



Australian Government

Department of the Environment and Energy

**Finn Pratt AO PSM
Secretary**

Ms Christine McDonald
Secretary
Senate Environment and Communications References Committee
ec.sen@aph.gov.au

Dear Ms McDonald

Inquiry into the Great Barrier Reef 2050 Partnership Program

Thank you for your letter of 14 August 2018 providing written questions on notice from the Senate Environment and Communications References Committee, relating to the inquiry into the Great Barrier Reef 2050 Partnership Program. I note that an extension for the Department's response was provided until 10 September 2018.

Please find attached the Department's supplementary submission for consideration by the Committee. The submission responds to the Committee's written questions on notice and includes several documents that provide further information on the assessment and approval of the grant to the Great Barrier Reef Foundation. Progress on implementation of the grant is well underway and the Department welcomes the opportunity to provide a progress update to the Committee.

As you will see, there are some minor redactions of text in two of the documents attached to the supplementary submission. That text records confidential legal advice received by the Government. In keeping with longstanding convention, the Department does not propose to make public this legal advice. However, I am willing to make unredacted versions of those documents available to the Committee, *in camera*, should this be of assistance.

Yours sincerely

Finn Pratt
10 September 2018

Enc 1 Department of the Environment and Energy Supplementary Submission to the Senate Environment and Communications References Committee.



Australian Government

Department of the Environment and Energy

Supplementary Submission to the Senate Environment and Communications References Committee – Great Barrier Reef 2050 Partnership Program

10 September 2018



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INTRODUCTION

The Department of the Environment and Energy provided a submission to the Great Barrier Reef 2050 Partnership Program Inquiry on 6 July 2018 and welcomes the opportunity to provide a supplementary submission to the Committee.

The Committee is aware that much of the information it has sought relates to the deliberative processes of the Cabinet in the context of the 2018-19 Budget process. Consistent with long-standing conventions, the Department is not at liberty to disclose the substance of those deliberations. In addition, some of the documents contain legal advice. On the basis that it is the longstanding practice of successive Australian governments not to disclose privileged legal advice, this advice has not been disclosed in order that it remains confidential. For these reasons, and also because answering the questions asked by the Committee would require a substantial diversion of resources, the Department has not provided detailed lists of briefs, submissions, advice or emails, or the documents themselves.

FURTHER INFORMATION ON THE GRANT PROCESS

The awarding of the grant to the Great Barrier Reef Foundation involved a detailed, multi-stage process. This occurred initially through two submissions considered by the Expenditure Review Committee of Cabinet in March 2018 as part of the 2018-19 Budget process, and after the Budget as part of the portfolio responsibilities of the then Minister for the Environment and Energy, the Hon Josh Frydenberg MP. Minister Frydenberg provided an overview of the process in answer to a question without notice asked in the House of Representatives on Monday 13 August 2018. A copy of the Minister's answer is included at [Attachment A](#).

Nonetheless, in order to assist the Committee in its inquiries, the Department has included several documents as part of this supplementary submission to provide further information on the process by which the grant to the Foundation was made. This includes:

- an information statement regarding the assessment and awarding of the Reef Trust grant to the Great Barrier Reef Foundation ([Attachment B](#));
- the Department's Grant Process and Requirements Compliance Table (explaining how the evaluation process complies with the Commonwealth financial framework) ([Attachment C](#)). This document contains some minor redactions relating to legal advice for the reasons indicated above;
- the Department's Proposal Evaluation (which assesses the Foundation's proposal against the grant guidelines) ([Attachment D](#)). This document contains some minor redactions relating to legal advice for the reasons indicated above; and
- the index to the Australian Government Solicitor's due diligence report on the Foundation ([Attachment E](#)). The remainder of this document contains legal advice and has not been provided for the reasons indicated above.

Attachments C, D and E were included in the material provided to Minister Frydenberg as part of the grant evaluation and approval process.

The Department undertook a comprehensive approach to the development of the grant, including seeking independent advice from the Australian Government Solicitor and carrying out due diligence checking. The process is explained further in Attachment B.

Classification as a grant

In accordance with the Commonwealth Resource Management Framework, the payment of funds to the Foundation was deemed by the Department to be a grant, not a procurement. A key consideration in this determination was that the objective of the payment was to deliver projects and programs to help achieve policy outcomes under the Australian and Queensland Government's Reef 2050 Plan, while also assisting the Foundation to achieve its own objectives. A procurement involves the purchase of goods and/or services for the Government's purposes. Further issues considered when determining the financial arrangement can be found here: <https://www.finance.gov.au/resource-management/grants/additional-guidance/>

PERFORMANCE AUDIT

On 13 August 2018, the Secretary of the Department, Mr Finn Pratt, wrote to the Auditor-General asking him to consider undertaking an audit of the Australian Government's Great Barrier Reef Foundation Partnership as a matter of priority (Attachment F). At the time Mr Pratt wrote, the ANAO had included a review of the grant as a possible audit later in the year. Mr Pratt took this step given the strong public interest in the grant to the Foundation and the importance of being able to demonstrate the integrity of the process through independent review.

The ANAO commenced a performance audit into the award of the grant to the Foundation on 27 August 2018. Further details on the audit are available at <https://www.anao.gov.au/work/performance-audit/award-grant-great-barrier-reef-foundation>

RESPONSES TO QUESTIONS ON NOTICE

This supplementary submission also provides information that responds to written Questions on Notice, including:

- clarification of investment under the Reef 2050 Plan;
- details of previous funding to the Great Barrier Reef Foundation (the Foundation);
- details about the Interdepartmental committee established to assist the development of the partnership; and
- a summary of previous meetings between the Department and the Foundation.

Investment under the Reef 2050 Plan

The Committee has sought clarification on the \$573 million allocated to Reef water quality that was reported to the World Heritage Committee in 2016. This figure was derived from a comprehensive 'point-in-time' analysis conducted in 2016. It included contributions from multiple sources, including the Australian and Queensland Governments, local government, and private and philanthropic donors. Funding for water quality improvements for the Great Barrier Reef occur across multiple projects and activities, supported by multiple funders and delivered across different timeframes, including multi-year projects. Given this complexity, and the substantial resources that would need to be deployed to do this analysis, the Department at this time is unable to confirm the precise spending amount as at December 2017 against this overall commitment.

The Department provided an up-to-date account of government investment in Reef water quality in its initial submission. This indicated that \$481 million had been allocated by the Australian Government and \$419 million by the Queensland Government for Reef water quality between 2013 and 2022.

A more detailed, project-by-project list of the \$614.8 million worth of Australian and Queensland Government water quality improvement investments over 2017-18 to 2021-22 is available in the Reef 2050 Water Quality Improvement Plan investment table <https://www.reefplan.qld.gov.au/about/assets/reef-2050wqip-investment.pdf>. Unless otherwise identified in that table, the funds allocated to these projects are expected to be fully spent over the same period.

The Department wishes to comment on investment figures referred to by the Australian Conservation Foundation (ACF) in its written submission and in evidence provided at the previous Committee hearing. The ACF has claimed that there is a funding shortfall by the Australian Government in delivering the quantum of investment indicated to the World Heritage Committee in 2016. This is not correct. The ACF figures are incomplete. They have only counted Departmental expenditure from Reef-specific programs against the total investment of \$716 million. This omits other Departmental programs that support Reef 2050 Plan delivery, such as the National Environmental Science Program, as well as funding to the Great Barrier Reef Marine Park Authority, the Australian Institute of Marine Science, the Australian Maritime Safety Authority and other Australian Government agencies contributing to delivery of Reef 2050 Plan actions.

Grants to the Foundation

The following grants have been provided by the Department to the Great Barrier Reef Foundation over the period 2013-14 to 2022-23:

- \$12.5 million for the Resilient Reefs Successfully Adapting to Climate Change research program (2013-14 to 2016-17).
- \$2.3 million for the e-Reefs modelling and reporting tool (2016-17 to 2019-20).

- \$5 million for restoration and conservation of Reef Islands (2018-19 to 2022-23) (approved but not yet contracted).

Interdepartmental Committee

An interdepartmental committee (IDC) was established by the Department to provide advice on the assessment and approval of the grant to the Foundation. The IDC was established in April 2018 and met five times between April and July 2018. It included staff from the Department, the Department of the Prime Minister and Cabinet, the Department of Finance and Treasury.

The IDC used a short standing agenda covering the status of grant agreement negotiations, ministerial approvals and communications. The Department provided verbal updates at these meetings as a basis for discussion. No formal minutes were taken.

Meetings between the Department and Foundation

The Department actively engages with a broad range of Reef interest groups, including the Foundation, in its delivery of investment and actions under the Reef 2050 Plan. The Foundation is a member of the Reef 2050 Advisory Committee which has an important role in providing advice to the Australian and Queensland governments on the implementation of the Reef 2050 Plan.

The Committee is seeking specific information on meetings between certain senior Departmental officers (Mr Pratt, Mr Knudson, Mr Oxley, Ms Callister) and directors or officers of the Foundation since 1 January 2018. As a key Reef stakeholder, senior Departmental officers have had numerous meetings and discussions with the Foundation on a range of issues, including the Reef Trust Partnership, other project funding and general Reef 2050 matters. These meetings are mostly with the Foundation's staff, on an informal basis. No alcohol or meals were provided by the Department or Foundation at these informal meetings, however in some instances tea, coffee, biscuits and mints were available.

Mr Pratt, Mr Knudson and Ms Callister participated in a meeting with the Foundation (Dr Schubert, Dr Greenfield and Ms Marsden) on 17 April 2018 to discuss the potential for the Government to enter into the grant agreement.

Mr Oxley and Ms Callister attended the 24 July 2018 Reef 2050 Advisory Committee meeting, which was also attended by an officer from the Foundation. They and Mr Pratt also attended a joint dinner between the Reef Advisory Committee and the Reef 2050 Independent Expert Panel on 24 July 2018. At the invitation of the Committee/Panel Chairs, the dinner was also attended by Dr Schubert, Ms Marsden and the Queensland Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts the Hon Leeanne Enoch. Catering was jointly paid for by the Department and Queensland Department of Environment and Science.

Departmental officers also regularly meet with Dr Russell Reichelt in his capacity as Chairman and CEO of the Great Barrier Reef Marine Park Authority.

UPDATE ON IMPLEMENTATION OF THE GRANT

Implementation of the grant is well underway. The Foundation has finalised its first set of milestones under the Funding Agreement, including development of an Activity Gantt chart for the 2018-19 Financial Year, establishment of a Partnership Management Committee and development of an Investment Strategy and Annual Work Plan Consultation Plan. The Foundation's next milestones are due by the end of September, including a Resourcing Plan, Co-Financing Strategy Plan, Risk Management Plan and appointment of a Risk and Compliance officer.

The Department is actively involved in Grant oversight, including as a member of the Partnership Management Committee which held its inaugural meeting on 9 August 2018. A Departmental representative has formally been appointed as a Commonwealth Observer on the Foundation's Board and participated in their first meeting on 23 August 2018.

ATTACHMENTS

Attachment A: House of Representatives Question on Notice 13 August 2018

Attachment B: Information statement regarding the assessment and awarding of the Reef Trust grant

Attachment C: The Department's Grant Process and Requirements Compliance Table

Attachment D: The Department's Proposal Evaluation

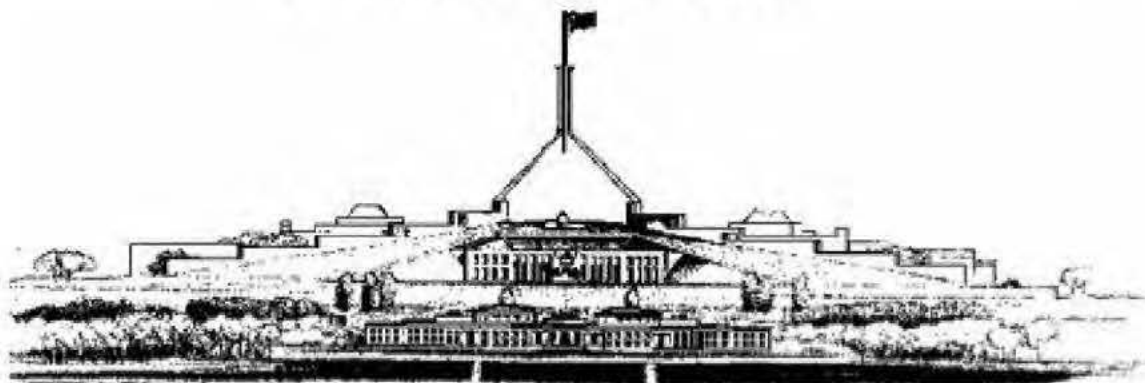
Attachment E: Index to the Australian Government Solicitor's due diligence report on the Foundation

Attachment F: Letter to the Australian National Audit Office



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

QUESTIONS WITHOUT NOTICE

Great Barrier Reef Foundation

QUESTION

Monday, 13 August 2018

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

QUESTION

Date Monday, 13 August 2018
Page 60
Questioner Burke, Tony, MP
Speaker

Source House
Proof Yes
Responder Frydenberg, Josh, MP
Question No.

Great Barrier Reef Foundation

Great Barrier Reef Foundation

Mr BURKE (Watson) (14:52): My question is to the Prime Minister. Yesterday the environment minister said there was extensive due diligence before the Prime Minister offered a small private foundation almost half a billion dollars in taxpayers' money in a closed-door meeting on 9 April. Today the foundation's CEO explained that no-one in the foundation was contacted and she wasn't even aware there was a due diligence process underway. Could the Prime Minister now give us three minutes detailing the extensive due diligence that his minister referred to?

Mr FRYDENBERG (Kooyong—Minister for the Environment and Energy) (14:52): It might help the House to run through a timeline, because the decision to make this funding available was the result of a considered process. Last May, in 2017—

Opposition members interjecting—

The **SPEAKER**: The minister will pause for a second. Members on my left, I'm trying to hear the answer. The minister has the call.

Mr FRYDENBERG: there was an interdepartmental taskforce led by my department to deal with the challenges facing the reef. This led to a MYEFO announcement of \$57 million. I then took two submissions through the ERC process in March, which included seeking further funding for water quality, tackling the crown-of-thorns starfish, reef science, Indigenous engagement and GBRMPA on-water management program and a proposal to establish a partnership with a non-government organisation, which was the Great Barrier Reef Foundation. This was based on three things: the Great Barrier Reef Foundation's proven track record in leveraging philanthropic support as Australia's largest reef-dedicated charity; the foundation's longstanding, extensive experience working with my department and other key stakeholders for more than a decade; and the first phase of due diligence by my department, which looked at its governance, structure, constitution, project management, fundraising history, capacity for growth, board composition and scientific expertise.

Following ERC agreement, an interdepartmental committee was established to progress this proposal, and I was given authority to approach the foundation, which occurred on 9 April, to determine whether they were interested in entering into a partnership for the benefit of the reef—

Ms Catherine King interjecting—

The **SPEAKER**: The member for Ballarat is warned.

Mr FRYDENBERG: subject to the successful negotiation of a partnership agreement and final phase of due diligence. Over the next two weeks, the department worked with the foundation to develop the fundamental principles of the partnership, which included governance, decision-making, risk mapping, reporting, financial management and other things. I formally wrote on 22 April to the foundation chair outlining these collaboration principles, making it clear that any Australian government funds were dependent on negotiating and executing a new grant agreement. The foundation board agreed to these principles in a letter back to me on 26 April.

On 29 April, the government announced our funding commitment and it was included in the budget on 8 May. On 24 May, consistent with the government's grant guidelines, I approved the partnership guidelines, outlining the necessary requirements to be included in the foundation's application, which were published on my website. On 29 May, the foundation formalised their proposal.

On 20 June, under section 71 of the Public Governance, Performance and Accountability Act, I approved the grant to the foundation based on a recommendation from my department and the second state of due diligence, which also included work by the Australian Government Solicitor. My department concluded that this grant would meet the government's policy objective to protect and manage the Great Barrier Reef, represent value for money and is consistent with the provisions of the governance and accountability act.

Information statement regarding the assessment and awarding of the Reef Trust Grant to the Great Barrier Reef Foundation

Initial consideration of grant

1. The Australian Government's decision to make funding available to the Great Barrier Reef Foundation (the Foundation) was taken as part of the 2018-19 Budget process. Following the mass coral bleaching events of 2016 and 2017, and Tropical Cyclone Debbie, the then Minister for the Environment and Energy, the Hon Josh Frydenberg MP, obtained Government authority to develop a package of measures to deal with pressures on the Reef and boost its health and resilience.
2. The Department of the Environment and Energy (Department) established an inter-departmental taskforce on 15 May 2017 to develop proposals for consideration by the Government. The Taskforce included representation from the Great Barrier Reef Marine Park Authority.
3. In parallel with this work, on 28 July 2017 the Great Barrier Reef Ministerial Forum brought forward the planned mid-term review of the Great Barrier Reef Long-Term Sustainability Plan (Reef 2050 Plan) to ensure it continued to be effective in targeting the challenges facing the Reef.
4. Advice provided by the Reef 2050 Advisory Committee and the Reef 2050 Plan Independent Expert Committee as part of the mid-term review informed development of the options considered by the Government, which were consistent with the priorities identified in the Reef 2050 Plan and its Investment Framework.
5. There was extensive engagement with Commonwealth agencies in the development of the options by the Taskforce.
6. The Government first considered Reef-related proposals as part of the 2017-18 Mid-Year Economic and Fiscal Outlook process. The Government's decisions were announced by the then Prime Minister, the Hon Malcolm Turnbull MP, on 22 January 2018.
7. Minister Frydenberg took two submissions to the Expenditure Review Committee in March 2018, as part of the 2018-19 Budget process, to address the pressures facing the Great Barrier Reef.
8. The Government's decision to offer a GST exclusive grant of \$443.303 million to the Foundation was for the purpose of providing the following assistance for the Great Barrier Reef:
 - a. \$200,649,000 for water quality improvement activities;
 - b. \$57,800,000 for crown-of-thorns starfish control activities;
 - c. \$100,000,000 for reef restoration and adaptation science activities;
 - d. \$22,349,000 for Indigenous and community reef protection activities;
 - e. \$40,000,000 for Reef integrated monitoring and reporting activities; and
 - f. up to \$22,500,000 for the Foundation's administration of the grant.
9. The Government's selection of the Foundation for this grant offer was due to:

- a. its track record in leveraging philanthropic support as Australia's leading reef-dedicated charity.
 - b. its decade of experience in working effectively with the Department and a diverse range of Reef stakeholders to manage Commonwealth and State funding to develop, manage and deliver projects to support the Reef.
 - c. the first phase of due diligence conducted by the Department which considered the Foundation's governance, structure, constitution, project management, fundraising history, capacity for growth, board composition and scientific experience.
10. On 9 April 2018, following approval from the Expenditure Review Committee, the Foundation was approached to ascertain its interest in establishing the Partnership. There was a meeting between Prime Minister Turnbull, Minister Frydenberg and Dr John Schubert, Chair of the Foundation. At this meeting, Dr Schubert confirmed the Foundation's interest in developing the partnership. The partnership offer was conditional on the approval of the grant under the Commonwealth financial framework including further due diligence assessment and the negotiation of a satisfactory Grant Agreement.
 11. Following the meeting on 9 April 2018 the Foundation conferred with the Department about the potential partnership and this culminated in an exchange of letters between Minister Frydenberg and Dr Schubert which agreed there was mutual interest in developing the partnership and identified collaboration principles to inform the development of the proposed partnership. The letter from Minister Frydenberg advised that the formal offer of any Australian Government funds for this proposed new partnership was dependent on the parties successfully negotiating and executing a Grant Agreement.
 12. An Interdepartmental Committee (IDC) was established to progress the proposal, involving the Department, the Department of Finance, the Treasury and the Department of the Prime Minister and Cabinet. The IDC was established so that accountable authorities and officials could work together across government in undertaking development of the proposed grant, pursuant to paragraph 4.9 of the *Commonwealth Grants Rules and Guidelines 2017* (CGRGs).
 13. Following the exchange of letters between Minister Frydenberg and Dr Schubert, on 29 April 2018 Prime Minister Turnbull announced a \$500 million investment package for the Great Barrier Reef, including a \$443.303 million (GST exclusive) grant to the Foundation.¹
 14. The grant to the Foundation was included as a measure in the 2018-19 Budget on 8 May 2018.

Development and Approval of Grant Guidelines

15. The Department developed grant opportunity guidelines in accordance with paragraph 4.4 of the CGRGs.
16. The process of developing the grant opportunity guidelines included the Department consulting with the Department of Finance, the Department of the Treasury, the

¹ The balance of the \$500 million investment package was funding of \$56 million to the Great Barrier Reef Marine Park Authority and the Department.

Department of the Prime Minister and Cabinet and the Australian Government Solicitor.

17. On 24 May 2018, Minister Frydenberg endorsed the *Reef Trust – Great Barrier Reef Foundation Partnership Grant Guidelines*, specifying the intended outcomes and requirements of the grant (Grant Guidelines).² They were released publicly on the Department's website on 31 May 2018.
18. The Grant Guidelines provided that the Foundation would work collaboratively with the Department to develop a Grant Funding Proposal (Proposal) that, amongst other things, would demonstrate how the Foundation's performance of the Partnership will contribute to the Partnership outcomes and delivery against the Reef 2050 Plan. The purpose of the Proposal was to inform the Department's grant recommendations to the Minister and the development of the proposed Grant Agreement with the Foundation.
19. On 29 May 2018, the Foundation provided to the Department its Proposal, comprising approximately 400 pages including attachments that had been approved by the Foundation's Managing Director.
20. That Proposal was evaluated by the Department to determine whether the Proposal addressed the matters specified in the Grant Guidelines, namely:
 - a. the extent to which the Proposal achieved value with relevant money and was a proper use of Commonwealth resources in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
 - b. that the Proposal could be delivered on time and on budget.
 - c. that the level of risk associated with the Proposal and its implementation was acceptable.
21. The Department's evaluation also included:
 - a. consideration of a detailed due diligence review undertaken by the Australian Government Solicitor, which involved:
 - undertaking searches related to the Foundation and its directors, including searches of registers maintained by the Australian Securities and Investments Commission and the Personal Property Securities Register, property searches, litigation searches and media searches.
 - reviewing information provided by the Foundation including corporate information, financial reports and compliance with applicable laws.
 - reviewing and considering the Department's own experience in managing grants provided to the Foundation under a range of Reef-related programs over the previous seven years.
 - assessment of potential conflicts of interest; and
 - b. an assessment of the proposed funding arrangement by reference to the CGRGs, which included, but was not limited to:

² A copy of the Grant Guidelines is available on the Department's website:
<http://www.environment.gov.au/marine/gbr/publications/reef-trust-gbrf-partnership-grant-guidelines>.

- determining that the proposed funding arrangement is properly characterised as a one-off ad hoc grant, pursuant to paragraph 4.2;
 - considering the proposed funding arrangement's compliance with government policies and legislation relevant to grants administration, pursuant to paragraph 4.3;
 - preparing written advice to the Minister addressing the matters at paragraph 4.6; and
 - considering, in accordance with paragraph 9, that risk was managed appropriately by multiple protections for the Commonwealth and obligations on the Foundation as set out in the proposed Grant Agreement.
22. The Department's evaluation, and its recommendations to the Minister, concluded that the matters specified in the Grant Guidelines were satisfactorily addressed and that the provision of the Grant to the Foundation would achieve value with relevant money and be a proper use of Commonwealth resources consistent with the requirements of the PGPA Act and the CGRGs.

Approval of grant

23. On 20 June 2018, Minister Frydenberg provided approval for the expenditure of \$443.303 million (GST exclusive) in accordance with s 71 of the PGPA Act as a one-off, ad hoc grant from the Reef Trust Special Account to the Foundation, subject to the passage of the *Appropriation Bill (No. 5) 2017-18* through Parliament.
24. In approving this expenditure the Minister was satisfied that the funding proposal represented a proper use (i.e. an efficient, effective, economical and ethical use) of Commonwealth funds.
25. The brief provided to the Minister at the time he made the decision included:
- a. Advice from the Department that the requirements in the following instruments had been met (i) *Public Governance, Performance and Accountability Act 2013* (Cth); (ii) the *Public Governance Performance and Accountability Rule 2014* (Cth); (iii) the *Commonwealth Grant Rules and Guidelines 2017*; and (iv) the Grant Guidelines.
 - b. The Department's evaluation of the Proposal.
 - c. The due diligence report prepared by the Australian Government Solicitor.
26. On 25 June 2018 *Appropriation Bill (No. 5) 2017-18* received Royal Assent and on 27 June 2018 the Grant Agreement³ between the Department and the Foundation was executed. The Grant Agreement runs from the period from 1 July 2018 until 30 June 2024.
27. The Grant funds were paid by the Department to the Foundation on 28 June 2018.

³ A copy of the Grant Agreement is available on the Department's website:
<http://www.environment.gov.au/marine/gbr/publications/grant-agreement-between-reef-trust-and-great-barrier-reef-foundation>.

GRANT PROCESSES AND REQUIREMENTS COMPLIANCE TABLE

REEF TRUST - GREAT BARRIER REEF FOUNDATION PARTNERSHIP

This table sets out mandatory and relevant requirements for the Department of the Environment and Energy (**Department**) to consider and satisfy in respect of the proposed grant to the Great Barrier Reef Foundation (**Project**).

The Table considers the requirements of (i) the *Public Governance, Performance and Accountability Act 2013* (Cth) (**PGPA Act**); (ii) the *Public Governance, Performance and Accountability Rule 2014* (Cth) (**PGPA Rule**); (iii) the *Commonwealth Grant Rules and Guidelines 2017* (**CGRGs**); and (iv) the Grant Guidelines (**GGs**) approved for the grant and how they relate to payment of a Commonwealth grant. Mandatory requirements of the CGRGs are denoted by the word 'must'.

This document does not, and does not purport to, set out all requirements of the above instruments or other instruments generally relating to the Project. It is limited only to those that are specifically relevant to payment of the Commonwealth grant for the Project and any other ongoing obligations of the Department that may be relevant to the Project. The Department of Finance has published Resource Management Guides¹ that are also relevant to the commitment of relevant money by the making of a grant. Except where otherwise indicated, such Guides are not addressed in this document.

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|---|---|--|--|-----------------------------------|
| 1. MANDATORY PGPA ACT REQUIREMENTS | | | | |
| 1.1. | Section 23 Power in relation to arrangements and commitments | (1) The accountable authority of a non-corporate Commonwealth entity may, on behalf of the Commonwealth: (a) enter into arrangements relating to the affairs of the entity; and | The decision whether to approve the Grant to the Foundation will be made by the Minister under s 71 of the PGPA Act. The Department will ensure the signatory for the Grant Agreement will be determined in accordance with applicable requirements (in particular, any financial limitations) of the | Execution provision |

¹ The most relevant are RMG 400 *Approving commitments of relevant money*, RMG 411 *Grants, Procurements and Other Financial Arrangements* and RMG 412 *Australian Government Grants: Briefing and Reporting*.

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|------|--|---|---|-----------------------------------|
| | | <p>(b) vary and administer those arrangements.</p> <p>(2) An arrangement includes a contract, agreement, deed or understanding.</p> <p>(3) The accountable authority of a non-corporate Commonwealth entity may, on behalf of the Commonwealth, approve a commitment of relevant money for which the accountable authority is responsible.</p> <p>[Note: see RMG 400 Commitment of relevant money for further information.]</p> | Department's Secretary's Instructions or PGPA Delegations Instrument. | |
| 1.2. | Section 60 Indemnities, guarantees or warranties by the Commonwealth | <p>(1) The Finance Minister may, on behalf of the Commonwealth, grant an indemnity, guarantee or warranty.</p> <p>(2) The grant of the indemnity, guarantee or warranty must be in accordance with any requirements prescribed by the rules.</p> <p>[Note: requirements for indemnities, guarantees and warranties are set out in RMG 414. These include that if an indemnity is given, the relevant liability must have less than a 5% chance of occurring and, if it does occur, result in a liability of less than \$30 million. If this cannot be complied with, approval is required from the Prime Minister, Finance Minister or Cabinet in accordance with RMG 414.]</p> | <p>The Grant Agreement has the Commonwealth giving an indemnity in respect of loss or damage suffered by the Foundation as a result of the Commonwealth Observer failing to observe their obligations under the confidentiality agreement to be entered into between the Commonwealth Observer and the Foundation.</p> <p>The Department considers the likelihood of the Commonwealth Observer incurring any liability for the Commonwealth, let alone a liability exceeding \$30 million, to be very low (assuming the Commonwealth Observer is subject to an appropriate selection process and is a reasonably senior Departmental officer, as contemplated). On that basis, the Department considers the indemnity to be acceptable.</p> | Clause 6.2.13 |
| 1.3. | Section 71 Approval of proposed | <p>(1) A Minister must not approve a proposed expenditure of relevant money unless the Minister is satisfied, after making reasonable inquiries, that the</p> | The Department has prepared a Brief to the Minister which will assist the Minister to make the 'reasonable enquiries' necessary in order to form a view on whether the proposed Grant is a 'proper' use of relevant money. | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|--|--|--|---|-----------------------------------|
| | expenditure by a Minister | <p>expenditure would be a proper use of relevant money.</p> <p>(2) If a Minister approves a proposed expenditure of relevant money, the Minister must:</p> <p>(a) record the terms of the approval in writing as soon as practicable after giving the approval; and</p> <p>(b) comply with any other requirements prescribed by the rules in relation to approvals of proposed expenditure.</p> | RMG 412 includes information, including a checklist, about what information should be considered when preparing briefs. The Department has had regard to these requirements when preparing its brief. A detailed response against the checklist is included at the end of this table. | |
| 2. MANDATORY PGPA RULE REQUIREMENTS | | | | |
| 2.1. | 18 Approving commitments of relevant money | <p>(1) If:</p> <p>(a) the accountable authority of a Commonwealth entity is approving the commitment of relevant money for which the accountable authority is responsible; or</p> <p>(b) an official of a Commonwealth entity is approving the commitment of relevant money for which the accountable authority of a Commonwealth entity is responsible;</p> <p>then the accountable authority or official must record the approval in writing as soon as practicable after giving it.</p> <p>(2) To avoid doubt, the official must approve the commitment, and record the approval, consistently with any written requirements (including any requirements relating to the proper use of that money</p> | This requirement is not applicable as the Minister is approving the commitment of relevant money. | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|---------------------------------------|----------------|--|--|-----------------------------------|
| | | <p>and spending limits) specified by the accountable authority referred to in paragraph (1)(b) in:</p> <p>(a) if the official is acting under a delegation or authorisation of the accountable authority:</p> <p>(i) the instrument that delegates to the official, or otherwise authorises the official to exercise, the accountable authority's power to approve the commitment of relevant money; or</p> <p>(ii) a direction to the official in relation to the exercise of that power; or</p> <p>(b) instructions given by the accountable authority.</p> | | |
| 3. MANDATORY CGRG REQUIREMENTS | | | | |
| 3.1. | Paragraph 2.10 | Officials <u>must</u> comply with the CGRGs. | This table sets out how the Department and its officials have complied with the CGRGs. | N/A |
| 3.2. | Paragraph 3.2 | <p>The resource management framework contains an overarching requirement that accountable authorities <u>must</u> govern entities in a way that promotes proper use and management of public resources.</p> <p>In managing the affairs of the entity, accountable authorities <u>must</u> comply with the Constitution, the PGPA Act, the PGPA Rule and any other relevant law.</p> <p>In addition, accountable authorities of non-corporate Commonwealth entities <u>must</u> govern the entity in a way that is not inconsistent with the policies of the Australian Government.</p> | The Department has implemented a number of governance, assurance and internal control mechanisms to satisfy these requirements including the Secretary's Instructions (otherwise referred to in the PGPA Act as Accountable Authority Instructions), delegations instrument and policies and procedures. | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|------|---------------|---|---|-----------------------------------|
| 3.3. | Paragraph 3.3 | Ministers <u>must</u> also comply with the relevant legislative requirements in the PGPA Act and Rule and the CGRGs. Officials <u>must</u> advise their Ministers on these requirements. | The Department's advice on those requirements is contained in this table and in the Brief. | N/A |
| 3.4. | Paragraph 3.4 | The PGPA Act and Rule provides the overarching accountability framework for grants administration. Accountable authorities and officials <u>must</u> consider their obligations under the PGPA Act and Rule when undertaking grants administration. Internal guidelines, operational guidance and grant opportunity guidelines <u>must</u> be consistent with these requirements, while including any additional specific processes. | The Department's consideration of these requirements is demonstrated in the Brief (including the evaluation of the Foundation's Proposal). The Department developed Grant Guidelines for the Project (the Reef Trust – Great Barrier Reef Foundation Partnership Grant Guidelines). The Department undertook a process consistent with its usual procedures to ensure the Grant Guidelines were prepared in accordance with the CGRGs. The Department also sought advice from the Australian Government Solicitor (AGS) and central agencies on the Grant Guidelines and drafting of the Grant Agreement. [REDACTED] [REDACTED] [REDACTED] | N/A |
| 3.5. | Paragraph 3.5 | Section 15 of the PGPA Act provides that an accountable authority <u>must</u> govern the affairs of the entity in a way that promotes proper ² use and management of public resources for which the accountable authority is responsible. | The Department has implemented a number of governance, assurance and internal control mechanisms to satisfy these requirements including the Secretary's Instructions (otherwise referred to in the PGPA Act as Accountable Authority Instructions), delegations instrument and policies and procedures. | N/A |

² When used in relation to the use or management of public resources 'proper' means efficient, effective, economical and ethical.

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|------|----------------|---|--|-----------------------------------|
| 3.6. | Paragraph 3.6 | Before entering into an arrangement for the proposed commitment of relevant money there <u>must</u> be legal authority to support the arrangement. | <p>The Department is relying on Appropriation Bill (No. 5) 2018-19 being enacted by the Parliament so that an amount equivalent to the grant funds can be credited to the Reef Trust Special Account. The Special Account will provide legal authority for the Commonwealth to make the grant.</p> <p>The Department is relying on section 23(1) of the PGPA Act to provide the legal authority for its accountable authority or delegate to execute the Grant Agreement.</p> <p>The Department is relying on section 71 (in lieu of section 23(3)) of the PGPA Act for the Minister to approve the expenditure for the grant.</p> | Clauses 3.1 and 3.2 |
| 3.7. | Paragraph 3.9 | The PGPA Rule requires that where accountable authorities or officials approve a proposed commitment of relevant money, the approval <u>must</u> be recorded in writing as soon as practicable after the approval is given. | This will be satisfied by the Minister complying with s 71 of the PGPA Act and the Minister's response to the Brief. | N/A |
| 3.8. | Paragraph 3.10 | <p>The PGPA Act and Rule, and the CGRGs, include requirements that apply to Ministers.</p> <p>Officials <u>must</u> advise the relevant Minister on these requirements.</p> | <p>The Brief addresses these requirements. For example, it:</p> <ul style="list-style-type: none"> states that it relates to a one-off, ad hoc grant; states the approval is being sought from the Minister under s 71 of the PGPA Act; and specifies the Appropriation Act which will appropriate the grants funds from the CRF. | N/A |
| 3.9. | Paragraph 3.11 | The PGPA Act requires that a Minister <u>must</u> not approve proposed expenditure of relevant money unless satisfied, after reasonable inquiries, that the expenditure would be a 'proper' use of relevant money. | This will be satisfied through the Minister's consideration of and response to the Brief, which will include provision for the Minister to specify the terms of the approval of the proposed expenditure. | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|---------------|--|---|-----------------------------------|
| | | The terms of the approval <u>must</u> be recorded in writing as soon as practicable after the approval is given... | | |
| 3.10. | Paragraph 4.2 | Officials <u>must</u> establish and document whether a proposed activity is a grant prior to applying the CGRGs. | The Department has satisfied this requirement. [REDACTED] [REDACTED] [REDACTED] [REDACTED] | N/A |
| 3.11. | Paragraph 4.3 | Accountable authorities and officials involved in grants administration <u>must</u> comply with government policies and legislation relevant to grants administration. [Note: see e.g. relevant RMGs .] | The Department, advised by AGS, has complied or will comply with government policies and legislation relevant to grants administration by taking the steps set out in this document. | N/A |
| 3.12. | Paragraph 4.4 | Officials <u>must</u> : a. develop grant opportunity guidelines for all new grant opportunities, and revised guidelines where significant changes have been made to a grant opportunity; b. have regard to the seven key principles for grants administration; ³ c. ensure that grant opportunity guidelines and related internal guidance are consistent with the CGRGs; and d. advise the relevant Minister on the relevant requirements of the PGPA Act and Rule and the | Paragraph a.: This requirement has been satisfied by the development of the Reef Trust – Great Barrier Reef Foundation Partnership Grant Guidelines. Paragraph b.: The Department is satisfied that it has had regard to the seven key principles for grants administration. The Department has also separately engaged McGrathNicol to assess the evaluation process undertaken by the Department. Paragraph c.: This requirement has been satisfied because the Grant Guidelines are consistent with the CGRGs (see row 3.4 above). | N/A |

³ The seven key principles are set out in paragraph 6.2 and are: (i) robust planning and design; (ii) collaboration and partnership; (iii) proportionality; (iv) an outcomes orientation; (v) achieving value with relevant money; (vi) governance and accountability; and (vii) probity and transparency.

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|----------------------|--|---|-----------------------------------|
| | | CGRGs, where a Minister is considering a proposed expenditure of relevant money for a grant. | Paragraph d.: This requirement is satisfied by the content of the Brief. | |
| 3.13. | RMG 412, paragraph 5 | Finance should be consulted about the need for grant guidelines for a significant or one-off ad hoc grant. | Finance is a member of the inter-Departmental Committee (IDC) and was consulted about the Guidelines prior to their finalisation (as was the Department of Prime Minister and Cabinet). | N/A |
| 3.14. | Paragraph 4.5 | Where an accountable authority or an official approves the proposed commitment of relevant money in relation to a grant, the accountable authority or official who approves it <u>must</u> record, in writing, the basis for the approval relative to the grant opportunity guidelines and the key principle of achieving value with relevant money. | This requirement is not applicable as the Minister is the person who will decide whether or not to approve the making of the Grant. | N/A |
| 3.15. | Paragraph 4.6 | <p>Officials <u>must</u> provide written advice to Ministers, where Ministers exercise the role of an approver.</p> <p>This advice <u>must</u>, at a minimum:</p> <ol style="list-style-type: none"> explicitly state that the spending proposal being considered for approval is a 'grant'; provide information on the applicable requirements of the PGPA Act and Rule and the CGRGs (particularly the need to make reasonable inquiries prior to approving a proposed expenditure as a proper use of relevant money and to record the terms of the proposed expenditure as soon as practicable after giving the approval (both required by s 71 of the PGPA Act) and any ministerial reporting obligations), including the legal authority for the grant; | <p>The Minister is the proposed approver of the Grant.</p> <p>Paragraph a.: This requirement is satisfied as the Brief states that what the Minister is being asked to consider is a "one-off, ad hoc grant from the Reef Trust Special Account".</p> <p>Paragraph b.: This requirement is satisfied by the Brief (including the evaluation of the Foundation's Proposal in Attachment E and this document). The grant terms will be recorded in the Grant Agreement. The Department is relying on Appropriation Bill (No. 5) 2018-19 being enacted by the Parliament so that an amount equivalent to the grant funds can be credited to the Reef Trust Special Account. The Special Account will provide legal authority for the Commonwealth to make the grant.</p> <p>Attachment B to the Brief sets out the mandatory reporting requirements.</p> | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|---------------|---|--|-----------------------------------|
| | | <p>c. outline the application and selection process followed, including the selection criteria, that were used to select potential grantees; and</p> <p>d. include the merits of the proposed grant or grants relative to the grant opportunity guidelines and the key principle of achieving value with relevant money.</p> <p>The Brief should also state whether the grant will provide for activities in the Minister's own electorate (RMG 412, paragraph 21).</p> | <p>Paragraph c.: This requirement is satisfied as the Brief notes that the decision to make the proposed one off, ad hoc grant to the Foundation is a decision of the Government. The selection process involved the making of the Grant Guidelines by the Department, the submission of a Proposal by the Foundation to address the Guidelines and the evaluation of the Proposal by the Department against the Guidelines and the CGRGs. Attachment G to the Brief sets out the Department's evaluation of the Project.</p> <p>Paragraph d.: The Brief includes the Department's evaluation of the Foundation's Proposal and a risk assessment. The Brief also includes an AGS due diligence report on the Foundation and advice on legal risks prepared by AGS. The Guidelines specified eligibility criteria against which the Proposal was assessed. The Guidelines did not specify selection criteria because no selection process was carried out. The selection of the Foundation was a Government decision.</p> | |
| 3.16. | Paragraph 4.8 | <p>Where a third party administers grants on behalf of the Commonwealth, the relevant accountable authority <u>must</u> ensure the arrangement is in writing and promotes the proper use and management of other CRF money.</p> <p>In addition, the accountable authority <u>must</u> ensure the arrangement requires the third party to apply the CGRGs.</p> | This requirement is not applicable as the Foundation is a grant recipient, and not administering grants on behalf of the Commonwealth within the meaning of the CGRGs. | N/A |
| 3.17. | Paragraph 4.9 | An overarching principle of the CGRGs is that accountable authorities and officials work together across government and with non-government stakeholders when undertaking grants administration. | The Department has established in inter-Departmental Committee (IDC) in relation to the proposed Grant, involving the Department of Finance and the Department of Prime Minister and Cabinet (PM&C). | Clause 5 Item 2 of Schedule 1 |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|----------------|---|--|-----------------------------------|
| | | When determining what the acquittal or reporting requirements are, officials <u>must</u> have regard to information collected by Australian Government regulators and available to officials. | Relevant government and non-government stakeholders are involved in the administration of the Grant under the proposed consultation process for development of the Investment Strategy and Annual Work Plans. The draft acquittal and reporting requirements are Project specific and prior to finalising the grant agreement, regard will be had to information collected by Australian Government regulators and available to officials. | |
| 3.18. | Paragraph 4.10 | In addition to the requirements under the PGPA Act, where the proposed expenditure relates to a grant or group of grants, the Minister: a. <u>must</u> not approve the grant without first receiving written advice from officials on the merits of the proposed grant or group of grants. That advice <u>must</u> meet the requirements of the CGRGs (see paragraph 4.6); and b. <u>must</u> record, in writing, the basis for the approval relative to the grant opportunity guidelines and the key principle of achieving value with relevant money. | Paragraph a.: This requirement will be satisfied as the Brief includes the written advice from the Department (i) on the merits of the proposed grant and (ii) that satisfies the requirements of the CGRGs, including paragraph 4.6. Refer also to row 3.15. Paragraph b.: This requirement will be satisfied as the Minister will record the reasons for the approval decision and why it represents value for money, on the basis of the information contained in the Brief. | N/A |
| 3.19. | Paragraph 4.11 | Ministers may approve grants within their own electorate. <i>[Note: paragraph 4.11 goes on to specify certain requirements if this occurs.]</i> | This requirement is not applicable as the Minister is not approving a grant within the Minister's own electorate. | N/A |
| 3.20. | Paragraph 4.12 | Ministers may approve grants that are not recommended by the relevant officials. a. Ministers (including Senators) <u>must</u> report annually to the Finance Minister on all instances where they have decided to approve a particular grant which the | Paragraph a. This requirement is not applicable as the Department has not recommended that the grant be rejected. | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|---------------|--|---|-----------------------------------|
| | | <p>relevant official has recommended be rejected. The report <u>must</u> include a brief statement of reasons (i.e. the basis of the approval for each grant). The report <u>must</u> be provided to the Finance Minister by 31 March each year for the preceding calendar year.</p> <p>b. If a decision relates to a Minister's own electorate (House of Representatives members only), the Minister <u>must</u> also include this information when writing to the Finance Minister in the context of the process outlined in paragraph 4.11.</p> | Paragraph b. is not applicable as the grant does not relate to the Minister's own electorate. | |
| 3.21. | Paragraph 5.2 | <p>Grant opportunity guidelines <u>must</u> be made publicly available on GrantConnect, except where there is a specific policy reason to not publicise the grant opportunity guidelines or grants are provided on a one-off or ad hoc basis.</p> <p>[Note: see RMG 421 for further information relating to GrantConnect. However, RMG 421 does not apply to one-off or ad-hoc grants.]</p> | <p>This requirement is not applicable as the grant is being provided on a one-off or ad-hoc basis.</p> <p>The Grant Guidelines were published on the Department's website available at: https://www.environment.gov.au/system/files/resources/7d29a273-1e90-4cdf-ae7b-5bb7fb8745dd/files/reef-trust-qbrf-partnership-grant-guidelines.pdf.</p> | N/A |
| 3.22. | Paragraph 5.3 | From 31 December 2017 an entity <u>must</u> report, on GrantConnect, information on individual grants (as defined in paragraph 2.3) no later than twenty-one calendar days after the grant agreement for the grant takes effect. | The Department will satisfy this requirement by reporting on GrantConnect information on the grant no later than 21 calendar days after the grant agreement takes effect. | N/A |
| 3.23. | Paragraph 5.4 | Until it complies with paragraph 5.3 an entity <u>must</u> report, on its website, information on individual grants (as defined in paragraph 2.3) no later than twenty-one calendar days after the grant agreement for the grant takes effect. | The Department will satisfy this requirement by ensuring that the grant is reported on the Department's website until this information is made available on GrantConnect. | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|---------------|--|---|-----------------------------------|
| 3.24. | Paragraph 5.5 | Officials <u>must</u> identify [on its website] whether a grant agreement contains confidentiality provisions. | The Grant Agreement contains confidentiality provisions. The Grant Agreement itself is not confidential. Some specific material to be generated by the Foundation under the Agreement will be treated as confidential information (including for example identified items in the Co-Financing Strategy Plan and the Communication and Stakeholder Engagement Plan). This will be identified on the Department's website in accordance with the CGRGs. | Clause 14 |
| 3.25. | Paragraph 5.6 | <p>There may be circumstances where officials determine that public reporting of grants in accordance with the CGRGs is contrary to the <i>Privacy Act 1988</i> (Privacy Act), other statutory requirements, or the specific terms of a grant agreement.</p> <p>a. In these circumstances, the relevant officials <u>must</u> publish as much information as legally possible. For example, it may be possible to omit the name of the grantee and other personal information that may contravene the Privacy Act, but report other grant details.</p> <p>b. The reasons for not reporting fully <u>must</u> be documented by officials...</p> | The Department will publicly report the grant, so this is not applicable. | N/A |
| 3.26. | Paragraph 5.7 | Where officials assess that publishing grant information in accordance with the CGRGs could adversely affect the achievement of government policy outcomes, the responsible Minister may seek an exemption from the Finance Minister. | This obligation is not applicable as the Department intends to comply with its obligations to publish grant information in accordance with the CGRGs. | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|---------------|--|--|---|
| | | The responsible Minister <u>must</u> write to the Finance Minister detailing the rationale for exemption. Officials should consult with Finance before commencing this process. | | |
| 3.27. | Paragraph 5.8 | Information on individual grants <u>must</u> be retained on an entity's website for at least two financial years. Where it is not practicable to do so (for example, due to the exceptional volume of grants needing to be maintained on the website) entities <u>must</u> retain appropriate records, consistent with their accountability obligations, and ensure the records are available on request. | The Department will satisfy this requirement by retaining information on the grant on its website for at least two years. | N/A |
| 3.28. | Paragraph 6.3 | Accountable authorities and officials <u>must</u> put in place practices and procedures to ensure that grants administration is conducted in a manner that is consistent with these seven key principles. ⁴ | The Department manages grants programs in accordance with the CGRGs, the PGPA Act, PGPA Rules and any other relevant guidance issue by the Department of Finance. | N/A |
| 3.29. | Paragraph 8.7 | Officials <u>must</u> ensure that any suite of documents that form the grant opportunity guidelines are consistent with the CGRGs. | The Department sought advice from AGS and the IDC in developing and settling the Grant Guidelines. The Department is satisfied they are consistent with the requirements of the CGRGs. | N/A |
| 3.30. | Paragraph 9.1 | Proportionality in grants administration involves striking an appropriate balance between the complexity, risks, outcomes, and transparency. Accountable authorities have a duty in relation to requirements imposed on others and when imposing | In terms of that aspect of proportionality which requires the Grant Agreement to appropriately reflect the nature, size, complexity and risks of the Grant, the Grant Agreement has been specifically tailored for this particular Grant and | Clauses 5, 6, 7, 11, 16, 18 and 27 (and others) |

⁴ See footnote 3 above for details of the seven key principles.

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|--|-----|--|---|-----------------------------------|
| | | requirements on others <u>must</u> take into account the risks associated with the use or management of public resources and the effect of requirements imposed... | <p>includes provisions specifically intended to deal with risks and issues raised by this particular Grant, including:</p> <ul style="list-style-type: none"> the development process for the Investment Strategy and Annual Work Plans and other plans; the presence of a Commonwealth Observer on the Foundation Board; the taking of a <i>Personal Property Securities Act 2009</i> (Cth) (PPSA) registered security over the Grant Funds; the purposes for which the grant funds may be used are clearly specified and are entirely consistent with the permitted purposes set out in the Reef Trust Special Account Determination⁵ and the Reef Trust 2050 Plan; the Department may have other 'lines of sight' into the Foundation through the provision of secondments (particularly in the early stages) and possible membership of a proposed 'Partnership Program Management Committee' of the Foundation, which advises the Board; external stakeholders are given an opportunity to have input into the Foundation's plans. These stakeholders include the Ministerial Forum, Reef 2050 Independent Expert Panel, Reef 2050 Advisory Committee, the Queensland Government's Office of the Great Barrier Reef and the Great Barrier Reef Marine Park Authority; | |

⁵ PGPA Act (Reef Trust Special Account 2014) Determination 01 dated 3 September 2014.

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|--|-----|-------------|---|-----------------------------------|
| | | | <ul style="list-style-type: none"> the Foundation will, in consultation with the Department, resolve any circumstances of conflict of interest which may or may appear to impair the Foundation's ability to perform its activities diligently and independently; in recognition that the Foundation will, in large part, be a project manager of the activities, there are significant controls on the process for subcontracting/subfunding and the contents of those subcontracts; requirements for the Foundation to notify any related-party transactions over a threshold of \$10,000 excluding GST; the Grant Agreement will also contain a number of other control measures typical of a grant funding arrangement, including Foundation reporting requirements, record keeping obligations, notification provisions, Work, Health and Safety (WHS) requirements, the obligation to maintain relevant insurances, Commonwealth step-in rights and default and termination provisions; and if the Grant Agreement is terminated for Foundation default or the term expires without the whole of the grant funds having been expended on the activities, the Foundation is required to repay any part of the funds which have not been legally committed for expenditure by the Foundation at that time. <p>The Department considers that the Grant Agreement has been drafted in a manner designed to result in an appropriate allocation of complexity, risk, outcomes and transparency, having regard to the nature of the Project.</p> | |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|----------------|--|---|-----------------------------------|
| 3.31. | Paragraph 11.5 | Competitive, merit based selection processes should be used to allocate grants, unless specifically agreed otherwise by a Minister, accountable authority or delegate. Where a method other than a competitive merit-based selection process is planned to be used, officials should document why this approach will be used. | It is a Government decision to make the grant to the Foundation. The reasons why a competitive, merit-based selection process were not used is a matter for the Government. Provision has been included in the Brief for the Minister to specify why this approach was taken. | N/A |
| 3.32. | Paragraph 12.3 | Officials should clearly define the roles and responsibilities of all parties involved in grants administration. Officials are encouraged to develop a robust governance framework, which clearly defines the roles and responsibilities of the various parties, as this will facilitate accountability. Any grants governance framework <i>must</i> be underpinned by the mandatory requirements in Part 1 of the CGRGs, such as the need for accountable authorities and officials to ensure that grants administration, including decision-making is consistent with the requirements of the PGPA Act and Rule and that Ministers are advised of their requirements under the CGRGs... | The Department has established a grants governance administration framework that clearly defines the roles and responsibilities of the parties involved. This framework is underpinned by the requirements set out in Part 1 of the CGRGs, and was used in the development of the Project and the Brief. | N/A |
| 3.33. | Paragraph 12.4 | Officials should develop policies, procedures and documentation necessary for the effective and efficient governance and accountability of grants administration. This should include the development of grant opportunity guidelines and associated operational guidance for administering grant activities on an ongoing basis. It is particularly important that such guidance clearly sets out who are the decision-makers for different grants administration processes. | The Department has developed policies, procedures and documentation necessary for the effective and efficient governance and accountability of grants administration. The Department has taken steps to ensure that the development of such guidance is consistent with the CGRGs, including: <ul style="list-style-type: none"> seeking advice from AGS on the Grant Guidelines and drafting of the Grant Agreement [REDACTED] [REDACTED] [REDACTED] | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|----------------|--|--|-----------------------------------|
| | | <p>Officials <u>must</u> ensure the development of such guidance is consistent with the CGRGs.</p> <p><i>[Note: paragraph 5 of RMG 412 states that Finance should be consulted about the need for grant guidelines for a significant one-off or ad hoc grant, or when officials are considering approving a number of one-off or ad hoc grants for similar purposes, whether in the same round or over a period of time.]</i></p> | <ul style="list-style-type: none"> ▪ seeking input and feedback from central agencies including Finance on the Grant Guidelines; and ▪ conducting regular inter-departmental meetings (involving Finance, PM&C and Treasury) during development of the guidelines and planning for execution of the agreement. | |
| 3.34. | Paragraph 13.4 | <p>Accountable authorities <u>must</u> take all reasonable measures to prevent, detect and deal with fraud relating to the entity in accordance with Public Governance, Performance and Accountability Rule 2014, including controls as it relates to grants administration. The Rule places obligations on accountable authorities in relation to: fraud risk assessments; control plans; awareness and training; and case handling and reporting.</p> <ul style="list-style-type: none"> • Under section 10 of the PGPA Act, an entity's accountable authority <u>must</u> implement controls for preventing, detecting and dealing with fraud. • Under section 45 of the PGPA Act, accountable authorities <u>must</u> establish and maintain an audit committee. | <p>The Department is applying its usual fraud prevention procedures and practices to administration of the Project. The Department is satisfied that its procedures and practices comply with the Commonwealth Fraud Control Framework, which includes:</p> <ul style="list-style-type: none"> • Section 10 of the <i>Public Governance, Performance and Accountability Rule 2014</i> • The Commonwealth Fraud Control Policy, and • Resource Management Guide No. 201 – Preventing, detecting and dealing with fraud. <p>The Department has in place a Fraud Control and Anti-Corruption Plan, current Divisional fraud risk registers, and a program for raising awareness of fraud and corruption in the Department.</p> <p>An Audit Committee oversees the Department's fraud control and anti-corruption risks and controls.</p> | Clauses 5 and 6 |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|------|---|---|--|-----------------------------------|
| 4. | RMG 412 Checklist for Briefing Ministers | | | |
| 4.1. | | Is the approver identified? | Yes, the Minister is identified as the approver. | N/A |
| 4.2. | | Recommendations for proposed grant has been outlined? | Yes, the Department's recommendation is included. | N/A |
| 4.3. | | Is there an explicit statement identifying that the spending proposal is a 'grant'? | Yes, the proposal is described as a 'one-off, ad hoc grant'. | N/A |
| 4.4. | | Has the legal basis for the grant been identified? | Yes, the Brief refers to Appropriation Bill (No. 5) 2018-19 being enacted by the Parliament so that an amount equivalent to the grant funds can be credited to the Reef Trust Special Account. The Special Account will provide legal authority for the Commonwealth to make the grant | N/A |
| 4.5. | | Has information been included to meet the applicable requirements of the PGPA Act and Rules, CGRGs paragraph 4.11 which requires Ministers to record the basis for the approval of the grant when approving it? | Yes, the Brief refers to s 71 of the PGPA Act. It includes an area for the Minister to record the reasons for approving the grant as a proper use of relevant money and why an open-competitive process was not used. | N/A |
| 4.6. | | Is there information that advises the Minister on approving the grant in their own electorate and on grants that the Department has recommend as rejected? | No. The grant is not being made in the Minister's own electorate. There are no recommendations of rejection. | N/A |
| 4.7. | | Has the selection (eligibility and assessment) criteria and the relative weights been included? | The eligibility criteria are included in the Guidelines. There are no selection criteria. The decision to select the Foundation is a Government decision. | N/A |
| 4.8. | | Has the type of application and selection process been identified? | Yes, the grant is identified as a one-off, ad hoc grant. | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|--|-------------|---|--|-----------------------------------|
| 4.9. | | Is there information on the merits of the grant application? | Yes, the Brief includes the Department's evaluation of the Foundation's Proposal and a risk assessment. The Brief also includes an AGS due diligence report on the Foundation and advice on legal risks prepared by AGS. | N/A |
| 4.10. | | <p>Has information outlining how the proposed grant represents value with relevant money been included?</p> <p>Does it address these items:</p> <ul style="list-style-type: none"> • how the proposed grant will achieve Australian government policy objectives • the Department's grants management risk approach to all phases of grants administration • consultation undertaken with non-government sector, in particular, when planning and designing the granting activity • co-funding arrangements • length of term of grant agreement • recipient capability to deliver on outcomes sought? | Yes, the Brief includes an evaluation of the Foundation's proposal and a value with relevant money assessment. | N/A |
| 5. Has the Foundation's Proposal met the requirements of the Grant Guidelines | | | | |
| 5.1. | Section 1.2 | <p>In line with the Reef 2050 Plan, the expected outcomes of the Partnership are:</p> <ul style="list-style-type: none"> • improved management of the Great Barrier Reef World Heritage Area and relevant activities in the adjacent catchments; | <p>Yes.</p> <p>Refer Section 2 of the Proposal.</p> | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|------|-------------|--|---|-----------------------------------|
| | | <ul style="list-style-type: none"> protection of attributes that contribute to the Outstanding Universal Value of the World Heritage Area, including species, habitats and Indigenous values; and management of key threats to the Great Barrier Reef World Heritage Area, including poor water quality and crown-of-thorns starfish outbreaks. | | |
| 5.2. | Section 1.2 | <p>The Partnership will deliver the outcomes in respect of the following five components:</p> <ol style="list-style-type: none"> 1. Water Quality 2. Crown-of-thorns Starfish Control 3. Reef Restoration and Adaptation Science 4. Indigenous and Community Reef Protection Actions 5. Reef Integrated Monitoring and Reporting. | <p>Yes.</p> <p>Refer Section 2 and Appendix 1 of the Proposal.</p> | N/A |
| 5.3. | Section 1.2 | An agreed proportion of the Partnership funds can be spent on administrative costs, this will include a direct payment of \$22.5 million, supplemented by the interest earned on the funding. | <p>Yes.</p> <p>Refer Section 2 of the Proposal.</p> | N/A |
| 5.4. | Section 1.2 | Implementation of the Partnership must be consistent with the Reef 2050 Plan Investment Framework. | <p>Yes.</p> <p>Refer Sections 2 and 5.3 (Table 1.3) of the Proposal.</p> | N/A |
| 5.5. | Section 1.2 | Actions delivered with the grant under this Partnership must also align with the Reef Trust objective, outcomes and investment principles. | <p>Yes.</p> <p>Refer Section 5.3 (Table 1.4) and Section 5.4 (Table 1.5) of the Proposal.</p> | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|-------------|--|---|-----------------------------------|
| 5.6. | Section 1.2 | Actions delivered with the grant under this Partnership must meet the purposes of the Reef Trust Special Account. | Yes. Refer Section 5.3 (Table 1.4) of the Proposal. | N/A |
| 5.7. | Section 2 | The Foundation may use delivery agents, including subcontractors and funding recipients, to deliver specific projects required to achieve the Partnership outcomes subject to the conditions specified in the grant funding agreement. | Yes. Refer Section 6.2 of the Proposal. | N/A |
| 5.8. | Section 3 | To be eligible to receive the grant under this Partnership the Foundation must: <ul style="list-style-type: none"> • be a legal entity, able to enter into a legally binding agreement • have an Australian Business Number • be registered for the purposes of GST and • have an Australian bank account. | Yes. Refer Section 4 of the Proposal. | N/A |
| 5.9. | Section 3.1 | The grant must be used to deliver activities that directly contribute to protecting the Great Barrier Reef World Heritage Area through significantly contributing to delivery of the Reef 2050 Plan and in accordance with the Reef Trust Objective and Outcomes. | Yes. Refer Section 5 (including Tables 1.1, 1.2, 1.3, 1.4, and 1.5) of the Proposal. | N/A |
| 5.10. | Section 3.1 | An agreed, capped portion of the grant funding may be used for administrative costs to meet grant delivery overheads. | Yes. Refer Section 2 of the Proposal. | N/A |
| 5.11. | Section 3.1 | The following activities are outside the scope of the Partnership: | Yes. | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|-----------|--|--|-----------------------------------|
| | | <ul style="list-style-type: none"> • funding of actions to specifically enable agricultural businesses to comply with their obligations under the Queensland Environment Protection Act 1994 Reef Protection Regulations; • projects that do not align with the Reef 2050 Plan and Reef Trust Special Account purposes; • on-ground remediation projects outside the Reef catchment or outside the Great Barrier Reef World Heritage Area; and • actions and costs relating to the period before the signing of any Grant Agreement for the Partnership. | Refer Section 4.2 of the Proposal. | |
| 5.12. | Section 4 | <p>The Proposal should:</p> <ul style="list-style-type: none"> • demonstrate how the Foundation's performance of the Partnership will contribute to the Partnership Outcomes and delivery against the Reef 2050 Plan; • align with the purposes of the Reef Trust Special Account Determination; • align with the Reef Trust principles of investment; • build on existing efforts and not duplicate or replace activities already being undertaken in the Great Barrier Reef World Heritage Area or Reef catchments; and | <p>Yes.</p> <p>Refer Section 5 (including Tables 1.1, 1.2, 1.3, 1.4, and 1.5) of the Proposal.</p> | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
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| | | <ul style="list-style-type: none"> demonstrate how the Foundation plans to attract private and philanthropic co-investment to enhance delivery of the Partnership; | | |
| 5.13. | Section 4 | <p>The Proposal should demonstrate the Foundation's capability and capacity to effectively deliver the Partnership by including in the Proposal:</p> <ul style="list-style-type: none"> the Foundation's understanding of the linkages between the Partnership Outcomes and the Reef 2050 Plan, including its advisory bodies; evidence of the Foundation's ability to promptly build delivery capacity to effectively and efficiently deliver the Partnership outcomes; evidence of the Foundation's ability to provide timely, high quality project reporting information and data to meet a range of stakeholder requirements; evidence of the Foundation's ability to raise funds from the private sector; and evidence of the Foundation's relevant expertise and experience in delivering activities similar to the Partnership components. | <p>Yes.</p> <p>Refer Section 6 of the Proposal.</p> | N/A |
| 5.14. | Section 4 | <p>The Foundation will be required to provide as part of the Proposal:</p> <ul style="list-style-type: none"> audited financial statements for the two most recent consecutive financial years (i.e. 2015-16 and 2016-17), including balance sheets, profit and | <p>Yes.</p> <p>Refer Sections 2, 6 and 7 (including Appendix 5, Appendix 6, Appendix 7, Appendix 8, and Appendix 9) of the Proposal.</p> | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|--------------|---|---|-----------------------------------|
| | | <p>loss statements, cash flow statements and notes to the accounts;</p> <ul style="list-style-type: none"> evidence of successful contract fulfilment for other funding bodies including the Foundation's ability to meet project delivery timeframes and budgets; evidence of capacity to comply with relevant laws, such as work health and safety, and workplace gender equality requirements; details of relevant organisational and personnel experience and capacity, including in the development and management of projects and the leveraging of co-investment for projects that benefit the Great Barrier Reef; evidence of a willingness to enter into a suitable Grant Agreement and project governance arrangements; a privacy declaration as required by Section 10 of these guidelines; a conflict of interest declaration as required by Section 11 of these guidelines; and any other information requested by the Department during the development of the Proposal. | | |
| 5.15. | Section 10.1 | The Foundation is required, as part of its proposal, to declare its ability to comply with the Privacy Act 1988, including the Australian Privacy Principles and impose the | <p>Yes.</p> <p>Refer Section 7.6 of the Proposal.</p> | N/A |

| | Ref | Requirement | How addressed | Grant Agreement ref (if relevant) |
|-------|--------------|---|--|-----------------------------------|
| | | same privacy obligations on any subcontractors engaged to assist with the activity. | | |
| 5.16. | Section 10.2 | The Foundation must identify any information contained within the Proposal, which it considers should be treated as confidential and provide reasons for the request. | Yes. Refer Section 7.6 of the Proposal. | N/A |
| 5.17. | Section 11 | The Foundation will be asked to declare, as part of its Proposal, any perceived or existing conflicts of interests for it or its personnel or that, to the best of its knowledge, there is no conflict of interest. The Foundation will also be required to explain how it proposes to manage any declared conflicts. | Yes. Refer Section 7.7 of the Proposal. | N/A |

REEF TRUST – GREAT BARRIER REEF FOUNDATION PARTNERSHIP

PROPOSAL EVALUATION

Attachment D

This document represents the Department of the Environment and Energy's evaluation of the Great Barrier Reef Foundation's Grant Funding Proposal. It presents a review of the Proposal against the requirements outlined in the Reef Trust-Great Barrier Reef Foundation Partnership Grant Guidelines. This evaluation was developed by the Reef Branch with Senior Executive review and endorsement provided by the Department's Reef Project Board.

Evaluation Summary

The Reef Trust – Great Barrier Reef Foundation Partnership is underpinned by a comprehensive policy development process undertaken by the Government. The Great Barrier Reef Foundation has submitted an eligible grant funding Proposal that is well aligned to the Government's policy and program objectives and meets the core requirements of the Grant Guidelines. The Proposal, including its supporting documentation, demonstrates that the Foundation has, or has identified a strategy to obtain and/or develop, the skills, knowledge and policies required to apply appropriate governance and project management to the Partnership. The Foundation intends to manage this through accessing advice and ongoing services from a range of professional advisory firms and technical experts and has articulated how it will address this through a high level transition plan.

The Partnership will be supported by a governance framework that includes establishment of a Partnership Management Committee and engagement with the Reef 2050 Plan advisory bodies. The Foundation's history of collaboration with a wide range of government and non-government Reef stakeholders, including through its membership of/engagement with the advisory bodies, will help ensure effective delivery of desired outcomes.

The Foundation has identified potential risks and constraints to Partnership delivery and demonstrated it has the capacity to manage these in an effective and adaptive manner. Due diligence checks were undertaken on behalf of the Department by the Australian Government Solicitor [REDACTED]

The Partnership will enable longer-term, strategic investments to be developed and adaptively managed with relatively low project delivery overheads. The Foundation's corporate governance arrangements and good track record of fundraising mean it is well placed to use the Government's contribution to leverage additional co-investment from the non-government sector. In summary, it is considered that this spending proposal would be a 'proper' (efficient, effective, economical and ethical) use of 'relevant money'.

Details of the evaluation are provided in the table below.

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| 1. Does the proposal align with policy and Partnership objectives, including implementation of the Reef 2050 Plan? | <p>Section 1 <i>Grant opportunity overview and objectives</i></p> <p>Section 4 <i>Proposal</i></p> | <p>The Proposal is aligned with policy and partnership objectives.</p> <p>The Proposal contributes to the Department's Program 1.1 Outcome – Sustainable Management of Natural Resources and the Environment.</p> <p>The Proposal references the key foundational documents, for example the Reef 2050 Plan, draft Reef 2050 Water Quality Improvement Plan 2017-2022, Reef 2050 Plan Investment Framework, the Scientific Consensus Statement and the Crown-of-thorns Starfish Control Strategy.</p> <p>The Foundation demonstrates an understanding of the Partnership objectives, outcomes and investment components (refer Appendix 1: <i>Partnership Component High - Level Analysis, Descriptions and Linkages to Existing Activities</i>).</p> <p>The Proposal demonstrates an understanding of the linkages of the Partnership with the Reef 2050 Plan and Reef 2050 Plan Investment Framework, Draft Reef 2050 Water Quality Improvement Plan (2017-2022) and Reef Trust investment principles (Refer Tables 1.1, 1.2, 1.3 and 1.4 in the Proposal).</p> <p>The Proposal addresses four of the six priorities for investment in the Reef 2050 Plan Investment Framework. The other two priorities (Fisheries and the Joint Field Management Program) are outside the scope of the Partnership Grant Guidelines and are being addressed via other funding mechanisms.</p> |
| 2. Grant Delivery requirements and eligibility | <p>Section 2 <i>Grant delivery process</i></p> <p>Section 3 <i>Eligibility</i></p> | <p>The Foundation satisfies the eligibility criteria because it:</p> <ul style="list-style-type: none"> • is a legal entity, able to enter into a legally binding agreement; • has an ABN; • is registered for the purposes of GST; and • has an Australian bank account. |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| | | <p>This is supported by the fact that the Department has existing legally binding agreements with the Foundation for delivery of other projects.</p> <p>The Foundation's Proposal reflects the eligible and ineligible grant activity requirements as described in the Grant Guidelines (Sections 4.1 and 4.2 of the Proposal).</p> |
| <p>3. Does the Foundation have the capability and capacity to deliver Partnership outcomes in compliance with relevant guidelines and legal frameworks?</p> | <p>Section 4 <i>Proposal</i></p> <p>Section 1 <i>Grant opportunity overview and objectives</i></p> <p>Section 2 <i>Grant Delivery Process</i></p> | <p>The Department's assessment is that the Foundation should be able to scale-up the organisation's delivery capacity and capability, and manage an expanded portfolio of projects (refer Proposal Appendix 2: <i>Committee Charters and Membership</i> and Appendix 9: <i>Organisational Due Diligence</i>).</p> <p>The Foundation is a company limited by guarantee established under the <i>Corporations Act 2001</i> (Cth). It is governed by a board of directors and as such it has members but not shareholders. The Foundation's constitution prevents it distributing any profits the Foundation makes to its members. The Foundation makes its annual report and financial disclosures publicly available on its website.</p> <p>As a not-for-profit company, the Foundation is required to comply with all applicable requirements in the Corporations Act and is regulated by the Australian Securities and Investments Commission. The Foundation is also registered with, and required to provide financial and other reports and information to, the Australian Charities and Not-for-Profit Commission [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>The Foundation is supported by a Board and Chairman's Panel through which a range of advice and assistance can be accessed.</p> <p>The Foundation is supported by an Audit, Risk and Compliance Committee. The Foundation has numerous pro-bono and contractor arrangements to receive advice, services and assistance on governance from</p> |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| | | <p>professional services firms; for example, Allens Linklaters for legal advice, PwC for commercial services and Deloitte as an external auditor.</p> <p>The Foundation has an established International Scientific Advisory Committee which draws upon reef management and scientific expertise and will be able to provide advice about investment priorities (refer Appendix 2: <i>Committee Charters and Membership</i>).</p> <p>The Proposal states that the Foundation is exploring flexible short-term approaches to scaling up its operational capability such as seconding water quality experts from other organisations or engaging consultants with relevant expertise.</p> <p>The Foundation has demonstrated project management capacity and capability. The Foundation has experience delivering some relatively large, complex, multi-stakeholder projects and securing relevant scientific and technical capacity to deliver against the Reef 2050 outcomes. The Foundation has successfully delivered the <i>Resilient Reefs Successfully Adapting to Climate Change</i> Project (under Reef Programme), eReefs and other projects (refer Appendix 3: GBRF Portfolio – <i>Resilient Reefs Successfully Adapting to Climate Change</i> and examples in Proposal Section 6.2).</p> <p>The references provided by the BHP Billiton Foundation, the Queensland Government and Google (refer Proposal Appendix 7: <i>References from Foundation Funders</i>) supported the Foundation's claim against its capacity to meet contractual requirements, project delivery timeframes and budgets.</p> <p>The Foundation has stated it will recruit an expert in monitoring, evaluation, reporting and improvement (MERI) and impact assessment to ensure MERI plans for future investments are fit for purpose and the principles of adaptive management are applied to the Partnership.</p> <p>The Foundation has demonstrated its capacity to attract co-investment (refer Proposal Section 6.4). Fundraising is core business for the Foundation and it has a good track record of raising funds and partnering with the national and international non-government sector. The Proposal includes evidence of fundraising for</p> |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| | | <p>reef protection projects, including \$10.45 million from BHP Billiton for the Raine Island Recovery Project and for eReefs. For the Australian Government's funding of \$12.5 million for the Foundation's Resilient Reefs portfolio of projects, the Foundation raised \$25 million in additional cash and in-kind contributions. In 2009, the Foundation developed and published a \$100 million project portfolio "Resilient Reefs Successfully Adapting to Climate Change", which was co-developed with input from more than 75 people representing 15 organisations (refer Proposal Section 6.5 and Appendix 3). The Foundation's proposal also notes it will launch and implement a \$100 million fundraising campaign which was approved by the Foundation's Board in 2018.</p> <p>The Foundation has indicated that it will build on existing networks to continue leveraging funding for the Reef. A key early deliverable will be a Co-Financing Strategy Plan.</p> <p>As described above, due diligence checks of the Foundation did not raise any material issues which would preclude the Foundation from receiving the grant (refer 12 below). Separately, the Foundation indicated in its Proposal that it has recently been subject to due diligence assessments by BHP Billiton Foundation (carried out by Baker McKenzie) and by Lendlease. The Foundation's systems, policies, financial controls, procedures and governance were assessed. The Foundation has indicated that it passed both these due diligence assessment processes and entered into contracts. The Foundation has provided a reference from the BHP Billiton Foundation which has been partnering with the Foundation on a range of projects since 2007. (Refer [REDACTED] Appendix 9: Organisational Due Diligence – <i>policies on fraud, code of conduct, health and safety etc.</i>).</p> <p>Annual and financial reports and Independent Auditor's Reports have been provided (refer Appendix 5: <i>Audited Financial Statements</i>) and demonstrate sound governance practices.</p> <p>Building Organisational Capacity:</p> <p>The Foundation has recognised the need to expand its organisational capacity in order to deliver all five components of the Partnership and is progressing measures to address this.</p> |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| | | <p>The Foundation has provided a high level Transition Plan covering the period from Q2 2018 to Q1 2019 that details its understanding of the key steps involved (refer Table 2: <i>High Level Transition Plan, Proposal page 23</i>). Their transition plan focuses on partnerships, capacity building, financial management, program design and delivery, and stakeholder engagement.</p> <p>The Foundation is also seeking expert advice to inform transition requirements including engaging:</p> <ul style="list-style-type: none"> • PwC to undertake a maturity assessment of the organisation; • AECOM to assist in program design; • Second Muse for innovation support; • Big Red Agency to assist with key stakeholder markets; and • A Leadership Coach and Human Resources consultant. <p>The Foundation has an established stakeholder base and the evidence provided as part of their Proposal demonstrates an ability to harness these networks to access necessary expertise and advice. This capability will help in implementation of the Partnership (refer Proposal page 24, <i>Advisory Support Summary</i>).</p> <p>The Foundation has an understanding of the task and the complexity of the stakeholder landscape as demonstrated by Appendix 1 - <i>Partnership Component high-level analysis, descriptions and linkages to existing activities</i>. In addition, the Foundation are members of the Reef 2050 Reef Advisory Committee and has links to the Independent Expert Panel through Dr Russell Reichelt and Prof Hoegh Guldberg.</p> <p>Building Personnel Capacity:</p> <p>To date, the Foundation's strengths have been in scientific research, development of management tools and some on-ground projects including the Raine Island Recovery Project (refer Proposal Section 6 for Examples of Collaborative Partnerships, Examples of High Impact Foundation Projects and Examples of Projects Highlighting a Culture of Innovation, and Appendix 8: <i>CV's of Key Personnel</i>).</p> |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| | | <p>The Foundation has demonstrated some capacity to deliver projects relevant to water quality improvement with the successful delivery of eReefs, an integrated suite of models to estimate the ecological impacts of pollutants delivered to the Reef from river flows. The Foundation's engagement in this work also evidences its understanding of water quality issues and their high overall priority under the Reef 2050 Plan.</p> <p>There is however a need for the organisation to expand experience/skills relevant to four out of the five partnership components:</p> <ul style="list-style-type: none"> • Water quality improvement; • Crown-of-thorns Starfish control; • Indigenous and Community Reef Protection Actions; and • Integrated monitoring and reporting. <p>The Foundation has proposed the recruitment of skilled staff to address gaps as well as close collaboration with the Department, the Great Barrier Reef Marine Park Authority and the Queensland Office of the Great Barrier Reef and other key stakeholders. The preparation of a Resourcing Plan as an early milestone is expected to articulate how the organisation's capacity will be built up to deliver the partnership activities.</p> <p>Large Scale Project Management:</p> <p>The Foundation has not delivered a grant of this scale before. The Foundation will rely on its experience in project management, its existing governance arrangements, advice and resources from its Board and Chairman's panel (which includes current and former Chief Executive Officers, Chairs and executive officers of some of Australia's largest companies) and its plan to build capacity to provide it with the skills, knowledge and policies required to apply best practice governance and project management principles to the Partnership. The Foundation states that its governance structures, policies and procedures are equivalent to those typically seen in organisations many times their size and that this provides a framework to scale its operations.</p> |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| | | As part of its strategy to manage the risks associated with delivering such a large grant, the Foundation is committed to seeking advice from a wide range of experts during the transition and planning phase of the Partnership (refer Section 6.2 and Appendix 9: Organisational Due Diligence – <i>Board/Governance and Past Performance/Capacity</i>). |
| 4. Does the proposal align with the purposes of the Reef Trust Special Account Determination and Reef Trust investment principles, including building on and not duplicating existing Reef protection initiatives? | Section 4 <i>Proposal</i> | <p>The Proposal is aligned with the Reef Trust, including the debiting provisions of the Special Account determination and investment principles (refer Tables 1.1 to 1.4 in the Proposal).</p> <p>The Foundation has demonstrated it understands and accepts the need to deliver investments that complement existing reef protection initiatives and build on, not duplicate, existing on-ground projects.</p> <p>The Proposal includes the statement: <i>the Foundation also recognises the need to maximise alignment of existing governance arrangements for the delivery of the Partnership to avoid duplication, ensure efficient two-way exchange of information, and facilitate effective engagement with peak bodies, potential delivery partners, scientists and experts on investment design and delivery.</i></p> <p>An early delivery milestone will be a high level 'landscape analysis' of existing efforts which is expected to identify gaps and enable the Foundation to avoid duplication and ensure alignment of new and existing investments.</p> |
| 5. Is the proposed governance framework suitable? | Section 4 <i>Proposal</i> | <p>Noting that maturity and organisational reviews of the Foundation are underway, the Foundation's internal and external governance structures are fit for purpose.</p> <p>The Foundation's corporate governance includes a Board Chair, a Board of Directors and appointed Managing Director. In addition an Audit, Risk and Compliance Committee has been established whose</p> |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| | | <p>purpose is to oversee the Foundation's systems regarding financial reporting, internal control, risk management and internal and external audit functions (refer Appendix 2: <i>Committee Charters and Memberships</i> and Appendix 9: Organisational Due Diligence – <i>Board/Governance</i>). The Board has also created the International Science Advisory Committee (ISAC) to provide it with scientific advice. The Foundation states that ISAC brings together the leaders of the GBR research and management sector at one table to take a strategic approach to the research required to maintain and build the resilience of the Reef in the face of climate change.</p> <p>The Foundation is a company limited by guarantee established under the <i>Corporations Act 2001</i> (Cth). It is governed by a board of directors. As the Foundation is a company limited by guarantee, it has members, not shareholders. The Foundation's constitution prevents it distributing any profits the Foundation makes to its members. The Foundation makes its annual report and financial disclosures publicly available on its website.</p> <p>As a not-for-profit company, the Foundation is required to comply with all applicable requirements in the Corporations Act and is regulated by the Australian Securities and Investments Commission. The Foundation is also registered with, and required to provide financial and other reports and information to, the Australian Charities and Not-for-Profit Commission [REDACTED].</p> <p>The Partnership will be guided by regular meetings of a proposed Partnership Management Committee of which the Australian Government will be an observer. The Foundation will also develop governance activities for each Component. The Department is proposed to have an Observer Role on the Foundation's Board.</p> <p>The Foundation is part of the existing Reef 2050 Plan governance structures, including the Reef 2050 Plan advisory bodies Reef Advisory Committee (through membership) and Independent Expert Panel (through cross membership with the Foundation's International Science Advisory Committee).</p> <p>The Foundation will be required to develop an Investment Strategy and Annual Activity Plans under the Partnership. These documents will be developed in consultation with the Reef 2050 advisory bodies, helping</p> |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| | | ensure that governance of the grant is transparent, consultative and based on adaptive management principles (refer Proposal Section 2). |
| 6. Have potential risks and constraints affecting Partnership delivery been identified and managed appropriately? | Section 5 <i>Approval of the grant</i> | <p>The Foundation has identified potential risks and constraints to Partnership delivery, and has the capacity to manage these in an effective and adaptive manner through the Foundation's governance structure and the requirements of the Grant Agreement (refer Appendix 9: <i>Organisational Due Diligence – Risk management framework/policy</i>).</p> <p>The risk assessment provided in the Proposal is adequate for this stage of planning (refer Proposal Table 3, page 32). Key risks identified by the Foundation include: inability to quickly scale up the Foundation's delivery capacity; loss of local delivery capacity and momentum; work health and safety compliance; misinformation occurring due to inadequate communication from the Foundation; managing stakeholder expectations; legal and regulatory risk; break-down of partnerships; and inadequate delivery. The controls and treatments identified by the Foundation are appropriate.</p> <p>The Foundation will undertake a detailed risk assessment for each Partnership component and sub-component (project) when developing its project monitoring and reporting plan (MERI Plan). MERI plans are a key component in the Department's adaptive management approach to managing grant delivery.</p> <p>The Foundation has an Audit, Risk and Compliance Committee. The Committee operates according to an Audit Committee Charter which describes the purpose of the Committee being 'to assist [the Board of Directors] in fulfilling its oversight responsibilities in relation to GBRF's financial reporting, internal control systems, risk management systems and the internal and external audit functions responsibilities' (refer to Appendix 2 of the Proposal). In addition, the Foundation has indicated it will appoint a dedicated Risk and Compliance Officer who will be responsible for the development of a standard approach to all areas of compliance and audit (refer Section 8 of the Proposal).</p> |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| <p>7. Does the proposal clearly articulate how the outputs and outcomes of the Partnership will be monitored and reported and how this information will inform continuous improvement?</p> | <p>Section 8. Grant monitoring, reporting and acquittal.</p> | <p>The Foundation has demonstrated its ability to provide high quality project monitoring and reporting information and data to meet a range of stakeholder requirements. The Foundation has not identified how it will conduct its internal reporting.</p> <p>The Foundation is familiar with the existing departmental reporting requirements including project performance reporting through the Department's Monitoring Evaluation Reporting and Improvement Tool (MERIT). It is also familiar with the financial reporting requirements of the Department and has complied with these to date while delivering a number of projects under Reef Programs.</p> <p>This was the Department's experience during the delivery of the \$12.5 million Resilient Reefs project. It is the Department's assessment that the quality of the Foundation's written and verbal reporting is of a very high standard (Refer Appendix 6 of the Proposal – <i>Final report from Resilient Reefs Successfully Adapting to Climate Change</i>).</p> <p>The Foundation's Proposal shows an awareness of the broader reporting requirements of Reef investments (e.g. the Reef 2050 Paddock to Reef Monitoring, Modelling and Reporting Program). Its past performance indicates a capacity to report for a broad range of purposes (excerpt from Section 6.3 of Proposal):</p> <p><i>We currently provide reports and information to our corporate partners such as case studies for their annual Sustainability or Environmental Reports; co-author articles in peer reviewed journals; provide general reef and project information in a monthly newsletter to a lay audience, and commission economic reports such as the 2017 Valuation of the GBR undertaken by Deloitte (Access Economics). We have an open data requirement in all of our subcontracts and as such data from many projects feed into national and international public databases, for example the ocean chemistry data collected via the Foundation's Future Reef Project feeds directly into the Bureau of Meteorology nationally and global climate models internationally.</i></p> <p>Adaptive Management:</p> <p>The Foundation indicates in its Proposal: <i>The six-year program enables the adoption of a strategic approach consistent with the Reef 2050 Plan's adaptive management cycle. It supports the building of productive long-</i></p> |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| | | <p><i>term partnerships in the planning and delivery of outcomes together with approaches that build understanding, awareness and capacity of delivery partners. It provides for continuity in program planning, evaluation and improvements over timeframes required to maximise coordination and leveraging of resources and deliver measurable outcomes for the Reef (refer Proposal Section 5.2).</i></p> <p>The Department agrees with this strategic planning approach, which will be enshrined in the Funding Agreement.</p> <p>The Foundation's proposal does not articulate how it will report internally to its Board.</p> |
| 8. Does the proposal represent value for money and proper use of Commonwealth resources? | Section 5 <i>Approval of the grant</i> | <p>The proposed grant to the Foundation should deliver cost-effective investments which contribute to the attainment of the Reef 2050 Plan's objectives and outcomes as indicated by:</p> <ol style="list-style-type: none"> 1. A comprehensive policy development process undertaken by the Government during 2017 informed the design of the Partnership components and justified their funding allocations as described below. This work is a key foundation to the value for money assessment as it has clearly identified priority areas for investment to deliver on the objectives of the Reef 2050 Plan. <p><u>Water Quality Component</u></p> <p>Implementation of Reef water quality improvement actions is an identified priority under the Reef 2050 Plan Investment Framework. The Scientific Consensus Statement on Reef Water Quality and the GBRMPA's Outlook Report both identify poor water quality flowing from the Reef catchment (primarily agricultural land) as a key driver of the decline in the health and resilience of coastal and marine ecosystems in the GBR World Heritage Area.</p> <p>To address this issue, the Australian and Queensland governments are implementing a range of programs under the Reef 2050 Water Quality Improvement Plan (WQIP), including regulations, incentives, training, extension and market-based approaches. In addition, governments are investing in water quality-related research, development and innovation, and integrated monitoring, modelling and reporting (including annual Reef report cards). Results to date indicate good progress has been made towards the Reef 2050</p> |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| | | <p>WQIP pollutant load reduction targets, but the current trajectory indicates the 2025 targets may not be met and that greater effort is required using an expanded scope of tailored and innovative solutions.</p> <p>The water quality component of the Partnership represents the Australian Government's response to these findings. The financial allocation for this component was informed by the 2016 Alluvium Consulting report commissioned by the Queensland Government Reef Water Science Taskforce. This report indicates that while achieving all targets using existing technologies is impracticable, there are a suite of cost-effective, proven actions, primarily relating to continued improvement of agricultural land management practices, that can be implemented immediately. This should boost progress towards high priority targets, especially for nutrient load reduction (nitrogenous fertilisers). High nutrient loads are linked to reduced ecosystem health and resilience to climate change, and increased frequency of crown-of-thorns starfish outbreaks.</p> <p>The Proposal scope for this Component (refer Appendix 1) is well aligned with the policy intent of the Government, focusing on: <i>scaling-up cost effective and proven approaches already identified or underway; an emphasis on innovative approaches spanning delivery models, driving behaviour change (e.g. incentives, supply chain levers), piloting new on-ground approaches and new technologies, and innovative financing solutions; and activities that achieve load reductions with potential for achieving gains in cost-effectiveness.</i></p> <p><u>Crown-of-thorns starfish (COTS) Component</u></p> <p>Implementation of COTS control actions is an identified priority under the Reef 2050 Plan investment Framework. The 2014 Outlook Report indicates that COTS are a major driver of the decline in coral cover observed in the GBR over the last 30 years and that there is strong evidence of a link between nutrient run-off from the catchment and increased frequency of COTS outbreaks.</p> <p>The GBRMPA's 2017 Great Barrier Reef Blueprint for Resilience was developed in response to the mass coral bleaching events of 2016 and 2017. It concludes that reducing the potential for future COTS outbreaks and reducing the impacts of current outbreaks through targeted COTS control is one of the most scalable and feasible actions for reducing coral mortality and preventing further declines in system resilience. In the longer-term the Authority anticipates COTS outbreaks will become less frequent as nutrient pollution to the Reef is further reduced.</p> |

| Issues for Consideration | Key Grant Guidelines References | Department of the Environment and Energy's Evaluation |
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| | | <p>The Blueprint recommends an 'all-out assault' on COTS that will reduce coral losses from predation through a ramped up, innovative in-water control program as part of an integrated COTS management strategy. The current COTS Control Program managed by the GBRMPA has proven the feasibility of strategic COTS control (manual culling) to protect high value reefs and revealed the cost of undertaking these activities through an open tender process.</p> <p>The Partnership Proposal for this Component aligns with the Government's policy intent to scale up the number of control boats as part of an integrated pest management strategy informed by applied research and surveillance to protect high value reefs. Specifically, Appendix 1 of the Proposal indicates: Consistent with measures outlined in the Reef Blueprint, this investment component will reduce coral losses from predation through a scaled up in-water control program as part of an integrated COTS management strategy. The strategy will encompass a combination of in-water COTS control activities, surveillance, monitoring, data analysis and synthesis to better target control programs and innovative science (e.g. early detection, novel higher efficiency culling methods and automation). COTS control efforts could be increased beyond sites of high tourism value to incorporate sites of high ecological value – particularly those essential to reef resilience (see the Reef Blueprint 'building a resilience network' initiative).</p> <p>This program will build on investments in the existing COTS control program and complement work occurring in the catchment to improve water quality and reduce the long-term risk to the GBR from COTS. (Refer Proposal Appendix 1).</p> <p><u>Reef Restoration and Adaptation Science Component</u></p> <p>The GBRMPA's 2017 Great Barrier Reef Blueprint for Resilience contains a recommendation to boost on-ground actions to enhance reef resilience, including active restoration of reefs in light of recent bleaching events, cumulative pressures, and possible climate change trajectories. This introduces a more interventionist approach relative to traditional models of conservation based reef management. It will see more direct action taken to complement current management of the World Heritage Area based on the use of marine zoning for species protection and management of key stressors such as poor water quality. The Government recognised the need to develop and deploy reef restoration techniques at much larger scale</p> |

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| | | <p>than is currently feasible and that this requires a step-change in the level of funding for reef restoration and adaptation science. The allocation of \$100 million in funding for this Component, to be supplemented by additional non-government investment, is the Government's response to this requirement.</p> <p>The Foundation is already actively involved in the scoping of this Component: <i>At the 2016 Chairman's Panel event convened by the Foundation it was agreed that GBRF, GBRMPA and AIMS would join forces to commence scoping a large-scale GBR restoration program which would focus on overcoming the current roadblocks to restoring reefs at scale and cost-effectively. This partnership was successful in influencing the Innovation and Science Australia 2030 Innovation Plan to include Reef Restoration as a potential National Mission for Australia, and in securing \$6 million from the Department of Industry, Innovation and Science (DIIS) for a definition phase project to design a program of activities relating to reef restoration and adaptation.</i> The Proposal is aligned with the Government's policy intent for this Component. Specifically the Proposal indicates the scope of this Component will comprise <i>active interventions to address climate impacts: implementing the science regarding thermally-tolerant corals; coral translocation; spawning of resilient corals; artificial reefs and support implementation of the Reef Restoration and Adaptation Program (RRAP) being scoped by a collaboration involving AIMS, the Foundation, GBRMPA, UQ, CSIRO, QUT and JCU.</i> (Refer Proposal Appendix 1).</p> <p><u>Indigenous and Community Reef Protection Actions Component</u></p> <p>Traditional Owner actions are an identified priority under the Reef 2050 Plan Investment Framework. <i>'Empowering people to be part of the solution'</i> was identified as a key precursor to building the resilience of the GBR and reef-dependent communities in the Great Barrier Reef Blueprint for Resilience. A major focus of Reef restoration and building resilience is to protect reefs by empowering people. The major source of knowledge that underpins management decisions comes from a wide range of research institutions, stakeholders, Traditional Owners and community members. This Component includes development of various initiatives to enable more active community engagement in the long term protection of the Reef. This investment is intended to engage Traditional Owners, tourists and tourism operators, local Government, community groups and other industry sectors such as fishing that are dependent on the Reef.</p> |

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| | | <p>During a coral bleaching advisory workshop on 5th May 2017, the Reef 2050 Plan Independent Expert Panel advised that:</p> <p><i>“Traditional Owners, local people, communities and local authorities should be supported better to deliver on-ground action that will benefit the Reef. Communities need to:</i></p> <ul style="list-style-type: none"> <i>a. be involved locally and regionally in ecologically and culturally relevant actions, particularly those that can be scaled for greater impact.</i> <i>b. be eligible for financial support for activities consistent with the revised Plan {Reef 2050 Plan}.</i> <i>c. have a role working with scientists to ensure knowledge exchange to support the ecosystem services provided by the Reef.”</i> <p>The Foundation's Proposal for this Component (refer Appendix 1) aligns with the Government's policy intent. Specifically, the Proposal indicates that the scope of this Component will encompass: <i>Traditional Owner and community engagement; A combination of Traditional Owner and community education, capacity building and employment activities; engagement activities to support implementation of all investment components outlined in this document, initiatives such as those detailed in GBRMPA's Blueprint for Resilience, and other initiatives identified or developed through the scoping activities associated with this Component.</i> This is supported by advice from the Reef Advisory Committee.</p> <p><u>Reef Integrated Monitoring and Reporting Component</u></p> <p>The Reef integrated Monitoring and Reporting Program (RIMREP) is a key component of the Reef 2050 Plan. RIMREP implementation is a priority under the Reef 2050 Plan Investment Framework. This Component will provide a comprehensive and up-to-date understanding of the Great Barrier Reef — the values and processes that support it and the threats that affect it. This knowledge is fundamental to informing actions required to protect and improve the Reef's condition and to drive resilience-based management. The Great Barrier Reef Blueprint for Resilience emphasised the importance of forecasting tools to ensure decisions are made in the context of a changing climate and an understanding of cumulative risks, together with monitoring and diagnostic tools to adjust actions.</p> <p>There are currently more than 90 monitoring programs operating in the Great Barrier Reef World Heritage Area and adjacent catchment. These programs have been designed for a variety of purposes and operate at a variety of spatial and temporal scales. The comprehensive strategic assessments of the Great Barrier</p> |

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| | | <p>Reef World Heritage Area and adjacent coastal zone — both of which formed the basis for the <i>Reef 2050 Plan</i> —identified the need to ensure existing monitoring programs align with each other and with management objectives. The intent of this sub-program is not to duplicate existing arrangements but to coordinate and integrate monitoring, modelling and reporting programs across disciplines and help guide improvements.</p> <p>The Proposal is aligned with the Government's policy intent for this component (refer Appendix 1). Specifically the scope of this Component of the Proposal is:</p> <ul style="list-style-type: none"> • <i>Support the delivery and operationalisation of the RIMREP, including Paddock to Reef, to track progress towards targets under the Reef 2050 Plan's seven themes, inform Outlook Reporting and to drive adaptive management.</i> • <i>Support the coordination, alignment and integration of existing marine and catchment monitoring, modelling and reporting programs to capitalise on existing program investment, provide value for money, improve efficiency and ensure no duplication of effort.</i> • <i>Support initiatives that drive innovation in monitoring, modelling and reporting to reduce costs, increase coverage and improve accessibility and timeliness of data for GBR managers and the public.</i> <p>(Refer Proposal Appendix 1)</p> <p>2. Assurance through the grant funding agreement. The governance arrangements proposed by the Foundation will form a key component of the assurance framework for the grant. The Department finds these proposals reasonable and the measures will be enshrined in the grant funding agreement. This includes the requirement for the Foundation to develop annual activity plans, an investment strategy, a resourcing plan and a co-financing strategy plan. The funding agreement will require the Foundation to maintain robust governance and stakeholder engagement arrangements to deliver the partnership and to inform development of the investment strategy and annual activity plans. This includes the need to establish a Partnership Management Committee and the need to consult with the existing Reef 2050 advisory bodies and the Great Barrier Reef Ministerial Forum. The Foundation has existing engagement</p> |

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| | | <p>with the Reef 2050 advisory bodies either through direct membership or cross-engagement so will not need to service or establish equivalent governance bodies. (See also Point 3 above).</p> <p>3. Well targeted investment. The investment planning cycle the Foundation proposes will ensure on-ground projects are designed and implemented in line with the Reef Trust investment principles, including use of the best available scientific and expert advice. For example, tools are now available through the Paddock to Reef Integrated Monitoring Modelling and Reporting program to forecast water quality improvements and ecological protection arising from proposed projects, and the COTS integrated pest management control strategy enables targeting of control effort to maximise ecological outcomes for priority coral reefs. (Refer Proposal Appendix 1 - Process for the development and implementation of each component).</p> <p>4. Low project delivery overheads. Standard Reef Trust contracts typically allow for a 15 percent overhead (which consists of 10 per cent for administration and 5 per cent for project-level monitoring, evaluation, reporting and improvement (MERI). The overhead and MERI funding for the Foundation is \$22.5 million (5 per cent), with additional overhead funding of up to a further 5 per cent to be provided from interest earned by the Foundation on the grant funding (through appropriate investment). Any interest above this level must be invested in Partnership activities.</p> <p>5. Longer-term strategic investments. The six year duration, certainty and magnitude of funding should enable longer-term, strategic investments to be developed and adaptively managed over the life of the Partnership. This will permit the Foundation to appropriately profile funding across out-years and delivery partners to ramp up their capacity to match the level of funding available (e.g. recruitment and training of personnel).</p> <p>6. Leveraging co-investment. The Foundation has a good track record of fundraising and is well placed to use the Government's funding to leverage additional co-investment to deliver Partnership outcomes. The co-investment leveraged will vary by component and over time. The Proposal states that over the past 10 years the Foundation has secured more than \$80 million for the Reef, with \$30 million of that secured in</p> |

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| | | <p>the past 18 months. The Proposal also states that the Foundation's Board has previously approved a \$100 million fundraising plan intended to start in 2019.</p> <p>In conclusion it is considered that the grant to the Foundation represents value for money to the Commonwealth working within the specific grant policy settings established by Government. It represents an efficient, effective, ethical and economical use of public resources.</p> |
| 9. Is the Foundation's Privacy Declaration complete? | Section 10.1 <i>Confidentiality and privacy, Privacy</i> | Yes – refer to Section 7.6 of the Proposal. |
| 10. Are the Foundation's requests for confidentiality appropriate (if applicable)? | Section 10.2 <i>Confidentiality and privacy, Disclosure of information</i> | <p>Yes. The Foundation has requested that its personnel's CVs given as part of the Proposal are treated as confidential information.</p> <p>Other confidential information may be identified during grant agreement development (such as sensitive information relating to its fundraising activities)</p> |
| 11. Is the Foundation's conflicts of interest declaration complete? | Section 11 <i>Conflicts of interest</i> | <p>Yes – refer to Section 7.7 of the Proposal.</p> <p>The only 'perceived' conflict of interest identified by the Foundation is that Dr Russell Reichelt, a Director of the Foundation, is the Chairman and Chief Executive of the Great Barrier Reef Marine Park Authority (GBRMPA) which is a potential recipient of grant funding. The Foundation state that Dr Reichelt is a member</p> |

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| | | <p>of the Foundation's Board as an independent expert in his own right, not in his professional capacity as CEO and Chair of GBRMPA.</p> <p>The Department notes that the Foundation has a policy and procedures relating to conflict of interest in place. The Foundation's process for managing conflict of interests is described in Section 7.7 of their Proposal.</p> |
| 12. Are due diligence checks complete and appropriate? | N/A | <p>Due diligence checks have been performed on the Foundation and the results will be provided to the Minister as part of his consideration of the grant approval.</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>The Foundation also supplied additional documents with its Proposal [REDACTED] [REDACTED] that formed the basis of due diligence reviews undertaken as part of it receiving funding from the BHP Billiton Foundation and Lendlease. BHP Billiton Foundation's review was undertaken by Baker McKenzie (refer Proposal Appendix 9 - <i>Due diligence data files and assessments</i>).</p> <p>The Department's own direct experience managing grant agreements with the Foundation has been positive. The Foundation has successfully delivered the <i>Resilient Reefs Successfully Adapting to Climate Change</i> Project (under Reef Programme), eReefs and other projects (refer Appendix 3: GBRF Portfolio – <i>Resilient</i></p> |

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| | | <p><i>Reefs Successfully Adapting to Climate Change</i> and examples in Proposal Section 6.2). Sub-contracts were established efficiently, reporting was of a high standard (including verbal presentation to the Department) and generally submitted on time. If there were delays, the Department was advised, informed of the reasons and new dates of submission of reports were negotiated. The Foundation has also been very responsive to the Department's ad-hoc requests for further information.</p> <p>Based on [REDACTED] the Department's own experience managing past grants to the Foundation, no material issues have been identified which would preclude the Foundation from receiving the grant.</p> |

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Australian Government Solicitor

TO: COMMONWEALTH OF AUSTRALIA,
*as represented by the Department of Environment and Energy
in connection with the Commonwealth's proposed grant of \$443.3m to the
Great Barrier Reef Foundation*

GREAT BARRIER REEF FOUNDATION LEGAL DUE DILIGENCE REPORT

DATE: 8 JUNE 2018

MATTER: 18002897

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Australian Government

Department of the Environment and Energy

Attachment F

Finn Pratt AO PSM
Secretary

EC18-000848

Mr Grant Hehir
Auditor General
Australian National Audit Office
GPO Box 707
CANBERRA 2601

Dear Mr Hehir

I am writing to request that you consider undertaking an audit of the Australian Government's Great Barrier Reef Foundation Partnership as a matter of priority.

I note that the Australian National Audit Office has identified the Great Barrier Reef Foundation Partnership as a potential audit in its forward work program for 2018-19, stating that an audit "would examine the Department of the Environment and Energy's design of the Australian Government's \$444 million partnership with the Great Barrier Reef Foundation to deliver water quality improvements, crown of thorn starfish control, science for reef restoration, increased community engagement and improved monitoring." Your forward work plan also states that "an audit of the design of the partnership model would include examining governance arrangements to support the effective implementation of programs covered by the partnership."

The Department of the Environment and Energy welcomes your interest in the Partnership and your proposed focus areas for an audit. Given the intense public and media interest over the last few weeks, I consider such an audit has become a priority and ask that you consider approving it going ahead and starting as soon as practicable.

Yours sincerely

Finn Pratt

13 August 2018