



SUBMISSION

INQUIRY INTO COMMONWEALTH GRANTS
ADMINISTRATION

28TH OCTOBER 2022

CONTENTS

SUMMARY	5
Summary of submission	5
1.0 GRANTS STORY	7
1.1 Story	7
1.2 Adventure Playground story	8
2 SECTION51	10
2.1 Who is Section51?	10
3 THE PURPOSE OF A GRANT	11
3.1 Purpose of a grant	11
3.2 Problem	11
3.3 Suggested approach	11
4 COMMONWEALTH GRANT RULES	12
4.1 Grant Rules and Guidelines: just words	12
4.2 Problem	12
4.3 Suggested approach	12
5 DEMAND AND SUPPLY	14
5.1 Demand and supply	14
5.2 Problem	14
5.3 Suggested approach	14
6 POLICY FOUNDATION	15
6.1 What is policy	15
6.2 Problem	15
6.3 Suggested approach	16
7 GRANT GUIDELINES	17

7.1 Grant guidelines	17
7.2 Problem	17
7.3 Suggested approach	17
8 APPLICATION PROCESS	18
8.1 Grants Hub part 1	18
8.2 Problem	18
8.3 Suggested approach	19
9 MERIT ASSESSMENT	20
9.1 Grants Hub part 2	20
9.2 Problem	20
9.3 Suggested approach	20
10 REPORTING AND EVALUATION	21
10.1 Reporting and Evaluation	21
10.2 Problem	21
10.3 Suggested approach	21
11 CAMELS	23
11.1 Evaluation performance story	23
11.2 Camels	23

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27th October 2022

Dear Committee Secretary

Thank you for the opportunity to provide a submission to the Inquiry into Commonwealth grants administration. This submission reflects the personal experience of Colin Steele, Section51. We have by intent, not repeated the words in the Audit Reports, but rather provided suggested approaches and solutions to the problems raised in Commonwealth Grants Administration.

Any reference to councils is our own viewpoint and does in any way represent the views of the councils mentioned.

We are happy to discuss any aspect of this submission.

Yours sincerely,

Colin Steele

Managing Director

SUMMARY

Summary of submission

Section51 has been in business for over 12 years and in this time have worked with over 150 councils across Australia with the simple purpose of ‘helping local government access funding for the benefit of their community’. We have provided workshops on how the grants and funding system works to over 400 councils in all states and territories.

For this submission we have decided not to repeat the Audit reports, media, and commentary on BBRF and other grants. Instead we are providing the Inquiry with suggested approaches for the future based on our perspective of the purpose of grants and how the system can be restored to this true purpose.

As the Commonwealth Grant Guidelines say the purpose of a grant is ‘... to help address one or more of the Australian Government’s policy outcomes while assisting the grantee achieve its objectives.’ Much of the noise has correctly focused on how unfair political allocation of grants has become. With the exception of the Audit Office, few other commentators understand the purpose of a grant. The noise thus misses a key point.

The real point is that the last few years of the previous government was void of policy across almost every area of government. In my 43 years of working across 3 levels of government I had not before seen such a lack of policy depth across an entire government. In earlier years of BBRF at least we had reference to ‘Australian Government: Regions 2030’ but even that disappeared after a couple of years.

If there are no policies to deliver, then sure, do what you like with the money as there is no reference point, nothing to measure outcomes against and limited accountability. Esoteric statements about good for regional areas are not policies. Policies are based on data and facts, have clear statement of problems, a process for resolving those problems with objectives and measurable outcomes. Grants are one of the ways to achieve these policy outcomes.

Complicit in the grant's problems over the past few years were the Departments who were unable to deal with the politics, and then by compulsion from the Department of Finance for cost savings, outsourced grants to the Grants Hub, which does not have the policy subject matter knowledge on outcomes to be achieved.

With a new government now established, the solution is for Departments to reskill in policy development, rapidly prepare the first of the regional policy foundations for 'Growing our Regions' and other grants, design the grants programs with real and measurable policy outcomes and take back the administration from the Grants Hub who do not have the policy understanding needed.

This is the starting point to return to the real purpose of grants in partnership with local councils and communities and rebuild substantially damaged trust. With this starting point the new Australian Government can achieve real and measurable outcomes and councils can achieve delivery of their critical community projects regardless of which electorate they are located in.

As the Commonwealth Grant Guidelines say the purpose of a grant is '... to help address one or more of the Australian Government's policy outcomes while assisting the grantee achieve its objectives.'

1.0 GRANTS STORY

1.1 Story

Stories are a way of communicating. While this submission will address the terms of reference of the inquiry it is worth beginning with a story about grants and the reality of delivery and measuring outcomes.

Section51 has written hundreds of grant applications. Every application is different, fit for purpose and unique to the project, the community, the grant program and government at the time. Just like council staff, as consultant grant writers, we get excited when successful and disappointed when we fail. Even though we know the system, the failure doesn't seem fair sometimes. We reduce the risk by spending a lot of time with councils on projects long before grant programs open. We take councils down a pathway of understanding what is needed to sit behind the project, the policy basis for the program and the evidence and attachments needed to prove the story.

The Adventure Playground was one of these projects.

There is both a happy and sad side to this story. The happy side is that we were ultimately successful with a grant from the NSW Government. By using data and facts we demonstrated delivery and outcomes for NSW Government policy. The children were happy, the community benefited, the NSW Government achieved policy outcomes, and we have measured the results.

The sad side was that we didn't even try for Australian Government funding as the town is in the wrong location in the wrong electorate. How sad that in Australia, over the last few years, the location politically determines if children can have facilities like this. Do politicians who say they know better than every public servant, each community, and every council across Australia, really know? They don't and they also don't have the guts to stand up in front of the children and say because your town didn't vote for us, you are not getting a playground. There is a reason for a fair and equitable based grants process.

1.2 Adventure Playground story

Section51 has worked with this rural Council over many years. With the Adventure Playground we began working with council's project officer and the designer long before the opportunity for funding arose. While they worked on the design, we worked on gathering the community foundation for the project, the economics, the social data and the story to be told. We abandoned any thought of Australian Government funding so found a NSW grant program, wrote the application, weaving the economic transformation of the community through the story. The application was successful, and the children are happy and laughing, the real reason for what we do as council staff and consultants.

An extract of the application words Section51 wrote for council is below:

*Project Purpose * Must be between 10 and 200 words. Describe the specific issue, opportunity or need you want to address.*

The issue for many families is access to an appropriate playground to provide a support network, a place for their children to learn new skills, build friendships, develop communication and language skills, and link to the wider community. The issue for council is how to continue the transformation of our town from a dependence on mining to a region with a strong and diverse economic base though growing the visitor economy. The issue for the NSW government is how to achieve priorities such as reduce obesity while provide opportunities for children to learn and grow in a way that makes a real and lasting difference to their lives. The opportunity is an adventure playground, aimed at creating a community gathering space with a focus on playful interactions for everyone. This is the kind of infrastructure that will improve the lives of local residents and play a key role in both retaining and attracting new residents and visitors. Most importantly the project purpose is to make children smile.

Before



After



2 SECTION51

2.1 Who is Section51?

Section51 is a small specialist grant and funding consultancy based in Canberra that helps councils across Australia. We are a team of 3 and work mainly with the councils that need the greatest help. Success for Section51 is helping a council understand the grants process so they no longer need us. We work across 4 components of the grants system and across both state and federal government. We provide training, application preparation and submission, funding deed negotiations and milestone reporting during delivery. Section51 has been in business for over 12 years and in this time have worked with over 150 councils across Australia with the simple purpose of 'helping local government access funding for the benefit of their community'. We have provided workshops on how the grants and funding system works to over 400 councils in all states and territories.

Prior to establishing Section51 Colin Steele worked for over thirty years across three levels of government. He began with ten years as a local government planner followed by eleven years in the NSW Government including the executive of NSW Premiers Department. He then moved to Canberra to work for the Commonwealth Government with eleven years in designing, assessing, managing, and evaluating grants, environment and economic development programs.

Colin has worked in multiple NSW and Australian Government Departments on grants and funding. Just some of his Australian Government roles were in the Monitoring and Evaluation team that designed how to measure outcomes of the \$3billion Natural Heritage Trust, he was Director of the NHT Tasmanian Team and Director of the Local Government Policy Team in the Department of Infrastructure during the Global Financial Crisis under Minister Albanese. Colin's team was part of design and administration of multiple local government grant programs, including the predecessor to Building Better Regions Fund.

Having worked for all 3 levels of government, across multiple Departments and for the last 12 years as a consultant Colin and Section51 have a unique perspective of the grants system.

3 THE PURPOSE OF A GRANT

3.1 Purpose of a grant

As the Commonwealth Grant Guidelines say the purpose of a grant is ‘... to help address one or more of the Australian Government’s policy outcomes while assisting the grantee achieve its objectives.’ With the noise on the lack of fairness with grants, the real problems has been missed.

3.2 Problem

The real point is that the last few years of the previous government was void of policy across almost every area of government. In my 43 years of working across 3 levels of government I had not before seen such a lack of policies across an entire government. In earlier years of BBRF at least we had reference to ‘Australian Government: Regions 2030’ but even that disappeared after a couple of years.

If there are no policies to deliver, then sure, do what you like with the money as there is no reference point, nothing to measure outcomes against and limited accountability. Esoteric statements about good for regional areas are not policies. Policies are based on data, evidence and facts, have clear statement of problems, a process for resolving those problems with objectives and measurable outcomes. Grants are one of the ways to achieve these policy outcomes.

3.3 Suggested approach

With a new government now established, the solution is for Departments to reskill in policy development, rapidly prepare the first of the regional policy foundations for ‘Growing our Regions’ and other grants, design the grants programs with real and measurable policy outcomes and take back the administration from the Grants Hub who do not have the policy understanding needed.

4 COMMONWEALTH GRANT RULES

4.1 Grant Rules and Guidelines: just words

As referred to in multiple Audit reports, particularly BBRF, the Commonwealth Grants Rules and Guidelines 2017 (CGRGs) establish the Commonwealth grants policy framework. The CGRGs contain the key legislative and policy requirements and explain the better practice principles of grants administration.

4.2 Problem

The Commonwealth Grants Rules and Guidelines 2017 have turned out to be toothless words open to being ignored by politicians with little chance of enforcement by the Departments. The words are great, and they say:

The CGRGs apply to grants administration performed by ministers, accountable authorities, officials and third parties who undertake grants administration on behalf of the Commonwealth. It is important to note that it is the responsibility of officials to advise ministers of the requirements of the CGRGs.

So the penalty for abuse of the guidelines by a Minister is, the Department officials will send the Minister another copy of the CGRG's. Wow that clearly worked.

4.3 Suggested approach

The Commonwealth Grants Rules and Guidelines 2017 should be reviewed, updated, strengthened and aligned with the new Integrity Commission. The outright ignoring of rules and guidelines by Ministers with no fear of penalty means the rules and guidelines currently serve limited purpose. The guidelines should leave no room for doubt that grants are public money for the purpose of achieving policy outcomes for government.

As Section51 works equally with State Governments we are aware of each of the States similar rules and Guidelines. The Tasmanian Government Best Practice Guide for the Administration of Grants says:

Grants are made in various circumstances by agencies whereby public money is applied to community activities, to achieve aims and objectives consistent with Government policy and agency output objectives. Grants may be covered by legislation or regulation or be subject to Cabinet, ministerial or other discretion. They range in their accountability requirements from highly complex arrangements calling for certificates from the Auditor-General to the relatively informal such as statements signed by a public officer for small grants. Nevertheless, all grant schemes involve the use of public money. Grant scheme administrators and recipients, therefore, are publicly accountable to Parliament to ensure that value for money is achieved from the allocation of the individual grants.

The critical factor to remember when administering grant schemes is that they are funded with public money and that the Minister and Head of Agency are publicly accountable to Parliament for the value for money achieved from the allocation of individual grants. Remember that procedures for decision making in agencies are open to public scrutiny. Therefore, proper and complete documentation about grants schemes must be carefully retained.

5 DEMAND AND SUPPLY

5.1 Demand and supply

Competitive grant programs have a reason. The demand for funds is greater than the supply of money. If there was enough money, then there would be no need for a competitive process.

5.2 Problem

The problem is false expectations created with Ministers media releases, local MP's and sometimes regional organisations. Media releases from grant programs prior to BBRF were more honest in saying that not everyone will be successful. That changed in recent years.

Local MPs until the last few years had very limited role in the grants process. Section51 is aware that in the last 3 rounds of BBRF some MP's treated the fund as their own saying they make the decisions in their electorate with favours provided to councils they liked. Such local control goes against every aspect of the toothless grant rules and guidelines and what is supposed to be a competitive grants process.

5.3 Suggested approach

Get real and get the media right. Not everyone is going to get money, simple as that. If they were, then there wouldn't be a need for a competitive grants process. After years of outright lies about the grants process, councils and communities just want the truth, both good and bad.

Competitive means at all levels. Unless region specific, Australian Government grant programs should have equal status in the competitive nature so that a community in Far North Queensland has the same status in the process as one in the Cradle Coast in Tasmania or Southwest Western Australia. Local MP's can support projects but competitive means across Australia with all 537 councils and untold number of community groups having equal opportunity. Local MP's do not know what is happening in the opposite corner of Australia to them. That's why grants should be a merit based assessment process.

6 POLICY FOUNDATION

6.1 What is policy

Policy is the foundation of government decisions. Grants are one of the ways to achieve policy outcomes.

The Australian Government Policy Hub says:

Government policy is the basic agreed principles by which government is guided. It's how decisions are made about the things that affect our lives; from big issues like how we will manage health care at a federal level, to micro decisions such as stocking healthy food in hospital vending machines. The APS provides policy advice to Government decision makers, to equip them with the information they need to make the best possible decision. If you're looking for an official definition, the Australian Policy Handbook (Althaus, Bridgman, Davis) defines policy as:

A statement of government intent, and its implementation through the use of policy instruments.

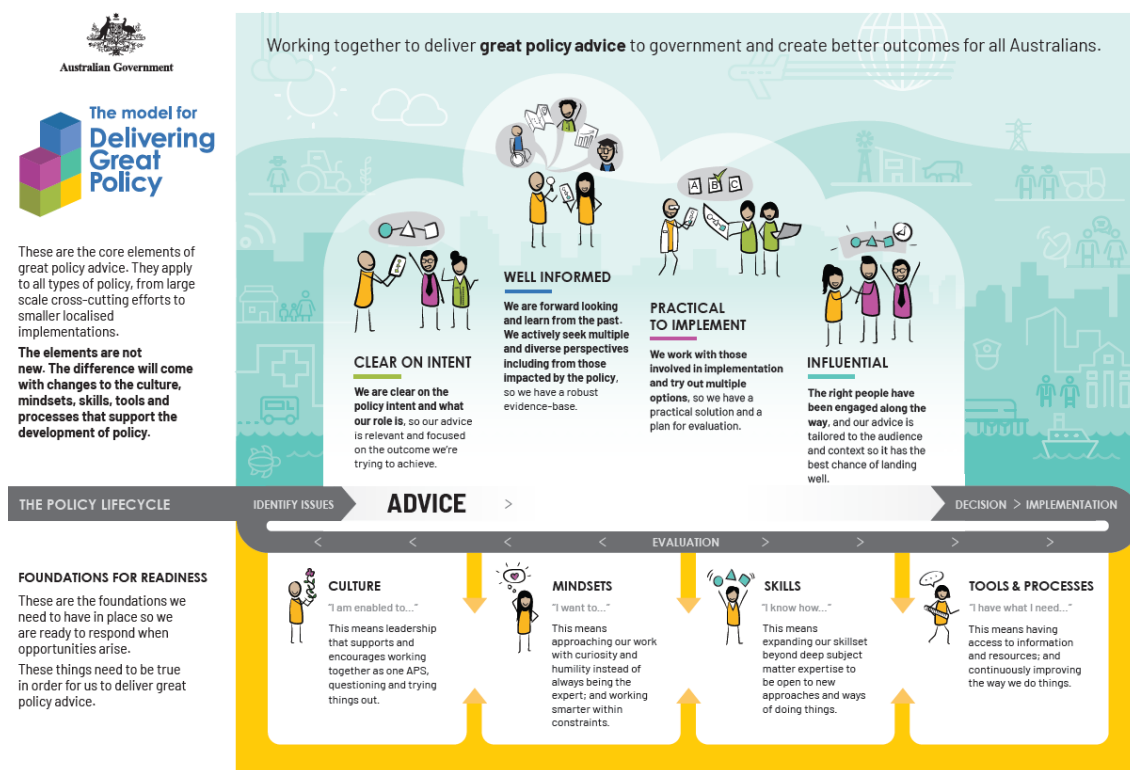
6.2 Problem

Without a policy foundation, regional grant programs like BBRF are reduced to one line grabs like 'good for communities or 'creating jobs.' The now defunct round 6 of BBRF was a farce as 'creating jobs' was the one line glib policy foundation coming out of the pandemic when most of our rural councils had 5 vacant jobs for every person. Yet we had to write applications about creating jobs simply as that was the extent of 'policy'.

Fact, data and reality on what was happening in local government coming out of a pandemic were entirely absent from BBRF6 guidelines and statements.

6.3 Suggested approach

The first step before preparing guidelines for the Regional Growth Fund should be to develop a regional policy document based on real and current data against the new governments broader policy objectives. That will then provide the foundation for a grant program that is relevant, delivers great value for money for the Australian Government and provides confidence needed with councils and communities that there is a basis for fair and equitable decision making.



<https://www.policyhub.gov.au/model>

7 GRANT GUIDELINES

7.1 Grant guidelines

Guidelines are everything for grant writing. Every word in the guidelines is important as they provide how the application is to be prepared and the focus to give the words in the application. They also provide the critical list of evidence and attachment requirements. The more information in the guidelines the better.

7.2 Problem

BBRF grant guidelines have remained unchanged through 6 rounds. The reason is that they are not based on achieving policy outcomes.

7.3 Suggested approach

Broken record I know but first write the policy outcomes for 'Growing our Regions' and then write the guidelines. There are many examples across State Governments of great guidelines that clearly articulate merit criteria against policy outcomes. The 4 or more merit criteria can then be worded so that councils and community groups are able to write in their application how their project will achieve the policy outcomes for the Australian Government.

8 APPLICATION PROCESS

8.1 Grants Hub part 1

I would like to begin by saying the staff we work with at the Business Grants Hubs are the nicest most professional public servants we deal with. These comments are not about the public service staff. They are about the Grants Hub Model as mandated by the Department of Finance. My comments are from a user perspective.

Extract from Department of Finance Website

Tip: When you are thinking about the design of a program, think about the potential grant applicants and what is proportional for the specifics of the grant opportunity, such as the value of the grants. Think about how much red tape or burden you are placing on applicants and recipients and whether this is reasonable. Grants Hubs can help you to work through this.

<https://www.finance.gov.au/government/commonwealth-grants/grants-getting-started>

8.2 Problem

No they can't, not if grants are there to achieve policy outcomes. But more on this later.

First the application process. There is a real trend to make applications across different grant programs the same to reduce the 'burden you are placing on applicants and recipients.' The only burden reduced is for the Commonwealth as councils and community groups are forced to fit square projects into round application forms.

A councils community health program is not the same as disaster recovery, yet the application forms are now generic across the commonwealth. This shows a complete lack of understanding on how State or Local Government works. Have to say it again but building a bridge is not the same as a community nurse program yet the standardise forms suggest they are.

8.3 Suggested approach

When it comes to the application process and evidence councils are keen to provide what they have as for most projects, as the level of detail to meet their own requirement often far exceeded the application requests. Plus evidence and attachments are the only real way to undertake a merit based assessment process.

Councils and community groups would prefer to provide a full application with comprehensive attachments and evidence in the knowledge that the assessment process is fair, equitable and merit based rather than in the past few years that only the mates in the right electorate are going to get money.

Red tape or burden you are placing on applicants and recipients can be resolved by having fit for purpose application forms that recognise the policy area that the grant program is aiming to achieve outcomes in.

9 MERIT ASSESSMENT

9.1 Grants Hub part 2

Extract from Department of Finance Website

The government announced the Streamlining Government Grants Administration program in the 2015-16 Budget to deliver simpler, more consistent and efficient grants administration across government. The program consolidated grants administration processes for 12 in-scope entities into two grants hubs - the Community Grants Hub and the Business Grants Hub . The hub model reduces duplication of effort and costs across government by consolidating grants administration services, developed areas of expertise and improved user experience (made it easier for grant applicants and recipients to find and apply for grants).

<https://www.finance.gov.au/government/commonwealth-grants/grants-getting-started>

9.2 Problem

No it doesn't. As a user the Business Grants Hub is up there as one of the worst decisions of the former government when it comes to grants. Yet again the purpose of a grant is to achieve policy outcomes. Merit assessment of applications must involve the policy experts who understand the purpose of the grant and what it is trying to achieve.

The staff we work with at the Business Grants Hubs are professional public servants who certainly have an administration role. But they are not subject matter experts who should be assessing grant programs.

9.3 Suggested approach

The solution is for Departments to reskill in policy development, rapidly prepare the first of the regional policy foundations for 'Growing our Regions' and other grants, design the grants programs with real and measurable policy and take back the assessment so it is undertaken by the policy and subject matter experts.

10 REPORTING AND EVALUATION

10.1 Reporting and Evaluation

Extract from Department of Finance Website

Designing the grant opportunity to achieve value with relevant money, considerations for this include:

- developing eligibility and assessment criteria that reflect the operational objectives and policy intent and are easily assessable;
- identifying any considerations which will impact on the decision making;
- ensuring the application and selection processes are proportional and accountable and meet probity and transparency requirements;
- establishing performance and evaluation measures;

10.2 Problem

The lovely people at the business grants hub do an excellent job at helping through the reporting process and ensuring the grant is delivered correctly. This really is the grant hubs best attribute and role.

But they are not greatly interested in if the grant achieved policy outcomes. This is largely a reflection of the former government than the grants hub but with the move back to policy based grants there will be a real need to return to outcomes based final reporting.

True story to follow the suggested approach.

10.3 Suggested approach

The Australian Government around 2010 was world leading when it came to monitoring, evaluation and outcomes reporting. Based on United Nations approaches, environment, infrastructure and social outcomes reporting against grants was integrated across government. Telling performance stories using program logic was a core part of this process. The now recent former government abandoned monitoring and evaluation.

The former government may have abandoned the technique, but Section51 uses program logic for every grant as does every State and Territory. Real and measurable outcomes against every project is possible with this and related evaluation techniques enabling proof of policy delivery and value for money.

To use a current term, 'measure what is important'. The suggested approach is to return to real and measurable evaluation of outcomes as part of the new grant programs.

11 CAMELS

11.1 Evaluation performance story

Our Section51 submission to this inquiry will conclude with another story of grants. We have a hundred wonderful stories but for today you only get two, a playground and camels.

This story is about outcomes achieved from a wastewater treatment project which went way beyond expectations.

Sadly the Grants Business Hub were not interested in the outcomes. They just wanted boxes ticked.

Happily this report and the project led to winning a national water award, interest by the United Nations of a project of significance and potential use of the technology around the world. Section51 writes the outcomes reports for our councils to show how great they are, even if the Australian Government wasn't interested in what happened to their own grant funds.

This story is from an extract of the Section51 Grants Workshop workbook where we teach how the funding system works across three government, grant preparation and reporting.

Extract begins:

11.2 Camels

Telling the story of change for your project through performance stories and program logic is a very powerful way to illustrate success and say thank you to your funding provider.

A 'performance story' provides a succinct summary of the multiple outcomes achieved, in the example used, through the investment such as in biodiversity and water quality in the upper Maranoa River Catchment in Queensland. As well as explaining *what* the project has achieved the story also describes the causal links that show *how* the achievements were accomplished. This performance story is structured around a program logic model. It begins with the initial idea, planning and foundation of the project, shows the activities and outputs, describes what was built, tells the story of what happened after the first couple of

years for both the catchment and the people and then explains how we know this will lead to the long-term target of improved biodiversity and water quality. These appreciative inquiry questions are designed to seek out this story.

There are potentially many stories. The key is to choose and tell one of these stories so that it is easy to follow the pathway. The questions are general by nature but can be refined when a clearer idea of the story is known.

We will finish the workshop with the performance story from the project completion report of the mid north industry growth project:

On 7 October 2016 the Australian Government announced the third and final round of the National Stronger Regions Fund (NSRF). Peterborough Community Wastewater Management System (CWMS) was one of the 67 successful applications from the 479 who applied, receiving \$8,600,000. The total project cost was \$17,600,000 with \$2,500,000 from the South Australian Government CWMS program and \$6,500,000 from the District Council of Peterborough.

The purpose of a Community Wastewater Management System (CWMS) is to collect, treat and reuse/dispose of wastewater produced in the community. This system is the first of its kind in Peterborough. The starting point for the system is the connection to the residential and business premises. 26 kilometres of pipe were laid throughout Peterborough for the collection system, with an additional 2,000 metres of pipe to connect the SAMEX Abattoir. 4,000 metres of rising main takes the wastewater to the treatment system, a new design using high rate algal ponds (HRAPs) developed by Flinders University. The wastewater treatment facility cleans the wastewater for irrigation use on the Golf Course.

The CWMS has been tremendously positive for the Peterborough economy. The removal of raw sewage from failed septic tanks are all public health positives and have significantly reduced the odour throughout the township.

There are many stories of change to the economy in this completion report. Christine Duggan, CEO of SAMEX abattoir, embarked on business growth programs with the removal of the limit to growth being treatment of wastewater. At the time

of this interview in January 2019, SAMEX in Peterborough employed 80 staff, an increase of 70 staff from 2012, a phenomenal result for any business in a small town.

The Ngaanyatjarra Lands is a group of remote Aboriginal communities in the central-east of Western Australia operating as the Ngaanyatjarra Camel company. The company musters mobs of wild camels into holding yards, transferring them to the abattoir in South Australia. Capturing over 130,000 camels to date, the company employs 40 indigenous people. As SAMEX grows, the camel economy of Central and Northern Australia grows.

Peter Johnson is one of 6 new plumbing teams in Peterborough providing employment opportunities. He has a full-time local driver/excavator operator and has employed 2 locals' fresh out of year 12 from Peterborough High school who are both enrolled to become apprentice plumbers. This is an additional 3 local Peterborough people who have jobs as a direct result of the CWMS project, among many others.

To a certain extent there is the potential for a parallel between the return of the green grass at Peterborough golf course and the return of hope and a positive future for Peterborough with new opportunities, jobs and a nice place to live, all as a direct result of the CWMS project. As Mayor Ruth Whittle says 'we cannot get a better outcome than that'.

Thank you

