Joint Committee of Public Accounts and Audit
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science and Resources
Inquiry into Commonwealth Grants Administration
10 February 2023

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE AND RESOURCES

TOPIC: Design and operation of the Business Grants Hub

REFERENCE: Question on Notice (Written)

QUESTION No.: 4

DSS and DISR are each responsible for building and operating the Community Grants Hub (CGH) and Business Grants Hub (BGH), respectively. How do the design and operation of the BGH differ from the CGH?

ANSWER

The Community Grants Hub (CGH) provides a suite of services, using a flexible delivery model.

In contrast, the Business Grants Hub (BGH) provides an end-to-end service, which covers all phases of the grants lifecycle.

The BGH was initially established to deliver grants to business and business-like entities. Since 2016, the BGH remit has expanded, to also deliver grants to community groups and individuals, in response to client agency demand.

Client agencies initially provide information on expected activity volumes and complexities and a quote is provided using our costing model. Variances at a program level are common and BGH negotiates with client agencies to resolve them. On average, the cost of delivering a grant program has been 4 per cent of the available grant funding.

The BGH uses the Business Grants Management (BGM) ICT system, which is an end-to-end grants management tool.

More detail on the design and operation of the BGH is available in its BGH Service Offer and Catalogue, at Attachment A.

Business Grants Hub Service Offer and Catalogue

Simple and efficient end-to-end grants administration

Date: 12/10/2022

> Access the latest version of this document from https://www.industry.gov.au/government-government/grant-design-and-delivery-services

Contents

What is the Business Grants Hub?

The Business Grants Hub (BGH) within the Department of Industry, Science and Resources (DISR) delivers grants on behalf of Australian Government client agencies. Client agencies are responsible for developing policies and the BGH works with the client agency to develop and administer grants in line with the Commonwealth Grants Rules and Guidelines 2017 (CGRGs).

Formed as part of the Streamlining Government Grants Administration (SGGA) program our aim is to streamline and standardise grants administration by reducing duplication of effort and expenses. The SGGA program mandates certain agencies deliver their grants programs through a grants hub.

Our service offering

We provide an end-to-end service and manage your grant from the engage and design stage through to program closure. We do not take on individual elements of programs.

We offer:

- **Program design expertise:** our dedicated design team work with you to design your program in line with best practice, with a focus on achieving policy outcomes.
- **Grants management experience:** our staff are experienced in all aspects of grants management and deliver your program to a high standard.
- **An integrated grants management system:** our automated end-to-end grants management platform links the customer portal directly to the grants management system.
- **Dedicated customer support:** our contact centre is open from 8am-8pm, Monday to Friday, to support your customers with the application process and throughout the grant life cycle.
- **Promotion:** we publish your grant opportunity on business.gov.au and GrantConnect. We can also promote your grant through our national and regional network of staff in 24 locations across the country.
- **Data management and reporting:** we collect a range of data over the life of your program that is available to you as a suite of standard reports.
- **Risk management:** we have a dedicated assurance team who supports us to minimise program risk and increase probity. Jointly we discuss program risks and agree on controls to monitor and manage risk.

Benefits of using the Hub

We are dedicated to simplifying grants administration. We have extensive experience in providing grants to Australian business, other organisations and individuals. Delivering your grant opportunity through the BGH provides a range of benefits.

For applicants and grantees

- accurate information
- simple, digital, end to end access to the customer grants portal, accessible on any device
- pre-qualification through 'tell us once' online authentication processes for return applicants
- a consistent user experience (language, processes, requirements, look and feel, documentation, and customer service standards)

For government

- standardised, streamlined program design and delivery
- best practice that complies with whole-of-government frameworks and standard processes
- new programs that are designed and launched as quickly as possible
- simpler, faster and more cost-effective services
- consolidated ICT systems that mean less capital investment in grant systems
- policy informed by reliable real-time intelligence
- greater visibility of grant programs across government
- continuity in the event of machinery of government changes

Timeframes

On average, we can launch programs in 8-12 weeks. The time it takes to launch your program will depend on how early you engage with us, and the program complexity. We are able to on board ad hoc grant opportunities more quickly.

It typically takes about 6 to 8 weeks to review and assess grant applications and provide you with a recommendation.

Depending on the characteristics of your program, we may be able to negotiate shorter timeframes.

Costs

We provide an end-to-end grant service. Costs vary depending on the level of service your program requires. We have a range of pricing schedules to suit your program needs from simple, standard and complex.

To deliver on your policy outcomes, we strongly encourage you to engage with us when developing your NPP so we can design your program in the most simple, streamlined and cost effective way. Working with us at the NPP stage allows us to:

- refine your program assumptions
- secure adequate funding to administer your grant, and
- avoid complex and expensive administrative arrangements.

If you need any changes to our services, services required at any point during on-boarding or delivering the grant opportunity, we may need to revise the costings.

Invoicing arrangements

We will invoice you based on the agreed costings on an annual basis, or 100% up front for ad hoc grants. We may need to revise costings where there are significant variations to the volumes or you need additional services.

Your Account Manager will discuss any changes to the costing with you. If we agree to a variation, we will capture this by varying the Services Schedule.

Your role

As the client agency, you retain policy ownership for the program and maintain authority and accountability for program outcomes. Your Minister owns and has responsibility for the program regardless of the grant delivery arrangements. You will manage all program related interactions with your minister, the government and program stakeholders. We will provide you with information, however you remain responsible for:

- briefing your executive and responsible Minister(s)
- appearing at senate estimates
- Ministerial correspondence on policy matters
- responding to whole of government reporting requests, and
- assisting with any policy issues and responding to requests for information throughout the grant life cycle.

Getting started

BGH has a design and liaison team with a dedicated account manager for each agency. Account managers have a breadth of experience and will guide you through the on boarding process. Contact us via your agency's mailbox to discuss your grant opportunity.

How it all works

What our journey looks like

We provide you with end-to-end delivery services across the full grant life cycle from initial engagement and program design through to program closure. The grant life cycle is divided into six phases:

Phase	Description
Engage	Initial engagement between the client agency and the Business Grants Hub to discuss program costs, the BGH service offer, New Policy Proposal development, and governance arrangements.
Design	Planning and defining the details of a program and how it will be implemented to achieve intended outcomes. The design phase includes program design and set up, including developing key documentation and system configuration.
Select	Advertising the grant opportunity, and once applications are received, selecting grant recipients based on eligibility and merit criteria.
Establish	Creating, negotiating, and executing grant agreements or contracts with successful grant recipients.
Manage	Managing active grant agreements including making payments, undertaking reporting activities, tracking performance, and monitoring compliance.
Evaluate	Managing the program closure. Using BGH's program closure report, it is the client agency's responsibility to evaluate the impact of the grant opportunity against the intended policy outcomes and the effectiveness of the grants administration.

Roles and responsibilities

The below table outlines the roles and responsibilities for the Hub and you by Phase

Activity	BGH:	Policy:
Engage **1-6 weeks** We introduce you to the BGH and our service offer. We provide advice on your NPP, and work with you to develop a quote for our services	Assign a dedicated account manager Discuss program design and agree on program assumptions Develop a costing based on program assumptions Develop a Services Schedule, with timeframes.	Complete the program snapshot and checklist for the costing Agree to program assumptions Gain SES approval on the service schedule Gain approval for your NPP and advise us of the outcome.
Design **8-12 weeks** We work with you to refine your policy into best practice program design. We will develop a suite of grant documentation and configure the grant opportunity on our grants management system prior to launch.	Co-design your grant opportunity with you Design all relevant program documentation prior to launch Set up your grant opportunity within the Business Grants Management system (BGM) Seek approval of the grant opportunity guidelines through central agencies.	Obtain and share constitutional advice and legislative authority Gain approval of grant opportunity guidelines within your agency, and where relevant, with your minister Execute program delegations Share any evaluation framework you have on the program, including the data and key performance indicators you'd like us to collect from grantees.
Select **6-8 weeks** We receive applications and assess them against the eligibility and merit criteria. This is the phase where a decision is made on applications.	Manage the application and enquiry process Assess applications against eligibility and merit criteria Manage panel or committee processes Provide you with an assessment outcome pack for briefing the decision maker or delegate Advise applicants on grant outcomes. Manage the feedback process.	Provide input into the assessment panel membership where required Brief your Minister on assessment outcomes and announcements Manage media enquiries Manage whole-of-government reporting and ministerial briefing.

Activity	BGH:	Policy:
Establish **4 weeks** We engage in negotiations with the successful applicants and generate/execute a grant agreement.	Develop, negotiate, and execute grant agreements with successful applicants Publish details of executed agreements on GrantConnect.	Receive regular reports and updates on your program progression Brief your Minister.
Manage **Length of grant program** We manage grantees over the course of the grant agreement period including assessing reports, payments, variations, and terminations.	Manage the customer relationship for the duration of the project Monitor progress, performance and payments Perform agreement variations and terminations, manage debt, fraud and risk in line with your policies.	Manage administered project funding, including any budget re-profiling Authorise any agreement variations Terminations or debt recovery Brief your Minister.
Evaluate **8-12 weeks** We close the grant opportunity and provide you with reports and data to enable you to evaluate the program	Provide a closure report that includes lessons learnt Provide you with all your program data.	Conduct your own evaluation on policy outcomes Brief your Minister on program closure and evaluation outcomes.

We have based the indicative timeframes on the average time it takes to deliver a standard open competitive grant opportunity. We may be able to negotiate shorter timeframes for simple, low volume grants such as ad hoc grants.

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TOPIC: Grants data quality

REFERENCE: Question on Notice (Written)

QUESTION No.: 6

The ANAO found data quality issues with grants data extracts requested during the audit, including that the hubs were 'unable to provide sufficient ... assurance over the completeness and accuracy of the data, and whether there was information loss during the extraction and delivery process' (ANAO report, para 3.35, p.68).

    a. What steps has DISR taken since the audit to improve on grants data quality in the hub?

ANSWER

- In response to the audit, the department established a Grants Data and Reporting team, which is focussed on:

  - identifying and addressing quality issues

  - training staff in data entry to improve quality data collection

  - improving links between datasets, and

  - broadening the range of grants information captured in the grants management platform.

- Specific initiatives that have been progressed include:

  - development of a data framework for 2022-24, which outlines the initiatives that will be undertaken to drive improved capability, culture, and data governance

  - implementation of a new process for staff to self-identify data issues and log specific data fix requests to be actioned

  - development of a data quality dashboard to flag anomalies in data in the grants management platform

  - creation of a unique grant identifier, which allows linking of data from the grants management platform

- o an audit on key date fields in the grants management platform including payment dates, agreement execution dates, and assessment dates to ensure data is complete – other data fields will be reviewed in due course, and

- o a comparison of grants data on the legacy grant management system and the new grants management system, to identify and address any potential migration issues.

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TOPIC: Business Grants Hub benefit measures

REFERENCE: Question on Notice (Written)

QUESTION No.: 7

The ANAO noted that no benefit measures were included in the SGGA program funding proposal, although three benefit realisation frameworks were endorsed or approved since the commencement of the program, in 2016, 2017 and 2018. However, the ANAO found that the indicators in these frameworks were often not measurable as methodologies had not been finalised and agreed with entities; they were not complete; did not specify baselines; and did not include a monitoring and reporting plan (ANAO report, para 2.37, p. 44).

a. How has the BGH measured up against its benefit realisation framework? What financial/performance effectiveness measures been met and not met?

ANSWER

- The Business Grants Hub Benefits Management Framework (the Framework) was finalised in mid-2020.

- The Framework is aligned to the 2018 SGGA Benefits Realisation Framework, and contains 28 metrics listed against three core benefit themes and seven underlying outcome areas:

    o **Efficiencies for government**

        ▪ Improved systems

        ▪ Reduced manual processing

        ▪ Streamlined service delivery

    o **Improved User Experience**

        ▪ Improved customer satisfaction

        ▪ Improved employee satisfaction

    o **Improved data usage**

        ▪ Increased data access

  - ▪ Improved data quality.

- The Framework includes a monitoring and reporting plan, and methodologies for all metrics are complete.

- A list of all benefit measures in the Framework and the most recent performance result can be found at **Table A.**

- When comparing baseline measurements to the most recent reporting period in December 2022:

  o 15 metrics have been met,

  o 8 metrics have not yet been met,

  o 2 metrics (related to customer satisfaction) are currently being collected for the first time and results are expected to be finalised by March 2023,

  o 3 metrics (related to data access and quality) are being reviewed – new metrics will focus on ease of access to reporting products, usage statistics for automated reporting products, and measures of data quality.

Table A – Benefit measures and latest performance result

Benefit measure	Performance result (Dec 2022)
1.1A - A reduction in cost of configuring new programs	Met
1.1B - A reduction in the time and cost to design a new grant opportunity	Not met
1.1C - A reduction in running IT cost of the grants system	Met
1.2A - A reduction in time and cost of manual processes – progress report assessment	Not met
1.2B - A reduction in time and cost of manual processes – selection process	Met
1.2C - A reduction in time and cost of manual processes – variation process	Met
1.2D - A reduction in time and cost of manual processes – purchase order & creditor code process	Met
1.2E - A decrease in the time taken to process applications due to automation	Met
1.2F - A reduction in time spent for hub to execute a grant agreement	Met
1.2G - A reduction in time spent on manual processes for compliance checking in the selection phase	Not met
1.2H - A reduction in time taken to process grants payments	Met
1.3A - An increase in capability of staff to deliver services	Met
1.3B - An increase in the effectiveness of program guidelines	Met
1.3C - An increase in the readability of program guidelines	Not met
1.3D - A continuous improvement capability has been applied to program design	Met
2.1A - A reduction in time spent for customer to complete the application form	Not met
2.1B - A reduction in time for the customer to complete progress report	Not met
2.1C - A reduction in time for the customer to complete variation request	Not met
2.1D - An increase in customer satisfaction with usability of the portal	Not yet measured
2.1E - A reduction in perceived application processing time from customer perspective as a result of automated application processing tasks	Not yet measured

2.1F - An improved customer experience with issue resolution	Not met
2.1G - An reduction in time taken to complete an application as a result of prefill capability	Met
2.2A - An increase in employee satisfaction with dashboard enabled efficiencies – approvals	Met
2.2B - An increase in employee satisfaction with dashboard enabled efficiencies – workload management	Met
2.2C - An increase in overall employee satisfaction with the BGM system	Met
3.1A - An increase in ability of external Policy owners to self-serve standard and ad-hoc program reports	Under review
3.1B - An increase in ability to access and report on whole-of-government program data	Under review
3.2A - An increase in the quality rating of program datasets	Under review

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TOPIC: Common costing model for grant hubs

REFERENCE: Question on Notice (Written)

QUESTION No.: 8

The ANAO noted that a common costing and pricing model was not developed by the hubs. According to the audit report: 'The hubs advised the ANAO in November 2021 that a common costing model is not appropriate as there is a fundamental difference in the types of grant programs being delivered by each hub, and because each hub is underpinned by differing ICT systems, processes and departmental structures' (ANAO report, paras 3.63–3.64, p. 75).

a. Was there an attempt to develop a common costing model before each hub decided to develop its own? If so, what steps were taken?
b. The ANAO notes that the hubs' position that a common costing model is not appropriate due to differences in grant management processes is inconsistent with the original SGGA program funding proposal, which envisioned that grant programs could be implemented using one of six standard workflows (ANAO report, para 3.64, p. 75). Why is a standardised process no longer feasible?
c. The audit report indicates that a common costing model was also intended to support cost recovery (ANAO report, paras 3.73–3.74, p. 77). How much of the hubs' services are currently being cost recovered?

ANSWER

a. Not to our knowledge.

b. The Business Grants Hub (BGH) and Community Grants Hub have different service offerings, different ICT systems, and different operating models, which have evolved in response to client expectations and BGH's delivery experience. These differences drive different costs, which make a common costing model impractical.

c. BGH recovers approximately 95 per cent of costs through charges to client agencies.

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TOPIC: Grants administration details

REFERENCE: Question on Notice (Hansard, 10 February 2023, Page 9)

QUESTION No.: 9

CHAIR: Can you each take on notice and perhaps just, say, for the last three or four years—I will be sensible about it; I'm trying to get a flavour and an indication and not go on some frolic or witch-hunt—the FTE; the dollar value; the number of contracts outsourced for assessment; and the administration purposes and advice on planning your pipeline and whether you think there will be a change in that balance, given you have a different set of policy parameters with the new government's policies to return that flexibility to agencies to work out the cheapest way to deliver something.

ANSWER

From 1 November 2020 to 31 January 2023, the Business Grants Hub (BGH) has engaged three companies to provide 'surge' workforce, that assist in administering grants programs. Synergy and Adecco were engaged for grant administration support of 27 grants programs. PwC was engaged for grants administration surge support for a range of internal grant programs and additional capability uplift from January 2022 until June 2022. The cost of all three services from 1 November 2020 to 31 January 2023 was $15.7 million (GST inclusive).

The personnel engaged through these companies operate as part of the relevant BGH teams, and may work on multiple programs. I.e., the BGH does not wholly outsource elements of the grants assessment or administration process.

The following table provides a breakdown of the personnel engaged in grant delivery and the number of active grant programs and applications over the last three years.

	2020-2021	**2021-2022**	**2022-2023[1]**
Active programs	280	405	409
Grant applications received[2]	21,107	18,025	1,820
FTE departmental staff[3]	226.83	276.64	286.54
FTE labour hire contractors	46	58	32
FTE personnel through 'surge' workforce contracts[4]	190	335	18

The decline in grant applications in 2022-23 reflects the caretaker period, machinery of government adjustments and the Government's spending audit, which temporarily paused programs in late 2022. Application rates are anticipated to increase in 2023.

The department is currently reviewing its ASL and contractor figures against the anticipated pipeline of grants administration to ensure the most appropriate and efficient workforce.

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[1] To 31 January 2023.

[2] Excludes applications received through the Entrepreneurs' Programme and Cooperative Research Centres Programme, which are not delivered through the Business Grants Hub.

[3] Departmental FTE includes both program delivery and enabling staff.

[4] FTE figures for 'surge' workforce personnel are counted as one FTE per person per engagement, regardless of the length of engagement.