

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

REVIEW OF AUDITOR-GENERAL'S REPORT NO.9 (2014-15)

ANSWERS TO QUESTIONS ON NOTICE

Department/Agency: Australian National Audit Office

Audit: Audit Report No.9 2014-15

Title: The Design and Conduct of the Third and Fourth Funding Rounds of the Regional Development Australia Fund

Member: Ms Gai Brodtmann MP

Type of question: Proof Committee Hansard, p.19, 6 March 2015

Date set by the committee for the return of answer: 27 March 2015

Number of pages: 3

Question:

Ms BRODTMANN: I want to refer to table 6.2 on page 151, where you have got the distribution by political party of total funding approved under rounds 1 to 4, so the total program. You have got funding approved by ministers. You have got Australian Labor Party 46 per cent. You have got coalition 46 per cent. You have got Independent members six per cent and Norfolk two per cent. Is it common practice for the ANAO to provide a party-holding-electorate breakdown of grants in its reports, particularly in this depth?

Mr BOYD: Yes, it is.

Ms BRODTMANN: Most recently, which report has had that sort of detail?

Mr McPHEE: We can take that on notice and let you know. It is quite common. In fact, we address this issue in our *Better Practice Guide* as well.

Mr BOYD: We do address it in the *Better Practice Guide*, yes. In fact, the Commonwealth grant rules and guidelines also talk about the importance of considering the distribution of funding.

Ms BRODTMANN: Sorry; say that again.

Mr BOYD: The Commonwealth grant rules and guidelines also make reference to these sorts of considerations.

Ms BRODTMANN: What does it actually say in the Commonwealth guidelines?

Mr BOYD: I am sorry, I did not bring a copy with me.

Ms BRODTMANN: Okay. Just broadly?

Mr BOYD: It talks about the fact that part of the analysis can include looking at things in terms of the electorate distribution. But if it helps, we can certainly get back to you.

Ms BRODTMANN: Thanks, that would be useful.

Mr BOYD: We can give you a list of other—

Ms BRODTMANN: Yes, the other reports—

Mr BOYD: Do you want a particular time frame?

Ms BRODTMANN: That would be helpful. But, yes, the guidelines with reference to that particular element would be helpful.

Mr BOYD: That will be fine.

Answer:

ANAO will respond to the question on notice in two parts:

1. Other examples of ANAO performance audit reports that have included a breakdown of the political distribution of grant funding include:
 - ANAO Audit Report No.14 2007–08, *Performance Audit of the Regional Partnerships Programme (Volume 2)*: paragraphs 5.3.28–5.3.43, Table 5.3.3;
 - ANAO Audit Report No.30 2009–10, *Management of the Strategic Regional Program/Off-Network Program*: paragraphs 4.42–4.49, Table 4.3;
 - ANAO Audit Report No.3 2010–11, *The Establishment, Implementation and Administration of the Strategic Projects Component of the Regional and Local Community Infrastructure Program*: paragraphs 6.9–6.11, Table 6.3;
 - ANAO Audit Report No.27 2011–12, *Establishment, Implementation and Administration of the Bike Paths Component of the Local Jobs Stream of the Jobs Fund*: paragraphs 3.60–3.62, Table 3.3;
 - ANAO Audit Report No.3 2012–13, *The Design and Conduct of the First Application Round for the Regional Development Australia Fund*: paragraphs 6.9–6.13, Table 6.2;
 - ANAO Audit Report No.41 2012–13, *The Award of Grants under the Supported Accommodation Innovation Fund*: Chapter 5, Table 5.2;
 - ANAO Audit Report No.1 2013–14, *Design and Implementation of the Liveable Cities Program*: paragraphs 6.19–6.24, Table 6.1; and
 - ANAO Audit Report No.25 2013–14, *Management of the Building Better Regional Cities Program*: paragraph 3.44, Table 3.2.
2. The ANAO Better Practice Guide and the *Commonwealth Grants Rules and Guidelines* also refer to the analysis of electoral distribution as a measure to evaluate the equity of a program:
 - ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, December 2013, p.94 'Equity of distribution of program funds':

A further measure of the equity of decision-making that is frequently applied is the distribution of approved funding across party electorates, including consideration of the status of the electorates in which grant recipients were located (for example, whether the relevant electorates were categorised by the Australian Electoral Commission as 'marginal', 'fairly safe' or 'safe' following the most recent election)

...

Other indicators of the equity and impartiality of the decision-making process may include:

- the extent to which the geographic distribution of approved funding correlates with the pattern of applications received;
- the extent to which the funding approved for recipients located in electorates held by each political party correlates with the distribution of applications received from applicants located in each type of electorate;

- the relative success rates of applications received from applicants located in electorates held by each political party; and
 - where relevant, the extent to which applications received from applicants located in electorates held by each political party were represented in those applications either approved against agency advice or not approved despite being recommended by the agency.
- *Commonwealth Grants Rules and Guidelines*, July 2014, p.35, paragraph 13.9:

The ANAO has observed that, in its performance audits of grant programmes, it has put an emphasis on the geographic distribution of certain grant programmes as a measure of equitable distribution and as an indicator of party-political bias in the distribution of grants. The ANAO has emphasised that those involved in grants administration should therefore be aware that the geographic and political distribution of grants may be seen as indicators of the general equity of a programme.