auditor-General' in draft minutes 43 item 5.5.

Question of Mrs Ward put.

The committee divided.

Ayes: Mr Fang, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Question resolved in the negative.

Original question of Mr Graham put and passed.

3. Correspondence

The Committee noted the following items of correspondence:

Received

- 10 December 2020 – Email from Ms Cathy Merchant, to the committee, forwarding letters sent to the Independent Commission Against Corruption and the Hon Shelley Hancock, Minister for Local Government, in relation to the Stronger Communities Fund.
- 10 December 2020 – Letter from Mr Ross McLeod, General Manager, Waverley Council to Clerk of the Parliaments, expressing concern regarding the administration of the Stronger Communities Fund.
- 15 December 2020 – Letter from Mr Tim Reardon, Secretary, Department of Premier and Cabinet, to the Chair, declining the committee's invitation to provide a further submission to the inquiry.
- 16 December 2020 – Letter from the Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, accepting the committee's invitation to appear at the hearing on 8 February 2020.
- 17 December 2020 – Letter from Ms Gabrielle Upon MP, Former Minister for Local Government, declining the committee's invitation to appear at the hearing on 8 February 2020.
- 17 December 2020 – Letter from Neil Harley, Chief of Staff, Office of the Premier, declining the committee's re-invitation for the Premier to appear at the hearing on 8 February 2020.
- 3 January 2021 – Email from Ms Cathy Merchant, to the committee, attaching a letter sent to the Australian Sports Commission regarding a Stronger Communities Fund grant in Hunters Hill.
- 22 January 2021 – Letter from Mr Adam Lindsay, Executive Director, State Archives and Records Authority NSW to the Chair, attaching a copy of the Authority's recordkeeping assessment of the Office of the Premier and records relating to the Stronger Communities Fund grants and recommending the report be made public.
- 25 January 2021 – Letter from the Hon Natasha Maclaren-Jones MLC, Government Whip, advising that the Hon Wes Fang MLC will substitute for the Hon Trevor Khan MLC for the morning session of the hearing on 1 February 2021.
- 27 January 2021 – Email from Trish Marinozzi, Office of the Opposition Whip, advising that the Hon Walt Secord MLC will be a participating member for the morning session of the hearing on 1 February 2021.

Sent

- 10 December 2020 – Letter from the Chair to the Hon Gladys Berejiklian MP, Premier, re-inviting her to appear as a witness at the hearing on 8 February 2021.
- 10 December 2020 – Letter from the Chair to the Hon John Barilaro MP, Deputy Premier, inviting him to appear as a witness at the hearing on 8 February 2021.
- 10 December 2020 – Letter from the Chair to the Ms Gabrielle Upon MP, Former Minister for Local Government, inviting her to appear as a witness at the hearing on 8 February 2021.

4. **Inquiry into** the integrity, efficacy and value for money of NSW Government grant programs

4.1 **Confidential submission**

Resolved, on the motion of Mrs Houssos: That the committee keep submission no 103 confidential, as per the request of the author.

4.2 **Answers to questions on notice**

The following answers to questions on notice were published by the committee clerk under the authorisation of the resolution appointing the committee:

- Mr Gerard Van Emmerik, Manager Community and Economic Development, Federation Council, received 11 December 2020
- Mr Tim Mackney, Manager, Infrastructure Delivery, Tweed Shire Council, received 8 January 2021
- Mr Anthony McMahon, Director, Assets and Operations, Bega Valley Shire Council, received 12 January 2021
- Mr Simon Massey, Economic Strategy and Government Relations Manager, City of Newcastle, received 12 January 2021
- Ms Jacquelyn Richards, Portfolio General Manager, Community Choice, Queanbeyan-Palerang Council, received 15 January 2021
- Mr Jeff Sowiak, General Manager, Brewarrina Shire Council, received 15 January 2021.
- Ms Laura Clarke, Former Deputy Chief of Staff, Office of the Deputy Premier, received 25 January 2021.

4.3 **Extension of reporting date**

Mr Graham moved:

- That the committee amend the terms of reference to extend the inquiry reporting date to 29 July 2021 and produce a first report focusing on the Stronger Communities Fund and local government grants, to be tabled by 31 March 2021 with a deliberative meeting on 22 March 2021
- That the Chair inform the House of the change to the terms of reference.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Fang, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

4.4 **Attendance of Deputy Premier at hearing on 8 February**

Resolved, on the motion of Mrs Houssos: That the Hon John Barilaro MP appear as a witness at the hearing on 8 February 2021 from 10.00 am to 11.45 am with time for questioning allocated as follows:

- 10 minutes allowed for an opening statement,
- question time allocated between opposition and crossbench for 2 rounds of 20 minutes each, and
- 15 minutes reserved at the conclusion of opposition and crossbench questions for government questions.

4.5 **Bushfire grants**

Mrs Houssos moved: That the committee examine bushfire grant funding, including previous and current rounds of funding and undertake the following activities:

- re-open the submission portal and accept submissions until 22 February 2021
- hold two full-day activities on bushfire grants in April/May 2021, with the secretariat to canvass member availability.

Question put.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Fang, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

4.6 Allocation of questioning

Resolved, on the motion of Mr Graham: That the allocation of time for questioning at today's hearing be as follows:

- for all 45 minutes sessions: Equal time allocated between opposition and crossbench with 5 minutes reserved at the end for government questions
- for the 2 hour session of government witnesses: Equal time allocated between opposition and crossbench with 15 minutes reserved at the end for government questions.

4.7 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings, adverse mention and other matters.

The following witnesses were sworn and examined:

- Mr David Clarkson, Board Member, Theatre Network NSW
- Ms Michelle Silby, Executive Director, Ausdance NSW (via Webex)
- Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW (via Webex).

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Mr John Wardle, Consultant, Live Music Office.

The evidence concluded and the witness withdrew.

- Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts (via Webex).

The evidence concluded and the witness withdrew.

Mr Secord made a declaration of a potential conflict of interest.

The following witness was sworn and examined:

- Ms Jane McCredie, Chief Executive Officer, Writing NSW.

The evidence concluded and the witness withdrew.

Mr Fang and Mr Secord left the meeting.

Mr Khan joined the meeting.

The following witnesses were sworn and examined:

- Ms Kate Foy, Deputy Secretary, Community Engagement, Department of Premier and Cabinet
- Mr Chris Keely, Executive Director, Create NSW, Department of Premier and Cabinet
- Ms Annette Pitman, Head of Create Infrastructure, Create NSW, Department of Premier and Cabinet.

The following witnesses were examined on former oath:

- Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW
- Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development, Regional Programs, Department of Regional NSW.

Mrs Houssos tendered the following document: Document ordered under standing order 52 entitled 'Briefing for the Deputy Premier: A2498705: Bringing forward funding under the Regional Cultural Fund'.

The evidence concluded and the witnesses withdrew.

Mr Borsak left the meeting.

The public hearing concluded at 3.57 pm.

Witnesses, the media and the public withdrew.

4.8 Tendered documents

Mrs Houssos moved: That the committee accept and publish the following document tendered by her today: Document ordered under standing order 52 entitled 'Briefing for the Deputy Premier: A2498705: Bringing forward funding under the Regional Cultural Fund'.

Mrs Ward moved: That the motion of Mrs Houssos be amended by inserting 'that Mrs Houssos provide a clean copy of the tabled document or that the secretariat record that marks on the document were made after it was received by the Legislative Council'.

Question of Mrs Ward put and passed.

Amended question of Mrs Houssos put and passed.

5. Adjournment

The committee adjourned at 4.05 pm, until 11.00 am Tuesday 2 February 2021 – report deliberative meeting for the inquiry into the budget process for independent oversight bodies and the Parliament of New South Wales.

Monica Loftus

Clerk to the Committee

Minutes no. 46

Monday 8 February 2021

Public Accountability Committee

Jubilee Room, Parliament House, 9.45 am

1. Members present

Mr Shoebridge, *Chair*

Mrs Houssos, *Acting Deputy Chair*

Mr Graham

Mr Khan

Mr Mason-Cox (via Webex)

Mrs Ward

2. Apologies

Mr Borsak

3. Previous minutes

Resolved, on the motion of Mr Khan: That draft minutes no. 44 be confirmed.

4. Correspondence

The Committee noted the following items of correspondence:

Received

- 2 February 2021 – Email from Ms Madeleine Thomas, Executive Director, Planning, Environment and Resources, Department of Planning, Industry and Environment, requesting further reasons for Mr Hurst's invitation and requesting that he only appear for an hour.
- 7 February 2021 – Letter from the Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, to the Chair, regarding claims of pork-barrelling related to bushfire relief grants.

Sent

- 2 February 2021 – Email from secretariat to Ms Madeleine Thomas, Executive Director, Planning, Environment and Resources, Department of Planning, Industry and Environment, confirming Mr Hurst has been invited to attend for 2 hours and in response to her request for further reasons for Mr Hurst's invitation.
- 3 February 2021 – Email from secretariat to stakeholders indicating submission portal has been re-opened.

5. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs**5.1 Clarification to evidence**

Resolved, on the motion of Mrs Ward: That the committee authorise the insertion of the following footnote at the relevant point in the transcript of 9 December 2020: "Mr Crocker requested that the word "not" be omitted as he intended to say: I have given evidence on my advice on those proposals and I would disagree with that characterisation".

5.2 Allocation of questioning

Resolved, on the motion of Mrs Houssos: That allocation of questioning of Mr Tim Hurst at today's hearing be as follows:

- The first hour and 45 minutes to be split equally between opposition and crossbench in rounds of 20 minutes
- 15 minutes reserved at the end for government questions.

5.3 Election of Acting Deputy Chair

Resolved, on the motion of Mr Khan: That, for the duration of the inquiry, Mrs Houssos be elected as Acting Deputy Chair for any meeting in which the Deputy Chair is not present.

5.4 Publication of correspondence

Resolved, on the motion of Mr Khan: That the committee publish correspondence from the Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, to the Chair, regarding claims of pork-barrelling related to bushfire relief grants, received on 7 February 2021 (noted above).

5.5 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings, adverse mention and other matters. The Chair noted that members of Parliament swear an oath to their office, and therefore do not need to be sworn prior to giving evidence before a committee.

The following witness was admitted and examined:

- The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW.

The evidence concluded and the witness withdrew.

Mr Barilaro tendered the following documents:

- Map of NSW displaying Regional Growth Fund grants
- Bushfire Local Economic Recovery Fund program guidelines
- Document outlining process of identifying projects and rating fire impact under the Bushfire Local Economic Recovery fund.

Mr Shoebridge tendered the following documents:

- 2 maps indicating NSW Bushfires State Electorate Overview – Impact assessment data.

The evidence concluded and the witness withdrew.

The media and public withdrew.

The committee proceeded to deliberate in private.

5.6 Tendered documents

Mrs Ward moved: That the committee accept and publish the following documents:

- Map of NSW displaying Regional Growth Fund grants, tendered by the Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW
- Bushfire Local Economic Recovery Fund program guidelines, tendered by the Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW
- Document outlining process of identifying projects and rating fire impact under the Bushfire Local Economic Recovery fund, tendered by the Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW
- 2 maps indicating NSW Bushfires State Electorate Overview – Impact assessment data, tendered by the Chair.

5.7 Public hearing

The public and media were re-admitted.

The following witness was examined on former oath:

- Mr Tim Hurst, Deputy Secretary, Local Government, Planning and Policy, Department of Planning, Industry and Environment.

The witness, media and public withdrew.

The committee proceeded to deliberate in private.

5.8 Private meeting

The committee deliberated in private.

5.9 Public hearing

The witness, public and media were re-admitted.

Mr Hurst continued to be examined.

The evidence concluded and the witness withdrew.

The public hearing concluded at 3.10 pm.

The witness, media and public withdrew.

5.10 Correspondence to NSW Treasury

Resolved, on the motion of Mr Graham: That the Chair write to the Secretary of NSW Treasury requesting an update on the review of Jobs for NSW and that they provide a copy of the review to the committee.

6. Adjournment

The committee adjourned at 3.15 pm, *sine die*.

Monica Loftus
Clerk to the Committee

Draft minutes no. 47

Monday 22 March 2021

Public Accountability Committee

Room 814/815, Parliament House, 9.35 am

1. Members presentMr Shoebridge, *Chair*Mr Borsak, *Deputy Chair* (via Webex)

Mr Graham

Mrs Houssos (from 9.38 am)

Mr Khan

Mr Mason-Cox

Mrs Ward

2. Previous minutes

Resolved, on the motion of Mr Khan: That draft minutes nos 45 and 46 be confirmed.

3. Correspondence

The committee noted the following items of correspondence:

Received

- 15 February 2021 – Letter from Morven Cameron, Chief Executive Officer, Lake Macquarie City Council, to the Chair, indicating they will not be making a further submission into bushfire relief grants.
- 22 February 2021 – Email from Kylie Rae Alcorn, Director Parliamentary, National Bushfire Recovery Agency, to the secretariat, indicating they will not be making a submission into bushfire relief grants.
- 22 February 2021 – Email from Tracy Burgess, Executive Business Manager, Blue Mountains City Council, to the Chair, requesting an extension on their submission into bushfire relief grants.
- 22 February 2021 – Email from Cr James Hayes OAM, Mayor, Snowy Valleys Council, to the Chair, requesting an extension on their submission into bushfire relief grants.
- 1 March 2021 – Email from Ms Michelle Silby, Executive Director, AusDance NSW, to the secretariat, indicating she will provide answers to questions on notice from the hearing on 1 February shortly.
- 5 March 2021 – Letter from Mr Michael Pratt AM, Secretary, NSW Treasury, regarding the NSW Treasury review of Jobs for NSW.

Sent

- 11 February 2021 – Letter from Chair to Mr Michael Pratt, Secretary, NSW Treasury, requesting an update on and copy of the review of Jobs for NSW.
- 15 February 2021 – Letter from the Chair to the President, NSW Legislative Council, requesting the President to progress recommendations in the report entitled 'Budget process for independent oversight bodies and the Parliament of NSW – Final report' concerning the funding model of NSW Parliament.

4. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs**4.1 Public submissions**

The following submissions were published by the committee clerk under the authorisation of the resolution appointing the committee: submission nos 36a, 48a 102a, 104, 106-115.

4.2 Confidential submission

Resolved, on the motion of Mr Mason-Cox: That the committee keep submission no. 105 confidential, as per the request of the author.

4.3 Answers to questions on notice and supplementary questions

The following answers to questions on notice and supplementary questions were published by the committee clerk under the authorisation of the resolution appointing the committee:

- Ms Elizabeth Rogers, Chief Executive Officer, Regional Arts NSW, received 12 February 2021
 - Ms Kate Foy, Deputy Secretary, Community Engagement, Create NSW, Department of Premier and Cabinet, received 26 February 2021
 - Mr David Clarkson, Board Member, Theatre Network NSW, received 26 February 2021
 - Ms Penelope Benton, Acting Chief Executive Officer, National Association for the Visual Arts, received 26 February 2021, including attachments 1 and 2.
 - Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, received 1 March 2021
 - Mr John Wardle, Consultant, Live Music Office, received 1 March 2021, including attachments 1-3.
 - Ms Jane McCredie, Chief Executive Officer, Writing NSW, received 3 March 2021
 - Mr Tim Hurst, Deputy Secretary, Local Government, Planning and Policy, Department of Planning, Industry and Environment, received 8 March 2021
 - The Hon John Barilaro MP, Deputy Premier and Minister for Regional NSW, received 9 March 2021.
- Resolved, on the motion of Mr Graham: That the committee keep confidential attachment 3 to answers to questions on notice from the National Association for the Visual Arts, entitled 'NAVA's COVI-19 ongoing impacts survey' as it contains names and contact details of individuals.

Mrs Houssos joined the meeting.

4.4 Additional information from witness

The following additional information provided as part of an answer to question on notice was published by the committee clerk under the authorisation of the resolution appointing the committee:

- Letter from Ms Kate Foy, Deputy Secretary, Community Engagement, Create NSW, Department of Premier and Cabinet, relating to her evidence given on 1 February 2021, received 8 March 2021.

4.5 Extension for provision of supplementary questions

The committee noted it had previously agreed via email that the Deputy Premier be given an additional two weeks to provide answers to supplementary questions arising from the hearing on 8 February 2021.

4.6 Witness list for future hearing

Resolved, on the motion of Mrs Houssos: That the following organisations and individuals be invited to appear as witnesses at the hearing into bushfire relief grants on 26 April 2021, to appear either in-person or over Webex:

- Local government panel – 1 hr
 - Central Coast Council (sub 114)
 - Blue Mountains City Council (sub 115)
- Local government panel – 1 hr
 - Bega Valley Shire Council (sub 36a)
 - Snowy Valleys Council (sub 48a)
 - Queanbeyan-Palerang Council (sub 109)
- Residents panel – 45 mins
 - Mr Frank Ross (sub 108)
 - A Better Eurobodalla (sub 111)
 - Dr Clare Buswell (sub 112)
- NSW Government panel – 1 hr, 45 mins
 - Department of Regional NSW
 - Resilience NSW
- MP panel – 45 mins
 - Ms Trish Doyle MP, Member for Blue Mountains
 - Ms Tamara Smith MP, Member for Ballina (sub 113)
 - Mr Joe McGirr MP, Member for Wagga Wagga.

4.7 Consideration of Chair's draft report

The Chair submitted his draft report entitled *Integrity, efficacy and value for money of NSW Government grant programs: First report*, which, having been previously circulated, was taken as being read.

Chapter 1

Resolved, on the motion of Mr Graham: That paragraph 1.1 be amended by inserting 'grant funds, including' before 'the Stronger Communities Fund'.

Resolved, on the motion of Mr Graham: That paragraph 1.2 be amended by omitting 'estimated 80 per cent' and inserting instead 'overwhelming majority'.

Resolved, on the motion of Mrs Ward: That paragraph 1.10 be amended by:

- a. omitting 'two' and inserting instead 'three' after 'administered or supported by'
- b. inserting 'and the Office of Local Government, from the Department of Planning, Industry and Environment' after 'Department of Regional NSW'.

Resolved, on the motion of Mr Graham: That the table in paragraph 1.27 be amended by inserting 'and suspended from the House for the rest of the sitting day' before 'for failure to produce individual project briefs'.

Chapter 2

Resolved, on the motion of Mrs Houssos: That the following new paragraph be inserted after paragraph 2.37:

'When approving grants, Federal Ministers are required to provide written reasons if they exercise their ministerial discretion and do not follow the recommendation provided by the public service. [FOOTNOTE: Submission 92, Independent Commission Against Corruption, pp 4-5; Australia Government Department of Finance, *Approving a grant: Briefing requirements: What do officials need to document?* <https://www.finance.gov.au/government/commonwealth-grants/approving-grant>]. However, NSW Ministers do not have the same obligation.'

Resolved, on the motion of Mrs Houssos: That paragraph 2.47 be amended by:

- c. omitting 'and unsuccessful' after 'details of successful'
- d. inserting at the end: 'Details of unsuccessful applicants must be made available to oversight bodies, including the Parliament of NSW, on request.'

Mrs Houssos moved: That paragraph 2.51 be amended by:

- e. omitting 'and limited to suggesting possible projects and not stray into decision-making' after 'role in a grant program should be clearly defined'
- f. inserting at the end: 'If local members are to have a decision-making role in a grant program, it should be clearly outlined in the guidelines.'

The committee divided.

Ayes: Mr Graham, Mrs Houssos, Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Shoebridge.

Question resolved in the affirmative.

Resolved, on the motion of Mrs Houssos: That paragraph 2.53 be amended by omitting 'extreme' after 'should be exercised with'.

Resolved, on the motion of Mr Graham: That paragraph 2.55 be amended by inserting 'inappropriately' before 'intervened in an established decision-making process'.

Mr Khan moved: That paragraph 2.96 be omitted.

Question resolved in the negative.

Resolved, on the motion of Mr Graham: 'That paragraph 2.92 be amended by inserting 'key' after 'and to prescribe minimum'.

Resolved, on the motion of Mrs Houssos: That the following new paragraph be inserted before paragraph 2.92:

'The committee notes that the Good Practice Guide to Grants Administration has not been updated since 2010, the entire time that the Liberals and Nationals have been in government. This is despite significant Audit Office reports during that time that are relevant, including most recently into the Federal sports rorts scandal released in January 2020. Indeed the last update 10 years ago was in the wake of a relevant Audit Office report, and sought to implement those recommendations.'

Mrs Ward moved: That Recommendation 1 be amended by omitting 'Further, that the NSW Government codify the updated Good Practice Guide to Grants Administration in legislation or regulation to ensure it is enforceable.'

The committee divided.

Ayes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Question resolved in the negative.

Resolved, on the motion of Mr Graham: That Recommendation 1 be amended by omitting 'Further, that the NSW Government codify the updated Good Practice Guide to Grants Administration in legislation and regulation to ensure that it is enforceable' and inserting instead the following new recommendation:

'Recommendation X

That the NSW Government ensure that key requirements of the Good Practice Guide to Grants Administration are enforceable.'

Mrs Ward moved: That Recommendation 2 be amended by omitting 'create and maintain' and inserting instead 'consider creating and maintaining'.

Question resolved in the negative.

Mrs Ward moved: That Recommendation 3 be amended by omitting 'increase the powers and remit of the Auditor-General of New South Wales to include "follow the dollar" powers, consistent with other Australian State and Territory jurisdictions'.

Question resolved in the negative.

Chapter 3

Mr Graham moved: That the following new paragraphs be inserted after paragraph 3.11:

'The Premier also said:

Governments in all positions make commitments to the community in order to curry favour. I think that's part of the political process whether we like it or not

...

The term pork barrelling is common parlance ... and it's not something that I know that the community is comfortable with and if that's the accusation made on this occasion ... well then I'm happy to accept that commentary.

The Premier said many of the projects that received funding were in non-government held seats, "but if the accusation is that the government favoured certain areas, well that's an accusation we wear".

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

Mrs Ward moved: That paragraph 3.10 be amended by inserting 'and former Labor staffer' after 'former NSW Auditor-General'.

Question resolved in the negative.

Resolved, on the motion of Mr Graham: That paragraph 3.36 be amended by inserting 'even after receiving the \$90 million grant' before 'it was still owed a further'.

Resolved, on the motion of Mr Graham: That the heading before paragraph 3.52 be amended by omitting 'Content of the working advice notes' and inserting instead 'The revised guidelines'.

Resolved, on the motion of Mr Graham: That paragraph 3.78 be amended by inserting 'He immediately rang his counterpart Cr Darcy Byrne, Mayor of the Inner West Council who was initially disbelieving and attempted to persuade him that the news could not be correct.' before 'Cr Linda Scott'.

Mr Khan moved: That paragraphs 3.85 to 3.97 and Findings 1 to 5 be omitted.

The committee divided.

Ayes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Question resolved in the negative.

Resolved, on the motion of Mrs Houssos: That paragraph 3.86 be amended by omitting 'and why the Premier was involved in announcing regional funding'.

Resolved, on the motion of Mr Graham: That paragraph 3.87 be amended by inserting 'almost exclusively' before 'in Coalition and marginal seats'.

Resolved, on the motion of Mr Graham: That the following new finding be inserted after Finding 1:

'Finding X

That, of the \$252 million allocated in the Stronger Communities Fund tied grants round, 95 per cent, which is a total of \$241 million, was allocated to councils in Coalition-held or marginal electorates.'

Mrs Houssos moved: That the following new paragraph be inserted after paragraph 3.90:

'Further, the committee disputes the Premier's characterisation of election commitments as pork-barrelling, and grouping them with grants programs. Election commitments are promises to the electorate to deliver certain projects or funding. Grants programs are very different. They should be an opportunity for projects to fairly compete for funding, assessed against a set of criteria that is clear and publicly available, as outlined in Recommendation X.'

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

Mrs Ward moved: That Finding 1 be omitted.

The committee divided.

Ayes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Question resolved in the negative.

Resolved, on the motion of Mr Graham: That paragraph 3.93 be amended by inserting 'The committee found the evidence of the General Manager of Hornsby Shire Council to be credible, detailed and of great assistance.'

Mrs Ward moved: That Finding 2 be omitted.

The committee divided.

Ayes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Question resolved in the negative.

Resolved, on the motion of Mr Graham: That the following new Committee Comment be inserted after paragraph 3.95:

"The provision of the revised guidelines that indicated "Funding will be allocated by the NSW Government based on priorities identified by the NSW Government" was inappropriately broad. The ICAC submission draws attention to probity issues which can arise in a grants scheme, such as "no eligibility or selection criteria, which might include absence of an evaluation methodology and weightings, or criteria that are vague or highly subjective".'

Resolved, on the motion of Mrs Houssos: That paragraph 3.97 be amended by:

- g. inserting 'only' after 'reject evidence that the guidelines were published as they were'
- h. inserting 'as part of the funding agreement, once the grant had been approved' after 'provided to funded councils'.

Mrs Ward moved: That Findings 3, 4 and 5 be omitted.

The committee divided.

Ayes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Question resolved in the negative.

Mrs Ward moved: That Finding 3 be amended by omitting 'were ambiguous and did not identify with enough specificity' and inserting instead 'could have specified'.

Question resolved in the negative.

Mrs Ward moved: That Finding 5 be amended by:

- i. inserting 'did not' after 'the Office of Local Government'
- j. inserting at the end 'as it was not required to'.

Question resolved in the negative.

Mrs Ward moved: That Recommendation 4 be amended by omitting 'ensure all grant programs have, as an absolute minimum, the following legally binding and mandatory elements' and inserting instead 'consider providing grant program specifications, including the following elements'.

Question resolved in the negative.

Resolved, on the motion of Mrs Houssos: That Recommendation 4 be amended by inserting 'against those criteria' after 'a process for identifying and assessing proposed projects'.

Chapter 4

Mr Graham moved: That paragraph 4.1 be amended by inserting 'nor was any other appropriate assessment process carried out in any other part of government' after 'the Office of Local Government'.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

Resolved, on the motion of Mrs Ward: That:

k. the following new paragraphs be inserted after paragraph 4.48:

'SARA noted, inter alia:

The Authority recognises the cooperation of the Office of the Premier in assisting it to establish this context and providing information about the practices of the Office at the times in question.

and

The Authority acknowledges the high level of risk associated with the profile and functions of the Office of the Premier and makes the following findings as a result of the assessment.

Finding 2: The Authority finds that the records management information in the Ministers' Office Handbook does not adequately support ministerial staff in their creation, capture, management and disposal of State records (and, consequently, their retention of State archives).

and

Finding 4: The Authority did not establish that disposal actions taken in regard to working advice notes were the result of explicit instruction by any staff member within the Office of the Premier.

As a result of the findings, the Authority has made the following recommendations, consistent with its regulatory objectives.

Recommendation 1: Develop and formalise a records management program which would include:

- a) a records management policy, which provides the framework for records management and recordkeeping in ministerial offices, articulates the obligations of and requirements for ministerial staff, and better supports ministerial staff in understanding their recordkeeping requirements;
- b) detailed advice and support for ministerial staff on the creation, capture, management and disposal of records with a focus on reducing any ambiguity or misunderstanding (e.g. treatment of 'working advice notes', 'briefing notes', 'working papers' and 'drafts');

- c) training opportunities for ministerial staff to support compliant recordkeeping within their office's practices, procedures and policies;
- d) regular monitoring of recordkeeping within ministerial offices and the conformity of staff with their recordkeeping requirements;
- e) appropriate technology or systems to support the above recommended actions.

Recommendation 2: Update the Ministers' Office Handbook to provide more detailed information to ministerial staff on their recordkeeping responsibilities and practices.

Recommendation 3: Work with the Authority and its Board to update the *General retention and disposal authority GDA13: Ministers' Office records*.

- l. the secretariat be authorised to set out the information in a way that distinguishes it from recommendations and findings of the committee report, including by using quotations or a table if appropriate, and ensure that SARA Finding 1 and Recommendation 4 are also represented.

Mrs Ward moved: That paragraph 4.51 be amended by inserting 'by executing financial payments under delegation' after 'was responsible for formally approving funding'.

Question resolved in the negative.

Mr Graham moved: That paragraph 4.51 be amended by omitting 'formally approving funding' and inserting instead 'executing financial payments under delegation'.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

Mr Graham moved: That:

- m. the following new paragraph be inserted after paragraph 4.91:

"The agency administering the fund - the Office of Local Government - did not hold or record any conflicts of interest in relation to these grants. No evidence of any conflict of interest declarations was presented, including in the Office of the Premier and the Deputy Premier."

- n. the following new Finding be inserted before paragraph 4.127:

'Finding X

That the agency administering the fund, the Office of Local Government, did not hold or record any conflicts of interest in relation to these grants. No evidence of any conflict of interest declarations was presented, including in the Office of the Premier and the Deputy Premier."

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

Mrs Ward moved: That paragraph 4.92 be amended by inserting 'former Labor staffer' after 'former Auditor-General'.

Question resolved in the negative.

Mrs Ward moved: That paragraph 4.92 be amended by inserting at the end 'although he is not a lawyer and has no professional legal qualifications'.

The committee divided.

Ayes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Question resolved in the negative.

Resolved, on the motion of Mr Khan: That paragraph 4.92 be amended by inserting at the end 'from his perspective as an Auditor'.

Resolved, on the motion of Mr Graham: That paragraph 4.93 be amended by omitting 'may be commencing, or may commence in future, an investigation into aspects of the Stronger Communities Fund' and inserting instead 'has a policy position of not providing direct comment on matters that may at some point be the subject of a formal ICAC investigation. The committee acknowledges the appropriateness of this approach'.

Mrs Ward moved: That paragraph 4.105 and the heading above paragraph 4.105 be amended by inserting 'and former Labor staffer' after 'former Auditor-General'.

Question resolved in the negative.

Mr Khan moved: That paragraphs 4.110 to 4.140, Findings 6 to 10 and Recommendations 5 to 7 be omitted.

The committee divided.

Ayes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Question resolved in the negative.

Mr Graham moved: That paragraph 4.118 be amended by inserting at the end: 'Due to the lack of any departmental brief recommending the grants, these working advice notes contained the only record of the reasons for the grants, the policy rationale, alternative options or considerations, the advice of the Premier's personal staff and the Premier's own advice as recorded on these notes.'

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

Mr Graham moved: That:

- o. paragraph 4.113 be amended by inserting ', nor did any other agency' after 'to assess the identified projects'
- p. paragraph 4.120 be amended by inserting ', nor did any other agency' after 'had no process for assessing identified projects'
- q. Finding 10 be amended by inserting at the end ', nor did any other agency'.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

Resolved, on the motion of Mr Graham: That Recommendation 5 be amended by inserting 'the Board of' before 'the State Archives and Records Authority'.

Mrs Ward moved: That Recommendation 5 be omitted.

The committee divided.

Ayes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Question resolved in the negative.

Resolved, on the motion of Mr Graham: That paragraph 4.130 be amended by omitting 'The Independent Commission Against Corruption and' and inserting instead: 'As noted above, the Independent Commission Against Corruption has a policy position of not providing direct comment on matters that may at some point be the subject of a formal ICAC investigation.'

Mr Graham moved: That:

- r. Recommendation 6 be omitted as follows: 'That the Audit Office of New South Wales and the Independent Commission Against Corruption commence investigations into the design and administration of the Stronger Communities Fund tied grants round if they have not already done so.' and the following new Recommendations be inserted instead:

'Recommendation X

That the Legislative Council refer its concerns regarding the inappropriate design and maladministration of the Stronger Communities Fund tied grants round to the Audit Office of NSW, along with this report and committee transcripts of evidence for investigation.

Recommendation X

That the Legislative Council refer its concerns regarding the inappropriate design and maladministration of the Stronger Communities Fund tied grants round to the Independent Commission Against Corruption, along with this report and committee transcripts of evidence for investigation.'

- s. paragraph 4.130 be amended by omitting 'strongly suggests they commence investigations into the fund if they have not done so' and inserting instead 'urges the Legislative Council to refer its concerns and evidence into the Stronger Communities Fund tied grants round to ICAC and the Audit Office for investigation'.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

Chapter 5

Mr Khan moved: That paragraph 5.102 to 5.122 and Recommendations 8 to 13 be omitted.

The committee divided.

Ayes: Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Question resolved in the negative.

Resolved, on the motion of Mr Graham: That Recommendation 9 be amended by:

- t. omitting 'use' and inserting instead 'consider using'
- u. omitting 'all large grant programs' and inserting instead 'large grants'.

Resolved, on the motion of Mr Graham: That Recommendation 10 be amended by: omitting 'formally' after 'the recipient has been informed and'.

Resolved, on the motion of Mrs Houssos: That paragraph 5.118 be amended by inserting 'with concern' after 'the committee notes'.

Resolved, on the motion of Mrs Houssos: That the following new Finding be inserted after paragraph 5.119:

'Finding X

That it is unacceptable for large regional cities, such as Wollongong and Newcastle, to be excluded when complementary grants programs are designed for both metropolitan and regional areas, such as the Greater Sydney Sports Facility Fund and Regional Sports Infrastructure Fund.'

Resolved, on the motion of Mrs Ward: That Recommendation 11 be amended by omitting 'all' before 'eligibility classifications' and before 'grant programs'.

Mrs Ward moved: That Recommendation 11 be amended by omitting 'standardise' and inserting instead 'consider standardising'.

Question resolved in the negative.

Mrs Houssos moved: That the following paragraph 5.120 be omitted:

"The committee was particularly concerned about evidence that funding announcements are sometimes delayed even further so that a government minister or member can be flown in from outside the area to make a funding announcement. The risk of politicisation in grant funding is evident in how funding is increasingly being announced in this way, and must stop.'

The committee divided.

Ayes: Mr Graham, Mrs Houssos, Mr Khan, Mr Mason-Cox, Mrs Ward.

Noes: Mr Borsak, Mr Shoebridge.

Question resolved in the affirmative.

Resolved, on the motion of Mr Graham: That paragraph 5.122 be amended by:

- v. inserting 'This has further strengthened the perception present in local councils that if the governance requirements currently in place for councils were applied to the Office of Local Government, the Office would be placed in administration.' before 'The Office of Local Government should be required'.
- w. omitting 'similar requirements' and inserting instead 'routine probity audits'.

Resolved, on the motion of Mr Graham: That Recommendation 13 be amended by inserting 'ensured programs are subject to probity audits' before 'and kept accurate and sufficient records'.

Resolved, on the motion of Mr Graham: That the secretariat prepare two additional paragraphs to be inserted before paragraph 4.131 regarding the quality of evidence received from the Office of Local Government throughout the inquiry, to be circulated by 3.00 pm today and agreed to via email.

Mrs Ward noted her objection to the above resolution.

Resolved, on the motion of Mrs Ward: That the secretariat redact contact details from pages 2 and 8 of Appendix 2.

Resolved, on the motion of Mrs Ward: That the secretariat note on Appendix 3 that it was provided by the Office of Local Government in answers to questions on notice.

Resolved, on the motion of Mr Graham: That:

- The draft report as amended be the report of the committee and that the committee present the report to the House;
- The committee secretariat correct any typographical, grammatical and formatting errors prior to tabling;
- The committee secretariat be authorised to update any committee comments where necessary to reflect changes to recommendations or new recommendations resolved by the committee;
- Dissenting statements be provided to the secretariat within 24 hours of receipt of the draft minutes of the meeting;
- The secretariat to table the report at 10.00 am Tuesday 30 March 2021.
- The Chair is to advise the secretariat and members if they intend to hold a press conference, and if so, the date and time.

5. Adjournment

The committee adjourned at 11.41 am, *sine die*.

Monica Loftus
Committee Clerk

Minutes no. 48

Monday 26 April 2021

Public Accountability Committee

Jubilee Room, Parliament House, 9.23 am

1. Members present

Mr Shoebridge, *Chair*

Mr Borsak, *Deputy Chair* (via Webex, until 12.15 pm)

Mr Farlow (substituting for Mrs Ward from 3.00 pm)

Mr Graham

Mrs Houssos

Mr Mallard (substituting for Mr Khan)

Mr Mason-Cox (via Webex, until 4.00 pm)

Mrs Ward (until 3.00 pm)

2. Previous minutes

Resolved, on the motion of Mrs Houssos: That draft minutes no. 47 be confirmed.

3. Correspondence

The committee noted the following items of correspondence:

Received

- 26 March 2021 - Correspondence from chair, Mr David Shoebridge MLC, to the secretariat, requesting a committee meeting to consider a self-reference for an inquiry into the circumstances surrounding the election of the President.
- 16 April 2021 – Email from Neryl Little, Executive Assistant, Central Coast Council, declining the committee's invitation to appear at the hearing on 26 April 2021 for the government grants inquiry.
- 19 April 2021 – Letter from Dr Joe McGirr MP, Member for Wagga Wagga, declining the committee's invitation to appear at the hearing on 26 April 2021 for the government grants inquiry and seeking a private briefing with the committee instead.
- 21 April 2021 – Email from Dr Joe McGirr MP, Member for Wagga Wagga, declining the committee's re-invitation to appear at the hearing on 26 April 2021.

- 26 April 2021 – Letter from the Hon Sam Farraway MLC, to the secretariat, advising the Hon Shayne Mallard MLC will substitute for the Hon Trevor Khan MLC for the hearing on 26 April 2021 for the inquiry into government grants.
- 26 April 2021 – Letter from the Hon Sam Farraway MLC, to the secretariat, advising the Hon Scott Farlow MLC will substitute for the Hon Natalie Ward MLC from 3.00 pm for the hearing on 26 April 2021 for the inquiry into government grants.

Sent

- 21 April 2021 – Email from secretariat to Dr Joe McGirr MP, Member for Wagga Wagga, indicating the committee will not be meeting with him in private and re-inviting him to appear as a witness at the hearing on 26 April 2021.

4. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

4.1 Allocation of questioning

Resolved, on the motion of Mrs Houssos: That allocation of questioning for the hearing be in the hands of the chair except for the panel of government witnesses, when time for questions is to be divided equally between the opposition, crossbench and government.

4.2 Public hearing

Witnesses, the public and the media were admitted.

The following witness was sworn and examined:

- Ms Rosemary Dillon, Chief Executive Officer, Blue Mountains Council (via Webex).

Mr Mallard tendered the following documents:

- Media release entitled 'Berejiklian Liberal Government delivering safer roads for the Blue Mountains', dated 25 January 2019
- Media release entitled 'Emergency services levy funding boosts local councils and communities, dated 1 May 2020
- Various photographs of roundabouts in the Blue Mountains area.

The evidence concluded and the witness withdrew.

The committee proceeded to deliberate in private.

Witnesses, the media and the public withdrew.

4.3 Attachment to submission

Resolved, on the motion of Mrs Houssos: That the committee authorise the publication of attachment 1 to submission no 115.

5. Consideration of terms of reference

Resolved, on the motion of Mr Mallard: That the committee defer consideration of the terms of reference relating to the circumstances surrounding the election of the President to a future meeting.

6. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

6.1 Future inquiry activity

Resolved, on the motion of Mrs Houssos: That the hearing date of Monday 3 May 2021 be vacated and the future hearing instead be held on Wednesday 16 June 2021.

6.2 Request for documents: Core Integrity bushfire grant programs

Mrs Houssos moved: That the committee write to the Department of Communities and Justice and the Department of Customer Service to request that they provide the following documents in their possession, custody or control by 11.00 am Tuesday 4 May 2021:

- All documents created by, sent to or received from Core Integrity relating to:
 - a. the \$10,000 NSW Small Business Bushfire Support Grant,
 - b. the \$50,000 NSW Small Business and Non-Profit Organisation Grants,
 - c. the \$75,000 Emergency Bushfire Response in Primary Industries Grants Program in NSW, and
 - d. any other grant administered in whole or in part by the Department of Customer Service.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Mallard, Mr Mason-Cox, Mrs Ward.

Question resolved in the affirmative.

6.3 Public hearing resumed

Witnesses, the public and the media were re-admitted.

The following witnesses were sworn and examined via Webex:

- Ms Leanne Barnes OAM, General Manager, Bega Valley Shire Council
- Mr Matthew Hyde, Chief Executive Officer, Snowy Valleys Council
- Mr Peter Tegart, Chief Executive Officer, Queanbeyan-Palerang Council.

The following witnesses were examined on former oath via Webex:

- Mr Anthony McMahon, Director – Assets and Operations, Bega Valley Shire Council
- Ms Jacquelyn Richards, Portfolio General Manager, Community, Queanbeyan-Palerang Council.

The evidence concluded and the witnesses withdrew.

Mr Borsak left the meeting.

The following witnesses were sworn and examined via Webex:

- Mr Frank Ross, Local Resident
- Dr Brett Stevenson, Co-convenor, A Better Eurobodalla
- Ms Bernie O'Neal, Co-convenor, A Better Eurobodalla
- Dr Clare Buswell, Local Resident.

The evidence concluded and the witnesses withdrew.

The following witnesses were examined on former oath:

- Mr Chris Hanger, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW
- Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development, Regional Programs, Department of Regional NSW.

The following witnesses were sworn and examined:

- Ms Marg Prendergast PSM, Executive Director, Disaster Recovery, Resilience NSW
- Mr Chris Presland, Director, Natural Disaster Expenditure and Governance, Resilience NSW.

Mr Wheaton tendered the following document:

- NSW Government presentation slides entitled 'Bushfire recovery support package', dated 3 March 2021.

Mrs Houssos tabled the following document:

- Table displaying stages of Bushfire Local Economic Recovery Package, from page 10 answers to questions on notice from the Hon John Barilaro MP, received 9 March 2021.

Mr Shoebridge tendered the following document:

- Document returned under standing order 52 entitled 'Bushfire Fast Tracked Projects: Project Selection'.

Mrs Ward left the meeting.

Mr Farlow joined the meeting.

The evidence concluded and the witnesses withdrew.

The following witnesses were admitted and examined:

- Ms Trish Doyle MP, Member for Blue Mountains
- Ms Tamara Smith MP, Member for Ballina (via Webex).

Mr Mason-Cox left the meeting.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 4.50 pm.

Witnesses, the media and the public withdrew.

6.4 Tendered documents

Resolved, on the motion of Mrs Houssos: That the committee accept and publish the following documents tendered this day:

- Media release entitled 'Berejiklian Liberal Government delivering safer roads for the Blue Mountains', dated 25 January 2019, tendered by the Hon Shayne Mallard MLC.
- Media release entitled 'Emergency services levy funding boosts local councils and communities, dated 1 May 2020, tendered by the Hon Shayne Mallard MLC.
- Various photographs of roundabouts in the Blue Mountains area, tendered by the Hon Shayne Mallard MLC.
- NSW Government presentation slides entitled 'Bushfire recovery support package', dated 3 March 2021, tendered by Mr Jonathan Wheaton, Executive Director, Public Works Advisory and Regional Development, Regional Programs, Department of Regional NSW.
- Table displaying stages of Bushfire Local Economic Recovery Package, from page 10 answers to questions on notice from the Hon John Barilaro MP, received 9 March 2021, tendered by the Hon Courtney Houssos MLC.
- Document returned under standing order 52 entitled 'Bushfire Fast Tracked Projects: Project Selection', tendered by Mr David Shoebridge MLC.

6.5 Correspondence

The committee noted the following item of correspondence:

- 26 April 2021 – Email from Ms Rosemary Dillon, Chief Executive Officer, Blue Mountains City Council, to the secretariat, responding to issues raised in her evidence on 26 April 2021.

Resolved, on the motion of Mrs Houssos: That the committee authorise the publication of this correspondence unless any member objects by 12 midday Tuesday 27 April 2021.

6.6 Future inquiry activity

Resolved, on the motion of Mrs Houssos:

- That the report deliberative meeting for the inquiry into government grant programs be held at 12 midday on Tuesday 3 August 2021, and
- That the committee amend the terms of reference to extend the reporting date for the inquiry to 12 August 2021 and the chair inform the House of the change.

7. Adjournment

The committee adjourned at 5.00 pm, *sine die*.

Monica Loftus
Committee Clerk

Minutes no. 50

Monday 5 July 2021

Public Accountability Committee

Via videoconference at 11.07 am

1. Members present

Mr Shoebridge, *Chair*

Mr Farlow

Mr Graham

Mrs Houssos

Mr Khan

Mr Poulos

2. Apologies

Mr Borsak, *Deputy Chair*

3. Previous minutes

Resolved, on the motion of Mr Khan: That draft minutes no. 49 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Received

- 3 May 2021 – Letter from Ms Colleen Dreis, General Counsel, Department of Customer Service, to the chair, in response to the request for certain documents relating to Core Integrity bushfire grants
- 4 May 2021 – Letter from Lida Kaban, General Counsel, Department of Family and Community Services, to the chair, in response to the request for certain documents relating to Core Integrity bushfire grants
- 11 May 2021 – Letter from Ms Damon Rees, Chief Executive Officer, Service NSW, to the chair, providing further information relating to Core Integrity and bushfire grant fraud
- 21 May 2021 – Letter from Mr Jonathan Wheaton, Executive Director, Regional Programs Unit, Public Works Advisory & Regional Development, Department of Regional NSW, to the chair, providing clarifications to evidence given on 26 April 2021
- 9 June 2021 – Email from Mr Darren Murphy, Chief Executive Officer, Core Integrity, to the secretariat, advising he is not available on 16 June 2021 to appear as a witness at the hearing
- 16 June 2021 - Email from Mr Darren Murphy, Chief Executive Officer, Core Integrity, to the secretariat, advising requesting more information in order to appear at the hearing on 3 August
- 24 June 2021 - Email from Mr Darren Murphy, Chief Executive Officer, Core Integrity, to the secretariat, advising he is actioning the committee's request that he appear
- 27 June 2021 - Email from Mr Darren Murphy, Chief Executive Officer, Core Integrity regarding his appearance at a witness at the hearing on 3 August 2021.

Sent

- 27 April 2021 – Letter from the chair to Mr Michael Coutts-Trotter, Secretary, Department of Communities and Justice, requesting certain documents relating to Core Integrity bushfire grants be provided by 4 May 2021
- 27 April 2021 – Letter from the chair to Ms Emma Hogan, Secretary, Department of Customer Service, requesting certain documents relating to Core Integrity bushfire grants be provided by 4 May 2021
- 17 June 2021 – Email from the secretariat to Mr Darren Murphy, Chief Executive Officer, Core Integrity, in response to his request for additional information.

5. Inquiry into the Transport Asset Holding Entity

5.1 Terms of reference

The committee noted the following terms of reference referred by the House on Wednesday 23 June 2021:

1. That the Public Accountability Committee inquire into and report on the Transport Asset Holding Entity, including:
 - (a) its establishment and operation, and
 - (b) any other related matter.

5.2 Inquiry timeline

Resolved, on the motion of Mrs Houssos: That the committee adopt the following timeline for the administration of the inquiry:

- Submissions close: Thursday 16 September 2021
- Hearings: October/November 2021 (One hearing and one reserve date)
- Reporting: February 2022.

5.3 Stakeholder list

Resolved, on the motion of Mr Graham: That the following stakeholders be invited to make a submission, with members to forward any additional stakeholders to the secretariat by 10.00 am Monday 12 July 2021:

- Transport Asset Holding Entity
- Transport for NSW
- NSW Treasury
- Australian Bureau of Statistics
- NSW Auditor General
- Former NSW Auditor General, Tony Harris
- KPMG.

5.4 Advertising

All inquiries are advertised via Twitter, Facebook, stakeholder emails and a media release distributed to all media outlets in New South Wales.

It is no longer standard practice to advertise in the print media. The committee should pass a resolution if it wishes to do so.

6. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

6.1 Answers to questions on notice and additional information

The following answers to questions on notice were published by the committee clerk under the authorisation of the resolution appointing the committee:

- Mr Matthew Hyde, Snowy Valleys Council, received on 11 May 2021
- Ms Leanne Barnes OAM and Mr Anthony McMahon, Bega Valley Shire Council, received on 19 May 2021
- Dr Brett Stevenson and Ms Bernie O'Neal, A Better Eurobodalla, received from, on 19 May 2021
- Dr Rosemary Dillon, Blue Mountains City Council, received on 20 May 2021
- Mr Jonathan Wheaton and Mr Chris Hanger, Department of Regional NSW, received on 21 May 2021
- Ms Marg Prendergast PSM and Mr Chris Presland, Resilience NSW, received on 21 May 2021.

6.2 Transcript clarification

The committee noted the following item of correspondence previously published by the committee clerk as agreed to via email:

- 21 May 2021 – Letter from Mr Jonathan Wheaton, Executive Director, Regional Programs Unit, Public Works Advisory & Regional Development, Department of Regional NSW, to the chair, providing clarifications to evidence given on 26 April 2021.

Resolved, on the motion of Mr Farlow: That the committee authorise the insertion of footnotes at the relevant points in the transcript indicating a transcript clarification letter has been received and hyperlinking to the published letter.

6.3 Extension of reporting date

Resolved, on the motion of Mrs Houssos: That the committee amend the terms of reference to extend the inquiry reporting date to on or before 29 October 2021 and that the Chair inform the House of this amendment to the terms of reference.

6.4 Future inquiry activity

The committee noted it has previously agreed to hold a hearing on Tuesday 3 August 2021 and invite the following witnesses to appear at this hearing:

- Core Integrity, including a former Core Integrity employee (1.5 hours)
- NSW Government panel (2 hours):
 - Department of Customer Service
 - Service NSW
 - Resilience NSW.

Resolved, on the motion of Mr Graham: That the Audit Office of New South Wales be invited to appear as a witness at the hearing on 3 August 2021 for 30 minutes.

6.5 Attendance of Mr Darren Murphy on 3 August 2021

Resolved, on the motion of Mr Graham:

- That the committee issue a summons to Mr Darren Murphy, Chief Executive Officer of Core Integrity, to attend and give evidence on 3 August 2021.
- That the evidence of Mr Darren Murphy, Chief Executive Officer of Core Integrity be taken in public.
- That the committee:
 - reserves the right to hear certain evidence from Mr Murphy in camera if it is likely to prejudice future fraud control measures, and
 - will hear all other evidence from Mr Murphy in public, including evidence regarding actions not taken by Service NSW or generic fraud control measures.

7. Adjournment

The committee adjourned at 11.20 am until Tuesday 3 August 2021, Macquarie Room, Parliament House (public hearing – government grants).

Shaza Barbar and Monica Loftus
Committee Clerks

Minutes no. 55

Monday 6 September 2021
Public Accountability Committee
via Webex at 12:01 pm

1. Members

Mr Shoebridge, *Chair*
Mr Borsak, *Deputy Chair*
Mr Farlow
Mr Graham

Mrs Houssos
 Mr Khan (*from 12:04 pm*)
 Mr Poulos
 Ms Sharpe (*participating*)

2. Apologies

Ms Faehrmann (*participating*)

3. Draft minutes

Resolved, on the motion of Mrs Houssos: That draft minutes nos. 53 and 54 be confirmed.

4. Correspondence

The committee noted the following correspondence:

Received:

- 15 July 2021 – Email from Ms Claudia Migotto, Assistant Auditor-General – Performance Audit, Audit Office of NSW, to the secretariat, advising that the Audit Office does not have sufficient material to give evidence at the hearing on 3 August 2021 for the Grants inquiry
- 28 July 2021 – Email from Mr Darren Murphy, CEO, Core Integrity, to secretariat, advising that he is currently in Tasmania and will not be returning to New South Wales until the current COVID-19 outbreak is contained (Grants inquiry)
- 10 August 2021 – Email from Ms Alannah Norman, Individual and private citizen, to the committee, providing feedback on the 10 August hearing for the pandemic inquiry
- 11 August 2021 – Email from Mr Mikhail Gvozdev, Individual and private citizen, to the committee, providing information related to the pandemic inquiry
- 11 August 2021 – Letter from Ms Catherine Merchant, Individual and private citizen, to the committee, regarding the vaccination rollout in Greater Sydney (pandemic inquiry)
- 25 August 2021 – Letter from Dr Brian Lindsay, Chair, Board of State Archives and Records Authority, providing clarification around recommendation six of the first report for the inquiry into the integrity, efficacy and value for money of NSW Government Grants programs
- 30 August 2021 – Email from Mr Darren Murphy, CEO, Core Integrity, to secretariat, re-iterating that he plans to remain in Tasmania until the COVID-19 situation in New South Wales eases (Grants inquiry)
- 2 September 2021 – Email from Ms Zoe De Saram, Director, Performance Audit, Audit Office of NSW, to secretariat, inviting the committee to a virtual briefing on our 2021-2022 Annual Work Program.

Sent

- 5 July 2021 – Email from the secretariat to Mr Darren Murphy, CEO, Core Integrity, advising of the committee's resolutions, including to summon him (Grants inquiry)
- 20 August 2021 – Letter from the Chair to Hon Brad Hazzard MP, Minister for Health and Medical Research, offering opportunity to clarify his evidence at 10 August hearing (pandemic inquiry)
- 26 August 2021 – Email from the secretariat to Mr Darren Murphy, CEO, Core Integrity, requesting an update on his whereabouts to re-schedule the public hearing for the Grants inquiry.

Resolved, on the motion of Mr Graham: That the committee authorise the publication of correspondence from Dr Brian Lindsay, Chair, Board of State Archives and Records Authority, providing clarification around recommendation six of the first report for the inquiry into the integrity, efficacy and value for money of NSW Government Grants programs, dated 25 August 2021.

5. Inquiry into the NSW Government's management of the COVID-19 pandemic

5.1 Publication of Chair's letter to Minister Hazzard

Resolved, on the motion of Mr Khan: That the committee defer consideration of the publication of the Chair's letter to the Minister for Health and Medical Research, dated 20 August 2021, until its next meeting.

5.2 Publication of the correspondence regarding order for papers

Resolved, on the motion of Mrs Houssos: That the correspondence received and sent between the committee and the NSW Government regarding the order for papers under Standing Order 208 be published on the inquiry webpage.

5.3 Hearings and proposed witnesses

Resolved, on the motion of Mrs Houssos: That the committee conduct two further hearings on Monday 13 September 2021 and Friday 17 September 2021 at the following proposed times, with committee members to provide the secretariat with suggested witnesses by 12.00 pm, 7 September 2021 and 12.00 pm, 8 September 2021 for the respective hearing days:

Monday 13 September 2021	9.00 – 10.00 am	Panel 1 of Aboriginal elders and community organisations
	10.00 – 11.00 am	Panel 2 of Aboriginal elders and community organisations
	11.30 – 12.30 pm	Aboriginal Medical Service
	2.00 – 4.00 pm	Ministry of Health Far West Local Health District Aboriginal Affairs NSW Police Force
Friday 17 September 2021	10.00 – 12.30 pm	12 most affected LGAs
	2.00 – 4.00 pm	Prisons

5.4 SO52 – Production of health records

Resolved, on the motion of Mr Graham: That the committee defer consideration of ordering the publication of the health documents under Standing Order 52 until its next meeting.

6. Inquiry into the Integrity, efficacy and value for money of NSW Government grant programs

6.1 Attendance of Core Integrity

The committee noted the correspondence from Mr Darren Murphy, CEO, Core Integrity, indicating that he will be remaining in Tasmania until the current COVID-19 outbreak in New South Wales has been contained.

Resolved, on the motion of Mrs Houssos: That the committee invite Mr Ian Misfeld, the former Director of the Strategic Investigations Unit, Core Integrity, to attend the hearing on Thursday 30 September 2021.

7. Briefing by the Auditor-General

The committee accepted the invitation by the Auditor-General for a virtual briefing on the Audit Office of NSW's 2021-2022 Annual Work Program, to be scheduled for 1.00 pm to 2.00 pm, Wednesday 22 September 2021.

8. Adjournment

The committee adjourned at 12.31 pm, *sine die*.

Helen Hong/Sarah Dunn
Committee Clerk

Minutes no. 58

Thursday 23 September 2021
 Public Accountability Committee
 via Webex at 11:17 am

1. Members

Mr Shoebridge, *Chair*
 Mr Borsak, *Deputy Chair*
 Ms Boyd (participating) (until 12.58 pm)
 Ms Faehrmann (participating) (from 3.35 pm)
 Mr Farlow
 Mr Graham
 Mrs Houssos
 Mr Khan
 Mr Mookhey (participating) (until 12.58 pm, from 4.19 pm)
 Mr Poulos
 Ms Sharpe (participating) (from 11.30 am)

2. Draft minutes

Resolved, on the motion of Mr Farlow: That draft minutes no. 57 be confirmed.

3. Correspondence

The committee noted the following correspondence:

Received:

- 13 September 2021 – Email from Mr Darren Murphy, Chief Executive Officer, Core Integrity, to secretariat, declining the invitation to appear at the hearing for the Grants inquiry on 30 September 2021 without a summons
- 20 September 2021 – Email from Mr Ian Misfeld, former Director of Strategic Investigations Unit, Core Integrity, to secretariat, declining the invitation to appear at the hearing for the Grants inquiry on 30 September 2021
- 17 September 2021 – Letter from Hon Don Harwin MLC, Leader of the Government in the Legislative Council, to Mr David Blunt, Clerk of the Parliaments, providing the government's response to the first report of the Grants inquiry
- 20 September 2021 – Email from Ms Amal Etri, Policy Officer, NSW Service for the Treatment and Rehabilitation of Torture and Trauma Survivors (STARTTS), to secretariat, requesting STARTTS be considered as a witness for the 23 September hearing
- 21 September 2021 – Email from Ms Dominika Rajewski, Senior Business Partner – Parliament and Cabinet, Executive and Ministerial Services, NSW Health, to the secretariat, advising that NSW Health declines the committee's invitation to nominate witnesses to the 23 September hearing
- 21 September 2021 – Email from Office of Ms Abigail Boyd MLC, to secretariat, advising that Ms Boyd will be a participating member for the 23 September hearing
- 22 September 2021 – Email from Office of Hon Mark Buttigieg MLC, Opposition Whip, to secretariat, advising that the Hon Daniel Mookhey MLC will be a participating member for part of the 23 September hearing.

Sent:

- 8 September 2021 – Email from secretariat, to Mr Darren Murphy, Chief Executive Officer, Core Integrity, advising that the hearing will be going ahead for the Grants inquiry on 30 September 2021 and asking whether he would be willing to appear virtually without a summons

- 21 September 2021 – Email from secretariat, to Mr Ian Misfeld, former Director of Strategic Investigations Unit, Core Integrity, requesting reasons for declining the invitation to appear at the hearing for the Grants inquiry on 30 September 2021
- 21 September 2021 – Email from secretariat, to Ms Dominika Rajewski, Senior Business Partner – Parliament and Cabinet, Executive and Ministerial Services, NSW Health, inviting the Chief Health Officer and other Health representatives to give evidence on 30 September instead.

4. Briefing by the Auditor-General

The committee noted that on Wednesday 22 September 2021, the committee attended a virtual private briefing conducted by the Auditor-General on their 2021-2022 Annual Work Program.

5. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

5.1 Core Integrity witnesses

The committee noted the reasons from Mr Ian Misfeld, former Director of Strategic Investigations Unit, Core Integrity, for declining the invitation to attend the hearing on 30 September 2021.

Resolved, on the motion of Mrs Houssos: That the Chair continue to work with the secretariat to identify an appropriate witness from Core Integrity to invite to the hearing on 30 September 2021.

5.2 Government response to the first report

The committee noted the response from the Hon Don Harwin MLC, Leader of the Government in the Legislative Council, regarding the committee's first report. The committee also noted standing order 233, as amended by sessional order.

Mr Graham moved: That the Chair, on behalf of the committee:

- write to the President of the Legislative Council advising that the government response does not fulfil the requirements of standing order 233, and that the President inform the House on the next sitting day
- respond to the Hon Don Harwin MLC, Leader of the Government in the Legislative Council, advising that the government response does not fulfil the requirements of standing order 233, and that the committee will be requesting that the President inform the House on the next sitting day.

Question put.

The committee divided.

Ayes: Mr Borsak, Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Farlow, Mr Khan, Mr Poulos.

Question resolved in the affirmative.

6. Inquiry into the Transport Asset Holding Entity

Resolved, on the motion of Mrs Houssos: That the committee invite the following witnesses to give evidence for 1 hour 20 minutes each at the hearing on Friday, 1 October 2021:

- TAHE CEO and management
- Transport for NSW
- NSW Treasury.

7. Inquiry into the NSW Government's management of the COVID-19 pandemic

7.1 Allocation of questioning

Resolved, on the motion of Mr Graham: That the sequence of questioning at the hearing be divided between opposition and crossbench members for 20 minutes each, with 10 minutes reserved for government questions at the end of the session.

7.2 Public hearing

The committee proceeded to take evidence in public.

Witnesses were admitted via video link.

The Chair made an opening statement regarding the broadcasting of proceedings, virtual hearing etiquette and other matters.

The Chair reminded the following witnesses that they did not need to be sworn, as they had been sworn at an earlier hearing for the same inquiry:

- Ms Joann Wilkie, Deputy Secretary, Economic Strategy and Productivity, NSW Treasury
- Mr Stephen Walters, Chief Economist, NSW Treasury.

The following witnesses were sworn:

- Ms Natasha Luschwitz, Acting Deputy Secretary, Transformation Group, Department of Premier and Cabinet
- Ms Fiona Dewar, Deputy Secretary, Strategy, Delivery & Performance, Department of Regional NSW.

The witnesses were examined by the committee.

The evidence concluded and the witnesses withdrew.

Witnesses were admitted via video link.

The Chair reminded the following witnesses that they did not need to be sworn, as they had been sworn at an earlier hearing for the same inquiry:

- Ms Georgina Harrison, Secretary, Department of Education
- Ms Ruth Owen, A/Group Deputy Secretary, School Improvement and Education Reform Group, Department of Education
- Mr Murat Dizdar, Deputy Secretary, School Performance – South, Department of Education
- Mr Paul Martin, Chief Executive Officer, NSW Education Standards Authority.

The following witnesses were sworn:

- Ms Yvette Cachia, Chief People Officer, Department of Education
- Mr Anthony Manning, Chief Executive Officer, School Infrastructure NSW, Department of Education.

The witnesses were examined by the committee.

The evidence concluded and the witnesses withdrew.

The following witness was admitted via video link, sworn and examined:

- Prof Jodie McVernon, Professor and Director of Doherty Epidemiology, Doherty Institute.

The evidence concluded and the witness withdrew.

The public hearing concluded at 4.25 pm.

7.3 Hearing – 30 September 2021

The committee noted that NSW Health declined to nominate witnesses for its upcoming hearing on Thursday 23 September but that following agreement from the committee, the secretariat had sent another invitation to NSW Health, requesting Dr Kerry Chant PSM and other nominated Health representatives to give evidence to the committee from 2.00 to 3.45 pm on Thursday 30 September 2021. A response had been requested by 4.00 pm, Thursday 23 September but it had not been received by the time of the committee meeting.

Chair to keep the committee updated.

8. Inquiry into the Transport Asset Holding Entity

8.1 Invitation to make a submission

Resolved, on the motion of Mrs Houssos: That the Chair, on behalf of the committee, write to the following and invite them to provide a submission and any documents they consider relevant to the terms of reference of the inquiry:

- Independent Pricing and Regulatory Tribunal (IPART)
- Auditor-General of NSW
- Australian Bureau of Statistics
- National Rail Safety Regulator
- Chair of Transport Asset Holding Entity (TAHE), as representative of the TAHE board
- Andrew Alam – Former Company Secretary, TAHE
- David Jurd – Former interim CEO, TAHE
- Anna Hayes – Former interim CEO, TAHE
- Rodd Staples, Former Secretary, Transport for NSW
- KPMG – addressed to CEO
- PWC – addressed to CEO
- Heather Watson, Partner, KPMG
- Brendan Lyons, Former Partner, KPMG.

9. Adjournment

The committee adjourned at 4.31 pm, until Thursday 30 September 2021 (virtual hearings for Grants and Pandemic inquiries).

Sarah Dunn/Helen Hong
Committee Clerk

Draft minutes no. 59

Thursday 30 September 2021
Public Accountability Committee
via Webex at 11:04 am

1. Members

Mr Shoebridge, *Chair*
Mr Borsak, *Deputy Chair*
Mr Farlow (*until 12.24 pm*)
Mr Graham
Mrs Houssos (*from 11:15 am*)
Mr Khan (*from 12.24 pm*)
Mr Poulos

2. Draft minutes

Resolved, on the motion of Mr Borsak: That draft minutes no. 58 be confirmed.

3. Correspondence

The committee noted the following items of correspondence:

Sent:

- 23 September 2021 – Email from secretariat, to Mr Ian Misfeld, former Director of Strategic Investigations Unit, Core Integrity, asking to provide details of an appropriate person(s) within Core Integrity to appear at the hearing on 30 September 2021 for the Grants inquiry

- 27 September 2021 – Email from secretariat, to Mr Ian Misfeld, former Director of Strategic Investigations Unit, Core Integrity, following up details of an appropriate person(s) within Core Integrity to appear at the hearing on 30 September 2021 for the Grants inquiry
- 27 September 2021 – Letter from Chair, to Hon Matthew Mason-Cox MLC, President of the Legislative Council, requesting that he inform the House on the sitting day that the government response to the first report of the Grants inquiry does not fulfil the requirement under standing order 233
- 27 September 2021 – Letter from Chair, to Hon Don Harwin MLC, Leader of the Government in the Legislative Council, advising that the government response to the first report of the Grants inquiry does not fulfil the requirement under standing order 233 and that the committee has written to the President requesting that he inform the House of this matter when it next sits.

4. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

4.1 Further inquiry activity

The committee noted that the secretariat did not receive a response from Mr Ian Misfeld, former Director of Strategic Investigations Unit, Core Integrity, requesting details of an appropriate person(s) within Core Integrity to appear at the hearing. The Chair indicated that he has details of a further witness from Core Integrity and will work with the secretariat to invite that witness to a further hearing for the inquiry.

4.2 Extending the reporting date

The committee noted that the current reporting date of 29 October 2021, will need to be extended. A new reporting date to be considered in conjunction with a further hearing date to be canvassed by the secretariat.

4.3 Allocation of questioning

The committee noted that the sequence of questioning at the hearing be divided between opposition and crossbench members for 20 minutes each, with 10 minutes reserved for government questions at the end of the session, as resolved at a previous meeting.

4.4 Photo of committee for social media

Resolved, on the motion of Mr Graham: That the secretariat be permitted to take a screenshot of the committee during any of its deliberative meetings for the purposes of publishing on social media, provided notice is given to the committee.

4.5 Virtual public hearing

The committee proceeded to take evidence in public.

Witnesses were admitted via video link.

The Chair made an opening statement regarding the broadcasting of proceedings, virtual hearing etiquette and other matters.

The following witnesses were admitted via video link, sworn and examined:

- Mr Stephen Brady, Chief Operating Officer, Department of Customer Service
- Mr Damon Rees, Chief Executive Officer, Service NSW
- Mr Sam Toohey, Director Policy and Ministerial Coordination, Resilience NSW
- Ms Lyndal Punch, Executive Director Finance and Investment Delivery, Resilience NSW.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 12.35 pm.

4.6 Tabled documents

Resolved, on the motion of Mr Graham: That the committee accept and publish the following document tabled during the public hearing by Mr Shoebridge:

- Grant Delivery Chronology of E2E Events.

4.7 Publication of hearing recording

Resolved, on the motion of Mrs Houssos: That the committee agree to record the hearing on 30 September 2021, and that this recording be placed on Parliament's YouTube channel as soon as practicable after the hearing.

5. Adjournment

The committee adjourned at 12.38 pm, until 1.45 pm, Thursday 30 September 2021 (virtual public hearings for Pandemic inquiry).

Sarah Dunn

Committee Clerk

Minutes no. 64

Monday 8 November 2021

Public Accountability Committee

Macquarie Room, Parliament House, Sydney at 9.32 am

1. Members present

Mr Shoebridge, *Chair*

Mr Farlow

Mr Graham (until 1.56 pm)

Mr Khan

Mr Mookhey (substituting for Mrs Houssos)

Mr Moselmane (substitution for Mr Graham from 1.56 pm)

Mr Poulos

Ms Boyd (participating for the duration of the inquiry into the Transport Asset Holding Entity) (via videoconference)

2. Apologies

Mr Borsak, *Deputy Chair*

3. Previous minutes

Resolved, on the motion of Mr Khan: That draft minutes no. 63 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Received

- 1 November 2021 – Email from Ms Louise Warren, Executive Officer to Damon Rees, Chief Executive Officer, Service NSW, to secretariat, advising on the confidentiality of answers to questions on notice and supplementary questions following the hearing on 30 September 2021 (Grants inquiry)
- 2 November 2021 – Email from Ms Louise Warren, Executive Officer to Damon Rees, Chief Executive Officer, Service NSW, to secretariat, identifying the answers to questions on notice and supplementary questions for which confidentiality is requested (Grants inquiry)
- 3 November 2021 – Letter from Mr Michael Coutts-Trotter, Secretary, Department of Premier and Cabinet, to Chair, in relation to their request that certain Cabinet documents be removed from the website and not used or disclosed as part of the inquiry (TAHE inquiry)
- 3 November 2021 – Email from Mr James Copsey, Director, Government & Regulatory Affairs KPMG Australia to the secretariat, advising that Ms Heather Watson, Partner, KPMG Australia will be accepting the further invitation to appear before the committee (TAHE inquiry)
- 4 November 2021 – Email from Mr Brendan Lyon, former Partner, KPMG Australia, to secretariat, declining the further invitation to appear before the committee (TAHE inquiry).

Sent

- 3 November 2021 – Letter from the Chair to Mr Brendan Lyon, former Partner, KPMG Australia, reissuing the invitation to appear before the committee noting that the committee has resolved to issue a summons should he decline again (TAHE inquiry)
- 3 November 2021 – Letter from the Chair to Ms Heather Watson, Partner, National IGH Lead, CFO Advisory, KPMG Australia, reissuing the invitation to appear before the committee noting that the committee has resolved to issue a summons should she decline again (TAHE inquiry)
- 3 November 2021 – Letter from the Chair to Mr Rodd Staples, former Secretary, Transport for NSW, reissuing the invitation to appear before the committee noting that the committee has resolved to issue a summons should he decline again (TAHE inquiry)
- 4 November 2021 – Letter from the Chair to Mr Frank Yi, Parliamentary Accountant, Department of Parliamentary Services, authorising a cheque to be issued to Mr Brendan Lyon who is being summoned to appear before the committee on Monday 8 November 2021 (TAHE inquiry)
- 5 November 2021 – Summons from the Chair to Mr Brendan Lyon, former Partner, KPMG Australia, ordering Mr Lyon to attend and give evidence at a hearing on Monday 8 November 2021 (TAHE inquiry).

5. Inquiry into the integrity, efficacy and value for money for NSW Government grant programs**5.1 Extension of reporting date**

Resolved, on the motion of Mr Mookhey: That the committee amend the terms of reference to extend the inquiry reporting date to 28 February 2022 and that the Chair inform the House of this amendment to the terms of reference.

5.2 Core Integrity witnesses

Resolved, on the motion of Mr Graham: That the committee invite Mr Dylan Bohnen, Senior Manager, Core Integrity, to attend the hearing on 9 December 2021.

5.3 Answers to questions on notice

Resolved, on the motion of Mr Mookhey: That the committee authorise the publication of answers to questions on notice from Service NSW, received 30 October 2021, with the exception of answers to question 1 (questions on notice) and questions 2-6 (supplementary questions), which are to remain confidential, as per the request of the author.

6. *****7. Adjournment**

The committee adjourned at 2.45 pm until Monday 15 November 2021, Macquarie Room, Parliament House, Sydney (public hearing – TAHE inquiry).

Shaza Barbar
Committee Clerk

Minutes no. 66

Monday 15 November 2021
Public Accountability Committee
Macquarie Room, Parliament House, Sydney at 9.23 am

1. Members present

Mr Shoebridge, *Chair*
Mr Farlow
Mr Graham
Mrs Houssos

Mr Khan
Mr Mookhey (substituting for Mrs Houssos)
Mr Poulos
Ms Boyd (participating for the duration of the inquiry into the Transport Asset Holding Entity)

2. Apologies

Mr Borsak, *Deputy Chair*

3. Correspondence

The committee noted the following items of correspondence:

Received

- 8 November 2021 – Email from Mr James Copsey to the secretariat, requesting that Mr Paul Low, Lead Partner, Planning & Infrastructure Economics, KPMG attend and give evidence alongside Ms Heather Watson at the hearing on Monday 15 November 2021 (TAHE inquiry)
- 8 November 2021 – Email from Mr Darren Murphy, Chief Executive Officer, Core Integrity, to secretariat, confirming his and Mr Dylan Bohnen's attendance at the hearing on 9 December 2021 and requesting that they both be issued with a summons (Grants inquiry)
- 9 November 2021 – Email from Ms Lan Nguyen, Business and Procurement Manager, Corporate Services, Transport Asset Holding Entity to the secretariat, requesting that the attachment to answers to questions on notice be kept confidential on the basis it is commercial in confidence.

Sent

- 5 November 2021 – Letter from the secretariat to Mr Frank Yi, Parliamentary Accountant, Department of Parliamentary Services, authorising a cheque to be issued to Mr Rodd Staples who is being summoned to appear before the committee on Monday 15 November 2021 (TAHE inquiry)
- 8 November 2021 – Summons from the Chair to Mr Brendan Lyon, former Partner, KPMG Australia, ordering Mr Lyon to attend and give evidence at a hearing on Monday 8 November 2021 and to produce documents in relation to the establishment and operation of the Transport Asset Holding Entity (TAHE inquiry)
- 8 November 2021 – Summons from the Chair to Mr Rodd Staples, former Secretary, Transport for NSW, ordering Mr Staples to attend and give evidence at a hearing on Monday 15 November 2021 (TAHE inquiry)
- 12 November 2021 – Letter from the Hon Mark Latham MLC to the Chair, concerning isolation requirements (Pandemic inquiry).

4. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

4.1 Summoning Core Integrity witnesses

Resolved, on the motion of Mr Mookhey: That, under the authority of s 4(2) of the *Parliamentary Evidence Act 1901*, the committee issue a summons to the following witnesses to attend and give evidence before the committee on Thursday 9 December 2021 at 10.15 am to 11.45 am:

- Mr Darren Murphy, Chief Executive Officer, Core Integrity
- Mr Dylan Bohnen, Senior Manager, Core Integrity.

4.2 Meeting with the Productivity Commission

Resolved, on the motion of Mr Graham: That a meeting be arranged with the NSW Productivity Commissioner, Mr Peter Achterstraat, on a date to be determined in consultation with the Chair and committee.

5. Inquiry into the NSW Government's management of the COVID-19 pandemic

5.1 Correspondence from the Hon Mark Latham MLC

Resolved, on the motion of Mr Graham: That the Chair write to the Minister for Health and Medical Research, enclosing Mr Latham's correspondence concerning the application of isolation requirements and request a response.

6. Inquiry into the Transport Asset Holding Entity

6.1 Election of acting Deputy Chair

The Chair noted the absence of the Deputy Chair for the meeting.

Mr Mookhey moved: That Mr Graham be elected acting Deputy Chair of the committee for the duration of the inquiry into the Transport Asset Holding Entity.

There being no further nominations, the Chair declared Mr Graham acting Deputy Chair.

6.2 Answers to questions on notice

Resolved, on the motion of Mr Mookhey: That the committee authorise the publication of answers to questions on notice from the Transport Asset Holding Entity, received 8 November 2021, with the exception of the attachment to question three which is to be kept confidential, at the request of the Transport Asset Holding Entity.

6.3 Documents produced by Mr Lyon at 8 November hearing

The following documents were published at the meeting on 8 November 2021: 246- 247, 250-257, 263-266.

Resolved, on the motion of Mr Mookhey: That the committee authorise the publication of the following documents provided by Mr Brendan Lyon, Former Partner, KPMG Australia, at the hearing on 8 November, with the exception of identifying and sensitive information which are to remain confidential, as per the recommendation of the secretariat: 153 – 262, 267-271, 283-301.

6.4 Further document produced by Mr Lyon

Mr Mookhey moved: That the committee authorise the publication of the following document produced by Mr Brendan Lyon, Former Partner, KPMG Australia, in accordance with his summons: KPMG, *Transport Asset Holding Entity: Initial assessment of options*, 21 July 2021.

Question put.

The committee divided.

Ayes: Mr Graham, Mr Mookhey, Mr Shoebridge

Noes: Mr Farlow, Mr Khan, Mr Poulos.

There being an equality of votes, question resolved in the affirmative on the casting vote of the Chair.

6.5 Procedural fairness opportunity

Resolved, on the motion of Mr Mookhey: That, in accordance with the Procedural Fairness Resolution, the following individuals/organisations be invited to provide a written response in relation to potential adverse mention contained in evidence of Mr Brendan Lyon, Former Partner, KPMG Australia:

- Mr James Hunter, KPMG
- Mr Matthew Box, KPMG
- Ms Anne Hayes, Former A/CEO, Transport Asset Holding Entity
- NSW Treasury.

6.6 Public hearing

The public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Ms Heather Watson, Partner, KPMG Australia
- Mr Paul Low, Partner, KPMG Australia.

Mr Mookhey tabled the following documents:

- Extracts from documents produced by Mr Brendan Lyon, Former Partner, KPMG Australia at the hearing on 8 November 2021, referred to as: KPMG emails 009 cabinet submissions, KPMG emails 006 maintenance; KPMG emails 003 Audit Office; 010A Treasury; 005 Joint Submission; KPMG emails 003 Staples; KPMG emails 011 conflicts.
- PWC, TfNSW Structure Considerations - 'TAHE' Business Model Assessment, Transport for NSW, December 2019
- KPMG, *Transport Asset Holding Entity (TAHE): Assessment of assumptions used for accounting estimates*, 3 November 2020.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Mr Rodd Staples, private citizen, former Secretary, Transport for NSW.

Mr Mookhey tabled the following documents:

- Extracts from documents produced by Mr Brendan Lyon, Former Partner, KPMG Australia at the hearing on 8 November 2021, referred to as: KPMG emails 009 cabinet submissions, KPMG emails 006 maintenance; KPMG emails 003 Audit Office; 010A Treasury; 005 Joint Submission; KPMG emails 003 Staples; KPMG emails 011 conflicts.
- PWC, TfNSW Structure Considerations - 'TAHE' Business Model Assessment, Transport for NSW, December 2019
- KPMG, *Transport Asset Holding Entity (TAHE): Assessment of assumptions used for accounting estimates*, 3 November 2020
- Correspondence relating to Mr Staples' termination.

The evidence concluded and the witness withdrew.

The hearing concluded at 1.36 pm.

6.7 Tabled documents

Mr Mookhey moved: That:

- the committee publish the following documents tabled by Mr Mookhey:
 - Extracts from documents produced by Mr Brendan Lyon, Former Partner, KPMG Australia at the hearing on 8 November 2021, with the exception of identifying information (referred to as KPMG emails 009 cabinet submissions; KPMG emails 006; 010A Treasury; KPMG emails 003 Staples).
 - PWC, *TfNSW Structure Considerations - 'TAHE' Business Model Assessment*, Transport for NSW, December 2019
 - KPMG, *Transport Asset Holding Entity (TAHE): Assessment of assumptions used for accounting estimates*, 3 November 2020.
- the Chair write to the Privileges Committee to alert it to the publication of two additional Cabinet documents, as part of the inquiry into the examination, publication and use of cabinet documents by Legislative Council committees as part of an inquiry: PWC, *TfNSW Structure Considerations - 'TAHE' Business Model Assessment*, Transport for NSW, December 2019 and KPMG, *Transport Asset Holding Entity (TAHE): Assessment of assumptions used for accounting estimates*, 3 November 2020.

Mr Khan moved: That the motion of Mr Mookhey be amended by omitting the 'PWC, *TfNSW Structure Considerations - 'TAHE' Business Model Assessment*, Transport for NSW, December 2019 and KPMG, *Transport Asset Holding Entity (TAHE): Assessment of assumptions used for accounting estimates*, 3 November 2020' in the first bullet point.

Amendment of Mr Khan put.

The committee divided.

Ayes: Mr Farlow, Mr Khan, Mr Poulos.

Noes: Mr Graham, Mrs Houssos, Mr Shoebridge.

There being an equality of votes, amendment of Mr Khan resolved in the negative on the casting vote of the Chair.

Original question of Mr Mookhey put.

The committee divided.

Ayes: Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Farlow, Mr Khan, Mr Poulos.

There being an equality of votes, the original motion of Mr Mookhey resolved in the affirmative on the casting vote of the Chair.

7. Adjournment

The committee adjourned at 1.44 pm until Monday 22 November 2021, Macquarie Room, Parliament House (public hearing – Building standards inquiry)

Shaza Barbar

Committee Clerk

Minutes no. 68

Monday 6 December 2021

Public Accountability Committee

Room 1254, Parliament House, Sydney at 2.04 pm

1. Members present

Mr Shoebridge, *Chair*

Mr Farlow (*via videoconference from 2.06 pm until 2.52 pm*)

Mr Graham

Mrs Houssos

Mr Khan

Mr Poulos (*via videoconference from 2.08 pm until 3.13 pm*)

2. Apologies

Mr Borsak

3. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

3.1 Meeting with the NSW Productivity Commissioner

The committee met with Mr Peter Achterstraat AM, NSW Productivity Commissioner, and Mr Michael Gadiel, Executive Director, Economic Strategy, Treasury, to discuss the inquiry and the Commissioner's review of grants administration in New South Wales.

The committee noted Mr Achterstraat's interest in meeting with the committee again in early February 2022.

4. Adjournment

The committee adjourned at 3.20 pm, until 10.00 am, Thursday 9 December 2021 (public hearing for the NSW Government grant programs inquiry).

Sarah Dunn

Committee Clerk**Minutes no. 69**

Thursday 9 December 2021

Public Accountability Committee

Macquarie Room, Parliament House, Sydney at 10.05 am

1. Members presentMr Shoebridge, *Chair*

Mr Farlow

Mr Graham

Mrs Houssos (*via videoconference*)

Mr Khan

Mr Poulos

2. ApologiesMr Borsak, *Deputy Chair***3. Draft minutes**

Resolved, on the motion of Mr Farlow: That draft minutes nos. 65, 66, 67 and 68 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Sent:

- 15 November 2021 – Letter from Chair, to Mr Malik Arunachalam, Manager Account Services and Systems, and Mr Frank Yi, Parliamentary Accountant, Department of Parliamentary Services, authorising two cheques to be issued to Mr Darren Murphy and Mr Dylan Bohnen who are being summoned to appear before the committee on Thursday 9 December 2021
- 15 November 2021 – Summons from Chair, to Mr Dylan Bohnen, ordering Mr Bohnen to attend and give evidence at a hearing on Thursday 9 December 2021
- 15 November 2021 – Summons from Chair, to Mr Darren Murphy, ordering Mr Murphy to attend and give evidence at a hearing on Thursday 9 December 2021
- 29 November 2021 – Affidavit of service of summons signed by Ms Laura Ismay, Office of the Black Rod, confirming a summons had been served on Mr Dylan Bohnen on 29 November 2021
- 29 November 2021– Affidavit of service of summons signed by Ms Laura Ismay, Office of the Black Rod, confirming a summons had been served on Mr Darren Murphy on 29 November 2021.

5. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs**5.1 Report deliberative and tabling dates**

The committee noted that the report deliberative will be held at 10.00 am, Friday 18 February 2022 in Room 814/815. The report will be tabled in the House on Thursday 24 February 2022.

5.2 Recording of hearing

Resolved, on the motion of Mr Khan: That the committee agree to record the hearing on 9 December 2021, and that this recording be placed on Parliament's YouTube channel as soon as practicable after the hearing.

5.3 Allocation of questioning

Resolved, on the motion of Mrs Houssos: That the sequence of questions at the public hearing on 9 December 2021 be left in the hands of the Chair.

5.4 Public hearing

Witnesses were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Darren Murphy, Founder and Chief Executive Officer, Core Integrity
- Mr Dylan Bohnen, Senior Manager, Core Integrity.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 11.40 am.

5.5 Return of answers to questions on notice

Resolved, on the motion of Mr Poulos: That questions taken on notice during the hearing on Thursday 9 December 2021 be due by Friday 14 January 2022.

5.6 Further meeting with the NSW Productivity Commissioner

Resolved, on the motion of Mr Farlow: That the committee meet with Mr Peter Achterstraat AM, NSW Productivity Commissioner, on Tuesday 8 February 2022 for a private one hour meeting.

6. Inquiry into the NSW Government's management of the COVID-19 pandemic

6.1 Correspondence with the Hon Brad Hazzard MP, Minister for Health and Medical Research

Resolved, on the motion of Mr Graham: That the Chair refer his initial letter regarding the isolation requirements of the Minister for Health, dated 16 November 2021, and the Minister's response, dated 18 November 2021, to Portfolio Committee No. 2 – Health to request that it be considered by that committee given their portfolio allocation.

7. Adjournment

The committee adjourned at 11.45 am, until Thursday 16 December 2021 (public hearing for the TAHE inquiry).

Sarah Dunn
Committee Clerk

Minutes no. 71

Tuesday 8 February 2022
Public Accountability Committee
Via videoconference at 12.07 pm

1. Members present

Mr Shoebridge, *Chair*
Mr Amato
Mr Farlow
Mr Graham

2. Apologies

Mr Borsak
Mrs Houssos
Mr Poulos

3. Inquiry into the Transport Asset Holding Entity

3.1 Further hearing

The secretariat briefed the committee on preparations for the hearing on 10 February 2022.

4. Inquiry into the NSW Government's management of the COVID-19 pandemic

4.1 Further hearing

The committee noted that it resolved via email to conduct a further hearing on 11 February 2022. The secretariat briefed the committee on preparations for the hearing.

5. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

5.1 Meeting with the NSW Productivity Commissioner

The committee met with Mr Peter Achterstraat AM, NSW Productivity Commissioner, and Ms Geraldine Carter, Director, Productivity Reform, NSW Productivity Commission, to discuss the inquiry and the Commissioner's review of grants administration in New South Wales.

6. Adjournment

The committee adjourned at 1.05 pm, until 9.45 am, Thursday 10 February 2022 (public hearing, Transport Asset Holding Entity inquiry).

Merrin Thompson
Committee Clerk

Draft minutes no. 76

Monday 21 February 2022

Public Accountability Committee

Macquarie Room and via videoconference at 1.45 pm

1. Members present

Mr Shoebridge, *Chair*
Mr Amato
Mr Farlow
Mr Graham
Mrs Houssos

2. Apologies

Mr Borsak
Mr Poulos

3. Draft minutes

Resolved, on the motion of Mr Graham: That draft minutes no. 71 be confirmed.

4. Inquiry into the integrity, efficacy and value for money of NSW Government grant programs

4.1 Recording of the report deliberative

Resolved, on the motion of Mrs Houssos: That the meeting be recorded through Webex for the purposes of the secretariat cross-checking amendments following the meeting only, with the recording deleted after this use.

4.2 Submission no. 91

Resolved, on the motion of Mrs Houssos: That the committee authorise the publication of submission no. 91, with the exception of the author's name, which is to remain confidential.

4.3 Answers to questions on notice

The following answers to questions on notice were published by the committee clerk under the authorisation of the resolution appointing the committee:

- answers to questions on notice from Mr Darren Murphy, Chief Executive Officer, Core Integrity, received 13 January 2022.

4.4 Answers to supplementary questions

Committee noted that the answers to supplementary questions received from the Hon John Barilaro on 22 March 2021 were published by the committee clerk under the authorisation of the resolution appointing the committee.

4.5 Consideration of the Chair's draft report

The Chair submitted his draft report entitled *Integrity, efficacy and value for money of NSW Government grant programs – Second report*, which, having been previously circulated, was taken as being read.

Resolved, on the motion of Mr Graham that:

- as this is the final report of the inquiry, the report should re-list the recommendations of the first inquiry, either within the body of the report or attached as an appendix
- the title of the report be amended by omitting 'Second Report' and inserting instead 'Final Report'
- Finding 1 be omitted: '\$108 million under the fast-tracked priority local infrastructure projects stream of the Bushfire Local Economic Recovery Fund's allocation was politically driven based on changing and opaque criteria without clear approval processes and without any formal public notification process. Given this, it could not deliver the maximum public benefit that bushfire impacted communities deserved from a government grants program following such a devastating emergency.', and the following finding be inserted instead:

'The allocation of \$108 million under the fast-tracked priority local infrastructure projects stream of the Bushfire Local Economic Recovery Fund was politically driven, based on changing and opaque criteria, without clear approval processes and without any formal public notification process. Given this, it could not deliver the maximum public benefit that bushfire impacted communities deserved from a government grants program whose goal was to mitigate the impacts of such a devastating emergency.'

- the following new finding be inserted after Finding 1:

'Finding X

That the decisions relating to the politically driven allocation of Bushfire Local Economic Recovery Funding occurred after the first report of this Inquiry had drawn the attention of the Government to systemic problems with the allocation of grant funding in NSW.'

Resolved, on the motion of Mr Graham: That Recommendation 2 be amended by omitting ' to the relevant agency' after 'urgently allocates resources'.

Mr Graham moved: That Finding 4 be amended by inserting at the end ', reducing the remaining pool of funding so that only 6 successful applications from the 222 applications in that round of funding'.

Question put.

The committee divided.

Ayes: Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Amato, Mr Farlow.

Question resolved in the affirmative.

Resolved, on the motion of Mr Graham: That Recommendation 3 be amended by omitting 'successful' before 'grant application recommendation'.

Mr Farlow moved: That

- Recommendation 3 be amended by omitting 'publish reasons' and inserting instead 'documents reasons'.
- Recommendation 4 be omitted: 'That Create NSW publish online a list of all applications recommended to the Minister for the Arts for funding when funding announcements are made, including:
 - name of the applicant
 - a broad description of the project
 - the ranking of each application by the assessment panel.'

- Recommendation 5 be omitted: 'That Create NSW review all arts-related grant application forms and processes with a view to simplifying and streamlining the process.'

Question put.

The committee divided.

Ayes: Mr Amato, Mr Farlow.

Noes: Mr Graham, Mrs Houssos, Mr Shoebridge.

Question resolved in the negative.

Resolved, on the motion of Mr Graham: That Recommendation 10 be omitted: 'That, where grant decision making is delegated to a government process, the NSW Government ensure there should be no Ministerial intervention into this process, including strict limits on communications from Ministers or staffers that could be seeking to prejudice this process.', and the following new recommendation be inserted instead:

'That, where the decision maker for a grant program is a public servant, the committee notes the submission of the ICAC that in certain circumstances Ministers or Ministerial staff attempting to influence that decision could prove to be a breach of public trust. It is recommended that the NSW Government strengthen its processes to make sure that this does not occur.'

Resolved, on the motion of Mr Graham: That Recommendation 11 be omitted: 'That, in grant allocations where the Department makes recommendations for projects but successful projects are chosen by Ministers, where the Minister declines to adopt the recommendation provided, the NSW Government ensure that full and adequate reasons be provided and published on the grants website.', and the following new recommendation be inserted instead:

'That a Minister who is a decision maker for a grants process does not agree, in whole or in part, with a written recommendation of the agency administering the grants program, that they are required to do so in writing, providing full and adequate reasons. Such a decision should be made public, for example by publishing on a centralised grants website.'

Resolved, on the motion of Mr Graham: That Recommendation 12 be amended by omitting 'in the latter half of 2022' after 'NSW Government grant programs'.

Resolved, on the motion of Mr Graham: That the following new recommendation be inserted where appropriate:

'Recommendation X

That this Committee calls on the Government to respond as a matter of urgency to its first, and now its final report on grants administration in NSW, in particular the recommendations of a systemic change.'

Mr Graham moved: That:

- the introduction to Chapter 1 be amended by omitting 'This second report, which brings the inquiry to a close' and inserting instead 'This final report'
- paragraph 1.37 be amended by omitting 'members across politics' and inserting instead 'members across the political spectrum'
- the following new section be inserted at a location to be determined by the secretariat:

'NSW Audit Office 2009 report "Grants Administration"

In May 2009 then NSW Auditor General Peter Achterstraat issued a report conducted in accordance with section 38E of the Public Finance and Audit Act 1983, titled 'Grants Administration'.

The report found that in 2007-08 New South Wales spent \$5.5 billion or 12 per cent of general government expenditure on grants that were neither subsidies nor inter-agency payments. This audit went on to ask how grants are defined, where grants went and what recipients think of the grant system.

In relation to the politicisation of grant processes, the report found:

"We found no significant difference in the funding of government and opposition electorates. However, more money was given to electorates that were safely held by the major parties. These seats received \$1.29 for every dollar given to marginal and independent seats with government marginals getting the least. Electorates also receive different levels of funding according to which region they are in." [FOOTNOTE: https://www.audit.nsw.gov.au/sites/default/files/pdf-downloads/2009_May_Report_Grants_Administration.pdf]

- the following new finding be inserted at a location to be determined by the secretariat:

'Finding X

That in May 2009 then NSW Auditor General Peter Achterstraat in a report titled 'Grants Administration' found "no significant difference in the funding of government and opposition electorates".

- the following new finding be inserted:

'Finding X

That despite an economic impact of the bushfires on the Central Coast valued at \$163.3 million, on the Blue Mountains of \$65.4 million, and on Ballina of \$4.2 million, these councils did not receive funding under the Bushfire Local Economic Recovery stage one funding.'

- paragraph 3.2 be amended by omitting 'Victoria's arts spending' and inserting instead 'Victoria's Victoria's spending on contemporary music'
- paragraph 3.114 be amended by omitting 'It is not appropriate' and inserting instead 'It may not be appropriate'
- paragraph 3.128 be amended by omitting 'signed by the Treasurer on the Premier's letterhead' and inserting instead 'signed by the then Treasurer Dominic Perrottet on then Premier Gladys Berejiklian's letterhead'
- that the following new committee comment and finding be inserted at a location to be determined by the secretariat:

"The Committee notes the introduction into the parliament of a number of bills that closely relate to the content of its first and final report, which seek to legislate some of the principles that the reports of the Committee have recommended.

Government Sector Finance Amendment (Government Grants) Bill 2021 introduced by the Hon. Robert Borsak MLC on 17 February 2021– an Act to amend the Government Sector Finance Act 2018 to enable members of Parliament to be informed about decisions related to grants of money by the Government, and for other purposes; and

Government Grants Administration Bill 2021 introduced by the Hon. John Graham MLC on 17 November 2021 – an Act to provide for the transparent administration of government grant schemes; to provide for the audit of entities in relation to the government grant schemes; and for related purposes.

While the detail of these bills should be a matter for proper parliamentary consideration, the Committee commends these bills in general and recognises their adoption would advance the issues that the Committee has raised in its two reports in this Inquiry.

Finding X

While the detail of the *Government Sector Finance Amendment (Government Grants) Bill 2021* and the *Government Grants Administration Bill 2021* should be a matter for proper parliamentary consideration, the Committee commends these bills in general and recognises their adoption would advance the issues that the Committee has raised in its two reports in this Inquiry.'

Question put.

The committee divided.

Ayes: Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Amato, Mr Farlow.

Question resolved in the affirmative.

Mrs Houssos moved: That:

The draft report, as amended, be the report of the committee and that the committee present the report to the House;

The transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, and correspondence relating to the inquiry be tabled in the House with the report;

Upon tabling, all unpublished attachments to submissions be kept confidential by the committee;

Upon tabling, all unpublished transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, and correspondence relating to the inquiry, be published by the committee, except for those documents kept confidential by resolution of the committee;

The committee secretariat correct any typographical, grammatical and formatting errors prior to tabling;

The committee secretariat be authorised to update any committee comments where necessary to reflect changes to recommendations or new recommendations resolved by the committee;

Dissenting statements be provided to the secretariat by COB Tuesday 22 February 2022;

The report be tabled in the House on 24 February 2022;

The Chair to advise the secretariat and members if they intend to hold a press conference, and if so, the date and time.

Question put.

The committee divided.

Ayes: Mr Graham, Mrs Houssos, Mr Shoebridge.

Noes: Mr Amato, Mr Farlow.

Question resolved in the affirmative.

5. **Adjournment**

The committee adjourned at 2.02 pm until *sine die*.

Rhia Victorino
Committee Clerk

