Australian Government

Department of Regional Australia,
Regional Development and Local Government

Review of Audit-General's Report No.3, *The Establishment, Implementation and Administration of the Strategic Projects Component of the Regional and Local Community Infrastructure Program.*

Joint Committee of Public Accounts and Audit: Public Hearing
Canberra
21 March 2011

OPENING STATEMENT: Justin Hanney
Deputy Secretary, Department of Regional Australia, Regional Development and Local Government

Good afternoon Chair and members of the Committee.

My name is Justin Hanney. I am the Deputy Secretary of the Department of Regional Australia, Regional Development and Local Government.

Chair, I want to begin by thanking you, on behalf of the Department of Regional Australia, Regional Development and Local Government, for the opportunity to attend the committee to discuss matters arising from Audit Report, No.3 - *The Establishment, Implementation and Administration of the Strategic Projects Component of the Regional and Local Community Infrastructure Program* (the Report) tabled in Parliament on 27 July 2010.

Detailed information on the Strategic Projects component (RLCIP-SP) of the Regional and Local Community Program (RLCIP) is contained within the Report. Findings of the Report related to:

- project selection processes and project distribution;
- payment processes; and
- progress in delivering the Program.

The Department welcomed the Report and agreed to its five recommendations.

My focus today is on the work the Department has done since the Report was tabled, to improve its grants management processes, procedures and systems.

In response to the recommendations, a common Departmental Grants Management Framework and Procedures Manual has been developed. Our assessment process is built into a grants administration system which provides consistency in approach. This system is currently in use with the RLCIP Round 3 program and will underpin the delivery of the 2010

Election Commitment program, the Community Infrastructure Program and the Regional Development Australia Fund.

The Department incorporated the ANAO recommendations into the RLCIP-SP $120 million Independent Viability Assessment and assessment processes. This ensures that project risk is identified and mitigation strategies are in place before an application is considered for approval, as well as prior to and following execution of Funding Agreements.

We have changed the RLCIP-SP $120 million Funding Agreement and payment process to ensure that payments to proponents are made on evidence of expenditure. This process is also currently used by RLCIP Round 3 $100 million program for grants over $200,000 and has been incorporated into the Regional Development Australia Fund.

Recommendations of the Audit Report are shaping the development and implementation of new programs, for example in developing clearly defined selection criteria for the recently announced Regional Australia Development Fund.

Our commitment to the community is to administer grants programs in an open and transparent way. Our aim also is to support Local Government projects that enable businesses, communities and local economies to grow and develop.

Councils representing some 12 million Australians – or more than half the population – secured funding under the RLCIP. For example, the $50 million competitive Strategic Projects component (RLCIP-SP) has funded 137 Local Governments around Australia for projects such as community centres, swimming pools, sports grounds and facilities, urban streetscapes and recreation reserves.

Of these, councils have advised that 49 Commonwealth-funded activities have been completed and 95 per cent are expected to be completed by the end of 2011.

This $550 million investment in the nation's community infrastructure has also successfully leveraged additional funding from other sources, and is now building new facilities worth more than $1.5 billion.

The Department is committed to continuously improving its grants management practices. The Audit Report provides a platform for such improvement and we support the ANAO in its work.