

Senate Standing Committee on Education and Employment

QUESTIONS ON NOTICE Budget Estimates 2017 - 2018

Outcome 2 - Workplace Relations and Economic Strategy

Department of Employment Question No. EMSQ17-004048

Senator Abetz asked on 29 May 2017 on proof Hansard page 109

Question

Commonwealth Grant Guidelines

Senator ABETZ: Is it normal for a government grant to be so administered? Is this in line with government contracting guidelines?

Mr Edwards: I am not sure I am the right person to answer that—

Ms Parker: There are Commonwealth grants guidelines that departments follow. They are on the website of the Department of Finance. There were slightly different guidelines back then.

Ms Leon: But we can take on notice whether there is any relevant difference between the guidelines that were applicable at the time and the arrangements that were entered into.

Ms Parker: There is some flexibility. One of the main criteria for these grants is that they can be publicly defensible, value for money and so on. Governments can make decisions about the guidelines and whether or not to adhere completely closely to them.

Senator ABETZ: So would you accept that the arrangements entered into in 2012 would not match the current guidelines for government contracting?

Mr Edwards: I have not compared the agreement with the current guidelines. I would need to take that on notice.

Senator ABETZ:

Answer

The allocation of funds over two financial years for the Productivity Education and Training Fund was a decision of government in the 2011–12 Budget.

As the budget decision was to allocate all funding in 2011–12 and 2012–13, and because of the limited time before the end of the first financial year, the funding agreement linked the first payment to the signing of the agreement (it was signed on 29 June 2012).

The funding agreement linked the second payment (using the budget appropriation in 2012–13), to the provision and acceptance by the Department of a project milestones and deliverables plan covering all future years of the project. This was because the deliverables extended well beyond the years in which funding was provided. The second payment was made in January 2013.

The Commonwealth Grant Guidelines 2009 applied at the time, and the mandatory elements did not preclude payments in advance of deliverables or before completion of the project. As a 'matter of sound practice' the guidelines stated that funding agreements 'should protect the Commonwealth's interests in ensuring that public money is used for the intended purpose, define project deliverables, schedule payments (according to progress), and specify progress reporting requirements and acquittal procedures'.

Other elements related to the administration of the funding agreements, for example, those relating to deliverables, six-monthly and end of project financial acquittals, the submission and review of annual project plans and annual reports about deliverables achieved with the use of the funds, appear to meet the requirements of the 2009 Guidelines.

The Commonwealth Grants Rules and Guidelines 2014 replaced the Commonwealth Grant Guidelines 2009. The 2014 Guidelines also do not specifically preclude payments being made in advance of deliverables or before completion of the project. One key difference that would impact on the Productivity Education and Training Fund, if it was being established now, is that 2014 Guidelines require departments to develop grant guidelines for all new granting activities. No grant guidelines were developed for the Fund as the Commonwealth Grants Guidelines 2009 only required departments to develop guidelines for grant programs involving a competitive selection process.