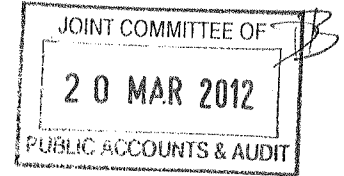


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15 March 2012

**SUBMISSION No. 1  
Reviews of Auditor-General  
Report's Nos 10 - 23 (2011-2012)**

Mr David Brunoro  
Secretary  
Joint Committee of Public Accounts and Audit  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600



Dear Mr Brunoro

**JCPAA INQUIRY INTO AUDIT REPORT NO.21 2011-12: ADMINISTRATION OF GRANT REPORTING OBLIGATIONS**

At the Committee's public hearing yesterday into the above ANAO audit report, we undertook to provide further details in relation to the reporting to the Finance Minister of two types of grant decisions. Specifically, we undertook to identify to the Committee:

- the 33 instances where a Minister who was a Member of the House of Representatives awarded a grant between January 2009 and June 2010 within his or her own electorate but the required report to the Finance Minister was not submitted; and
- the 11 instances in 2009 and 2010 where decisions were taken by Ministers to approve grants that the relevant agency had recommended be rejected.

Consistent with the focus of the audit on systemic administration issues and the ANAO's usual practice, the tabled audit report did not identify the details of instances in the above two categories. In addition, and as noted in the audit report, the reporting of such instances to the Finance Minister in response to the requirements set out in the Commonwealth Grant Guidelines (CGGs) is not made public, and is not required to be made public.

The first request from the Committee related to certain instances where Ministers had approved grants in their own electorate. Information on all grants (including the location where the funding is primarily to be provided) is required to be published on agency websites once a funding agreement has been signed. The reporting to the Finance Minister of those grants awarded by a Minister within his or her own electorate is additional to the public reporting requirement. In addition, it is to occur at an earlier point in time (being as soon as practicable after the decision to award the grant has been made, rather than after the funding agreement has been signed).

The audit report noted that the reported incidence in the period examined of Ministers approving grants in their own electorates had been quite low, with a total of 77 such instances having been reported to the Finance Minister over the 30 months between January 2009 and July 2011. However, the audit found that there were a further 33 instances in the period

## ***Audit-in-Confidence***

examined by ANAO that should also have been reported to the Finance Minister, but were not (an under-reporting of 38 per cent). Those instances are identified in Attachment A to this letter, including the approval date and amount as was requested in your email of 14 March 2012. Clearly there is an important role for agencies to play in respect to being vigilant in accurately identifying all such instances, and preparing for their Minister the relevant report to the Finance Minister.

The audit report noted that there have been very few such instances reported to the Finance Minister of Ministers not accepting a recommendation that a proposed grant be rejected (11 instances, or 0.05 per cent of all proposed grants considered by Ministers in the relevant period). These instances are identified in Attachment B (for grants awarded in the 2009 calendar year) and Attachment C (for grants awarded in the 2010 calendar year).

The most significant issue raised by the audit report in this respect was the fairly widespread shortcomings identified in relation to the quality of agency briefings to Ministerial decision-makers. In particular, the requirement to report to the Finance Minister instances of a Minister approving a 'recommended be rejected' project only arises where the relevant agency has provided its Minister with a clear recommendation that one or more of the proposed grants under consideration should not be approved. However, a clear recommendation in relation to which proposed grants should be approved or not approved was not included in one or more briefs provided to Ministers in relation to 20 per cent (or one in five) of the programs reviewed, across ten agencies (involving about a third of all briefs provided in respect to the affected programs in the 18 month period examined).

Providing greater clarity around the briefing obligations of agencies has been a particular focus of both ANAO and the Department of Finance and Deregulation in considering where the CGGs might be beneficially improved (consistent with Recommendation No. 2 in the audit report). Nevertheless, and as emphasised both in the audit report and in my comments during the public hearing, it is important that individual agencies understand the essential elements of the CGGs and put in place appropriate arrangements for the preparation, oversight and submission of briefs seeking Ministerial consideration of the approval or otherwise of proposed grants that apply the intent of the Government's requirements for the administration of grants (which was to improve transparency and accountability).

I trust the above information and the enclosed attachments are of assistance to the Committee.

Yours sincerely



Ian McPhee  
Auditor-General

Encl.

No.	Department	Grant Program	Brief	Date signed	Minister	Electorate	Recipient/s	Amount
1	Attorney-General's Department	Natural Disaster Mitigation Program	09/499	19-Feb-09	Minister McClelland	Barton	Kogarah Municipal Council	\$45,000.00
2	Attorney-General's Department	Natural Disaster Mitigation Program	09/499	19-Feb-09	Minister McClelland	Barton	Kogarah Municipal Council	\$15,000.00
3	Attorney-General's Department	Natural Disaster Mitigation Program	09/499	19-Feb-09	Minister McClelland	Barton	Rockdale City Council	\$16,000.00
4	Attorney-General's Department	Natural Disaster Mitigation Program	09/499	19-Feb-09	Minister McClelland	Barton	Rockdale City Council	\$65,000.00
5	Department of Agriculture, Forest and Fisheries	Landcare Facilitators Initiative	MNMT2010/0742 2	24-Jun-10	Minister Burke	Watson	Sydney Metro CMA	\$495,000.00
6	Department of Agriculture, Forest and Fisheries & Department of Sustainability, Environment, Water, Population and Communities	Caring for Our Country	MNMT 2009/07310 & B09/1729	01/07/09 & 29/06/2009	Minister Burke & Minister Garrett	Watson & Kingsford-Smith	Sydney Metro CMA	\$1,580,000.00
7	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	Association of Bhanin El Minieh - Australian Arabic Community Welfare Centre Inc.	\$70,359.00
8	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	Auburn Diversity Services Incorporated	\$265,015.00
9	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	Auburn Diversity Services Incorporated	\$86,595.00
10	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	Auburn Diversity Services Incorporated	\$189,145.00
11	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	Auburn Diversity Services Incorporated	\$306,814.00
12	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	Auburn Diversity Services Incorporated	\$189,145.00
13	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	Iranian Community Organisation	\$76,812.00
14	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	NSW Auburn Turkish Islamic Cultural Centre	\$70,359.00

15	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	The Hills Holroyd Parramatta Migrant Resource Centre	\$197,239.00
16	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	The Hills Holroyd Parramatta Migrant Resource Centre	\$207,231.00
17	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	The Hills Holroyd Parramatta Migrant Resource Centre	\$334,413.00
18	Department of Immigration and Citizenship	Settlement Grants Program	LF2010/06554	4-May-10	Parliamentary Secretary Ferguson	Reid	The Hills Holroyd Parramatta Migrant Resource Centre	\$202,699.00
19	Department of Infrastructure and Transport	Roads to Recovery Program	09490-2008	26-Feb-09	Minister Albanese	Grayndler	Ashfield Municipal Council	\$723,153.00
20	Department of Infrastructure and Transport	Roads to Recovery Program	09490-2008	26-Feb-09	Minister Albanese	Grayndler	Leichhardt Municipal Council	\$993,803.00
21	Department of Infrastructure and Transport	Roads to Recovery Program	09490-2008	26-Feb-09	Minister Albanese	Grayndler	Council of the Municipality of Marrickville	\$1,383,216.00
22	Department of Families, Housing, Community Services and Indigenous Affairs	Reconnect Services	MN09-001738 & MN09-000550	12/05/2009 & 13/05/2009	Minister Plibersek	Sydney	Mission Australia (in consortium)	\$449,622.00
23	Department of Families, Housing, Community Services and Indigenous Affairs	Family Support Program	MN10-000798	13-May-10	Minister Macklin	Jagajaga	Children's Protection Society	\$9,500.00
24	Department of Families, Housing, Community Services and Indigenous Affairs	Emergency Relief	MN09-002055 & MN09-002665	04/06/2009 & 08/09/2009	Minister Macklin	Jagajaga	Banyule Community Health Centre	\$59,823.00
25	Department of Families, Housing, Community Services and Indigenous Affairs	Emergency Relief	MN09-002055 & MN09-002665	04/06/2009 & 08/09/2009	Minister Macklin	Jagajaga	Banyule Housing Support Group Inc.	\$14,277.00

26	Department of Families, Housing, Community Services and Indigenous Affairs	Emergency Relief	MN09-002055 & MN09-002665	04/06/2009 & 08/09/2009	Minister Macklin	Jagajaga	Banyule Support & Information Centre Inc.	\$23,517.00
27	Department of Families, Housing, Community Services and Indigenous Affairs	Emergency Relief	MN09-002055 & MN09-002665	04/06/2009 & 08/09/2009	Minister Macklin	Jagajaga	Berry Street Inc (Sutherland Community Resource Centre)	\$16,345.00
28	Department of Families, Housing, Community Services and Indigenous Affairs	Emergency Relief	MN09-002055 & MN09-002665	04/06/2009 & 08/09/2009	Minister Macklin	Jagajaga	Berry Street Victoris Incorporated	\$33,111.00
29	Department of Families, Housing, Community Services and Indigenous Affairs	Emergency Relief	MN09-002055 & MN09-002665	04/06/2009 & 08/09/2009	Minister Macklin	Jagajaga	Community Info. Diamond Valley Inc.	\$81,153.00
30	Department of Families, Housing, Community Services and Indigenous Affairs	Emergency Relief	MN09-002055 & MN09-002665	04/06/2009 & 08/09/2009	Minister Macklin	Jagajaga	Nillumbik Community Health Services Inc.	\$44,611.00
31	Department of Families, Housing, Community Services and Indigenous Affairs	Emergency Relief	MN09-002055 & MN09-002665	04/06/2009 & 08/09/2009	Minister Macklin	Jagajaga	Northcote Community Information & Support Service - Preston	\$49,812.00
32	Department of Families, Housing, Community Services and Indigenous Affairs	Emergency Relief	MN09-002055 & MN09-002665	04/06/2009 & 08/09/2009	Minister Macklin	Jagajaga	Salvation Army Macleod Family Support Services	\$11,320.00
33	Department of Education, Employment and Workplace Relations	Prime Minister's Australian Youth Forum Challenge	BR10-002880	8-Jun-10	Minister Ellis	Adelaide	Youth Migrant and Support Celebration Day (Ms Megan Payne)	\$15,000.00

Minister	Program Title	Program Component	Recipient	Value	Brief Statement of Reasons for Decision
The Hon Jenny Macklin MP, Minister for Families, Housing, Community Services and Indigenous Affairs	Community Investment Program (PBS Program 3.2)	Community Investment	Sing Australia	\$100,000	The Department advised that the project was not consistent with Community Investment Program objectives. I approached the funding on the basis of previous advice from the Department that the project was consistent with the objectives of the Community Investment Program by providing emotional support to vulnerable people.
The Hon Jenny Macklin MP, Minister for Families, Housing, Community Services and Indigenous Affairs	Community Investment Program (PBS Program 3.2)	Community Investment	Australian Red Cross Society WA Division-Food Cent\$ project-Location-Perth	\$73,700	The Department advised the project was not consistent with FaHSCIA core business and had a health focus. I approved further funding on the basis that the delivery of financial management training to disadvantaged individuals is a FaHCSIA responsibility.
The Hon Jenny Macklin MP, Minister for Families, Housing, Community Services and Indigenous Affairs	Community Investment Program (PBS Program 3.2)	Community Investment	Australian Red Cross Society WA Division-Feel Good Families project Location-Kalgoorlie	\$80,846	The Department advised that the project was not consistent with FaHSCIA core business and had a strong health focus. I approved further funding on the basis that the delivery of financial management training to disadvantaged individuals is a FaHCSIA responsibility.
The Hon Anthony Albanese MP, Minister for Infrastructure, Transport, Regional Development and Local Government	Local Government	Regional and Local Community Infrastructure Program-Strategic Projects	Etheridge Shire Council	\$18,000,000	Cabinet agreed to give consideration to disaster-affected areas. The funding for the Einasleigh River Bridge minimises the risk of the community being isolated by wet weather.

<p>The Hon Anthony Albanese MP, Minister for Infrastructure, Transport, Regional Development and Local Government</p>	<p>Local Government</p>	<p>Regional and Local Community Infrastructure Program-Strategic Projects</p>	<p>Brisbane City Council</p>	<p>\$10,000,000</p>	<p>Cabinet agreed the project has capacity to deliver significant economic stimulus. Funding to be provided conditional upon partnership funding being confirmed and pre-contractual and contractual requirements being agreed.</p>
<p>Assistant Treasurer, Senator the Hon Nick Sherry</p>	<p>Ad-hoc</p>	<p>N/A</p>	<p>Responsible Investment Association Australia</p>	<p>\$2.5 million over three years</p>	<p>Grant funding to establish the Responsible Investment Academy is consistent with my policy agenda for promoting corporate social responsibility in Australia, and acknowledges the important role of the investment community in encouraging companies to better integrate environmental, social and governance considerations into their operations.</p>
<p>Senator the Hon Mark Arbib, Minister for Employment Participation, Minister assisting the Prime Minister for Government Service Delivery</p>	<p>Innovation Fund</p>	<p>N/A</p>	<p>Kimberley Land Council</p>	<p>\$455,962 (includes GST)</p>	<p>This project will assist Indigenous communities in remote and regional areas. It has a community context of inherently less access to human and other capital to support innovation, more so than proposals based in larger regional, urban and non-indigenous settings. It was strongly compliant with key Innovation Fund objectives of providing place-based solutions aimed at addressing barriers to employment for groups of the most disadvantaged job seekers.</p>
<p>Senator the Hon Mark Arbib, Minister for Employment Participation, Minister assisting the Prime Minister for Government Service Delivery</p>	<p>Innovation Fund</p>	<p>N/A</p>	<p>Murdi Paaki Regional Enterprise Corporation Ltd</p>	<p>\$89,100 (includes GST)</p>	<p>This project will assist Indigenous communities in remote and regional areas. It has a community context of inherently less access to human and other capital to support innovation, more so than proposals based in larger regional, urban and non-Indigenous settings. It was strongly compliant with key Innovation Fund objectives of providing place-based solutions aimed at addressing barriers to employment for groups of the most disadvantaged job seekers.</p>

Minister	Program Title	Recipient	Value	Brief Statement of Reasons for Decision
The Hon Bill Shorten MP, when Parliamentary Secretary for Disabilities and Children's Services	Services and Support for People with Disability Program, National Disability Conference Funding Initiative	Muscular Dystrophy Assoc of WA	\$16,900	Application was received one day late and not recommended for funding. This was discussed with an adviser in the Parliamentary Secretary's office following which it was recommended that the Muscular Dystrophy Assoc of WA be approved for funding of \$16,900.
The Hon Jenny Macklin MP, Minister for Families, Housing, Community Services and Indigenous Affairs	Community Investment Program	Gurriny Yealamucka Health Services Aboriginal Corporation, Yarrabah QLD, 4871	\$132,000	"The Department did not recommend a funding extension as a Social Service Coordinator position established under the Gurriny Community Capacity Coordination Project was seen to replace the position funded through the Gurriny Community Capacity Coordination Building Project. When making the decision, I approved funding with the following comment: I also support continuation of funding for Gurriny Yealamucka Health Services Aboriginal Corporation for another 12 months in line with other projects. The Yarrabah community is a very high need community across the broad spectrum of social services. While the provision of Community Support Service funding will be of assistance, there are particular needs, particularly for women and children where Gurriny Yealamucka Health Services could complement CSS funding. Please work with the provider to identify new deliverables under the Community Investment Program."
The Hon Tanya Plibersek MP, Minister for Human Services,	Gender Equality for Women- Women's Leadership and Development/National Women's Alliances	Women's Services Network	\$748,000	"The Women's Services Network funding application was ranked suitable. However, it was not amongst the five applications recommended for funding because its issues of focus already receive significant Government attention and resources. The Minister approved the five applications recommended by the Department. Additionally, the Minister approved the Women's Services Network funding application. In doing so, the Minister requested that the department work with WEAVE (now AWAVA) to clarify its role, mission and purpose and for it to work beyond service delivery."