

Joint Committee of Public Accounts and Audit
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science and Resources
Inquiry into Commonwealth grants administration
03 March 2023

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE AND RESOURCES

TOPIC: Assessment of grant applicants eligibility

REFERENCE: Question on Notice (Hansard, 03 March 2023, Page 53)

QUESTION No.: 10

CHAIR: We'll go to Industry. Why would you have made the suggestion that you assess all the applications and work out eligibility later? I just don't understand it. It's not the normal way of doing things. It was a conscious change that we've now heard you've suggested.

Mr Mason: Mrs Bektas may have more detail. Typically, we would be making such decisions in consultation with the policy owner of the particular grant. That particular question I would need to take on notice, to go back and see what records were made at the time around that decision, beyond what has already been referenced in the audit report.

Ms McKeag: What the department can say with respect to that practice, going forward, is that we've accepted the recommendation and we are working with the Business Grants Hub to make sure that ineligible expenditure is identified at an earlier stage.

CHAIR: It just seems more efficient, doesn't it? You are not wasting time assessing things that are clearly ineligible.

Mrs Bektas: That's right, Chair. We would attempt to take out ineligible applicants at the eligibility stage, but ineligible expenditure comes out during the agreement negotiation period. As Mr Mason said, we could take that on notice and come back with more information.

ANSWER

The Business Grants Hub (BGH) first reviewed applications against the eligibility criteria set out in the Grant Opportunity Guidelines, for example:

Safer Communities Fund – Round 5 – Infrastructure Grants

To be eligible you must:

- have an Australian Business Number (ABN)

and be one of the following entities:

- an incorporated not for profit organisation

- an Australian local government agency or body as defined in appendix A
- an Australian State/Territory Government education agency or body
- a registered school or pre-school that is a legal entity (with its own unique ABN) and that can enter into a grant agreement in its own right
- a legal entity applying on behalf of a registered school or pre-school.

If eligible, applications were then assessed against the assessment criteria. Only eligible applications proceed to the assessment stage. If the assessment identified ineligible expenditure, this was excluded from the eligible grant amount at the assessment stage.

Successful applications underwent a further eligibility assessment as part of the contract negotiation process to ensure all activities to be funded were eligible in line with the Grant Opportunity Guidelines.

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TOPIC: Process to identify applicants who have submitted multiple applications

REFERENCE: Question on Notice (Hansard, 03 March 2023, Page 54)

QUESTION No.: 11

CHAIR: Were there any processes in place to identify applicants who had submitted multiple applications, particularly to ensure consistency in applicant assessment or to examine how they'd spent previous funding? The audit identified 388 applicants who had submitted multiple applications across multiple rounds. I'll maybe put that to DISER.

Mrs Bektas: We normally do full cost checks. We have our due diligence processes that we put in place, and we go through each of these applications. Normally, that would be picked up through that process. Entities are assessed first, and then the eligible expenditure. Often this does cause a need for clarification in contract negotiations. I might leave it there.

Mr Mason: We are happy to follow it up.

Mrs Bektas: I am happy to follow it up, if that's okay.

CHAIR: If you could, because the audit did note varying quality in the assessment work, which is undertaken by Industry.

Mrs Bektas: It is.

ANSWER

Yes, as part of the assessment process, the Business Grants Hub conducts a check of applicant ABNs and project addresses/locations/campuses against the list of previously funded grant recipients. This assurance process ensures that funding is not awarded multiple times for the same project.

The scope of each grant opportunity can change for each round. The Grant Opportunity Guidelines (the Guidelines) specify the types of organisations that can apply for funding and the activities that are eligible.

Each eligible application is assessed against the merit criteria outlined in the Guidelines.

Applicants can apply and receive more than one grant across a number of grant rounds in line with the Guidelines. In each case, that would be subject to the Guidelines and to due diligence checks in the assessment process.

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TOPIC: Application assessment information

REFERENCE: Question on Notice (Hansard, 03 March 2023, Page 60)

QUESTION No.: 12

CHAIR: ... In mid-October 2017, AGD raised a concern with industry that the approach now being adopted wasn't consistent with those previous audit recommendations. Could you take on notice what informed Home Affairs or DISR's decision to stop providing that information that explains the reasons for the score that was achieved against each criterion and whether AGD raised the concern directly with Home Affairs or whether it was just a free bit of passing advice to Industry. I'm presuming nobody at the table has a recollection of that, but I'm happy to have something now.

Mr Mason: From Industry's perspective, we'll take that on notice. As I said earlier, we would generally take our lead from the policy department responsible. We'll certainly take the question on notice and work with our colleagues at Attorney-General's on the answer.

ANSWER

The Department of Home Affairs (Home Affairs) as the policy owner, specified what assessment information was required for decision making purposes. All agreed information was forwarded to Home Affairs who prepared briefing for their Minister as the decision maker.

For new Attorney General's Department (AGD) grant opportunities that are in design phase, AGD and the Business Grants Hub have agreed to ensure that the assessment package includes an assessment summary and score against each merit criterion.