

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2009

Department of Finance and Deregulation

Finance and Deregulation Portfolio

Outcome 1, Output 1.2

Topic: Grants Policy

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Senator Coonan asked: whether initial arrangements for Ministerial decision-making relating to grants were changed as a result of Mr Peter Grant's report on grants administration.

Answer:

Interim Ministerial decision-making arrangements relating to discretionary grants, established by the Government in December 2007, were reviewed in the *Strategic Review of the Administration of Australian Government Grant Programs* (the Review) undertaken by Mr Peter Grant.

As noted in the Review, the interim arrangements provided that:

1. Ministers were not to make decisions on discretionary grants without first receiving departmental advice on the merits of the grant application.
2. If a Minister chose not to follow departmental advice, the decision to award or reject a grant would be referred for determination by a Ministerial group, following a written submission from the relevant Minister providing reasons as to why a decision should be made against departmental advice.
3. Ministers who were members of the House of Representatives were not to make decisions in relation to grants in their own electorate, even on the basis of departmental advice. Instead, those decisions were also to be taken by the Ministerial group.

In an address to the National Press Club on 6 February 2008, the Minister for Finance and Deregulation (Finance Minister) discussed these interim arrangements and indicated that the Review would form the basis for further government consideration of grants management and monitoring.

The Review supported retention of the first requirement but did not support retention of the Ministerial group arrangement. The Ministerial group arrangement was superseded following the Government's December 2008 decision to adopt Recommendations 7-9 of the Review. Updated Ministerial decision-making requirements, consistent with those recommended by the Review, were promulgated

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by the Finance Minister in January 2009 and were subsequently incorporated in Chapter 3 of the new *Commonwealth Grant Guidelines* as mandatory requirements. The Guidelines were issued by the Finance Minister on 1 July 2009.

Administrative arrangements for a Ministerial group were developed by the Department of Finance and Deregulation during 2008, but in the event, the group was not required to convene. A number of proposals relating to grants in House of Representatives Ministers' own electorates were received while the administrative arrangements were being developed, and these were considered by the Finance Minister. Grants relating to the Finance Minister's electorate were considered by other Ministers.