

Inquiry into the integrity, efficacy, and value for money of the Local Small Commitments Allocation process
Hearing: 14 February 2025

QUESTIONS TAKEN ON NOTICE

Question on Notice 1

The CHAIR: What were the new organisations that were receiving funding?

ALISON MORGAN: St Patrick's Church, Church Hill, for homelessness work, the correction was—let me just double-check that I can read this correctly. The allocated expenditure was increased to \$50,000. Wayside Chapel, the funding was reduced to \$50,000 from the original \$100,000. Canice's Kitchen was reduced down to \$25,000. Will2Live, their funding was increased to \$100,000.

The CHAIR: Sorry, because you said \$100,000 before to Will2Live. Can you just clarify which of these organisations were new on the amended list?

ALISON MORGAN: Let me have a look. Who were new? No LSCA funding for that one—Rough Edges and Streetlevel, if I'm reading—I can take on notice and provide a detailed list for you of the changes. That would be the best way to do it.

The CHAIR: If you could, and who dropped off. That would be very useful, thank you.

Answer:

Attachment 1 details the corrections made to the Master List of LSCA nominated projects received by the LSCA Program Office on 28 July 2023.

Question on Notice 2

The CHAIR: On notice, could you tell us the dates that new lists were provided and what the changes were on each of those dates? That would be really useful. If you are able to provide us with the original list as well, that would be interesting.

SIMONE WALKER: There was a time frame between two points where corrections were made. We can give you those.

Answer:

Attachment 1 details the dates the Caucus Liaison Unit in the Premier's Office advised or confirmed the corrections to the Master List of nominated projects received on 28 July 2023.

Question on Notice 3

The Hon. MARK LATHAM:

Details about the number of staff who have been involved in the administration of this program, the staff hours that have been involved, the cost of devising probity and guidelines, and the use

of any consultants? Also, will there be an evaluation process internally about the cost effectiveness of this rather unique scheme?

ALISON MORGAN: Yes, certainly. I can take the question on notice to provide you with a quite detailed budget of expenditure to date for the program. We have had three staff working full-time on this program since it started.

Answer:

Attachment 2 provides the expenditure to December 2024, the forward projection of costs to December 2026 when the LSCA Grant Program is anticipated to end, and an overview of staffing. Total expenditure to December 2024 has been \$1,232,807.00.

The LSCA Program Office is undertaking a benefits realisation review of every LSCA project as it is completed and acquitted.

Question on Notice 4

The Hon. MARK LATHAM: Since July 2023?

ALISON MORGAN: Earlier than that—since June, I would say.

The Hon. MARK LATHAM: Since June 2023, you've had three staff working on it full-time?

ALISON MORGAN: Yes. We've also used some of our internal expertise around governance, as you say. We have an evaluation expert within the team. Some of their time has been used on this as well. I am happy to take that on notice and provide a budget for you around how much the administrative costs for this program have been.

The Hon. MARK LATHAM: What is that approximately so far?

ALISON MORGAN: I didn't bring that information with me.

The Hon. MARK LATHAM: You can take it on notice to be accurate.

Answer:

Attachment 2 provides the overview of staffing for the LSCA Program from 1 July 2023 to 30 December 2026.

Question on Notice 5

The Hon. MARK BUTTIGIEG: Can I tease out this process whereby some MPs we've heard on evidence this morning were mystified by the process, lack of transparency—they didn't know what it was all about. Can I tease out some of the communications in that respect? Is it true that all MPs were contacted after the fact, regardless of their political persuasion, in terms of the projects that were being delivered?

SIMONE WALKER: I'll just ask Ms Morgan to look at that, as she was—

ALISON MORGAN: When the guidelines were approved, they were provided to all local MPs so that they knew how the program was going to work. In some cases, we knew that community organisations who'd been nominated had approached MPs' offices for some support and assistance with their application. That's not unusual. We certainly advised all MPs around the process. The guidelines and everything were made publicly available on the website, so we had some contact with all local MPs.

The Hon. MARK BUTTIGIEG: Did you hear back from MPs Williams or Shetty regarding any clarification on that correspondence?

ALISON MORGAN: I'd have to take that on notice.

The Hon. MARK BUTTIGIEG: Could you please?

ALISON MORGAN: We have tabled every email and document that we have around this program, so it's quite likely it's in the thousands of documents we've tabled. But I will take on notice to see whether I can bring up any contact with that. It's quite possible someone in the team might well have. Sometimes electoral office staff will make inquiries of us on behalf of a community organisation to try to clarify things, so that's not at all unusual.

Answer:

a) The LSCA Program Office had email communications with Mr Ray Williams MP on the following occasions:

31 May 2024 the LSCA Program Office wrote to Mr Williams advising him that three LSCA projects in his electorate had been approved for funding totalling \$280,000.00.

1 October 2024 the LSCA Program Office wrote to Mr Williams advising him that a further one LSCA project in his electorate had been approved for \$100,000.00 funding, bringing the total allocated to the Kellyville electorate to \$400,000.

b) The LSCA Program Office had email communications with Ms Kobi Shetty, MP or her office on the following occasions:

On 12 June 2023 the LSCA Program Office contacted Ms Shetty's electorate office to seek assistance contacting a community organisation that had been nominated to apply for a LSCA grant. On 13 June the LSCA Program Office emailed the Balmain Electorate Office to confirm that the organisation had lodged their application.

On 24 July 2023 the Senior Electorate Officer from Ms Shetty's electorate office emailed the LSCA Program Office requesting a copy of the LSCA Guidelines. These were emailed on 3 August 2023.

On 6 October 2023 the LSCA Program Office emailed Ms Shetty a letter outlining that the Balmain electorate would receive \$150,000 in two allocations to councils for upgrades to playgrounds and parks. The letter outlined that Ms Shetty was invited to work with the Inner West Council and the Council of the City of Sydney to identify appropriate projects.

On 10 November 2023 Ms Shetty's office contacted the LSCA Program Office on behalf on a community organisation enquiring about progress on their application for a LSCA grant. The LSCA program office replied the same day confirming that the application had been received and was under assessment.

On 22 November 2023 the LSCA Program Office wrote to Ms Shetty advising her that an organisation in her electorate had been approved for funding for a LSCA project.

On 1 February 2024 the LSCA Program Office wrote to Ms Shetty advising her that an organisation in her electorate had been approved for funding for a LSCA project.

On 10 July 2024 the LSCA Program Office wrote to Ms Shetty advising her that an organisation in her electorate had been approved for funding for a LSCA project.

On 5 September 2024 the LSCA Program Office wrote to Ms Shetty advising her that five organisations in her electorate had been approved for funding for a LSCA project.

On 18 October 2024 the LSCA Program Office wrote to Ms Shetty advising her that an organisation in her electorate had been approved for funding for a LSCA project.

It is possible that either Mr Williams, Ms Shetty or their staff had ad hoc telephone conversations with staff in the LSCA Program Office. A record of a telephone call is only kept as a file note where it directly relates to a grant decision.

Attachment 1 - Public Accountability and Works Committee - Inquiry into the Local Small Commitment Allocation - Response to QoN - Premier's Department

Local Small Commitment Allocation Grant Program - Detail of changes to commitment master sheet							
Electorate	Commitment detail as provided in the 28 July 2023 Master Sheet	Revised funding approved by PO	Organisation Name	Status	Corrections to July 28 2023 Master sheet	Date	LSCA PO comments
Keira	NSW Labor will deliver up to \$60,000 to Farmborough Road Public School towards the installation of a shade structure of the school's courtyard and play area.	\$60,000	Farmborough Road Public School	scope change	PO confirmed - change to air conditioning in library as original commitment was incorrect	24.11.2023	request to correct project description initiated by grantee
South Coast	NSW Labor will deliver up to \$5,000 to Mollymook SLSC towards roof repairs	\$5,000	Mollymook SLSC	scope change	PO approved - change to new motor for inflatable Rescue Boat as original commitment incorrect.	28.8.2023	request to correct project description initiated by grantee
Sydney	NSW Labor will deliver up to \$50,000 to Shelter NSW to support their work with providing essential services to vulnerable members of the electorate.	\$50,000	Shelter NSW	no change	N/A	N/A	no change
Sydney	NSW Labor will deliver up to \$50,000 to Homelessness NSW to support their work with providing essential services to vulnerable members of the electorate.	\$50,000	Homelessness NSW	no change	N/A	N/A	no change
Sydney	NSW Labor will deliver up to \$50,000 to Matthew Talbot Hostel - St Vincent de Paul Society to support their work with providing essential services to vulnerable members of the electorate.	\$50,000	Matthew Talbot Hostel - St Vincent de Paul Society	no change	N/A	N/A	no change
Sydney	NSW Labor will deliver up to \$5,000 to St Patrick's Church Hill to support their work with providing essential services to vulnerable members of the electorate.	\$50,000	St Patrick's Church Hill	funding increased	PO approval - increased funding to \$50,000	1.2.2024	Advice to correct the master list initiated by PO
Sydney	NSW Labor will deliver up to \$100,000 to Wayside Chapel to support their work with providing essential services to vulnerable members of the electorate.	\$50,000	Wayside Chapel	funding reduced	PO approval - reduced LSCA funding to \$50,000	1.2.2024	Advice to correct the master list initiated by PO
Sydney	NSW Labor will deliver up to \$75,000 to Canice's Kitchen to support their work with providing essential services to vulnerable members of the electorate.	\$50,000	Canice's Kitchen	funding reduced	PO approval - reduced LSCA funding to \$50,000	1.2.2024	Advice to correct the master list initiated by PO
Sydney	NSW Labor will deliver up to \$10,000 to Will2Live to support their work with providing essential services to vulnerable members of the electorate.	\$100,000	Will2Live	funding increased	PO approval - increased LSCA funding to \$100,000	1.2.2024	Advice to correct the master list initiated by PO
Sydney	NSW Labor will deliver up to \$30,000 to Street level to support their work with providing essential services to vulnerable members of the electorate.	\$0	Street level	funding withdrawn	PO approval - No LSCA funding	1.2.2024	Advice to correct the master list initiated by PO
Sydney	NSW Labor will deliver up to \$30,000 to Rough Edges to support their work with providing essential services to vulnerable members of the electorate.	\$0	Rough Edges	funding withdrawn	PO approval - No LSCA funding	1.2.2024	Advice to correct the master list initiated by PO

prepared by LSCA Program Office - Premier's Department 6 March 2025 (A7834210)

Attachment 2 - Public Accountability and Works Committee - Inquiry into the Local Small Commitment Allocation - Response to QoN - Premier's Dept.													
NSW Premier's Department - Forecast costs to administer the LSCA Program Jul 2023 - December 2026													
Escalation		103%			102.5%			102.5%					
Position Description	Grade	2022-2023 Baseline cost	2023-24		Actuals	2024-25					2025-26		Total Projection of costs June 2023 to December 2026
			FTE	Budget \$		FTE	Budget \$	Actuals \$ December YTD	Forecast Jan 25 - Jun 25	2024-25 Full year Forecast	FTE	Budget \$	
EXECUTIVE													
Executive Director	BAND 2	321,634	0.3	99,385		0.3	96,490	48,245	48,245	96,490	0.2	64,327	
Manager - Governance	GRADE 11/12	191,169	0.1	19,690		0.1	20,477	10,238	10,238	20,477	0.1	19,838	
Business Support	GRADE 5/6	121,731	0.2	25,077		0.5	65,194		32,597	32,597	0.0	-	
GRANTS TEAM													
Manager - LSCA	GRADE 11/12	191,169	1.0	196,904		1.0	202,368	101,184	50,592	151,776	0.0	-	
Senior Associate LSCA	GRADE 9/10	157,493	0.5	81,109		1.0	161,895	80,948	80,948	161,895	0.6	100,308	
Program Officer LSCA	GRADE 7/8	138,784	0.0	-		1.0	148,656	74,328		74,328	0.0	-	
COMMUNICATIONS TEAM													
Manager - Communications	GRADE 11/12	191,169	0.1	19,690		0.1	20,477	10,238	10,238	20,477	0.0	-	
Senior Communications Officer	GRADE 9/10	157,493	0.1	16,222		0.1	16,869	8,435		8,435	0.0	-	
Communications Officer	GRADE 7/8	138,784	0.1	14,295		0.5	74,328	37,164	37,164	74,328	0.0	-	
Contractors (Assesment Panel)				60,000			30,000	19,078		19,078			
Contractors (Assesment Panel)								11,352		11,352			
Contractors (Assesment Panel)								23,583		23,583			
TOTAL ERE			2.4	532,372	663,728	4.6	836,754	424,793	270,022	694,815	0.9	184,473	1,543,016
Operating expenses													
Corporate Shared Services Cost				47,153	47,153		93,986		93,986	93,986		19,519	160,658
Training - SmartyGrants specific				10,000						0			-
Consultants										0			-
Probity advice				21,000	13,805		10,000	4,552	5,000	9,552		5,000	28,805
Fees for service										0			-
legal advice				10,000			5,000		5,000	5,000			5,000
Power BI tools				-				16,200		16,200			-
Smarty Grants fee				38,250	32,841		32,841	28,136	4,705	32,841		32,841	98,523
Training				-	1,599					0			-
Travel				-						0			-
TOTAL OPEX				126,403	95,398		141,827	48,888	108,691	157,579		57,360	292,986
TOTAL COSTS (ERE AND OPEX)				658,775	759,126		978,580	473,681	378,713	852,394		241,833	1,836,003
prepared by LSCA Program Office 6 March 2025 (A7834188)													

SUPPLEMENTARY QUESTIONS

Ms Simone Walker, and Ms Alison Morgan, NSW Premier's Department

Supplementary Question 1

On what dates, if any, have you contacted Mr Ray Williams MP or advised his local council to contact him regarding the LSCA program?

- a. Can you please describe the content of the discussion/correspondence?

Answer:

See the answer to the Question on Notice 5 above.

Supplementary Question 2

Did Mr Warren Kirby, Member for Riverstone, ever fill out a conflict of interest form in relation to the grant to North West Community Services Inc?

- a) If yes, is this document now publicly available?
- b) If no, was he ever invited to?

Answer:

Riverstone was not one of the 17 electorates where the LSCA Program Office undertook a Conflict of Interest review in November 2023, and so Mr Warren Kirby was not included in the process.

Supplementary Question 3

Were all Labor candidates and members of parliament required to fill out a conflict of interest declaration / form?

- c) If yes, are these documents now publicly available?
- d) If no, why?

Answer:

No. In November 2023, at the request of the Special Minister of State, the LSCA Program Office undertook a review of Conflicts of Interest in 17 electorates where probity questions were identified, or where the candidate had been a local councillor and had nominated a council run project. The 17 electorates were:

- Blacktown
- Camden
- Clarence
- Dubbo
- Drummoyne
- Kiama
- Lane Cove
- Leppington
- Liverpool

- Miranda
- Newcastle
- Oatley
- Parramatta
- Swansea
- Tamworth
- Wallsend
- Wyong

Supplementary Question 4

In relation to the Government Information Public Access (GIPA) Act application (Ref: A6184988) that was decided on 18 October 2024:

- a) What advice did you give the GIPA Officer in relation to LSCA projects in relation to disclosure?
- b) What advice did you give the GIPA Officer in relation to grants approved by Minister Graham on 9 October 2024?
- c) Is the advice you have to the GIPA Officer part of the documents provided to the Legislative Council's Standing Order 52 Call for Papers in January / February 2025?
- d) If no to c, why not?
- e) If yes to c, where are they specifically located?

Answer:

The LSCA Program Office complied with the requirements of the GIPA Act in relation to this GIPA application.

The approach to responding to the Standing Order 52 was outlined in the letter provided to the Clerk of the Parliaments on 31 January 2025, including an overview of documents provided.

Supplementary Question 5

The shortest single section of your submission to this inquiry is the section titled "The nomination of projects for assessment". The entire section reads "The process for nominating organisations and projects to be considered for funding through the LSCA was undertaken by the NSW Labor Party prior to the 2023 election. Nominations were made as election commitments." Is it correct that independent Department officials had no role in nominating or assessing projects prior to the 2023 election?

Answer:

Yes. Staff from the Premier's Department or The Cabinet Office had no role in nominating or assessing projects prior to the 2023 election.

Supplementary Question 6

Have any public servants ever expressed concerns about the integrity of this scheme?

Answer:

No public servants have expressed concerns to Alison Morgan or Simone Walker about the integrity of the administration of the LSCA Program.

Supplementary Question 7

Was there any means by which the Auditor-General, another integrity body, or taxpayers could challenge projects they believed to have unclear benefits or insufficient oversight during the assessment process?

Answer:

I cannot comment on the powers conferred on the Audit Office or other integrity bodies to challenge LSCA projects they believed to have unclear benefits or insufficient oversight during the assessment process.

Taxpayers who wished to challenge any aspect of the LSCA Program have the following options to find information and ask questions:

- a) The NSW Grant and Funding website has information about the LSCA Program and the Guidelines. It also lists all approved LSCA grants and provides a brief description of the project and the funding amount.
- b) Contact with the LSCA Program Office in the Premier's Department either by email or telephone.
- c) Access via the Premier's Department website to all approval briefs considered by the SMOS including project summaries, the full assessment report and the Minister's Attestation.
- d) Lodgement of a GIPA request through the Premier's Department process available via the Premier's Department website.
- e) Lodgement of a formal complaint via the Premier's Department website.

Supplementary Question 8

Who made the decision to remove the Premier's and Special Minister of State's Forewords from the Local Small Commitments Allocation Program Guideline document, between the draft edition and the final edition which was published?

- a) Why was this decision made?

Answer:

The Executive Director of the LSCA Program Office, Alison Morgan, made the decision to remove the draft Forwards that had been proposed for inclusion in the Local Small Commitment Allocation Program Guideline document.

This decision was taken because of the time required to consult with the Premier and Special Minister of State to get approval for the final wording. A Forward from the Premier or a Minister is not required for grant guideline documents.

Supplementary Question 9

What decisions were the Special Minister of State, or Premier, or both, directly involved in throughout the LSCA process?

Answer:

The Premier made no decisions in relation to the LSCA Program.

The Special Minister of State is the decision maker for the program and has made or will make all significant decisions including:

- a. Establishment of the LSCA program as a non-competitive ad hoc grant program
- b. Approval of the Guidelines, Assessment Plan and Probity Plan
- c. Waivers of eligibility requirements
- d. Approval of projects for funding
- e. Decisions on projects not recommended for funding
- f. The allocation of residual funds to local councils for playground and park upgrades
- g. Approval of significant variations

All Briefs submitted to the SMOS for a decision prior to the 20 November 2024 have been provided to the Parliament in response to the resolution made under Standing Order 52. All Briefs to the SMOS up to 31 December 2024 have been publicly disclosed on the Premier's Department web site ([Local Small Commitments Allocation – Advice and decisions | NSW Government](#)).

**Ms Alison Morgan, Executive Director, Grant Program Office, NSW
Premier's Department**

Supplementary Question 10

Are you aware of discussions inside the Premier's Department that this grants scheme is so inherently political, having been conceived by the ALP in an election campaign and only

available to Labor candidates solely for the purpose of winning votes, that it should not be administered by the NSW public service, as it breaks the ethical code of being non-partisanly apolitical?

Answer:

No.

Supplementary Question 11

What concerns have you personally raised regarding the problem in (10) above?

Answer:

None. As a public servant I provided no advice to the Labor Party as part of the 2023 election campaign. Since May 2023 I have administered the LSCA program in a non-partisan and apolitical way in accordance with the NSW Grant Administration Guide and the Premier's Department Code of Conduct.

Supplementary Question 12

Since March 2023, how many a) email exchanges, b) meetings (in person or online) and c) phone messaging (including What's App) exchanges have there been between Premier's Department staff and i) the Caucus Liaison Unit (Cherie Burton, Paul Mills, Matthew Iemma and James Callow), ii) others in the Premier's office, iii) Minister John Graham and his office and iv) Parliamentary Secretary David Mehan and his office, regarding the Local Small Commitments Allocation program?

Answer:

a) Email exchanges

I have undertaken a search of my email system to get an approximate count of emails exchanged with the Caucus Liaison Unit and the Parliamentary Secretary assistant the Treasurer. These emails have been provided to the Parliament as part of the Standing Order 52 made on 20 November 2024.

Noting that most of these emails are duplicated in the count because of multiple recipients being CC'd and replies in an email chain, the approximate figures I have are:

Emails exchanged between Alison Morgan and the Caucus Liaison Unit

Cherie Burton	230
Paul Mills	260
Matthew Iemma	30
Others in the Premier's Office	5

Emails exchanged between Alison Morgan and the Office of the Special Minister of State

Minister John Graham and his office

220

Emails exchanged between Alison Morgan and the Parliamentary Secretary

David Mehan

210

b) Meetings

- a. On 2 June 2023 I met with representatives from the Premier's Office, Special Minister of State's Office and TCO Legal to discuss the proposed model and implementation arrangements for the LSCA Program.
- b. Between 7 June 2023 and 22 December 2023 the Executive Director of the LSCA Program Office met once a week (with some exceptions for annual leave or conflict in diaries), generally face to face, with a representative/s of the Caucus Liaison Unit. On some occasions the Parliamentary Secretary Assisting the Treasurer, Mr David Mehan, MLC also attended. The notes of these meetings and the weekly LSCA Progress Reports discussed in these meetings have been provide to the Parliament as part of the Standing Order 52 made on 20 November 2024.
- c. On 5 July 2023 the Executive Director, LSCA Program Office held a face to face LSCA briefing with the previous Chief of Staff and policy advisor to the Special Minister of State.
- d. On 29 February 2024 the Executive Director, LSCA Program Office held a face to face LSCA briefing with the current Chief of Staff to the Special Minister of State.
- e. On 7 November 2023, 29 February 2024, 4 September 2024 and 5 March 2025 the Executive Director of the LSCA Program Office has met with the Minister and his staff to provide a LSCA briefing prior to a scheduled Estimates Committee hearing.

c) Phone messaging

- a. Caucus Liaison Unit: The Executive Director, LSCA Program Office exchanged text messages with staff in the Caucus Liaison Unit related to ephemeral matters concerning meeting arrangements and the provision of the LSCA weekly report. At no time were any material matters or decisions communicated by text message.
- b. Office of the Special Minister of State: The Executive Director, LSCA Program Office exchanged text messages with the Policy Advisor in the Office of the SMOS related to the administrative arrangements for Briefs to be provided to the Minister. At no time were any material matters or decisions communicated by text message.
- c. Parliamentary Secretary: The Executive Director, LSCA Program Office did not exchange any text messages with the Parliamentary Secretary.