

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Supplementary Budget Estimates Hearing – October 2009

Department of Finance and Deregulation

Finance and Deregulation Portfolio

Outcome 1, Program 1.1

Topic: Commonwealth Grants Framework

Question reference number: F31

Type of Question: Hansard F&PA page 27, 20 October 2009

Date set by the committee for the return of answer: 4 December 2009

Number of Pages: 2

Senator Coonan asked:

Was the Minister for Finance and Deregulation persuaded by the *Strategic Review of the Administration of Australian Government Grant Programs* (the Review) to revise the interim arrangements for ministerial decision-making on grants introduced in December 2007, and does the Minister consider the revised arrangements to be a significant improvement?

Answers:

Yes.

A new framework for the administration of grants was introduced following a comprehensive review by Mr Peter Grant PSM (the Review). The Review was commissioned by the incoming government following the tabling, on 15 November 2007, of the highly critical Australian National Audit Office (ANAO) Performance Audit Report No.14 2007-08, *Performance Audit of the Regional Partnerships Programme* (Regional Partnerships audit).

Interim arrangements were put in place for Ministerial decision-making on grants in December 2007, pending the outcomes of the Review. On the advice of the Review, the new grants administration framework revised some of the interim arrangements to improve the balance between:

- maintaining Ministerial responsibility;
- scrutiny of Ministerial decisions by colleagues; and
- the workability of the arrangements.

As recommended in the Review, the revised arrangements are set out in a whole-of-government framework for grants administration. The *Commonwealth Grant Guidelines* (CGGs) establish, for the first time, a comprehensive grants framework and are intended to improve the standard of grants administration, which was criticised in the Regional Partnerships audit.

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Supplementary Budget Estimates Hearing – October 2009

Department of Finance and Deregulation

Finance and Deregulation Portfolio

The new grants framework also includes new requirements for documenting the substantive reasons for decisions made by Ministers and officials. The Regional Partnerships audit identified this as an area of weakness and the new requirements implement proposals contained in the audit. The requirements are established in Regulation 12 of the *Financial Management and Accountability Regulations 1997*.