

**SUBMISSION NO. 13
Reviews of Auditor-General
Report's Nos 39 0910 -15 1011**

**Joint Committee of Public Accounts and Audit Meeting
PUBLIC HEARING OF AUDITOR-GENERAL'S AUDIT REPORT
Nos 39 (2009-10) to 15 (2010-11)**

ANSWERS TO QUESTIONS ON NOTICE

Department of Regional Australia, Regional Development and Local Government

Audit Report No. 03 (2010-11): The Establishment, Implementation and Administration of the Strategic Projects Component of the Regional and Local Community Infrastructure Program

1.

Proof Hansard - page 17

Topic: Project activity completion dates

Question: Mr Oakeshott (Chair) asked:

“On page 226 of the audit report there is a graph talking about the activity completion dates from the original funding agreements. I am happy for you to take this question on notice if you want to - it is that on time and on budget question.

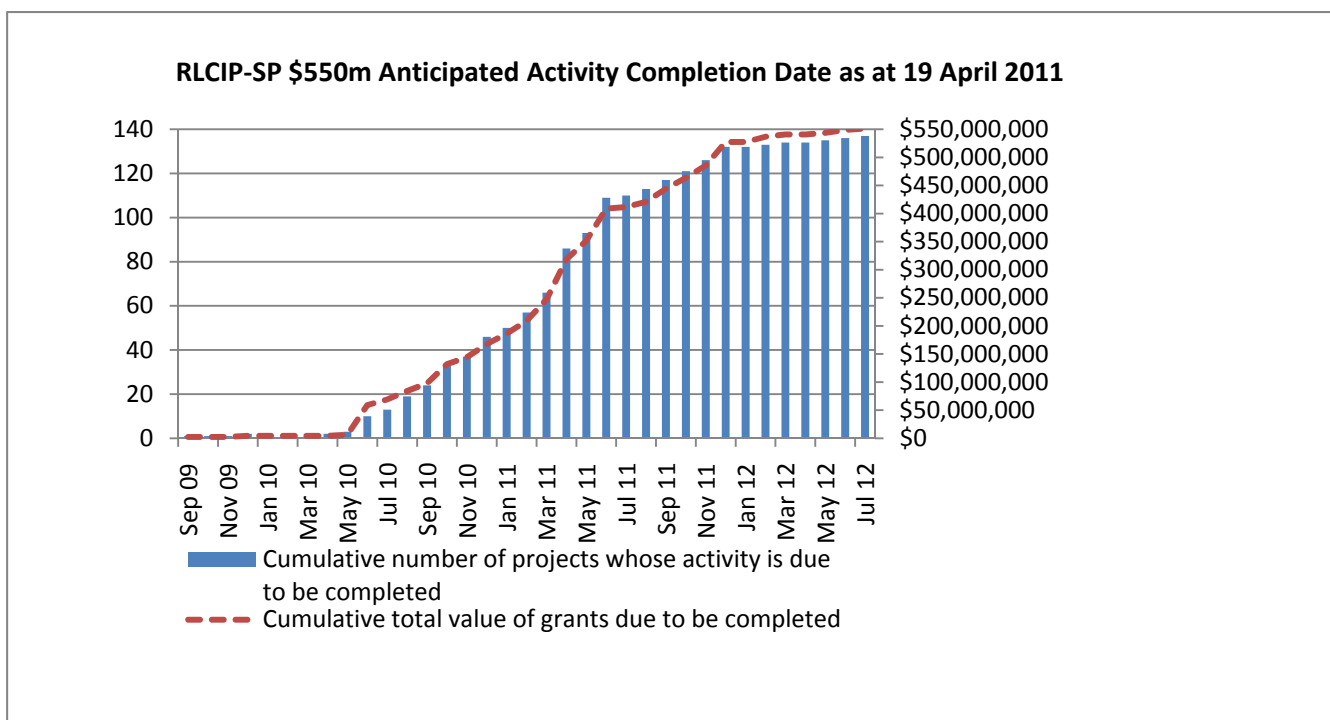
Is this graph, as of today, still to be believed; or is there a change in the scheduling and the outcomes that we should know about? “

Would you be able to come back with the real-time graph, or as close to real time?

Is that asking too much? Is that relatively easy to pull together—the schedule for today?

Mr McCormick—Yes.

Answer: The Department is monitoring the progress of Strategic Projects on a monthly basis. The graph below represents the position as at 19 April 2011.



Question: Mrs D'Ath (Deputy Chair) asked:

“In relation to that, can you identify those that have changed as a consequence of whether it be cyclone or floods or whatever?” I think every council in Queensland is classed as—

Answer: Councils have informed the Department that there have been some minor delays to RLCIP Strategic Projects as a result of the floods, or as a result of a redistribution of resources to flood relief efforts, but no major variations have been requested as at 21 April 2011.

2.

Proof Hansard - page 20**Topic: Asset Management/Planning****Mr Hanney stated:**

“You will see in the RDAF guidelines that the capacity for local governments to apply for bridge funding is there and I think we actually list it under the ordinance. So in terms of eligibility it sits there. Again, what we would be testing for is if we simply get 50 applications from a municipality to replace their timber bridges, have they actually thought through which of them are critical social infrastructure or economic infrastructure and those other assessments. It is trying to tackle not just the end product but also to get the thinking and the strategy right so there was a good science sitting behind those.”

Question: Mr Oakeshott (Chair) asked:

“Could you provide us something in writing on that?”

Mr Hanney—Yes, we can.

Answer: The Local Government Reform Fund has been established to support implementation of nationally-agreed asset and financial management frameworks by local government; to support collaboration that builds capacity and resilience; and to improve the consistency and quality of local data.

As at 21 February 2011, \$16.521 million of funding for 12 projects recommended by the Australian Centre of Excellence for Local Government have been approved. (See below list of projects). These projects are currently expected to be completed by 30 June 2012.

TABLE 1 - LGRF – Phase one projects – Treasury-administered

Recipient	Project title	Committed LGRF over 2010/11 2011/12
New South Wales Government	Local government asset management and financial management project	\$3,250,000
Northern Territory Government and the Local Government Association of the NT	Local government capacity building project	\$1,350,000
Queensland Government and Local	Advancing asset management in local	\$2,695,000

Government Association of Qld	government	
South Australian Government and Local Government Association of SA	Improving SA councils' asset and financial management practices	\$1,650,000
South Australian Government and local government bodies	Adelaide integrated design strategy	\$1,000,000
Local Government Association of Tasmania	Long term asset and financial management planning for all Tasmanian councils	\$870,000
Southern Tasmanian Councils Authority	Independent review of structures for local governance and service delivery in southern Tasmania	\$150,000
Tasmanian Government and Southern Tasmanian Councils Authority	Future-proofing Tasmania's councils: a regional and land use based approach to climate change adaptation	\$400,000
Victorian Government and Municipal Association of Victoria	Local government sustainability project	\$964,000
Victorian Government and Municipal Association of Victoria	Local government regional asset management services project	\$1,404,000
Western Australian Government	Integrated strategic planning, financial management and asset management in local government	\$2,351,000
Australian Capital Territory	Development of an asset and financial management planning framework	\$437,000
	Total	\$16,521,000

3.

Audit Report No. 03 - page 144

Topic: Risk management practices

The ANAO was critical of the Department's attempt to manage project risk through Funding Agreements and recommended that DITRDLG improve the effectiveness of its risk management practices.

Question: What steps have been taken to implement this recommendation?

Answer: Under the current Regional Development Australia Fund round, the Department has:

- Established an assessment process clearly related to program objectives. Assessments will be carried out by the Department and an Independent Advisory Panel.
- Made project risk a specific element to be managed through the life of the project from pre-contract conditions through Funding Agreement establishment to project acquittal.

This approach is consistent with the Commonwealth Grant Guidelines, in that value for money is achieved through a risk management approach in conjunction with a valid assessment against program objectives.

4.

Audit Report No.03 - page 205, 208, 210**Topic:** Program objectives

The ANAO found that the Department had not specified the need to meet the program objectives in the selection criteria and had not included provisions in Funding Agreements to collect data to monitor and evaluate whether or not program objectives were being met. The ANAO recommends that the DITRDLG improve these areas in future grants programs.

Question: What steps have been taken to implement this recommendation?

Under the Regional Development Australia Fund program currently being implemented:

- The program guidelines identify program objectives and frame specific eligibility and selection criteria against these.
- All projects will be assessed for alignment with program objectives, for viability and for risk.
- Project reporting will occur at least bi-monthly against agreed milestones. The available data will enable timely monitoring of overall program progress against objectives.