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**From:** Anthony McMahon  
**Sent:** Friday, 2 August 2024 11:15 AM  
**To:** State Development  
**Cc:** Executive Assistant; Russell Fitzpatrick  
**Subject:** CM: RE: RE: Inquiry into the ability of local governments to fund infrastructure and services - Post-hearing responses - 23 July 2024  
**Attachments:** D23 83517 FINAL local government grants commission special submission 2021-22 grants Responding to and ~ bvsc submission november 2020.pdf.PDF; grants inquiry submission 1.pdf; Secondary submission to integrity efficacy and value for money of NSW Grants Programs bushfire relief - bega valley shire council.pdf; 2023-2024 Financial Assistance Grant ( FAG ) Submission November 2023.pdf

Amanda

Please see attached grant submissions referred to as well as additional submissions relating to previous grants inquiries.

Kind Regards



**Anthony McMahon**  
*Chief Executive Officer*

[www.begavalley.nsw.gov.au](http://www.begavalley.nsw.gov.au)

We wish to acknowledge and pay our respects to the Traditional Custodians of the lands, waters and airspace of the Shire



# Local Government Grants Commission Special Submission

2021-22 Grants

Responding to and Preparing and Mitigating Natural Disasters

Bega Valley Shire Council  
November 2020

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# Background

Bega Valley Shire Council (BVSC) has experienced significant natural disasters over the past decade. Since 2012 there have been over twelve disaster declarations for the Shire covering floods, East Coast Low coastal impacts and fires. In 2020 alone we have experienced five natural disaster declarations. In the Black Summer bushfires 61% of the Shire's area was burnt; 599 houses, 1401 outbuildings and 47 facilities were destroyed or significantly damaged.

The Bega Valley Shire area is identified as one of the highest risk bushfire areas in the country. Floods and coastal lows also significantly impact this corner of the State. Climate variances are seeing increasing severity and regularity of these events.

The Bega Valley Shire Council BVSC has significant planning, asset protection zone works, and preparedness, response and recovery work in the emergency management area.

Whilst some funding is provided to Councils following a disaster this is restricted and does not cover all costs. There is limited funding for planning, preparedness, asset protection and mitigation works. The financial impact of inherent expenditure disabilities beyond our control from this work and other local government areas in high risk areas we do not believe is currently reflected in the current methodology.

Whilst the current expenditure functions assessment includes a coverage of rainfall, topography and drainage and environment we do not believe the current overlays adequately cover disaster assessment. In the Relative Disadvantage Allowance there is no reflection of the risk assessment of the likelihood of natural disasters applicable to Bega Valley Shire Council.

BVSC has a high proportion of unrateable land being Crown, National Parks and State Forests. Ironically it is these lands that also contribute to the relative disadvantage of the Shire with respect to risk from natural disaster.

As part of the Southern NSW Recovery the impost of the expanded roles now expected of local government in emergency preparedness, response and recovery and in asset protection has been discussed and seen as a growing expectation. The acceptance by the NSW Government of all the recommendations from the Bushfire Inquiry highlight this with 28 of the 76 recommendations bringing increased roles to local government.

Council, at its meeting on 8 October 2020, resolved to make a submission to the Local Government Grants Commission in relation to inclusion of emergency preparedness asset protection and community and asset resilience as a disability factor in the Grants Commission.

# Submission

## Function Affected

1. The preparation and planning for emergency management
2. Planning and delivery of critical infrastructure
3. Response
4. Recovery
5. Management of Core Infrastructure

## Disability Description

Emergency management and disaster preparedness:

- planning
- preparedness
- asset protection
- mitigation works and ongoing management of critical infrastructure
- emergency response and
- recovery activities.

## Description and Response

Action taken to address the issues identified has included applying for special purpose competitive grant programs when they become available which is rarely the case. Even when grant programs do become available that might accommodate the disadvantages identified above BVSC is submitting applications for initiatives that others do not need to consider. A recent example is BVSC applying for additional funding for bushfire hazard reduction planning and works out of a Federal drought program.

## Cost Impact

### • Recreation and Culture, Natural Areas

The cost impact described below in public order and safety also relates to management of fire risk associated with natural areas under Councils management. In addition it is estimated that BVSC is disadvantaged by approximately \$50,000 per annum in being able to manage recreation assets due to the additional coastal hazards. Recreation assets are not typically eligible for funding under DFRA guidelines.

### • Administration and Governance

It is estimated that Council is disadvantaged approximately \$200,000 per annum on average as result of the issues described above. This reflects the typical number of natural disasters experienced, the value of restoration works required and the unclaimable components associated with responding to and recovering from disasters. This includes work in unclaimable costs supporting response of emergency services which in 2018 and 2020 were in the order of \$250,000 per event.

In relation to local government being a key player in recovery activities Bega Valley Shire Council has had to absorb costs not claimable from Resilience NSW (formerly Office of Emergency Management) to support recovery centres, and recovery support services. This has been in the order of \$100,000 per event.

In relation to emergency management preparation and planning and community resilience there is a growing expectation of the role of local government in this area. Currently Resilience NSW support an officer to assist Council and the National Bushfire Recovery Agency has personnel working in the Shire. The administration and on costs associated with these positions however rest with Council.

- [Roads, Bridges, Footpaths](#)

It is estimated that BVSC is approximately 20% further disadvantaged than most Councils in its ability to manage roads, bridges and footpaths due to the combination of highly undulating topography, relative impact of climate change through increased frequency of storms/heavy rain (combined with tidal surges in coastal areas) and geology (many decomposed granite substrates which are highly erosive) . This means Council is required to expend more resource on its transport infrastructure to maintain the same service stands of others. In broad terms if the road component of the FAG was increased for BVSC by approximately 20% it would equate to an increase of approximately \$400,000.

- [Public Order, Safety](#)

It is estimated that BVSC is approximately \$300,000 under funded relative to similar scale Councils with respect to its ability to manage bushfire risk on its recreation and natural areas land. This is reflective of the relative area for rateable land compared to where the additional bushfire risk is sourced from. In addition, it is estimated Council is further disadvantaged an additional \$50,000 due to the increased prevalence of emergencies and disasters and the State imposed role that Council plays in emergency management. This is through supporting the functions of the Local Emergency Management Committee.

# Local Government Grants Commission Special Submission

2023-24 Grant Responding to and Preparing and Mitigating Natural Disasters







Bega Valley Shire Council acknowledges and pays our respects to the traditional custodians of the lands, waterways and airspace of the shire.

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The Bega Valley Shire Council BVSC has significant planning, asset protection zone works, and preparedness, response and recovery work in the emergency management area.

Whilst some funding is provided to Councils following a disaster this is restricted and does not cover all costs. There is limited funding for planning, preparedness, asset protection and mitigation works. The financial impact of inherent expenditure disabilities beyond our control from this work and other local government areas in high risk areas we do not believe is currently reflected in the current methodology.

Whilst the current expenditure functions assessment includes a coverage of rainfall, topography and drainage and environment we do not believe the current overlays adequately cover disaster assessment. In the Relative Disadvantage Allowance there is no reflection of the risk assessment of the likelihood of natural disasters applicable to Bega Valley Shire Council.

BVSC has a high proportion of unrateable land being Crown, National Parks and State Forests. Ironically it is these lands that also contribute to the relative disadvantage of the Shire with respect to risk from natural disaster.

As part of Southern NSW Recovery the impost of the expanded roles now expected of local government in emergency preparedness, response and recovery and in asset protection has been discussed and seen as a growing expectation. Council acknowledges the work and legislation supporting NSW Reconstruction Authority as key action taken by NSW Government to implement the recommendations from the Bushfire Inquiry. This does not ignore the fact that 28 of the 76 recommendations bring increased roles to local government.

Council, at its meeting on 18 October 2023, resolved to make a submission to the Local Government Grants Commission in relation to inclusion of emergency preparedness asset protection and community and asset resilience as a disability factor in the Grants Commission based on our submission made in 2020.

# Submission

## Function Affected

1. The preparation and planning for emergency management
2. Planning and delivery of critical infrastructure
3. Response
4. Recovery
5. Management of Core Infrastructure

## Disability Description

Emergency management and disaster preparedness:

- planning
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Action taken to address the issues identified has included applying for special purpose competitive grant programs when they become available which is rarely the case. Even when grant programs do become available that might accommodate the disadvantages identified above, BVSC is submitting applications for initiatives that others do not need to consider.

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### Recreation and Culture, Natural Areas

The cost impact described below in public order and safety also relates to management of fire risk associated with natural areas under Councils management. In addition it is estimated that BVSC is disadvantaged by approximately \$60,000 per annum in being able to manage recreation assets due to the additional coastal hazards. Recreation assets are not typically eligible for funding under DFRA guidelines.

### Administration and Governance

It is estimated that Council is disadvantaged approximately \$230,000 per annum on average as result of the issues described above. This reflects the typical number of natural disasters experienced, the value of restoration works required and the unclaimable components associated with responding to and recovering from disasters. This includes work in unclaimable

costs supporting response of emergency services which in 2018 and 2020 were in the order of \$250,000 per event.

In relation to local government being a key player in recovery activities Bega Valley Shire Council absorbed costs not claimable from Resilience NSW (formerly Office of Emergency Management) to support recovery centres, and recovery support services. This has been in the order of \$120,000 per event.

In relation to emergency management preparation and planning and community resilience there is a growing expectation of the role of local government in this area

### **Roads, Bridges, Footpaths**

It is estimated that BVSC is approximately 20% further disadvantaged than most Councils in its ability to manage roads, bridges and footpaths due to the combination of highly undulating topography, relative impact of climate change through increased frequency of storms/heavy rain (combined with tidal surges in coastal areas) and geology (many decomposed granite substrates which are highly erosive). This means Council is required to expend more resource on its transport infrastructure to maintain the same service stands of others. In broad terms if the road component of the FAG was increased for BVSC by approximately 20% it would equate to an increase of approximately \$520,000.

### **Public Order, Safety**

It is estimated that BVSC is approximately \$350,000 under funded relative to similar scale Councils with respect to its ability to manage bushfire risk on its recreation and natural areas land. This is reflective of the relative area for rateable land compared to where the additional bushfire risk is sourced from. In addition, it is estimated Council is further disadvantaged an additional \$60,000 due to the increased prevalence of emergencies and disasters and the State imposed role that Council plays in emergency management. This is through supporting the functions of the Local Emergency Management Committee.



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26 February 2021

Chairperson  
NSW Legislative Council  
Public Accountability Committee

Dear Mr Shoebridge

***Secondary submission to integrity, efficacy and value for money of NSW Grants Programs – bushfire relief***

Thank you for the invitation to make a submission on the bushfire relief grants. As you are aware Bega Valley Shire Council made a submission in August 2020 against the Terms of Reference as then articulated. In that submission we referred to both bushfire and Covid/Cross border funding programs. We also made a number of recommendations related to improving the State funding framework.

In recent research undertaken by the Bushfire and Natural Disaster Cooperative Research Centre and University of New England, the Bega Valley has been identified as the most disaster impacted LGA in Australia with drought, Black Summer fires, four flood declarations, Covid impacts to Council and in community, and two significant border closures. In this submission, whilst we focus on some of the bushfire funding packages, we have also outlined the Covid grants and cross-border programs as well. Again, a key aspect of the submission is recommendations on how the area of disaster and emergency response, relief and recovery funding can be better framed and delivered into the future.

The pattern of successive disasters we have faced comes with an exponential level of impact in our Shire and for our residents and communities. It is clear that we have not yet seen the full extent of these impacts.

SUBMISSION (against the terms)

**PART A - the range and availability of funding programs,**

• **Disaster Recovery Funding Arrangements**

Under the DRFA Council received funds to support the Bega Valley Recovery Support Service (BVRSS) a vital service for the support and recovery of the Bega Valley community post bushfires. The funding was provided for one year which included a 6-month review of the service. The review showed the service was experiencing a high demand and would need to expand and be in place for a minimum of 2 years to assist the recovery of those impacted by the disaster. Requests for an extension to the service were requested however notice of the extension of funding was drawn out. This created challenges in maintaining the delivery of a quality service to the community and it made it difficult to recruit staff as the short term contracted period on offer was not appealing, putting at risk the retention of staff. Staff were

anxious about the continuation of their employment beyond the initial funding period and were seeking out other options. The delays also meant that planning with service partners on options for medium to long term program activities and events was not feasible. An earlier review of funded program time frames and staffing would result in better outcomes for community. Bega Valley Shire Council has extensive experience in operating a Recovery Support Service and lessons learnt from the Tathra Fires 2018 Recovery Support Service have made the BVRSS a leading standard for others to follow.

- **Bushfire Community Resilience and Economic Recovery Fund Phase 1**

Funding for the Bushfire Community Resilience and Economic Recovery Fund (BCRERF) was provided through the joint disaster recovery funding arrangement between NSW and Commonwealth Government. The fund opened late January 2020, and included immediate payments of a minimum \$100,000, up to a maximum \$250,000 available to eligible bushfire affected LGAs in NSW with Official Building Impact Assessment numbers used to guide the funding amount offered to each council. This funding was to assist in delivering immediate support for locally led community resilience and economic recovery activities. The funding was provided quickly with a simple application form and included flexibility for Council to seek funding for the immediate issues that were present post bushfire. The projects were to be completed by 30 June 2020 however COVID impacted the deliverability of the projects. The flexibility of this fund allowed Council to implement the services and projects that fitted the need of the community without having to create a project that fitted within prescriptive funding criteria.

- **Disaster Assistance Guidelines C.3 Funding to Support Large-Scale, Out-Of-Area Volunteer Groups**

This funding was initially offered through the Office of Emergency Management to support a basecamp for volunteers that travel from outside the disaster area and who consequently do not have their own sleeping, sanitation, and cooking facilities. This includes organisations such as Blaze-Aid. This funding was invaluable to support the three Blaze-Aid camps which formed across our Shire as a result of the bushfire impact. The camps were required to be in remote areas with little to no accommodation options. To provide sanitation services for the camps in remote locations, Council was required to upgrade septic tanks, water and power to some sites and upgrade community halls to provide suitable facilities for the large number of volunteers, which Council had no budget for. However, the program did not cover these costs or the overhead costs of administering the funding and purchasing goods and services in behalf of the volunteer camps. These costs remain an unfunded cost to Council, which has already been severely impacted directly by the bushfires. Generally, the funding process was clear and there was good support provided by the Office of Emergency Management.

- **Bushfire Community Recovery and Resilience Fund**

The Bushfire Community Recovery and Resilience Fund (BCRRF) was provided through the joint Commonwealth-State Disaster Recovery Funding Arrangements. Phase One was delivered in March 2020 by the Department of Regional NSW, with funds made available directly to eligible councils. The delivery of the funds was quick, the program was flexible and allowed Council to

provide funding to support the locally-led community and economic recovery activities. The mandatory 25% of the funding for a community grant program should have been offered as a separate funding stream and not bundled into a larger program.

Phase Two funding was a competitive fund available by an application process through Resilience NSW. The fund targets larger scale, regionally focused projects that support the community and economic recovery. The timelines for this fund were very short and yet the guidelines encouraged cross-Council applications. This made it difficult to go through the Council approval processes within the timeframe. After receiving this feedback the Department extended the deadline which was welcomed.

- **Bushfire Local Economic Recovery Fund**

This fund was touted in mid-2020 as 'the assistance to get communities and business back on their feet after the bushfires'. The delays between the program announcement and opening of almost 6 months created friction in the community. Communities required funding for projects within this time and had to wait until late September to have the project funding criteria. This caused upset within the community, especially when the program then only provided 6 weeks to submit applications that had to be "shovel-ready".

Council received direct funding under this program in November 2020 via Ministerial announcement and media release one week after the competitive program was opened. Council was seen as competing against the community and there was angst towards the Council for being eligible to apply for what was seen as "a community grant program".

Council and community welcomed the deadline and project delivery timeline extension that was announced, however the community still struggled to complete the applications as this coincided with the anniversary of the bushfires which was a challenging period for many people. Council has drafted over 300 letters of support for local community projects which shows the high number of community applications in our region and the hope that the community has riding on this fund. There is a risk there will be a large number of bushfire impacted communities that will not be happy with the result of their applications when announcements are made.

- **Bushfire Affected Coastal Waterways Grant**

Council received funding to develop a regional waterways bushfire recovery plan from the Department of Planning, Industry and Environment. With significant impacts on treasured waterways and little Council capacity to plan and undertake works in this with hundreds of kilometres of areas impacted this grant was appropriately directed and appreciated.

- **Coastal Catchment Environmental Bushfire Recovery**

Council received significant funding under this program which was appropriately targeted and focussed on catchment stabilisation and estuarine ecological health protection works from Wonboyn in the south of the Shire all the way to Cuttagee Lake and Bermagui River in the north. This is a three year project and was an appropriate response from the State to address the significant impacts in the Shire.

- **Business grants for bushfire impacted**

This program whilst welcome for those directly impacted proved problematic for the many businesses in the Shire not "flame impacted". In excess of 70,000 tourists were evacuated from



the Shire in early January 2020. The impact on all tourist and associated businesses was considerable and other sectors such as agriculture, transport, fisheries, forestry were also significantly impacted. Whilst there has been some broadening of funding direct to businesses and packages for forestry and dairy other impacted local industries did not receive the same support. Future programs if required should map the entire local economy and allocate support packages accordingly.

- **Covid Local Government funding packages**

The opportunity to consider applying for support to keep staff employed as local government was not eligible for JobKeeper was appreciated. Whilst Bega Valley did not need to access these funds there were other potential opportunities we saw that would have assisted local community members who were unable to work. Support to Council through other mechanisms was also appreciated. Council also received funding from the Office of Local Government to support pound operations during Covid.

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

The Bega Valley was impacted significantly by the NSW border closure and the subsequent Victorian border closure which again saw tens of thousands of tourists “evacuate” back to Victoria on New Years Eve. Some support was provided for businesses to access however the feedback was that it was difficult to apply for and that the take up level was low.

**PART B - the manner in which grants are determined, including:**

**(i) the oversight of funding determinations,**

From a Council perspective there are perceived inconsistencies in how funding decisions are made although it is acknowledged there are often reasons for this. It does make it difficult to plan around potential determination timeframes and outcomes.

**(ii) the transparency of decision making under grants schemes,**

Council received funding from Round 1 of the Bushfire Local Economic Recovery Fund. This was a direct announcement through media at the site of the project. There was no letter of offer or grant agreement provided to Council post the announcement of the funding. Council has since followed up with the Department managing the funding program to seek a letter of offer and grant agreement. The media announcement of the funding provided an expectation to the community that the infrastructure will be built shortly, however rebuilding infrastructure post disaster requires time for approvals and tenders and needs to be scheduled along with a large number of other priority rebuilding projects. Although Council welcomes direct funds to support projects, these announcements need to be followed up with timely grant agreement processes to ensure Council can manage community expectations.

**(iii) the independence of the assessment of projects,**

**(iv) the role of Members of Parliament in proposing projects for funding,**

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

**PART C measures necessary to ensure the integrity of grants schemes and public confidence in the allocation of public money, and**

**PART D – any other related matter.**

- Under the DRFA, Council is progressing the infrastructure repair projects for essential public assets destroyed or damaged, as a result of the five declared natural disasters.
  - To date, Council's estimated repair bill is just over \$30 million. The repair work has progressed, with approximately \$5 million of emergency repairs completed to date. Initially, when seeking funding approval from Transport for NSW (TfNSW) to commence repairs, the response was not timely, impacting on delivery of the project. These responses times improved as resources were directed to the task within TfNSW.
  - Timely payment is an issue, Council have submitted claims for reimbursement of \$2.5 million of which only \$70,000 has been received, now being over 12 months from the New Years Eve fires. Council were also required to repair essential public assets on Crown Roads. No approval or funding has been received on these roads 12 months on from the event. Our current expended repair bill is approximately \$250,000.
- More generally, the time lag between the notification of outcome and the public announcement of the outcome from funding programs can be lengthy, sometimes up to three months. The impact of this can delay the project planning or delivery as Council is unable to inform the community with whom we need to work to deliver the project.
- The time lag for the provision of funding deeds and execution of funding deeds can also be lengthy and is sometimes up to two months, which can impact on the delivery of the project within the delivery timeframe.
- The combination of all of the time lags above often makes the cost of being "shovel ready" highly unpredictable and very risky to invest in from a Council perspective, particularly more financially constrained regional Councils. There are examples where legislative changes have happened between the time of grant submissions and the execution of funding deeds, as well as of approvals lapsing between application and deed execution. This results in additional costs and Council resources that are not claimable. The delays can also lead to contractor cost escalation meaning that project budgets are impacted negatively. Other examples of this issue relate to various environmental provisions.
- The pre-requisite to be shovel ready for a project is a challenge for many of the reasons outlined above. For projects that are shovel ready at the time of grant submission with all approvals in place and tender documents prepared (for construction style projects), Council often needs to keep all of that shovel ready work "on the shelf" for many months (with some examples in BVSC up to 18 months between submission and approval to commence expenditure). Greater flexibility is needed to allow contracts to be awarded and expenditure to commence from the date that a positive outcome is notified or a public announcement made.
- The Government developed specific economic stimulus programs post bushfires and during Covid which although beneficial, were often announced whilst other grant programs were still pending assessments and outcomes which could have had similar economic stimulus impacts.

Council appreciates the opportunity to provide feedback to the Inquiry. Council and the community welcome the significant support we have received and know how hard so many across government have worked to operate in unusual and challenging circumstances. We are absolutely of the opinion that everyone involved in working in these disaster conditions has endeavoured to do the best possible to support community, work with business and local government to look after people.

We are always willing to have input to working parties and reviews to reflect on the learnings and identify how we can improve our practice in the future. Our hope is that this Inquiry will focus similarly on how we can learn and do better into the future should the exponential impacts of disasters again threaten the lives, livelihoods and environments of our Shire.

We are happy to contribute further information if required.

Yours sincerely

Leanne Barnes OAM  
**General Manager**

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

**Organisation:** Bega Valley Shire Council

**Date Received:** 21 August 2020

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21<sup>st</sup> August 2020

Chairperson  
NSW Legislative Council  
Public Accountability Committee

Dear Mr David Shoebridge MP

*Submission to the NSW Legislative Council's inquiry into the integrity, efficacy and value for money of NSW Government grants programs*

The Bega Valley Shire Council (BVSC) has participated in various NSW Government grants programs and is grateful for the support the NSW Government provides through this funding.

The comments below are considered feedback on improvements and are not critical of the intent or framework of funding programs. Of significant focus has been the commitment to regional NSW in funding programs and this has resonated very well here in the Bega Valley and in the South East of NSW. The oversubscription to these programs clearly indicates the appreciation by local government and the community for the opportunity to create stronger and sustainable regional communities.

I wish to strongly reiterate that BVSC is highly appreciative of the support the NSW Government provides our community through grants. The focus on support in times of drought, disaster and now pandemic for regional NSW is unprecedented, real and appropriately targeted.

Our feedback in relation to terms of the Inquiry are outlined below. In particular the following funding programs are relevant to our Council:

- **Stronger Country Communities Fund**

As a regional Council we appreciate the range and availability of funding programs offered by the NSW Government. The Stronger Country Communities Fund (SCCF) has been a successful grant program for us as Council but also for our community. The focus of this fund has enabled us to deliver vital community infrastructure which without this fund would have not been able to be delivered for at least five years or at all. A great example is the Community Hall kitchen upgrades project funded by the Stronger Country Communities Round 1, which replaced aging and unsafe kitchens with commercial grade long life kitchens, this resulted in a safe work environment for the users of the hall kitchen but also opened the use of the hall to alternative events.

We have previously raised the perceived inequity of the allocation of the SCCF in relation to the formula which in both rounds has favoured merged Councils. We have previously raised that this key regional funding program should continue without this weighting

applied.

- **Regional Cultural Fund**

Council had a very well-focussed and considered application for this program. The feedback was very positive and it was assessed highly. It was not successful however another cultural program in the Shire was successful. We understand the process of funding allocation and that all programs are oversubscribed. The cultural landscape of regional NSW is rich and the arts will play a significant role in supporting recovering communities and longer term and sustainable economic growth. BVSC see critical value in programs that bring together community connection and growth and links to key local industries – tourism in this case. This program should be continued.

- **Regional Sports Infrastructure Fund**

This fund is critical for regional communities recovering and was welcomed. Council had a project well developed in consideration for this program which was ultimately funded as an election project through the local member and will contribute to the health, wellbeing and recovery of our communities across Bega, Merimbula and Eden. It is a program that should be continued into the future.

- **Jobs for NSW funding**

BVSC has been proactive in establishing, with the support of key partners, the Bega Valley Innovation Hub. While funded through AusIndustry, the hub has been working in partnership with iAccelerate at the University of Wollongong which was part funded by Jobs for NSW. The innovation agenda for Jobs for NSW has great potential in regional areas especially linked to the application of innovation to existing key economic drivers of regional NSW. This fund should be continued and expanded to help technology and innovation be applied to traditional industries to support economic growth.

- **Regional Growth Environment and Tourism Fund**

This project is critical for the recovery of NSW, regional and local communities and should continue. The sense that all funding in this area goes to NSW (Newcastle, Sydney and Wollongong) is frustrating for regional areas and the focus on funds such as this are key.

- **Snowy Hydro Legacy Fund**

Funding for the Bega Valley has been made available to support water projects and the focus on linking the return to government to supporting regional investment in rail, road, freight and digital connectivity is seen as the Government recognising the opportunity and challenge in regional areas. The Activation Precinct aspect of the fund will apply as the Snowy/Eden Special Activation Precinct evolves.

- **Cross border commissioner fund and about to be announced business grants for cross border closure**

Whilst Bega Valley has had little funding from this program the focus of it is critical. The impact on our community from the current pandemic border closure is indicating real

pressures.

- **Fixing Country Roads**

This program provides much needed funds to assist with improvements to local and regional road networks which are beyond the capacity of Councils to Fully fund. Council has received funding for several projects under this program. Council is highly supportive of this program continuing, noting that benefit cost ratio requirements are often challenging to meet.

- **Fixing Local Roads**

This relatively new program is highly supported, although Council is yet to know the outcome of applications for funding submitted several months ago.

- **Safe and Secure Water**

Council is highly supportive of the Safe and Secure Water Program and has received funding for two new water treatment plants within the Bega Valley as well as a contribution towards a sewerage treatment plant upgrade and deep ocean outfall. Again the co-contribution requirements of this program can be challenging to meet.

- **Bushfire clean, recovery, environment funding**

In 2018 Council had access to support and funding for clean up, recovery services, support services which was used as a model to review and refocus how the State operates in disaster recovery.

In 2020 the funding and support provided from the State through direct allocation and through grants across response, relief, recovery has been unprecedented. This should be further focussed to become an ongoing program that can be turned on immediately when a disaster is declared. The current Covid response and recovery is clearly one that will benefit from the learning from the bushfire experience.

- **Regional environment and heritage funding**

Local government areas, such as Bega Valley Shire, have been subject to significant environmental and cultural impacts from recent natural disasters, particularly the Black Summer bushfires. BVSC acknowledges the significant support provided through the Bushfire-affected Coastal Waterways Program to limit impacts on sensitive coastal waterways. In the main, however, there have been very limited grant funding opportunities to support biodiversity and cultural heritage assessment and remediation work.

In relation to the Coast and Estuary grant program, BVSC welcomes recent changes to provide 2:1 rather than 1:1 matching funds. This model aligns with funding provided under the Floodplain Management program. We note, however, that many of the measures to address coastal hazards, including flooding, require significant capital investment, which is often beyond the means of local government. The distributional and economic analyses required for these major works are also challenging.

BVSC would welcome early notice of the Government's intentions in relation to the Waste Less Recycle More program. BVSC relies on this program to support many of the initiatives identified in the NSW Waste Avoidance and Resource Recovery Strategy, and likely to be included in the proposed 20-year Waste Strategy.

The manner in which grants are determined:

- With the Stronger Country Communities and other NSW Government grant programs there is a large time lags between the closing of the grant programs and the notification of outcome of projects. Sometimes well in excess of 6 months with a current example being the Fixing Country Roads (FCR) Program and Fixing Local Roads (FLR) Program. This has multiple impacts including unaccounted for cost escalation, milestone dates built into the application needing to be varied and community expectation management ramifications. The greatest impact to Council is the inability to adequately plan ahead with our own budgets, particularly where a grant program requires a co-contribution which many do. To comply with Integrated Planning and Reporting (IPR) Councils need to have draft budgets prepared in December to allow for adequate community consultation and Council consideration to have final budgets adopted in June the following year. It is extremely challenging to budget to contribute to grants when there are regularly several month lags between applications and assessments of grants.
- The time lag with the notification of outcome and then the public announcement of the outcome can also be lengthy sometimes up to 3 months. The impact of this can delay the project planning or delivery as Council is unable to inform the community with whom we need to work to deliver the project.
- The time lag for the provision of funding deeds and execution of funding deeds can also be lengthy sometimes 2 months which can impact on the delivery of the project within the anticipated timeframe.
- The combination of all of the time lags above often makes the cost of being "shovel ready" highly unpredictable and very risky to invest in from a Council perspective, particularly more financially constrained regional Council's. There are examples of where legislative changes have happened between the time of grant submissions and the execution of funding deeds to allow projects to start as well as approvals lapsing between application and deed execution. As an example, BVSC has one ongoing Active Transport (shared pathway) project that involved Crown Land acquisition to allow the pathway to proceed. The process required a consent from DPI Crown Lands to the acquisition occurring which can only be provided for 12 months and any question of Crown Land has to be done under compulsory acquisition just terms provisions. The Office of Local Government are responsible for assessment and Gazettal of the Just Terms acquisition and in the case of this project the time it took for assessment meant the crown consent had lapsed and the whole process had to start again whilst in amongst the process the compulsory acquisition provisions changed. All of the above coming at considerable cost and Council resources that are not claimable. As well as time which



leads to contractor cost escalation. This is only one very specific example and there are many others, particularly that relate to various environmental provisions.

- The pre-requisite to be truly shovel ready for a project is a challenge for many of the reasons outlined above. For projects that are shovel ready at the time of grant submission with all approvals in place and tender documents prepared (for construction style projects) Council often needs to sit all of that shovel ready work “on the shelf” for many months (with some examples in BVSC up to 18 months between submission and approval to commence expenditure.) The NSW Government should allow greater flexibility to allow contracts to be awarded and expenditure to commence from the date that a positive outcome is notified or a public announcement made.
- Councils are heavily financially constrained in our ability to deliver large scale capital projects and as a consequence we have to be strategic in alignment of funding sources. For example we will often try and leverage State and Federal Government funding with Council funds to achieve the greatest “bang for the public buck”. Misalignment of funding program timing as well as assessment and processing delays often result in missed opportunities to leverage different funding programs. This hasn’t always historically been the case. As example, matching state programs such as FCR and FLR with Federal Program such as the Bridges Renewal Program or Heavy Vehicle Safety and Productivity Program will lead to much greater outcomes for the communities of NSW, however misalignment by different levels of Governments makes this challenging to achieve. Further examples are the Federal Building Better Regions Fund and potential alignment of NSW Regional Growth Fund programs.
- There is still enormous variability in the amount of effort and resources required for different funding programs from the NSW Government. The resources required relative to the value of grants is often highly disproportionate. For example some low value grants require far much greater work and resources to apply for than higher value programs. BVSC believes the SCCF requirements represent a good model for an application process.
- BVSC has been experiencing recent frustration with the fact that new funding programs and applications processes are being rolled out prior to announcements on earlier programs that have been applied for. Council believes that shorter timeframes between application submission and ability for Council to commence expenditure would lead to far greater economic stimulus. BVSC often finds itself in the position (which many other Councils also would) of not being clear on whether to keep submitting the same priority projects to each new program that is announced priori to knowing the outcome of programs the project has already been submitted to.

Whilst Council has no direct insight to all processes in terms of grant administration at the State level, it has confidence in the staff in various State programs who administer various programs. Council suggests a number of approaches that can ensure the integrity of grants schemes and public confidence in the allocation of public money including:

- **Announcement to roll out** - A significant challenge recently has been the lag between the political announcement of funding and its delivery on the ground. Community expectations once funding announced is that the funds are already available, and programs, services and infrastructure will be delivered within a short period. There are ongoing State and local government reputational impacts as any significant gap between announcement and project or program delivery creates significant community angst and frustration at government.

***Recommendation:** Establish a process whereby the time between announcement and project delivery is reduced and improve coordinated communication strategies to manage community expectations.*

- **Council employee costs** - It would support Council and our region if NSW Government grant programs would accept contracted Council employees as an eligible expenditure. As a practical example it is often not acceptable for Council to engage even a contract employee for a fixed term to deliver a specific grant funded project or program of projects. However, the same person could be engaged as an external contractor if they establish an ABN and then charge Council whatever figure they choose to provide the same service and those costs would be claimable. In regional areas the skills to deliver projects can be limited and externally accessing these services can drive up the cost of delivery and create an administrative cost burden for Council which ultimately decreases the project outcomes.

***Recommendation:** Allow Council's to employ fixed term contract for specific staff to be engaged and deliver projects funded by State programs.*

- **Co-funding** - The issue of co-funding can be a significant constraint for regional and rural Councils. The recent programs particularly in bushfire and Covid recovery which have not required co-contribution are able to be mobilised almost immediately and achieve significant outcomes.

***Recommendation:** Review and minimise co-funding requirements for bushfire affected local government areas.*

- **Staged programs** - Staged funding programs would assist with the first stage providing financial support to assist Councils develop shovel ready projects which can then be put forward for delivery funding. The NSW Water fund provides a model which would be useful rolling out for other infrastructure projects.

***Recommendation:** Provide staged funding to assist project preparation / pre-feasibility/feasibility.*

Council appreciates the support provided to our region through NSW Government grant programs and welcome any support the NSW Government can provide to regional

communities – especially those that have been bushfire affected. We welcome the outcomes of this inquiry and are available to answer questions or provide further information if required.

Yours faithfully

Leanne Barnes OAM  
**General Manager**