



Australian Government
Department of Social Services

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Secretary
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Mr Julian Hill MP
Committee Chair, Joint Committee of Public Accounts and Audit
Inquiry into Commonwealth Grants Administration
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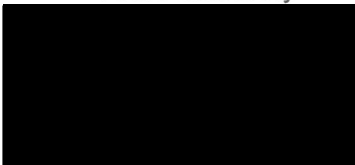
Dear Chair

SUBMISSION TO THE JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Thank you for your invitation to make a submission to the Joint Committee of Public Accounts and Audit's *Inquiry into Commonwealth Grants Administration*.

The Department of Social Services welcomes the opportunity to provide information required by the Committee to support its deliberations. A submission is enclosed for the Committee's consideration.

Yours sincerely



Ray Griggs

7 November 2022

Enc.

Introduction

The Joint Committee of Public Accounts and Audit's (JCPAA) inquiry into Commonwealth grants administration is focused on:

- The status of recommendations included in the JCPAA's Report 484 The Administration of Government Grants
- Any matters contained in or connected with the following Auditor-General's Reports:
 - No. 47 (2020-21) Administration of Commuter Car Park Projects within the Urban Congestion Fund
 - No. 16 (2021-22) Awarding of Funding under the Safer Communities Program
 - No. 21 (2021-22) Operation of Grants Hubs
 - No. 1 (2022-23) Award of Funding under the Building Better Regions Fund
- Equity, decision-making and matters relating to the allocation of funding under the following grant programs:
 - Urban Congestion Fund
 - Regional Growth Fund
 - Modern Manufacturing Initiative
- Possible changes to the Commonwealth Grants Rules and Guidelines.

On 26 September 2022, the JCPAA invited the Department of Social Services (the department) to provide a submission to the inquiry following the JCPAA's decision to include the recently tabled Auditor-General's Report No. 21 (2021-22) Operations of the Grants Hubs.

The department welcomes the opportunity to provide a submission to the Committee.

Auditor-General Report No.21 2021–22 Operations of the Grants Hubs

The Auditor-General Report No.21 2021–22 Operations of the Grants Hubs released 31 March 2022, made three recommendations:

Recommendation 1: Department of Finance and the hubs agree a methodology to capture and report performance information that demonstrates the efficiency and effectiveness of grants administration through the hubs.

Recommendation 2: Department of Finance develop and agree a future plan for the operation of grants hubs, and where this plan differs from the SGGa Program funding proposal, seek authority for changes from government.

Recommendation 3: To assist in the achievement of the intended benefits of the SGGa Program, Department of Finance and the hubs establish a whole-of-government grants administration and payments dataset and implement arrangements to assure the quality of the data.

The department agreed to recommendations 1 and 3.

Overview

The department, through the Community Grants Hub (CGH), currently provides a range of grants administration services to 11 client agencies. In 2021-22, the CGH continued to support the effective delivery of services to Australian communities through the ongoing management of 25,102 grants totaling \$8.3 billion in value for the financial year (excluding fee-for-service arrangements). The department is of the view that the Hub model reduces duplication of effort and costs across government by consolidating grants administration services, creating areas of grants expertise and improving user experience.

The department continues to work collaboratively with the Department of Finance and the Department of Industry, Science and Resources (in its capacity managing the Business Grants Hub) to streamline and standardise Commonwealth grants administration. The department works to continuously improve our systems and processes to provide an impartial, equitable and transparent grants administration service.

Since its inception, the CGH has continued to engage and on-board new programs and client agencies, as seen in the increased utilisation of Hub services over the past 6 years. The department continues to offer grants administration services to new clients and is committed to providing robust, streamlined and proportional grants administration services into the future.

Key Inquiry considerations

1. *The Auditor-General's Report No. 21 (2021-22) Operation of Grants Hubs*

The objective of Auditor-General Report was to examine whether the Streamlining Government Grants Administration (SGGA) Program improved the effective and efficient delivery of grants administration. In summary, the report concluded that there is insufficient evidence to demonstrate the SGGA Program improved the effective and efficient delivery of grants administration and that the build and operation of the grants hubs were partly effective.

The department's response to the report is publicly available on the ANAO website and provides further information addressing the 3 recommendations.

Recommendation 1 - Department of Finance and the hubs agree a methodology to capture and report performance information that demonstrates the efficiency and effectiveness of grants administration through the hubs.

Agreed by all parties.

The CGH has committed to working with the Department of Finance and Business Grants Hub on the development of a standard methodology to capture and report performance information. As the owner for government grants policy the Department of Finance has the lead on this recommendation.

Work on the Benefits Measurement Plan and a broader methodology has commenced within the Department of Finance.

The department notes that while the 2 Hubs have varied operating models, we are committed to working collaboratively to develop a Benefits Measurement Plan

which will capture, track, manage and report on the priority benefits of the Hub approach. This is expected to provide evidence that the Hubs deliver cost savings through efficiencies in expenditure on people, processes and systems.

The CGH continues to administer grants and work with our client agencies through our ongoing Partnership Agreement arrangements, and deliver flexible grants administration within our standard service offer and pricing model. The consistency of our service offer over the years has positioned the CGH well, and has enabled the CGH to develop key performance indicators (KPIs) and service level standards, as a means of understanding and measuring our performance. The CGH collects and monitors a range of data relating to the administration of grants and this will be shared with the Department of Finance to assist inform the Benefits Measurement Plan.

CGH client agencies continue to experience the broader benefits of the Hub, despite the absence of an established and reportable baseline at the SGGA Program level. The CGH continues to deliver transparent grants administration services that demonstrate our efficiencies. This is demonstrated through the increased engagement with new and existing policy areas seeking to increase the volume and range of Hub services consumed, and take advantage of the system enhancements and digitisation used by the Hub.

Recommendation 2 - Department of Finance develop and agree a future plan for the operation of grants hubs, and where this plan differs from the SGGA Program funding proposal, seek authority for changes from government.

Agreed by Department of Finance

The department is supporting and participating in the development of the future state.

Recommendation 3 - To assist in the achievement of the intended benefits of the SGGA Program, Department of Finance and the Hubs establish a whole-of-government grants administration and payments dataset and implement arrangements to assure the quality of the data.

Agreed by all parties.

The department continues to support and engage with the Department of Finance, as the responsible policy agency for the SGGA, in exploring options for, and establishing, a whole-of-Australian government dataset for grants administration and payments.

CGH notes the establishment of a single grants administration and payment dataset for the use of the Hubs would still not capture the agencies who do not engage with either Hub and therefore would not provide for a whole-of-Australian government dataset/mandate.

The department continues to invest in developing and strengthening business operations including investment in our staff, business processes, and our systems to support a potential future whole-of-Australian government dataset. Investments continue to be customer centric, and focus on transitioning services to online environments allowing data to be captured, stored and used. These investments also support an improved grant experience for our client agencies, grant applicants, grant recipients, and the recipients of funded services.

Other Inquiry considerations

The status of recommendations in the JCPAA's Report 484 - The Administration of Government Grants

Recommendations 1 to 5 of the JCPAA Report 484 require action by the Department of Finance to review and strengthen the CGRGs and associated support documents, including its Resource Management Guidelines. The department remains an active participant in discussions with the Department of Finance regarding the use and improvement of the CGRGs and the broader support available to Commonwealth agencies in grants administration.

Recommendation 6 of the JCPAA Report 484 relates to Sport Australia and the lack of clear documentation of decision making positions and processes. As Sport Australia is not a client agency of the CGH, the department notes the findings and recommendation and remains mindful of ensuring our grant documentation (regarding decision making) is clear.

Other Auditor-General's Reports

- No. 47 (2020-21) *Administration of Commuter Car Park Projects within the Urban Congestion Fund*;
- No. 16 (2021-22) *Awarding of Funding under the Safer Communities Program*; and
- No. 1 (2022-23) *Award of Funding under the Building Better Regions Fund*.

Whilst these grant programs are not administered by the CGH, the department does examine the reports carefully and considers whether our own processes and systems can be improved to provide a more robust grant administration approach.

Possible changes to the Commonwealth Grants Rules and Guidelines

As indicated previously, the department supports the Department of Finance in its development and implementation of any amendments to the CGRGs.

The department welcomes the opportunity to appear before the Committee later this year to support the JCPAA's considerations.