



**The Hon Jenny Macklin MP**  
**Minister for Families, Community Services and Indigenous Affairs**  
**Minister for Disability Reform**

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22 MAR 2012

Mr Robert Oakeshott  
Chair  
Joint Committee of Public Accounts and Audit  
Suite R1.108  
Parliament House  
CANBERRA ACT 2600

Dear Mr Oakeshott

I refer to the letter from Mr Ian McPhee, Auditor-General, dated 15 March 2012 to the Joint Committee of Public Accounts and Audit regarding the Committee's inquiry into the Australian National Audit Office's Audit Report No.21 2011-12: Administration of Grant Reporting Obligations.

I have raised with Mr McPhee my concerns regarding inaccuracies in his letter, sought a review of the matters raised, and a clarification provided to both myself and the Committee.

A copy of my letter to Mr McPhee is attached for your consideration.

Yours sincerely

**JENNY MACKLIN MP**



 COPY

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Mr Ian McPhee  
Auditor-General  
Australian National Audit Office  
19 National Circuit  
BARTON ACT 2601

Dear Mr McPhee

I refer to your letter dated 15 March 2012 to the Joint Committee of Public Accounts and Audit (JCPAA) regarding the Committee's inquiry into your Audit Report No.21 2011-12: Administration of Grant Reporting Obligations.

In your letter you state that there have been 33 instances during the review period where Ministers have approved grants in their own electorates and not reported these grants to the Finance Minister in accordance with paragraph 3.20 of the Commonwealth Grant Guidelines ('the Guidelines'). Your list includes ten instances where you cite my apparent failure to comply with this requirement.

I disagree with your assessment in nine of these ten cases.

You cite nine grants awarded to Emergency Relief organisations in my electorate, referring to briefs MN09-002665 and MN09-002055.

One of these organisations is not even located within my electorate.

The first brief, MN09-002055, seeks my general agreement to the process for the allocation of funding to the Financial Management Program (in accordance with announced government policy), and the process for my Department to make funding offers to providers. This brief does not list any specific organisations to be provided with funding for Emergency Relief services, irrespective of their location. None of the organisations listed as being provided with funding for other services under the Financial Management Program are located within my electorate.

In practice, individual funding of the 686 Emergency Relief organisations across Australia is determined in accordance with a standard formula. Approval of funding for individual Emergency Relief organisations is delegated to the State or Territory Manager of my Department. The Department of Finance and Deregulation has confirmed with my Department today that I was not the decision-maker in this instance. Therefore I also cannot see how you could accurately describe this process as the approval of a grant within my electorate, and in contravention of the Guidelines.

The second brief, MN09-002665, does not approve any grant to any organisation. It is a brief sent to me 'for information' asking that I 'note the list of organisations approved for funding in each state and territory'. As no decision is made in this brief, it is inaccurate to suggest that by noting this brief I failed to comply with the Guidelines.

I believe that the characterisation of my conduct in relation to these grants to be inaccurate and unfair, and therefore seek your urgent review of this matter.

I look forward to your response, and any clarification you may wish to provide to the JCPAA.

Yours sincerely

**JENNY MACKLIN MP**