



Auditor-General for Australia



30 March 2017

Mr Rick Wilson MP
Chair
Standing Committee on Agriculture and Water Resources
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Minister

Inquiry into water use efficiency in Australian agriculture

The Australian National Audit Office (ANAO) published performance audit report No. 17 of 2013-14, *Administration of the Strengthening Basin Communities Program* that you may find relevant to the Standing Committee on Agriculture and Water Resources inquiry into water use efficiency in Australian agriculture.

Information about what the audit assessed, concluded and recommended is attached. The audit report is available online at www.anao.gov.au.

Should the Committee require further information in relation to these matters, my office would be pleased to provide you with a briefing at a time convenient to you or appear as a witness at a hearing. To arrange a briefing, please contact our External Relations area at

Yours sincerely

Grant Hehir

Report No. 17 of 2013-14 *Administration of the Strengthening Basin Communities Program* assessed the effectiveness of then Department of the Environment administration of the Strengthening Basin Communities Program. The audit concluded that the program funding had been allocated to a broad range of projects across the Basin to assist communities to plan for a future with less water and to develop water savings initiatives. Despite the delivery of Strengthening Basin Communities Program projects being adversely affected by extreme weather events, including drought conditions and severe flooding, all completed projects have reported positive results. Projects have resulted in the creation of planning documents, including socio-economic modelling of how communities will be affected by a future with less water, and the construction of water saving infrastructure, such as grey water and stormwater re-use systems. The department had worked in a collaborative and flexible manner to assist grant recipients to achieve the intended outcomes of their projects. However, there were significant shortcomings in some key aspects of program implementation that detracted from the effectiveness of the department's administration. These included the design of the program guidelines, the subsequent assessment of grant applications, and the management of funding agreements. The audit recommended that:

Recommendation 1: To improve the measurement and reporting of program performance, the ANAO recommends that the Department of the Environment:

- reinforces the importance of developing appropriate key performance indicators to measure program achievements; and
- provides sufficient explanatory information in performance reports to enable internal and external stakeholders to accurately assess program performance.

Recommendation 2: Consistent with the transparency and public accountability principles of grants administration, the ANAO recommends that the Department of the Environment reinforces the importance of:

- establishing and applying clear eligibility requirements in program guidelines; and
- appropriately documenting decisions relating to the assessment and selection of applications.

Recommendation 3: To improve the management of future grant funding agreements, the ANAO recommends that the Department of the Environment:

- retains documentation to support variations to the agreements; and
- strengthens arrangements governing the acquittal of contributions and funding.