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Ms Claudine Lyons
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Dear Ms Lyons

Coast and estuary grants program

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

LGNSW welcomes the opportunity to provide feedback on the coast and estuary grants program to improve local government’s uptake of funding opportunities.

Ease of access to program funds

LGNSW recognises that one contributing factor to the underspend in the grants program was the certification prerequisite for implementing works. Delays caused by the bottleneck in the previous Ministerial certification process and the subsequent rush to certify Coastal Management Programs (CMPs) and Coastal Zone Management Plans (CZMPs) after the rule change have limited the number and the scope of projects put forward. These issues will resolve over time as more councils bring CMPs online. However, the coastline is dynamic and some problems may manifest that weren’t known at the time of the CMP development. A process for funding of management actions not in a CMP would be useful to local government.

Grant processes including tendering requirements (to out-source works) and onerous grant reporting can also limit access to funds. The grants program mainly attracts project requesting under $50,000 yet application and reporting processes are the same no matter the value of the project.

Recommendations

The program could differentiate the requirements for small, medium and large (> $200,000) grants, with those grants at the lower end having more streamlined processes for the application, tendering and reporting tasks.

Develop a process for managing grant applications for projects outside a certified CMP.

Alternate funding models and ratios

The requirement for matching funds creates barriers to access the grants program. It creates inequity between councils, as under-resourced small councils can’t always contribute as much as some of the larger councils. A further divide occurs when larger councils accelerate action
with increased capacity and experience that comes from implementing the grants projects. Inequity is also exacerbated by the length of coastline a council manages, with the same ratio for matching funds applied to them as councils who managed significantly smaller amounts of the coastline.

The funding ratio favours smaller projects, as they are easier to secure matching funds for. This may result in larger high priority projects being deferred or not proceeding due to the financial impost on councils.

The grants approval process to date (agency and ministerial sign-off) has caused delays in the announcement of successful grants. The delays have often put the project outside the budgetary cycle of councils and council may no longer be able to provide the matching funds or has to divert funds from other projects. Knock-on effects include delays in council being able to deliver the project and resources being diverted to manage community expectations.

LGNSW’s experience in delivering grants through the Building Resilience to Climate Change program is that councils contribute funds if they are able. This program had no requirement to provide additional funds; noting that grants were capped at $80,000. Averaged across all the funded projects, for every $1 of grant funding, councils and project partners contributed $0.79 in matching funds. This includes some councils who did not contribute any additional funds.

**Recommendations**
Revisit the requirement for matching funds, possible alternatives include:
- Adopt a similar ratio to the flood management program (1:2)
- Allow smaller councils (under 70,000 population) either not be subject to the ratio or allow them to contribute with in-kind contributions.
- Examine a different model for councils who manage large coastal areas.

**The current grant methodology**
Strengths of the current process include a relatively streamlined application and reporting system compared to other NSW Government grants, and the positive relationship with councils and Department of Planning, Industry and Environment (DPIE) regional officers and grants officers. Councils have noted however that grants processes have focussed on project management rather than on project outcomes, leading to more administration. LGNSW does recognise that some of this is required to ensure rigour in program delivery.

The requirement of a cost benefit analysis (CBA) and distributional analysis for implementation projects over $1m has been very limiting. This analysis can be useful at the project development stage especially when comparing alternative projects, however this requirement has been applied to projects in certified CZMPs which have already assessed options and been through a community consultation process. A process which could have taken years to reach an agreement and has a community expectation of being delivered. A CBA adds very little value to the process at this late stage and becomes a very expensive tick-a-box exercise to access funding.

The distributional analysis to determine private and public benefit is also a complex and costly exercise (within the vicinity of $50,000). State or public benefit has not been defined within the coastal management framework and yet is causing significant problems to accessing grant
funds. The blanket requirement to undertake the distributional analysis for high value projects is not warranted in all circumstances especially when the works only benefit the public domain as the foreshore is 100% publicly owned. LGNSW is aware of two seawall projects where the foreshore is public land that have not progressed because of the requirement for the distributional analysis. Other councils have not submitted applications for high priority projects over $1m due to these requirements.

**Recommendations**

- The economic analysis provided by CBA be applied to projects in the development of CMPs to inform the decision-making process rather than be retrospectively applied.
- In consultation with local government, define state and public benefit within the coastal management framework.
- Develop guidelines on how and when the distribution analysis should be applied.

**Council capacity and capability enhancement**

LGNSW recognises the valuable contribution of the DPIE regional officers in building council capacity in coastal management issues. However, the grants program itself does not encourage councils to share learnings between councils. The NSW Coastal Conference does provide this opportunity but it is not always feasible for council officers to take time out from their normal duties and for council to cover travel and conference fees.

**Recommendations**

- DPIE to publish and disseminate best practice case studies.
- Regular regional workshops engaging councils, DPIE and NSW agencies on a range of issues within the coastal management framework including case studies.
- Dispense with the requirement for tendering to facilitate the development of in-house skills of council staff.

**Conclusion**

LGNSW welcomes the opportunity to work with the NSW Government to review the coastal and estuary grants program to make funds more accessible to all coastal councils.

For further information, please contact Denise Anderson, Senior Policy Officer – Environment, on 02 9242 4056 or denise.anderson@lgnsw.org.au.

Yours sincerely,

Tara McCarthy
Chief Executive