



## Australian Government

### Department of the Environment and Energy

**Dr Gordon de Brouwer PSM**  
**Secretary**

Ref: EC17-000199

David Brunoro  
Committee Secretary  
Joint Committee of Public Accounts and Audit  
PO Box 6021  
CANBERRA ACT 2600

Dear Mr Brunoro

**Submission to the Joint Committee inquiry into Commonwealth Grants  
Administration - Inquiry based on Auditor-General's reports 25 (2015-16), 4 (2016-17),  
12 (2016-17) and 35 (2016-17)**

Thank you for your letter of 10 February 2017 inviting the Department of the Environment and Energy to provide a submission to the Joint Committee's inquiry on Commonwealth Grants Administration.

I am pleased to provide the Committee with an update on the Department's progress in responding to the Auditor-General's report No. 4 (2016-17) *Award of Funding under the 20 Million Trees Program*.

The Department accepted the two recommendations of the Auditor General's report and has taken steps to implement these in the planning and development of new grant rounds under the 20 Million Trees Program.

The report focused on the award of funding under the 20 Million Trees Program during 2014-15 and the first half of 2015-16. This included a first round of competitive grants, Cumberland Conservation Corridor and Greening the West of Melbourne election commitments, a one-off grant to One Tree Per Child and a first tranche of funding for procurement of projects.

Further 20 Million Trees projects, including a second round of grants and second tranche of procurements, were funded in 2016-17, after the audit but before the report was published on 31 August 2016.

Since the report was published, no new grant or procurement rounds have been funded under the 20 Million Trees Program. The Department has considered the recommendations of the report in the design of the forthcoming phase of the Program, including the drafting of grant guidelines and planning of administrative processes.

## Recommendations

Recommendation No. 1 *The Department of the Environment and Energy should implement arrangements for eligibility assessment that clearly establish eligibility criteria and ensure that these criteria are consistently applied.*

In planning for future grant rounds of the 20 Million Trees Program, the Department has improved its grants application processes to ensure we consistently adhere to the Grants Administration Framework. We have prioritised improving eligibility criteria and assessment in future grant rounds. Actions include:

- Simplifying and adopting clearer grant eligibility criteria to assist determination of eligible applications before merit assessment.
- Establishing a robust application process, including:
  - i. a new electronic application form that limits the scope for applicants to inadvertently request funding for ineligible activities, or to request funding outside the eligible project timeframes. The new application form will also minimise applicants' technical or IT problems (the primary cause of requests for an extension of time);
  - ii. review revision of the applicant's declarations to minimise the likelihood that applicants will inadvertently make false declarations;
  - iii. an improved electronic mapping application to increase transparency in the application assessment process. Applicants will be able to easily and accurately map proposed project sites, and access site-specific technical information, including threatened vegetation communities and species; and
  - iv. improved assessment criteria and processes, which will simplify the assessment process and lead to more consistent assessment outcomes.

Recommendation No. 2 *The Department of the Environment and Energy should draw to the attention of decision-makers important issues relating to the assessment and selection process for grants programmes and ensure that accurate information is provided in briefings for decision-makers.*

The Department is committed to improving assessment and selection processes and ensuring that decision makers receive accurate briefing. The report's findings in this area have informed the way officers provide advice to decision-makers for other grant programs administered in the Department.

The Department will provide training to officers involved in assessing applications to ensure all information concerning grant assessments and funding recommendations is accurately recorded and appropriately managed.

We are seeking probity advice in a timely manner (including during drafting of key documents), and any conflicts of interest are being comprehensively recorded and managed in dedicated files in the Department's document management system.

As outlined in the Department's response to the report, the Department is committed to delivering lasting improvements in overall business performance across all programs.

The Department's program area is implementing a governance and business improvement project. The project identifies key improvements to optimise the performance of program governance and risk management frameworks to better support the department's program delivery.

Over the coming months the project will deliver:

- guidance material, tools and an improved governing structure to support consistent, accountable and transparent decision making at all levels of program management
- a renewed program board to govern and provide strategic oversight across all biodiversity-related programs
- principles of proportionality to guide program design, project management, reporting and audits and a consistent framework to support the acquittal of grants going forward.

A Departmental Governance and Performance Committee oversees the integration of this work across the Department, including seeking input from the internal audit program.

### **The Department's involvement in the Streamlining Government Grants Administration Program**

The Department's commitment to the Streamlining Government Grants Administration Program is relevant to both recommendations and future grant program administration. The Department has engaged with the AusIndustry Business Hub to deliver portfolio grant programs and has started transitioning grant programs to the Hub. By working with AusIndustry, the Department will ensure future administration of portfolio grant programs is undertaken in a consistent and thorough way throughout the lifecycle of each grant program, including the design phase and the development of eligibility criteria.

Department officials appearing before the Committee on 24 March 2017 will provide the Joint Committee with any further information required to assist with this inquiry.

Yours sincerely



Gordon de Brouwer

3 March 2017