

**Submission  
No 7**

**INQUIRY INTO INTEGRITY, EFFICACY, AND VALUE FOR  
MONEY OF THE LOCAL SMALL COMMITMENTS  
ALLOCATION PROCESS**

**Organisation:** Wollongong City Council

**Date Received:** 24 January 2025

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Ms Abigail Boyd MLC  
Committee Chair - Public Accountability and Works  
Committee of the NSW Parliament  
Clerk of the Parliaments, NSW Legislative Council  
NSW Parliament House  
6 Macquarie Street  
Sydney NSW 2000

Ref: 26104781  
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Sent via: [PAWC@parliament.nsw.gov.au](mailto:PAWC@parliament.nsw.gov.au) and submitted online

Dear Ms Boyd MLC

## **INQUIRY INTO LOCAL SMALL COMMITMENTS ALLOCATION (LSCA) PROGRAM**

Wollongong City Council (Council) would like to thank the Committee Members for the opportunity to respond to the Terms of Reference relating to the Public Accountability and Works Committee of the NSW Parliament (the Committee) to their Inquiry into the integrity, efficacy and value for money of the Local Small Commitments Allocation process (the Inquiry).

Council's local government area is on Dharawal Country and situated on the South Coast of New South Wales and has a population of approximately 219,000 residents spread across 684 square kilometres. Our response is reflective of our local government area, its demographics, and considers the Terms of Reference being reviewed by the Standing Committee. The Terms of Reference focus on:

- a) the range and availability of funding under the program
- b) the role and interaction of the Premier's Department and other agencies in the process, assessment and facilitation of grants
- c) measures necessary to ensure the integrity of grants schemes and public confidence in the allocation of public money
- d) any other related matters.

Council's responses to the Committee's Terms of Reference are noted below:

- a) **The range and availability of funding under the program, including but not limited to:**
  - i. The oversight of funding determinations
  - ii. The transparency of decision-making
  - iii. The independence of the assessment of projects
  - iv. The role of advocates, candidates and Members of Parliament in proposing projects for funding; and
  - v. The scope of Ministers' discretion in determining which projects are approved.

Council is unable to comment on the range and availability of funding under the program or the processes around decision-making in selecting which projects/organisations received funding. Invitations from local MPs were received, for Council to submit applications on behalf of the local MPs. The projects were for a variety of small park and playground projects that generally aligned with priorities identified in Council's adopted Delivery Program. Council took this approach to ensure the allocation of funding was aligned with the community priorities and feedback received during the development of our Delivery and Operational Plan (DPOP). This is currently not a requirement of the program, although ensuring alignment with Council's DPOP would enhance transparency and accountability of the program overall.

A total of 6 projects proposed by Council were funded valued at approximately \$550,000. Given the size of these projects, most works have been completed within 12 months of executing a LSCA funding agreement.

The equal allocation of \$400,000 per electorate does not account for differences in population between electorates and their varying needs. The introduction of a needs-based adjustment mechanism to allocate funds proportionally to each community's size and specific socio-economic factors may be of benefit.

**b) The role and interaction of the Premier's Department and other agencies in the process, assessment and facilitation of grants.**

Council's interaction with the Premier's Department in the management of LSCA grants has been collaborative and efficient. The Premier's Department has provided effective support to Council staff across all phases of the lifecycle of a grant; from the application process through to the execution of funding deeds, ongoing progress reporting, and final acquittals.

**c) Measures necessary to ensure the integrity of grants schemes and public confidence in the allocation of public money; and**

Council is of the understanding that all NSW Government grant programs must align with the Premier's Memorandum M2022-07 Grants Administration Guide which was gazetted 19 September 2022. As gazettal compliance with the Guide has been a legal requirement under the Government Sector Finance Act 2018 (M2024-03 Grants Administration Guide), we believe checks and audits would be in place to confirm compliance.

**d) Any other related matters.**

While Council appreciates investment in identified infrastructure priorities from the NSW Government under programs such as LSCA, our recent submission to the NSW Government *Inquiry into the ability of local governments to fund infrastructure and services* has identified several challenges associated with the reliance of grant funding as a revenue source.

Council recommended that this review should consider whether the current allocation of State and Federal funding through tied grants is the most effective means of supporting local government outcomes and financial sustainability. While the current levels of funding demonstrate capacity in the incomes of these two levels of government to support Councils and it is agreed that local communities cannot support all services expected a local level through rate incomes. It is argued that a more flexible funding allocation model between Federal, State, and Local Governments would assist in the locally agreed outcomes being delivered in a more efficient way. This would provide greater certainty for local communities and allow opportunity for longer term planning that is not tied to sporadic and short-term programs and external objectives that may not have been agreed to as the highest priority by a local community.

The unpredictable nature of grants funding was acknowledged in the final report of *Inquiry into the ability of local governments to fund infrastructure and services* final report released in November 2024. Recommendation 6 of this report requested that the NSW Government consider grant models that:

- Provide a more secure and sustainable source of funding to local councils to achieve more equitable distribution of grants funding and provide councils with a greater discretion in relation to how funding is spent.
- Take into account the preference of local councils for predictable grants that are determined in a timely manner and assist councils to receive grants within appropriate timeframes to support the delivery of infrastructure programs.

We would encourage the NSW Government respond to this, and other, recommendations made in this committee's final report.

Yours faithfully ✓

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