

Joint Committee on Public Accounts and Audit

Administration of Government Grants: Inquiry into Auditor-General's Reports 5 and 12 (2019-20)

ANSWERS TO QUESTIONS ON NOTICE

Infrastructure, Transport, Regional Development and Communications

Questions submitted by Mr Julian Hill MP (Deputy Chair)

Question Number: 1

Topic: Department's Submission to the JCPAA Inquiry

1. If Minister McCormack or his office were advised that the Department was not going to make a submission to the JCPAA Inquiry.

Answer:

The Department did not advise the Minister or his office that a submission would not be made.

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Questions submitted by Mr Julian Hill MP (Deputy Chair)

Question Number: 2

Topic: Improvements to the Department of Infrastructure, Transport, Regional Development and Communications' program administration

2. Improvements to the Department's management of grants as a result of the findings of the RJIP Audit.

Answer:

Please refer to the Department's submission provided to the Committee.

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Infrastructure, Transport, Regional Development and Communications

Questions submitted by Mr Julian Hill MP (Deputy Chair)

Question Numbers: 3-8, 10-20

Topic: Applicant Eligibility for the Regional Investment and Jobs Packages

3. Name of the ineligible applicant received funding.
4. Date, form and to whom, the Department advised the Minister's Office that the ineligible applicant was an RTO and therefore ineligible. Copies of such correspondence.
5. Date, form and to whom, the Minister's office communicated to the Department its preference to fund the ineligible applicant. Copies of such correspondence.
6. Name of Minister that expressed an interest in funding the ineligible applicant.
7. Who in the Minister's office and who in the Department communicated about the ineligible applicant. Copy of such correspondence.
8. Did the Department query the Minister's intentions to fund an ineligible applicant?
10. Did the Department agree with the Minister's office that the ineligible applicant's status as an RTO was incidental to the project?
11. Was the RTO a large business or a small business?
12. Did the Minister's office direct the Department to undertake a merit assessment on the ineligible application?
13. Did the Department caution the Minister and the Ministerial Panel against approving an ineligible project?
14. Update on the ineligible project and how many people have been employed on the project so far?
15. Did the Ministerial Panels record all reasons why it disagreed with the Departmental recommendations?
16. What is the name of this organisation?

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17. Paragraph 2.7 of the Audit Report notes that the Department advised the ANAO that the successful ineligible application went on to be merit assessed because “the Minister’s Office showed a strong preference to fund this project”. What does the Department mean when it says “showed a strong preference”?
- a. Who was the Minister that made this request? Former Senator Nash? Former Minister McVeigh? Minister Fletcher? Minister Chester?
 - b. Who in the Minister’s office gave the Department this advice?
 - i. On what date(s) did the Minister’s office provide this advice?
 - ii. Who in the Department received this information?
 - iii. In what form? Can you table a copy?
 - c. Did the Department seek any clarification as to the Minister’s intentions to fund an ineligible organisation?
 - i. If yes, what did the Department ask? When? What was the response?
 - ii. If no, why not?
 - d. Did the Department check if there was a conflict between the ineligible organisation and the local planning committee?
18. Paragraph 2.7 of the Audit Report goes on to state that the Minister’s Office deemed the RTO element of the business to be “incidental” to the project seeking funding under RJIP. How did the Minister’s office come to this view?
- a. Who in the Minister’s office gave the Department this advice?
 - i. On what date(s) did the Minister’s office provide this advice?
 - ii. Who in the Department received this information?
 - iii. In what form? Can you table a copy?
 - b. Did the Department agree with the Minister’s and their office that the RTO element of the business is incidental to the grant?
 - i. How did the Department come to this view?
 - ii. Did the Department provide any advice on this matter to the Minister?
19. Paragraph 2.7 of the Audit Report concludes that the Department requested a merit assessment “to better understand the project in order to appropriately advise the Minister”.
- a. Who completed the merit assessment? Were they advised that the applicant was not eligible?
 - b. How was it possible for an ineligible application to be included for merit assessment?
 - c. What expertise did the individual completing the merit assessment have to complete such a complex task?
 - d. What did the merit assessment analyse?
 - e. What were the conclusions of the merit assessment?

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f. Why would the Department request a merit assessment of an ineligible project?

20. Did the Department caution the Minister and the Ministerial Panel against approving the ineligible project?

- a. If yes, when? In what form? Can you table a copy?
- b. If not, why not?

Answer:

The Department does not, under normal circumstances, comment on specific projects in order to protect the privacy of the applicant and commercial in confidence nature of the application / project. Noting however, the questions of the Committee and the fact that details of the applicant and project have now been made public through the media, the Department is providing information on this project in order to clarify the record.

In answering questions on notice, the Department has maintained the convention of not naming officials below the level of Senior Executive Service in order to protect the privacy of junior officials. The key senior Departmental officer covering the period subject to the QoNs raised here was Ms Ruth Wall, the then General Manager of Regional Programs Branch.

Nolan Meats Pty Ltd lodged an application for funding under the Wide Bay Burnett Regional Jobs and Investment Packages programme. The application was assessed as ineligible by the AusIndustry Business Grants Hub (the Hub) on 21 August 2017 due to the applicant's status as a Registered Training Organisation (RTO).

In the application, Nolan Meats noted that it uses its accreditation as an RTO exclusively for the training of internal team members.

As stated in the ANAO report, 12 applications under RJIP were identified as ineligible, including four due to their status as RTOs.

All 12 applicants were given the opportunity to submit a case to support why they should not be considered ineligible. Two ineligible applicants took up this opportunity, including Nolan Meats Pty Ltd.

The Hub reconsidered those two applications and did not change their assessments.

Minister McVeigh's office advised that the Ministerial Panel had a strong preference to fund this project as the RTO element of Nolan Meats' business was considered incidental to the project for which they were seeking funding under RJIP.

The Department requested the merit assessment from the AusIndustry Business Grants Hub to better understand the project in order to appropriately advise the Minister.

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The Department provided advice on the detail of the four applications that were considered ineligible due to their RTO status on 7 February 2018.

On 8 February 2018, the Minister's office provided the Department with the list of projects approved by the Ministerial Panel (that included Nolan Meats) for inclusion into a submission for consideration by Cabinet.

It is a longstanding practice not to disclose information about the operation and business of the Cabinet, as to do so could potentially reveal the deliberations of the Cabinet, which are confidential.

The Ministerial Panel noted in their reasons for decision that Nolan Meats' status as an RTO was incidental to its core function and should not disqualify it from consideration under the program.

As noted in the ANAO report, the Minister complied with section 4.12 of the Commonwealth Grants Rules and Guidelines and wrote to the Minister for Finance to advise of the decision to fund this project and the reasons for the decision.

Nolan Meats Pty Ltd was granted \$4,979,706 (GST exclusive) in RJIP funding to complete their Meat Processing Expansion project.

The Meat Processing Expansion project involves constructing facilities to enable the doubling of the current production capacity from 550 to 1100 cattle per day; including the construction of carcass chillers to store an extra 550 carcasses, and integration into the existing site facilities. New technologies will be introduced to guarantee customer specifications are met, and to increase the percentage of saleable beef from the carcass. This project will allow the full utilisation of the recently completed Distribution Centre at the same premises. Once completed, this expansion will create 200 direct full time equivalent positions, which will generate a \$34 million yearly boost to the local economy.

At 31 January 2020, \$1.1 million (GST exclusive) in RJIP funding payments have been made to Nolan Meats against their first contracted milestone (design phase) and 18 FTE have been engaged to date.

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Questions submitted by Mr Julian Hill MP (Deputy Chair)

Question Number: 9 and 17.d

Topic: Department's Submission to the JCPAA Inquiry

9. Did the Department check to see if there was a conflict of interest between the Minister or any of the Coalition Government's parties?
- 17.d. Did the Department check if there was a conflict between the ineligible organisation and the local planning committee?

Answer:

9. The Department advises Ministers of their responsibilities under the Commonwealth Grants Rules and Guidelines and Ministers are responsible for managing their declarations of conflict of interest.
- 17.d. Local Planning Committee (LPC) members were asked to sign a conflict of interest declaration form when they were appointed.

No Conflicts of Interest regarding the project referred to at paragraph 2.7 of the ANAO report and the LPC members were identified by the Department.

LPCs had no role in receiving, assessing, recommending or approving specific applications and projects. Their role concluded when their Local Investment Plan was published and the program was opened for applications.