

## **Design of the Growing Regions Program**

Department of Infrastructure, Transport, Regional Development,  
Communications and the Arts

Department of Industry, Science and Resources

© Commonwealth of Australia 2024

ISSN 1036–7632 (Print)

ISSN 2203–0352 (Online)

ISBN 978-1-76033-917-3 (Print)

ISBN 978-1-76033-918-0 (Online)

Except for the content in this document supplied by third parties, the Australian National Audit Office logo, the Commonwealth Coat of Arms, and any material protected by a trade mark, this document is licensed by the Australian National Audit Office for use under the terms of a Creative Commons Attribution-NonCommercial-NoDerivatives 3.0 Australia licence. To view a copy of this licence, visit <http://creativecommons.org/licenses/by-nc-nd/3.0/au/>.

You are free to copy and communicate the document in its current form for non-commercial purposes, as long as you attribute the document to the Australian National Audit Office and abide by the other licence terms. You may not alter or adapt the work in any way.

Permission to use material for which the copyright is owned by a third party must be sought from the relevant copyright owner. As far as practicable, such material will be clearly labelled.

For terms of use of the Commonwealth Coat of Arms, visit the *Australian honours system* website at <https://www.pmc.gov.au/honours-and-symbols/australian-honours-system>.

Requests and inquiries concerning reproduction and rights should be addressed to:

Chief Operating Officer  
Corporate Management Group  
Australian National Audit Office  
GPO Box 707  
Canberra ACT 2601

Or via email:

[communication@anao.gov.au](mailto:communication@anao.gov.au).





Canberra ACT  
29 May 2024

Dear President  
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the Department of Infrastructure, Transport, Regional Development, Communications and the Arts and the Department of Industry, Science and Resources. The report is titled *Design of the Growing Regions Program*. I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — <http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rona Mellor', written in a cursive style.

Rona Mellor PSM  
Acting Auditor-General

The Honourable the President of the Senate  
The Honourable the Speaker of the House of Representatives  
Parliament House  
Canberra ACT

## **AUDITING FOR AUSTRALIA**

The Auditor-General is head of the Australian National Audit Office (ANAO). The ANAO assists the Auditor-General to carry out their duties under the *Auditor-General Act 1997* to undertake performance audits, financial statement audits and assurance reviews of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Australian Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

For further information contact:  
**Australian National Audit Office**  
**GPO Box 707**  
**Canberra ACT 2601**

**Phone: (02) 6203 7300**  
**Email: [ag1@anao.gov.au](mailto:ag1@anao.gov.au)**

Auditor-General reports and information about the ANAO are available on our website:  
<http://www.anao.gov.au>

### **Audit team**

Jessica Carroll  
Tessa Osborne  
Sophie Crandall  
Renina Boyd  
Michelle Page

# Contents

---

Summary and recommendations.....	7
Background .....	7
Conclusion .....	8
Supporting findings.....	8
Recommendations.....	9
Summary of entity response.....	10
Key messages from this audit for all Australian Government entities .....	10
<b>Audit findings.....</b>	<b>11</b>
1. Background .....	12
Introduction.....	12
Rationale for undertaking the audit .....	15
Audit approach .....	15
2. Design and planning of the Growing Regions Program .....	17
Were clear objectives and outcomes developed for the program that align with the Australian Government's policy objectives?.....	20
Were lessons learned from previous programs considered during the design of the program? .....	24
Was there appropriate consultation with relevant stakeholders on the design of the program? .....	26
Was appropriate advice provided to the Australian Government on the design of the program, including delivery options, timeframes and risks?.....	27
Were appropriate program guidelines (including assessment criteria and eligibility requirements) developed, approved and published? .....	35
<b>Appendices .....</b>	<b>45</b>
Appendix 1     Entity responses .....	46
Appendix 2     Improvements observed by the ANAO .....	48



# Audit snapshot

## Auditor-General Report No.31 2023–24

### *Design of the Growing Regions Program*



#### Why did we do this audit?

- ▶ The Growing Regions Program is a competitive grants program that provides grants to local government entities and eligible not-for-profit incorporated organisations for projects that deliver community and economic infrastructure projects across regional and rural Australia.
- ▶ The program introduced a new design feature of a multi-party parliamentary panel assessing the first stage expression of interest (EOI) process.
- ▶ This audit provides assurance to the Parliament on the design and planning of the Growing Regions Program.



#### Key facts

- ▶ Funding of \$600m over three years was announced at the October 2022–23 Federal Budget.
- ▶ The program objectives are to construct or upgrade community infrastructure that fills an identified gap or need for community infrastructure; contribute to achieving a wide range of community socio-economic outcomes; and strategically align with regional priorities.



#### What did we find?

- ▶ The design of the Growing Regions Program was largely effective.
- ▶ Infrastructure had: developed program objectives and outcomes that align with the government's objective; consulted with stakeholders; documented lessons learned; and developed grant opportunity guidelines that largely align with the Commonwealth Grants Rules and Guidelines 2017.
- ▶ Infrastructure did not inform the minister of all risks associated with an EOI process that utilised a panel process.
- ▶ Infrastructure did not complete the implementation of the program within its original timeline.
- ▶ The assessment criteria for the EOI process was not clear on defining what constitutes a regional priority.



#### What did we recommend?

- ▶ There were two recommendations to Infrastructure, relating to performance targets, and developing appropriate advice to government.
- ▶ Infrastructure agreed in principle to both recommendations.

5 July 2023

the program opened for EOI applications.

650

applications received for round one with a total requested funding of \$2.7 billion.

\$0.5m to \$15m

is available for each approved project.

# Summary and recommendations

---

## Background

1. The Growing Regions Program is an open, competitive grants program that provides grants to local government entities and eligible not-for-profit incorporated organisations for capital works projects that deliver community and economic benefits across regional and rural Australia. To be eligible, a project's location must be outside the Greater Capital City Statistical Areas (GCCSA) as defined by the Australian Bureau of Statistics.<sup>1</sup>
2. The Australian Government has committed \$600 million over three years from 2023–24 for the Growing Regions Program. The program will be conducted across two rounds with \$300 million available in each round. Within each round, grants between \$500,000 and \$15 million will be awarded to eligible applicants to deliver priority community and economic infrastructure projects.
3. On 24 October 2022, the Minister for Infrastructure, Transport, Regional Development and Local Government (the minister) announced that following consultation and review of the funding process, the Australian Government would adopt a 'new approach to restore accountability, transparency and fairness to regional infrastructure grant programs'. It was also announced that round six of the Building Better Regions Fund and the Community Development Grants program were being discontinued. Allocated funds from these programs were redistributed to the new programs in the October 2022–23 Federal Budget.
4. Round one of the Growing Regions Program opened on 5 July 2023 and received 650 applications with a total requested funding of \$2.7 billion. The announcement of funding for round one was expected to be made in March 2024 with contract negotiations expected to be finalised by May 2024. The minister announced the funding for successful projects on 16 May 2024. The implementation of the Growing Regions Program has experienced delays impacting the opening of the full application process and the announcement of funding.
5. The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (Infrastructure) is the Australian Government entity responsible for the Growing Regions Program. Infrastructure has engaged the Department of Industry, Science and Resources (DISR), through the Business Grants Hub, to administer the program.

## Rationale for undertaking the audit

6. The Growing Regions Program is a new grants program and is one of the largest competitive grant programs administered by Infrastructure. The program also contains a new design feature — a two-stage assessment process with an expression of interest (EOI) stage assessed by a multi-party parliamentary panel.
7. Previous ANAO audits found deficiencies in Infrastructure's implementation of regional grants programs including program design, providing information to the delegate, and transparency of decision-making. This audit provides assurance to the Parliament on the design

---

1 The government also announced a \$200 million Thriving Suburbs Program over two years as part of the 2023–24 Budget and this program will cover all communities within the GCCSA.

of the Growing Regions Program and whether Infrastructure has implemented lessons learned from previous grants programs.

### **Audit objective and criteria**

8. The objective of the audit was to assess the effectiveness of the design and planning of the Growing Regions Program.

9. To form a conclusion against the objective, the following high-level audit criterion was applied.

- Was the program effectively designed and planned?

10. The scope of this audit focused on the design and planning of the Growing Regions Program up until the opening of applications in July 2023. A second audit report is planned to table during 2024 focusing on the assessment of applications and the decision-making for the funding of projects.

### **Conclusion**

11. The design of the Growing Regions Program was largely effective.

12. Infrastructure developed program objectives and outcomes that align with the overall government policy objective after capturing and documenting lessons learned from previous grants programs. Infrastructure consulted with stakeholders during the planning of the Growing Regions Program and met the mandatory requirements against the Commonwealth Grants Rules and Guidelines 2017 (CGRGs) for the grant opportunity guidelines.

13. Infrastructure's design and planning work fell short in the following areas:

- Infrastructure developed targets for measuring the establishment and implementation of the program, however targets against the program objectives have not been developed. Infrastructure has not developed corporate performance measures for the program.
- The minister expressed a clear intention to have a two-stage assessment process with a panel assessing EOI applications, however planning work for this option was not undertaken. Not all identified risks were provided to the minister on the design of the program application process, particularly around introducing an EOI step assessed by a panel.
- Infrastructure has not met best practice principles of the CGRGs in terms of having clear assessment criteria, appropriate weighting for criteria and providing grant opportunity guidelines to stakeholders for consultation as planned.

### **Supporting findings**

14. Infrastructure developed objectives and outcomes for the Growing Regions Program that align with the overall program objective agreed to by government. Infrastructure developed internal measures of success for the program but has not set measurable targets to determine if the objectives of the program are being met. There are also no corporate performance measures in place for the program. Infrastructure is working with the Business Grants Hub to collect data to report on program progress and outcomes.(See paragraphs 2.4 to 2.15).



15. During the planning of the Growing Regions Program, Infrastructure captured and documented lessons learned from previous grant programs. Infrastructure used the lessons learned to inform design features of the program, for example, the assessment criteria and the final decision-making processes. (See paragraphs 2.20 to 2.24).

16. Infrastructure planned and undertook consultation on the design principles and draft grant opportunity guidelines. Infrastructure engaged with and sought submissions from program stakeholders including Regional Development Australia, peak bodies and Local Government Associations. The outcomes of the consultations demonstrated that stakeholders supported Infrastructure's proposed design principles. (See paragraphs 2.25 to 2.34).

17. Infrastructure provided advice to the minister on program design including: identifying the types of projects and applicants who would be eligible; options for the assessment process and merit criteria; and the role a panel could play in assessing applications. After the minister expressed a preference for a panel to assess the EOI, Infrastructure presented alternative delivery models for the program, including different options for panel arrangements. While Infrastructure's planning processes had identified concerns over introducing an EOI assessed by a panel, all risks associated with this approach were not provided to the minister. Infrastructure's design work relating to how a panel would assess an EOI stage and the engagement of a grants hub to administer the program was not thorough or timely. (See paragraphs 2.35 to 2.76).

18. The grant opportunity guidelines developed by Infrastructure addressed the two mandatory requirements of the CGRGs. The guidelines met the best practice principles except for not providing clear guidance and appropriately weighted criteria for the EOI process, and not providing the grant opportunity guidelines to stakeholders prior to or during consultations. The grant opportunity guidelines were approved on 5 May 2023 and published on GrantConnect on 8 May 2023. (See paragraphs 2.77 to 2.107).

## Recommendations

**Recommendation no. 1**  
**Paragraph 2.16** The Department of Infrastructure, Transport, Regional Development, Communications and the Arts develops performance measures and targets to determine whether the program objectives of the Growing Regions Program are being met, and reported in its annual performance statements.

**Department of Infrastructure, Transport, Regional Development, Communications and the Arts response:** *Agreed in principle.*

**Recommendation no. 2**  
**Paragraph 2.53** The Department of Infrastructure, Transport, Regional Development, Communications and the Arts ensures future regional grants programs are informed by:

- (a) appropriate information to decision-makers on all program risks; and
- (b) timely planning to be able to provide clear advice to government.

**Department of Infrastructure, Transport, Regional Development, Communications and the Arts response:** *Agreed in principle.*

## Summary of entity response

19. The proposed audit report was provided to Infrastructure and DISR. Infrastructure and DISR's summary responses are reproduced below. The full responses from both entities are at Appendix 1. Improvements observed by the ANAO during the course of this audit are listed in Appendix 2.

### Department of Infrastructure, Transport, Regional Development, Communications and the Arts

The department welcomes the proposed report and the report's overall conclusion that the design of the Growing Regions Program was largely effective.

The Growing Regions Program is a new regional infrastructure grant program which introduced new design features including place-based priority criteria and a multi-party parliamentary panel assessing the first stage expression of interest process. Some learning occurred with aspects of these new processes, which the department will incorporate into any future rounds of the Growing Regions Program and other relevant grant programs.

The department acknowledges the areas for improvement identified in the proposed report and agrees in principle with both recommendations.

### Department of Industry, Science and Resources

The Department of Industry, Science and Resources acknowledges the Australian National Audit Office's report on the Design of the Growing Regions Program.

The department notes the ANAO's conclusion that the design of the Growing Regions Program was largely effective and met the mandatory requirements against the Commonwealth Grants Rules and Guidelines (CGRGs). The department notes the other areas identified for improvement.

As a shared service provider for Australian Government grants through the Business Grants Hub we will consider these key messages in the design and administration of future granting programs.

## Key messages from this audit for all Australian Government entities

20. Below is a summary of key messages, including instances of good practice, which have been identified in this audit and may be relevant for the operations of other Australian Government entities.

### Program design

- Entities should ensure that options provided to government capture all risks associated with each option. Providing a comprehensive view of risks allows decision-makers to make informed judgments on the implementation of programs.
- Effective arrangements for capturing lessons learned can inform the design of future programs. Implementing these arrangements can also drive continuous improvement in program design and delivery.

# Audit findings

# 1. Background

---

## Introduction

1.1 The Growing Regions Program is a competitive grants program that provides grants to local government entities and eligible incorporated not-for-profit organisations for capital works projects that deliver community and economic benefits across regional and rural Australia. To be eligible, a project's location must be outside the Greater Capital City Statistical Areas (GCCSA) as defined by the Australian Bureau of Statistics.<sup>2</sup>

1.2 The Australian Government has committed \$600 million over three years from 2023–24 for the Growing Regions Program. The program will be conducted across two rounds with \$300 million available in each round. Within each round, grants between \$500,000 and \$15 million will be awarded to eligible applicants to deliver priority community and economic infrastructure projects.

1.3 The objectives of the program are:

- constructing or upgrading community infrastructure that fills an identified gap or need for community infrastructure;
- contributing to achieving a wide range of community socio-economic outcomes; and
- is strategically aligned with regional priorities.

1.4 The intended outcomes of the program are:

- delivery of community-focused infrastructure which contributes to local and regional priorities;
- provision of infrastructure which benefits the community by improving equity and supports diverse social inclusion;
- to contribute to the achievement of broader Government priorities such as net zero emissions, gender equity, and/or First Nations priorities; and
- growing local economies and enhancing amenity and liveability in the regions.

1.5 On 24 October 2022, the Minister for Infrastructure, Transport, Regional Development and Local Government (the minister) announced that following consultation and review of the funding process, the Australian Government would adopt a 'new approach to restore accountability, transparency and fairness to regional infrastructure grant programs'. It was also announced that round six of the Building Better Regions Fund and the Community Development Grants program were being closed.<sup>3</sup> Allocated funds from these programs were redistributed to the new programs in the October 2022–23 federal Budget.<sup>4</sup>

---

2 The government also announced a \$200 million Thriving Suburbs Program as part of the 2023–24 Budget and this program will cover all communities within the GCCSA.

3 The Building Better Regions Fund was an open and competitive regional grants program which conducted five rounds of funding between 2016 to 2022. The Community Development Grants program was a non-competitive grant program which was open between 2013 and 2022.

4 The other program announced at the October 2022–23 Federal Budget was the regional Precincts and Partnerships Program.

1.6 Round one of the Growing Regions Program opened on 5 July 2023 and received 650 applications with a total requested funding of \$2.7 billion.

### Administration of the program

1.7 The Commonwealth Grants Rules and Guidelines 2017 (CGRGs) are issued by the Minister for Finance under section 105C of the *Public Governance, Performance and Accountability Act 2013*. The CGRGs state that the objective of grants administration is to ‘promote proper use and management of public resources through collaboration with government and non-government stakeholders to achieve government policy outcomes’.<sup>5</sup>

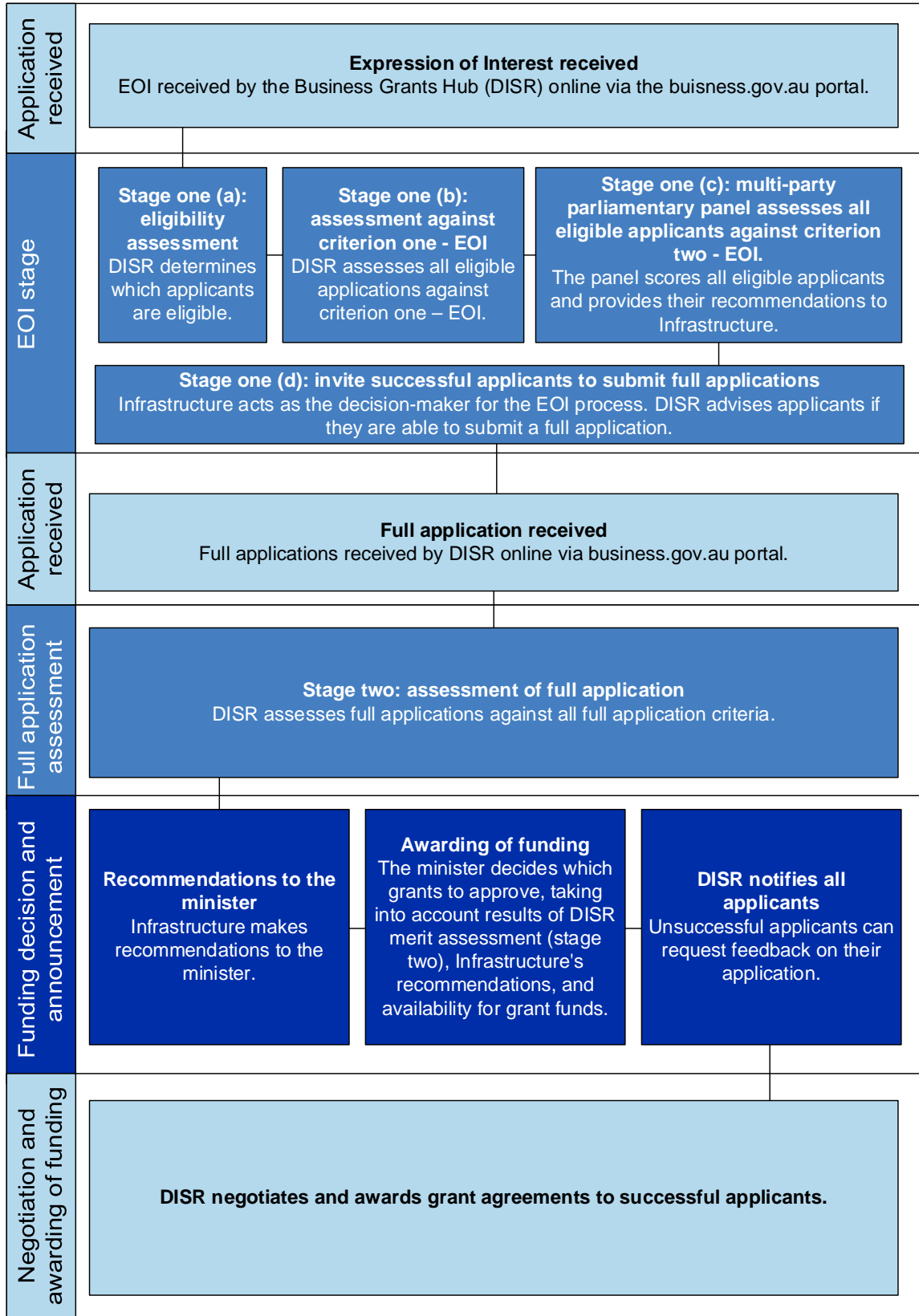
1.8 The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (Infrastructure) is the Australian Government entity responsible for the Growing Regions Program. Infrastructure has engaged the Department of Industry, Science and Resources (DISR), through the Business Grants Hub, to administer the program.

1.9 The Growing Regions Program was designed to use a two-stage application process to assess applications and award grant funding, set out in Figure 1.1.

---

5 Department of Finance, *Commonwealth Grants Rules and Guidelines*, Finance, Canberra, 2017, paragraph 2.1 available from <https://www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-and-guidelines> [accessed November 2023].

**Figure 1.1: Process for awarding funding under round one of the Growing Regions Program**



Source: ANAO analysis of Infrastructure records.

1.10 Applicants must first submit an expression of interest (EOI). EOIs are assessed by DISR to ensure projects meet eligibility, project readiness and program suitability requirements. A multi-party parliamentary panel (the panel) assesses how closely a projects aligns with regional priorities and recommends to Infrastructure which projects should be invited to submit a full application. The panel is made up of six members — four members of the House of Representatives from the Liberal Party of Australia, Australian Labor Party, National Party of Australia and an independent member and two Senators from the Australian Labor Party. Infrastructure makes the final decision on who will be invited to progress to stage two and submit a full application.

1.11 DISR will then complete the merit assessment of full applications before Infrastructure makes recommendations to the minister, taking into account the merit assessment, value for money and the availability of grant funds. The minister has the authority as the final decision-maker to award funding. The announcement for the awarding of funding was anticipated in March 2024 with contract negotiations expected to be finalised by May 2024. The minister announced the funding for successful projects on 16 May 2024.

1.12 The Regional Development and Local Government Division in Infrastructure is responsible for the planning, design and implementation of the Growing Regions Program. A taskforce was established within Infrastructure to undertake the planning and design of the program with early design work starting from July 2022 until the announcement of the program by the government in the October 2022–23 Federal Budget.

## Rationale for undertaking the audit

1.13 The Growing Regions Program is a new grant program and is one of the largest competitive grant programs administered by Infrastructure. The program also contains a new design feature — a two-stage assessment process with an EOI stage assessed by a multi-party parliamentary panel.

1.14 Previous ANAO audits found deficiencies in Infrastructure’s implementation of regional grants programs including program design, providing information to the delegate and transparency of decision-making.<sup>6</sup> This current audit provides assurance to the Parliament on the design of the Growing Regions Program and whether Infrastructure has implemented lessons learned from previous grants programs.

## Audit approach

### Audit objective, criteria and scope

1.15 The objective of the audit was to assess the effectiveness of the design and planning of the Growing Regions Program.

---

6 Auditor-General Report No. 1 2022–23 *Award of Funding under the Building Better Regions Fund*, ANAO, Canberra, 2022, available from <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-building-better-regions-fund> and Auditor-General Report No.12 2019–20 *Award of Funding Under the Regional Jobs and Investment Packages*, ANAO, Canberra, 2019, available from <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-regional-jobs-and-investment-packages>.

1.16 To form a conclusion against the objective, the following high-level audit criterion was applied.

- Was the program effectively designed and planned?

1.17 The scope of this audit focused on the design and planning of the Growing Regions Program up until the opening of applications in July 2023. A second audit report is planned to table during 2024 focusing on the assessment of applications and the decision-making for the funding of projects.

### **Audit methodology**

1.18 The audit methodology involved:

- examining departmental program documents including planning and design documentation, governance body papers and minutes, internal reporting and reviews, advice to decision-makers and relevant emails records;
- reviewing relevant legislation, policies and guidelines;
- assessing departmental processes; and
- meetings with staff from Infrastructure and DISR.

1.19 The audit was conducted in accordance with ANAO Auditing Standards at a cost to the ANAO of approximately \$318,000.

1.20 The team members for this audit were Jessica Carroll, Tessa Osborne, Sophie Crandall, Renina Boyd and Michelle Page.



## 2. Design and planning of the Growing Regions Program

---

### Areas examined

The ANAO examined whether the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (Infrastructure) effectively designed and planned the Growing Regions Program, including the development of program guidelines with clear objectives and outcomes for the program that incorporated lessons learned from previous programs.

This chapter also examined whether appropriate advice was provided to government on the design of the program including delivery options, timeframes and risks, and whether Infrastructure undertook appropriate consultation with stakeholders.

### Conclusion

The design of the Growing Regions Program was largely effective. Infrastructure developed program objectives and outcomes that align with the overall government policy objective after capturing and documenting lessons learned from previous grants programs. Infrastructure consulted with stakeholders during the planning of the Growing Regions Program and met the mandatory requirements against the Commonwealth Grants Rules and Guidelines 2017 (CGRGs) for the grant opportunity guidelines.

Infrastructure's design and planning work fell short in the following areas:

- Infrastructure developed targets for measuring the establishment and implementation of the program, however targets against the program objectives have not been developed. Infrastructure has not developed corporate performance measures for the program.
- The minister expressed a clear intention to have a two-stage assessment process with a panel assessing expression of interest (EOI) applications, however planning work for this option was not undertaken. Not all identified risks were provided to the minister on the design of the program application process, particularly around introducing an EOI step assessed by a panel.
- Infrastructure has not met best practice principles of the CGRGs in terms of having clear assessment criteria, appropriate weighting for criteria and providing grant opportunity guidelines to stakeholders for consultation as planned.

### Areas for improvement

The ANAO made two recommendations relating to: the development of performance measures to report on whether program objectives are being met; and ensuring future regional grants programs are informed by appropriate advice on all program risks and timely planning to be able to provide clear advice to government. Infrastructure has an opportunity for improvement to ensure tracking of key program decisions and proper record keeping of these decisions.

2.1 Robust planning and design is one of the key principles for grants administration set out in the Commonwealth Grants Rules and Guidelines 2017 (CGRGs). Accountable authorities and officials must put in place practices and procedures to ensure that grants administration is conducted in a manner that is consistent with this key principle. Prior to commencing a grant program, officials should address all relevant planning and implementation issues, which include: identifying and engaging with risk; consulting with relevant stakeholders; establishing what

outcomes are expected and how they will be measured; and developing and publishing appropriate eligibility and assessment criteria.<sup>7</sup>

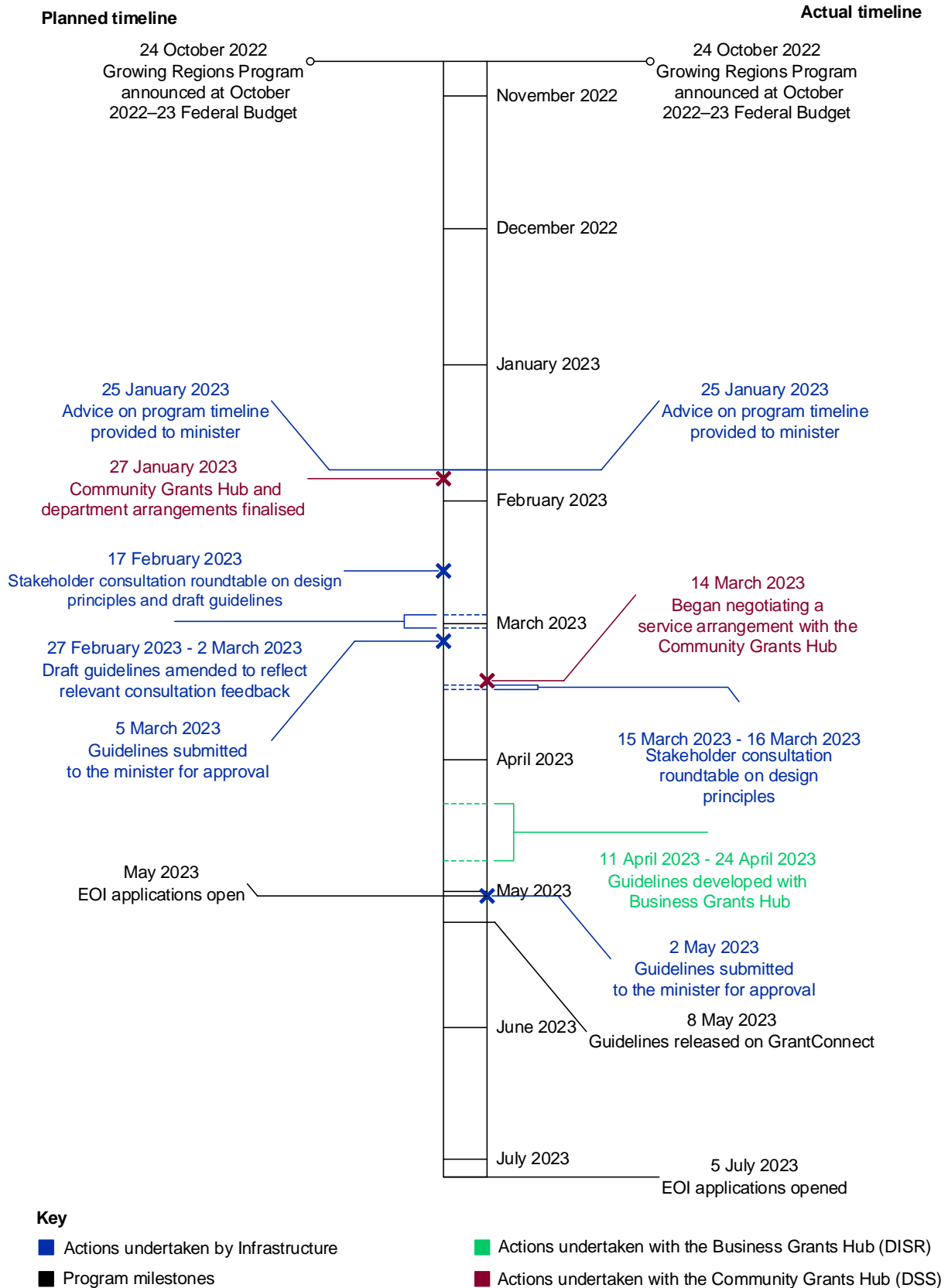
2.2 As part of the planning for a new regional grants program, Infrastructure developed an internal program implementation timeline from June to December 2022 which included dates and deadlines that aligned with the timeframes in the program announcement in the October 2022–23 Federal Budget.

2.3 Another program implementation timeline was developed for the Growing Regions Program and provided to the minister through their office on 5 October 2022. Infrastructure updated this timeline as part of a briefing to the minister in January 2023 to include timeframes for stakeholder consultation and for when draft opportunity guidelines would need approval to meet expectations for applications to open in May 2023. The timeline was updated for the grant opportunity guidelines release in May 2023, and EOI applications opened in July 2023. Infrastructure updated the grant opportunity guidelines on 31 October 2023 to account for the new timeframe for the panel to undertake its assessment. An analysis of these dates is provided at Figure 2.1.

---

7 Department of Finance, *Commonwealth Grants Rules and Guidelines*, Finance, Canberra, 2017, paragraphs 7.4., 7.5. and 7.6, available from <https://www.finance.gov.au/sites/default/files/2019-11/commonwealth-grants-rules-and-guidelines.pdf> [accessed 3 October 2023].

**Figure 2.1: Planned timeline for the design of the Growing Regions Program**



Source: ANAO analysis of departmental records.

## Were clear objectives and outcomes developed for the program that align with the Australian Government’s policy objectives?

Infrastructure developed objectives and outcomes for the Growing Regions Program that align with the overall program objective agreed to by government. Infrastructure developed internal measures of success for the program but has not set measurable targets to determine if the objectives of the program are being met. There are no corporate performance measures in place for the program. Infrastructure is working with the Business Grants Hub to collect data to report on program progress and outcomes.

### Program objectives and intended outcomes

2.4 The CGRGs state that officials should determine the operational objectives that will be used to evaluate a grant. Specifically, officials should determine what change is expected as a result of a grant (the intended outcomes) and then measure the actual outcome.<sup>8</sup>

2.5 The Growing Regions Program contributes to Infrastructure’s Outcome 3: Strengthening the sustainability, capacity and diversity of Australia’s regions, including northern Australia. The program was designed to ‘deliver community and economic benefits by investing in community-focused infrastructure which revitalises regions and enhances amenity and liveability throughout regional Australia.’

2.6 The design of the Growing Regions program evolved over a 12-month period. From June 2022, Infrastructure commenced the design of a new grant program to align with government priorities. As part of briefing for the October 2022–23 Federal Budget, Infrastructure provided advice to government and developed objectives and outcomes for the Growing Regions Program to align with the government objective. Table 2.1 shows the correlation between the government’s objective and the program objectives and outcomes.

2.7 Initially the program was planned to open in May 2023 with funding to be available to approved projects from the 2024–25 financial year. Delays in securing a grants hub to administer the program and finalising of the grant opportunity guidelines resulted in applications opening in July 2023. These delays in design of the program are discussed further from paragraph 2.72 to 2.75.

---

8 Department of Finance, *Commonwealth Grants Rules and Guidelines*, Finance, Canberra, 2017, paragraph 10.2, available from <https://www.finance.gov.au/sites/default/files/2019-11/commonwealth-grants-rules-and-guidelines.pdf> [accessed 3 October 2023].

**Table 2.1: Growing Regions Program objectives and intended outcomes**

Government objective	Program objectives	Intended outcomes
<ul style="list-style-type: none"> <li>Strengthening the sustainability, capacity and diversity of Australia's regions, including northern Australia, including through facilitating local partnerships between all levels of government and local communities; through investment in infrastructure and measures that stimulate economic growth; and providing grants and financial assistance.</li> </ul>	<ul style="list-style-type: none"> <li>Constructing or upgrading community infrastructure that fills an identified gap or need for community infrastructure.</li> <li>Contributing to achieving a wide range of community socio-economic outcomes.</li> <li>Is strategically aligned with regional priorities.</li> </ul>	<ul style="list-style-type: none"> <li>Delivery of community-focused infrastructure which contributes to local and regional priorities.</li> <li>Provision of infrastructure which benefits the community by improving equity and supports diverse social inclusion.</li> <li>To contribute to the achievement of broader government priorities such as net zero emissions, gender equity, and/or First Nations priorities.</li> <li>Growing local economies and enhancing amenity and liveability in the regions.</li> </ul>

Source: ANAO analysis of departmental records.

### Development of a performance framework

2.8 Infrastructure developed a monitoring and evaluation plan for the Growing Regions Program in September 2023, which was approved by the Assistant Secretary, Regional Programs on 8 September 2023. The document outlines how program performance will be monitored and reported over its lifecycle, and how and what data will be captured to support evaluation activities to measure how well the program has met intended objectives and outcomes.

2.9 Infrastructure also developed measures of success for the program. Infrastructure advised the ANAO in March 2024 that it will be collecting data from a range of sources to report against the measures of success, listed in Table 2.2.

**Table 2.2: Growing Regions Program internal measures of success**

Outputs	Measures	Data sources
<p>Deliver a high standard of integrity and inclusivity in grants through open and competitive, merit-based funding of projects and activities.</p>	<ul style="list-style-type: none"> <li>Review the geographical spread of EOIs submitted and successful applicants.</li> <li>Media coverage is more positive than previous the Building Better Regions Fund's coverage.</li> <li>Transparent process — outline the process.</li> <li>Operation of the multi-party Parliamentary panel.</li> <li>All funded projects are merit-based.</li> </ul>	<ul style="list-style-type: none"> <li>DISR will provide data and program owner will review.</li> <li>Data from Infrastructure's media team for the program owner to review.</li> <li>Program owner to review department website for evidence.</li> <li>The program owner will review impacts of the decision-making process.</li> </ul>
<p>Build resilient communities through the provision of social and community facilities.</p>	<ul style="list-style-type: none"> <li>Number and value of social and community facilities funded.</li> <li>Distribution of funding across groups 1, 2 and 3 as outlined within section 3.1 of the guidelines.</li> <li>Community use (further defined how this correlates to resilience by the external evaluation consultant).<sup>a</sup></li> </ul>	<ul style="list-style-type: none"> <li>DISR will provide data and program owner will review.</li> <li>Data collected in mid-life and final evaluation (data source to be defined by the external evaluation consultant).</li> </ul>
<p>Drive economic growth in communities and the broader region by delivering local priorities.</p>	<ul style="list-style-type: none"> <li>Number and value of economic infrastructure funded.</li> <li>Amount of co-funding provided by other entities — i.e. economic impact.</li> <li>Alignment of projects to local/regional priorities.</li> </ul>	<ul style="list-style-type: none"> <li>DISR will provide data and program owner will review.</li> <li>Generic economic impact assessment.</li> <li>EOI criterion 2 as assessed by multi-party parliamentary panel.</li> </ul>

Note a: The external evaluation consultant had yet to be engaged as of April 2024.

Source: Growing Regions Program — Monitoring and Evaluation Plan, Regional Initiatives Implementation Framework.

2.10 Infrastructure has developed targets for measuring the establishment and implementation of the program specifically for the grants application process. As at April 2024, targets against the program objectives had not been developed. Identifying targets and understanding how data will be used for performance reporting is essential for good grants management.<sup>9</sup> Without the development of targets, Infrastructure will not be able to determine whether the objectives of the program are being met.

2.11 The Growing Regions Program grant opportunity guidelines require grant recipients to provide progress reports under the grant agreement, which documents the specific requirements and details of individual grant arrangements. Information in these reports is to be used to monitor progress of the grant projects and to determine whether objectives of individual projects are being met.

2.12 The Business Grants Hub is required to collect data on individual projects as part of the reporting required in the grant agreements and through regular progress updates such as payment of grant money, and report this to Infrastructure. This information is provided through standardised reports as outlined in the memorandum of understanding service schedule between Infrastructure and the Business Grants Hub. Infrastructure advised the ANAO in March 2024 that:

more granular data is currently being developed as Infrastructure and the Business Grants Hub work on the milestones of the program.

2.13 The key risk identified in the monitoring and evaluation plan for the Growing Regions Program was having insufficient or uncommon sets of data. This risk was realised in relation to former regional grants programs, as Infrastructure was unable to make an assessment in its 2022–23 performance statements on whether its former regional grants programs were achieving the intended objectives. During the audit of Infrastructure’s 2022–23 performance measures, the ANAO found that for reporting against previous regional grant programs the department reported that it was unable to assess its performance for four of the five measures in Outcome 3:

- the measures in Outcome 3 did not have reliable and verifiable data sources;
- for one of the measures in Outcome 3, DITRDCA did not implement a sound methodology for calculating the result, resulting in a high risk of bias in the reported result; and
- one of the measures in Outcome 3 was assessed as not being a valid indicator given the measure was not within the department’s control or influence.<sup>10</sup>

---

9 The *Public Governance, Performance and Accountability Act 2013* requires entities to provide meaningful performance information to the Parliament and the public. Commonwealth entities should examine whether their measures, in combination, are sufficient to provide a complete and meaningful picture of achievement of the entity’s purposes. High quality performance measures will support robust evaluation processes. Available from <https://www.anao.gov.au/work/insights/reporting-meaningful-performance-information> [accessed 26 January 2024].

10 Auditor-General Report No.16 2023–24 *Audits of the Annual Performance Statements of Australian Government Entities — 2022–23*, ANAO, Canberra, 2024, Chapter 2: Audit results from the 2022–23 performance statements audits, available from <https://www.anao.gov.au/work/performance-statements-audit/audits-the-annual-performance-statements-australian-government-entities-2022-23>.

2.14 Infrastructure was also not able to demonstrate any assurance over the data provided by DISR to report on Outcome 3 for its 2022–23 performance statements.<sup>11</sup>

2.15 To address this previous shortcoming, the monitoring and evaluation plan for the Growing Regions Program stated that Infrastructure plans to work with the Business Grants Hub to have appropriate sets of data available to mitigate the risk of insufficient and uncommon data sets.

### Recommendation no. 1

2.16 The Department of Infrastructure, Transport, Regional Development, Communications and the Arts develops performance measures and targets to determine whether the program objectives of the Growing Regions Program are being met, and reported in its annual performance statements.

**Department of Infrastructure, Transport, Regional Development, Communications and the Arts response:** *Agreed in principle.*

2.17 *The department carefully assesses the appropriateness of the performance information it develops for its corporate reporting documents. The department develops and maintains all performance measures in line with requirements under the Public Governance, Performance and Accountability Rule 2014, and with reference to Department of Finance guidance and the Australian National Audit Office’s performance statements audit methodology.*

2.18 *The department evaluates all work that it is funded to undertake in its consideration of developing performance information for publication. Where the department’s role in the delivery of the Growing Regions Program meets our strict thresholds for development of performance information, the Accountable Authority may approve the inclusion of performance measure/s and target/s to be reported in its Annual Performance Statements.*

2.19 *In the interim, the department will have, in collaboration with the Business Grants Hubs, internal performance indicators in place to measure progress and success of the administration and delivery of the Growing Regions Program.*

## Were lessons learned from previous programs considered during the design of the program?

During the planning of the Growing Regions Program, Infrastructure captured and documented lessons learned from previous grant programs. Infrastructure used the lessons learned to inform design features of the program, for example, the assessment criteria and the final decision-making processes.

---

11 In 2022–23, Outcome 3 was — Strengthening the sustainability, capacity and diversity of Australia’s cities and regions including through facilitating local partnerships between all levels of government and local communities; through investments in water infrastructure and measures that stimulate economic growth; and providing grants and financial assistance.



2.20 In August 2022, a research and lessons learned source document was developed by Infrastructure as part of the planning for the Growing Regions Program. The research was used to support the design for the new program. This process included:

- reviewing previous internal audit reports of grants programs and internal evaluations and reviews of grant programs to look for themes and lessons learned;
- reviewing ANAO performance audit reports relating to grants management, including audits on previous Infrastructure grants programs and using key findings to guide planning;
- reviewing key findings from audits of grants program by State and Territory audit offices and program reviews;
- checking updates to legislation and Department of Finance (Finance) guidance for grants management and value for money assessment; and
- considering local council and state government programs in the planning for the new program.

2.21 The Regional Development and Local Government Division of Infrastructure maintains a register of lessons learned. The register is organised by themes and covers all grant programs administered by the division. The register contains key lessons learned, source documents and themes. In addition to the lessons learned register, Infrastructure developed a Growing Regions Program register. The register includes a record of meetings, risks, key decisions and lessons learned at the program level. The program register is intended to be updated and reviewed during the life of the program.

2.22 Between June and August 2022 during the early planning stages of the Growing Regions Program, updates and lessons learned were reported at weekly branch and project meetings. Weekly program re-design project reports were developed for the senior executive of the Regional Development and Local Government Division. From April 2023 when Department of Industry, Science and Resources (DISR) was engaged as the grants hub to administer the program, weekly meetings were held with DISR to discuss issues and resolve problems.

2.23 The design of the Growing Regions Program made changes to the grant opportunity guidelines previously used by Infrastructure due to lessons learned from previous regional grant programs.<sup>12</sup> Key changes included:

- removing final decision-making from the panel;
- redesign of assessment criteria including the removal of 'other factors' the decision-maker can use to determine who receives funding;
- introducing a secretariat to the panel; and
- ensuring the minister is the decision-maker in determining funding.

2.24 During the development of the grant opportunity guidelines for the program, Infrastructure informed the minister through their office on updates and actions over the planning period (from January 2023 to March 2023). In these updates, Infrastructure outlined how lessons learned and issues observed in previous grant programs would be applied and improved.

---

12 This included undertaking a lessons learned process in response to the Auditor-General Report No.1 2022–23 *Award of Funding under the Building Better Regions Fund*.

## Was there appropriate consultation with relevant stakeholders on the design of the program?

Infrastructure planned and undertook consultation on the design principles and draft grant opportunity guidelines. During the latter stages of program design and development, Infrastructure engaged with and sought submissions from program stakeholders including Regional Development Australia, peak bodies and Local Government Associations. The outcomes of the consultations demonstrated that stakeholders supported Infrastructure's proposed design principles.

2.25 A principle of the CGRGs is that accountable authorities and officials work together across government and with non-government stakeholders when undertaking grants administration, including in the design phase. Collaboration and partnership is one of seven key principles for grants administration set out in the CGRGs.

2.26 Consultation was considered by Infrastructure to be a key component of the design of the Growing Regions Program. A Growing Regions Program online factsheet stated that 'community stakeholders were consulted on the design principles of the Growing Regions Program to ensure the guidelines were robust and best positioned to achieve program intent and outcomes'.

2.27 Consultations were initially planned to commence in January 2023 to gain input from stakeholders into the design principles, including on the development of the grant opportunity guidelines. On 9 March 2023, a stakeholder engagement strategy was agreed to by the minister with two planned activities:

- department roundtable discussions with peak bodies, Regional Development Australia (RDA) committees and local government; and
- stakeholder feedback on the grant opportunity guidelines.

2.28 Infrastructure held stakeholder engagement roundtables on the Growing Regions Program on 15 and 16 March 2023. Three separate online roundtable discussions were held, with representatives invited from RDA committees, Local Government Associations, identified peak bodies, and First Nations organisations.

2.29 The number of attendees at the roundtables were as follows:

- 61 from RDA committees<sup>13</sup>;
- 19 from Local Government Associations; and
- four from peak bodies.

2.30 A series of consultation questions was provided to all invited stakeholders prior to the roundtables. Infrastructure made a presentation and participants were provided with an opportunity to ask questions and provide feedback during each roundtable.

2.31 While the consultations were planned to include an opportunity for stakeholders to provide feedback on the grant opportunity guidelines, draft program guidelines were not made available to

---

13 Regional Development Australia (RDA) is a partnership between the Australian, state and territory governments to support the growth and development of Australia's regions. RDA is a national network of 52 Committees established in 2010 by the Australian Government to provide a framework for national economic growth.

stakeholders prior to or during the consultation sessions. Infrastructure advised the ANAO in March 2024, that at the time the stakeholder engagement roundtables were held in March 2023 ‘approved program guidelines had not been received from the minister’s office’.

2.32 A Roundtable Report was published on Infrastructure’s website which documented the approach and summary results of consultations held over the two-day period. There were six recommendations.

- Recommendation 1 — retaining the definition of regional as outside Greater Capital City Statistical Areas for the purpose of the Growing Regions Program.
- Recommendation 2 — the base level for co-funding remain at 50 per cent. Infrastructure recommends co-funding exemptions for smaller, disadvantaged Local Government Areas and organisations.
- Recommendation 3 — the EOI process for this program with adequate timeframes for applicants be set out in the guidelines.
- Recommendation 4 — the role of committees remains as a supportive and consultative one for the application process for the program. Infrastructure recommends further roles for RDA committees to be considered should additional resourcing for the committees be provided in the future.
- Recommendation 5 — the co-funding exemptions noted above as a way of assisting disadvantaged communities including First Nations organisations.
- Recommendation 6 — the EOI and full application assessment criteria in the guidelines remain as is, as it includes the requirement for applicants to outline how the proposed project aligns with a community and/or regional plan.

2.33 The findings of the report reflected stakeholder’s feedback that supported Infrastructure’s proposed design principles. For example, stakeholder consultation informed the change in design for the co-funding tier requirements. A new co-funding tier was added to the guidelines in May 2023 which allowed identified low-income councils and applicants in remote locations to be eligible for a 70 per cent grant.<sup>14</sup>

2.34 The introduction of an EOI process — a design change in the assessment process for regional grants — was generally supported by stakeholders. Some participants expressed concerns about the EOI process and its impact on the timing provided for application and assessment processes — primarily how the process would impact the overall time frame between the opening of the grant opportunity and the announcement of successful projects.

## Was appropriate advice provided to the Australian Government on the design of the program, including delivery options, timeframes and risks?

Infrastructure provided advice to the minister on program design including: identifying the types of projects and applicants who would be eligible; options for the assessment process and merit criteria; and the role a panel could play in assessing applications. After the minister expressed a

<sup>14</sup> This resulted in three funding co-funding groups: Group 1 (up to 90 per cent of eligible project costs); Group 2 (up to 70 per cent of eligible project costs); and Group 3 (up to 50 per cent of eligible project costs).

preference for a panel to assess the EOI, Infrastructure presented alternative delivery models for the program, including different options for panel arrangements. While Infrastructure's planning processes had identified concerns over introducing an EOI assessed by a panel, all risks associated with this approach were not provided to the minister. Infrastructure's design work relating to how a panel would assess an EOI stage and the engagement of a grants hub to administer the program was not thorough or timely.

## **Ceasing the Building Better Regions Fund**

2.35 From June 2022, Infrastructure commenced the design of a new community infrastructure grants program to align with government priorities in regional Australia. This involved reviewing the government's regional grants programs and advising the minister on which existing programs to retain, and which ones to terminate.

2.36 In July 2022, the minister requested that Infrastructure prepare advice on whether to cease round six of the Building Better Regions Fund (BBRF) program and to develop a new program to replace it. On 27 July 2022, Infrastructure recommended two options to the minister, however no decision was made at the time. The two options were:

- cease both BBRF and round six; or
- convene a new ministerial panel for round six and abolish BBRF after the round announcements.

2.37 Infrastructure raised concerns regarding the impact on grant recipients and on stakeholder expectations. Infrastructure also included advice on how ceasing BBRF would impact applicants who submitted funding applications for projects, including:

- the economic cost of delays to project commencement;
- the opportunity cost of resources and time spent by applicants; and
- grant applicants have expended considerable time and resources to develop their funding applications.<sup>15</sup>

2.38 On 24 October 2022, the minister announced that BBRF and the Community Development Grants program would not be proceeding. Two new regional programs were announced — one of them being the Growing Regions Program.<sup>16</sup> This announcement was part of the October 2022–23 Federal Budget.

## **Design of the Growing Regions Program**

2.39 In response to government requesting a new regional community infrastructure grants program to replace BBRF, Infrastructure commenced development of key design features of the Growing Regions Program. These included identifying the types of projects and applicants who would be eligible, planning of the assessment process and merit criteria, and the consideration of the role a panel could play in assessing applications.

---

15 Around 800 applicants had submitted applications for funding for Round 6 of the BBRF.

16 The other program announced was the regional Precincts and Partnerships Program, available from <https://minister.infrastructure.gov.au/c-king/media-release/restoring-integrity-regional-funding> [accessed 8 March 2024].

2.40 In September 2022, Infrastructure provided advice to the minister seeking agreement to these design features. Infrastructure presented four options for a panel:

- option one: Bipartisan Parliamentary Panel;
- option two: Independent Expert Panel — priority groups focus;
- option three: Independent Expert Panel — regional priorities alignment including state and local government representatives; and
- option four: Independent Expert Panel — technical/community infrastructure focus.

2.41 In its advice to the minister, Infrastructure proposed that the role of a panel would be to assess one of the criteria while a Grants Hub would assess the remaining merit criteria.<sup>17</sup> Infrastructure would then use the results of this process to make recommendations to the minister as the final decision-maker on awarding funding.

2.42 The advice to the minister included the strengths, risks and mechanisms to establish each panel option. The following risks were identified for the option of having a bipartisan parliamentary panel:

- this model would require buy-in from the crossbench and the opposition to operate effectively;
- the arrangement may be at risk of politicisation from members of the crossbench and/or Opposition; and
- decisions may be time-delayed for a number of reasons — calendar clashes of members, travel, sitting weeks, and drawn-out deliberations.

2.43 Infrastructure recommended that the minister agree to option three, a panel for stage two consisting of independent experts as well as representatives from state and local governments. The brief provided to the minister in September 2022 was not finalised.

2.44 In September 2022, the minister, through their office via email, expressed a preference for a two-stage assessment process with an EOI round first, followed by an independent assessment before inviting successful applicants to submit a full application. The EOI process would be a smaller application to determine a project's eligibility and alignment with regional priorities. A panel would be responsible for recommending projects through the EOI process that are consistent with regional priorities and achieve value for money. The EOI process was intended to be 'simple/not burdensome and not expensive to respond to' and to ensure that investments were well-targeted, particularly given expectations that the program would be heavily subscribed.

2.45 Similar grants programs have included a panel to review applications towards the end of the assessment process rather than initially assessing applications against merit criteria.<sup>18</sup> The introduction of a panel assessing an EOI stage was a new design feature for a grants program. Infrastructure did not provide advice to the minister on the risks and benefits of this new design feature (discussed further at paragraph 2.51).

---

17 At this stage of the design process, an EOI was not being considered as part of the assessment process for the Growing Regions Program.

18 Previous grants programs include the Building Better Regions Fund and the Regional Jobs and Investment Packages.

2.46 In October 2022, the minister announced publicly that the Growing Regions Program would have an EOI process assessed by an independent panel.

My commitment, obviously, is I will work with regional communities on the development of the guidelines. There'll be an expression of interest processes first, so that local communities don't have to go through that full application and then find basically, they go through huge amounts of work and they don't get anywhere. Independent panel assessing the expressions of interest first, so hands distance from me or any other ministers working with our Regional Development Australia to make sure that they're investment ready. And then really making sure the projects that come to government for investment have been really decided at arm's length, they stack up and that we make sure that they're ready to be delivered in regional communities.<sup>19</sup>

2.47 An email from the Assistant Secretary of Regional Programs to the program team on 25 October 2022 stated that Infrastructure needed 'to add the "EOI process for Growing Regions" to [its] priorities list'.

2.48 Infrastructure advised the ANAO in March 2024 that it met with the minister's office between September 2022 to February 2023 to discuss the program. In January 2023, Infrastructure provided advice to the minister on the panel arrangement options. The advice provided two options:

- option 1 — a Bipartisan Parliamentary Panel; and
- option 2 — an Independent Expert Panel.

2.49 Infrastructure proposed that a panel only be used to assess projects during stage two of the application process. The advice presented a table of membership options for the panels and included strengths, risks, and mechanisms for establishment of both options. Infrastructure's recommended option for stage two was to appoint an Independent Expert Panel to undertake the assessment of full applications. Infrastructure advised the minister that this approach would assist in meeting implementation timeframes.

2.50 Infrastructure did not include information on the assessment process the minister had announced in October 2022 (a panel assessing an EOI stage) beyond that there was a risk that including an EOI panel in of the application process would extend program timeframes:

The use of EOIs and a panel process will impact timing of the program. We have proposed a timeline that will allow the program to open for EOI applications in May 2023, however note these are relatively tight timeframes. The use of a panel carries some risk of extending the timeframes, dependent on availability of the selected panel members.

2.51 In September 2022, the department identified risks associated with a two-stage assessment process.

- An EOI or two stage approach to assessment is best suited to longer term partnering arrangements with a small number of counterparts, rather than broad access programs delivering high numbers of specific grants.
- Requiring an EOI results in a duplication of effort and does not minimise administration costs for either the applicant or Infrastructure as is grants management best practice.

---

19 Interview on ABC Drive Tropical North, 24 October 2022, available from <https://minister.infrastructure.gov.au/c-king/interview/interview-abc-drive-tropical-north>.

- The EOI would extend program timeframes by least three months as the EOI process could not commence until program guidelines are published. An EOI process would further require at least two months for consideration depending on how many applications were received. Applicants would then be invited to apply and the formal application process would open for at least three months before assessment commences. These delays are a further area for applicant dissatisfaction.

2.52 Infrastructure did not provide advice on these risks to the minister.

## Recommendation no. 2

2.53 The Department of Infrastructure, Transport, Regional Development, Communications and the Arts ensures future regional grants programs are informed by:

- appropriate information to decision-makers on all program risks; and
- timely planning to be able to provide clear advice to government.

**Department of Infrastructure, Transport, Regional Development, Communications and the Arts response:** *Agreed in principle.*

2.54 *The department acknowledges there were some opportunities during the planning stages of the program where further written communication with the Minister and the Minister's office regarding program risks could have been provided, in addition to oral briefings. The approach taken to recording these information exchanges is recognised as an area for improvement for Round 2 of the program.*

2.55 *The department agrees that the provision of timely and clear advice to decision-makers, including on program risks, is an important aspect of effective management of grant programs and to adhere to the principles and requirements set out in the Commonwealth Grants Rules and Guidelines 2017.*

2.56 *The department's decision to agree in-principle to the recommendation strikes a balance between acknowledging areas for improvement, and noting the ANAO's recommendation is broad and unable to be closed at any point in time. Notwithstanding this, the department is committed to continually refining grant administration processes to ensure programs meet their intended objectives.*

2.57 On 7 February 2023, the minister met with departmental officials to further discuss the minister's preferences for the overall process, and stepped through expectations including the use of a panel for the EOI (stage one). On 21 February 2023, Infrastructure provided advice on the EOI process and following that, the minister provided approval on 8 March 2023 for an EOI process assessed by a bipartisan parliamentary panel. On the same day, the minister wrote to the Prime Minister to request an amendment to the program's policy authority to be able to establish this panel. In the brief, the minister also agreed for state and territory governments to be made ineligible for funding under the program.

2.58 In addition to briefs to the minister, Infrastructure held in-person meetings with the minister through their office to discuss the program. Some key program design decisions were recorded in emails between Infrastructure and the minister through their office. These decisions included who would be involved in the assessment of applications, change in timing of the program, panel

arrangements, changes to grant opportunity guidelines and how recommendations would be received.

2.59 While written advice was prepared by Infrastructure and provided to the minister, some of the advice was not approved or signed, and some key decisions were made through emails or via meetings. Infrastructure would benefit by implementing processes to ensure that key decisions and direction provided by the minister are appropriately recorded and tracked.

#### Opportunity for improvement

2.60 Infrastructure implements processes to ensure tracking and record keeping of key policy and program decisions made by accountable authorities are in place.

### Administrative arrangements to assess applications

2.61 As a requirement for administering grant programs, Infrastructure must use either the Community Grants Hub (administered by the Department of Social Services) or the Business Grants Hub (administered by the Department of Industry, Science and Resources) to administer grants programs in full unless it receives an exemption from the Minister for Finance.<sup>20</sup>

2.62 Infrastructure intended to have a grants hub undertake the application and assessment process, while Infrastructure undertook the delivery of the program. Infrastructure advised that undertaking the program's contract management was an 'opportunity for the Department to improve on its capacity to connect with and record stakeholder needs in order to develop stronger policy in the future that is informed by regularly updated stakeholder positions and views', which would support the minister's priority for Infrastructure to 'build capability to increase accessibility and equity for grantees'. To deliver the Growing Regions Program in this way, Infrastructure required a grants hub to agree to only undertake the application and assessment process, and receive a partial exemption from using a hub to deliver the full program.

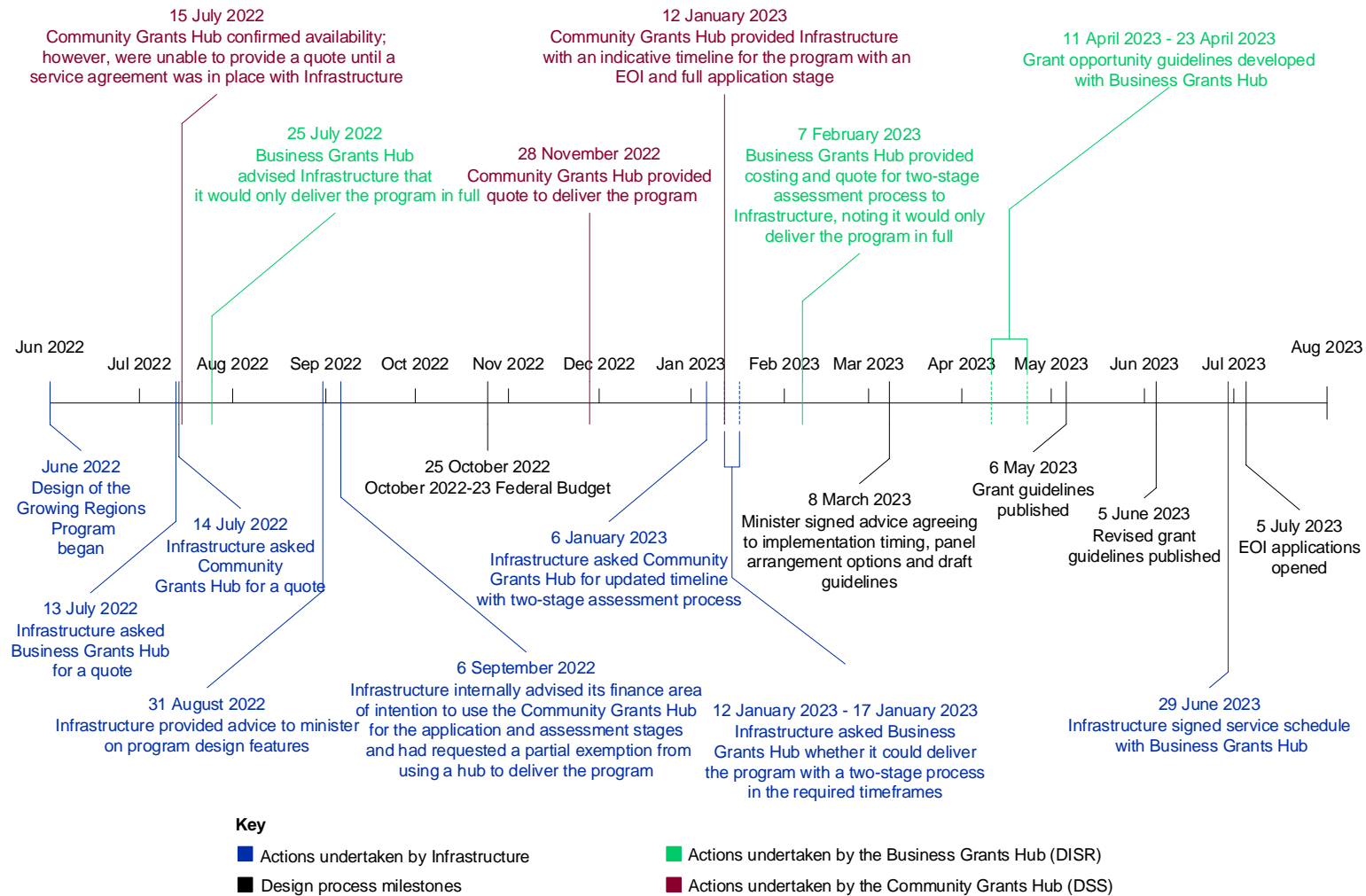
2.63 Figure 2.2 outlines the timeline of events for arrangements to secure a grants hub.

---

20 Department of Finance, *Grants — Getting Started*, available from <https://www.finance.gov.au/government/commonwealth-grants/grants-getting-started#grant-guidelines-> [accessed 19 September 2023].



**Figure 2.2: Timeline of establishing administrative arrangements for program delivery**



Source: ANAO analysis of departmental records.

2.64 In July 2022 Infrastructure asked the Business Grants Hub, with which it had an existing service agreement, to deliver its grants programs if it would agree to only undertake the application and assessment process for the Growing Regions Program. The Business Grants Hub advised Infrastructure that it would only deliver the program in full, not part of the program, in line with its established operating model.

2.65 Infrastructure sought a quote from the Community Grants Hub in July 2022 to partially deliver the program. Initially, the Community Grants Hub was unwilling to provide a quote as no service agreement was in place with Infrastructure. Infrastructure sought advice internally from its finance area about establishing a service agreement with the Department of Social Services, that would undertake the application and assessment process on behalf of Infrastructure through the Community Grants Hub. The finance area advised:

A number of issues would need to be worked through in order for the department to establish an arrangement with the Community Grants Hub (\$ cost, ASL cap transfer negotiations, governance arrangements, systems integration; it would take some months should our Executive wish to explore that path).

2.66 In September 2022, Infrastructure internally advised its finance area that it intended to use the Community Grants Hub for the application and assessment stages and had requested a partial exemption from the Department of Finance from using a hub to deliver the program.

2.67 In September 2022, Infrastructure advised government as part of the October 2022–23 Federal Budget process that the Community Grants Hub was its preferred hub to deliver the Growing Regions Program. Infrastructure did not advise the government on the risk to the program’s implementation without a service agreement in place, and at that time had not received a quote from the Community Grants Hub.

2.68 In November 2022, Infrastructure began developing the program’s grant opportunity guidelines with the Community Grants Hub, pending signing a service agreement. In November 2022, Infrastructure advised the Community Grants Hub that the intent was for the program to start receiving applications in May 2023, and the Hub’s role in the program’s assessment process would involve determining initial eligibility and assessing some of the merit criteria with an independent panel separately assessing another merit criterion.

2.69 In January 2023, Infrastructure requested the Community Grants Hub provide a timeline for undertaking a two-stage assessment process for the program. The Community Grants Hub advised that in order to do this, EOI applications would not open in time to meet Infrastructure’s expectations.

2.70 As discussed in paragraph 2.57, the minister met with department officials in February 2023 to discuss expectations for the program and to provide feedback on the draft grant opportunity guidelines. Infrastructure did not inform the minister of the risk that the Community Grants Hub would not be able to launch the program in the required timeframe.

2.71 Infrastructure requested a quote from the Business Grants Hub in February 2023 to determine whether it could ‘deliver this any quicker if [Infrastructure] were to go with them’. In February 2023, the Business Grants Hub provided a draft timeframe that would suit Infrastructure but advised that ‘they will not break their model of offering full end to end service only’.

2.72 In April 2023, the minister advised Infrastructure through their office that:

we have had authority for this program since Budget last year and I understood conversations have been happening with the Hub for some time. I understood a best case scenario could see us open the program for EOIs in May and ideally the soft launch needs to be in April this is our strong preference and definitely before the next sitting.

2.73 Infrastructure advised the minister that due to moving the program to the Business Grants Hub, and the Hub's requirement to review the draft grant opportunity guidelines, there was now a delay.

2.74 On 11 April 2023, Infrastructure informed the Business Grants Hub that it intended to use it for the Growing Regions Program, and began developing draft grant opportunity guidelines with the Hub. While the Business Grants Hub provided options for Infrastructure to have some involvement in the program's contract management, it was not to the extent Infrastructure originally intended in its design of the program. Infrastructure noted it would have to accept the Business Grants Hub's quote to deliver the program 'no matter' the cost, and could 'access additional funds if needed'.

2.75 In its lessons learned register, Infrastructure noted that not choosing a grants hub early 'led to high pressure points, rushed deadlines and a delay in the Hub commencing the development of the grants system build'.

2.76 To meet expectations for the release of grant opportunity guidelines, Infrastructure designed and launched the Growing Regions Program with the Business Grants Hub over a three-week period.<sup>21</sup>

## Where appropriate program guidelines (including assessment criteria and eligibility requirements) developed, approved and published?

The grant opportunity guidelines developed by Infrastructure addressed the two mandatory requirements of the CGRGs. It met the best practice principles except for not providing clear guidance and appropriately weighted criteria for the EOI process, and not providing the grant opportunity guidelines to stakeholders prior to or during consultations. The grant opportunity guidelines were approved on 5 May 2023 and published on GrantConnect on 8 May 2023.

2.77 The CGRGs provide a largely principles-based framework, with some specific requirements.<sup>22</sup> They are set out in two interrelated parts, with Part 1 containing mandatory requirements (including that practices and procedures must be put in place to ensure adherence to the seven key grants administration principles), and Part 2 further explaining how entities should apply the key principles (better practice).

2.78 The Growing Regions Program grant opportunity guidelines alignment with the mandatory requirements and the better practice principles in the CGRGs is summarised in Table 2.3.

21 The established operating model period for development of grant opportunity guidelines for a program launch as per the Business Grants Hub grant timeline is 8–12 weeks.

22 Department of Finance, *Commonwealth Grants Rules and Guidelines*, Finance, Canberra, 2017, paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6, available from <https://www.finance.gov.au/sites/default/files/2019-11/commonwealth-grants-rules-and-guidelines.pdf> [accessed 3 October 2023].

**Table 2.3: Growing Regions Program grant opportunity guidelines' compliance with the CGRGs**

CGRGs reference	ANAO analysis of Growing Regions Program May 2023 grant opportunity guidelines
<b>Mandatory requirements</b>	
Guidelines must be consistent with the <i>Public Governance, Performance and Accountability Act 2017</i> (PGPA Act) and PGPA Rule (paragraph 3.4).	Grant opportunity guidelines were consistent with both the PGPA Act and PGPA Rule.
<p>Make guidelines available on GrantConnect (paragraph 5.2).</p> <p>Develop grant opportunity guidelines, and revise guidelines where significant changes have been made to a grant opportunity, ensuring they are consistent with the CGRGs and have regard to the seven key principles of grants administration (paragraph 4.4).</p>	<p>Infrastructure developed grant opportunity guidelines<sup>a</sup> which were approved on 5 May 2023 and then published on GrantConnect on 8 May 2023.</p> <p>There have been three revised guidelines published.</p> <ul style="list-style-type: none"> <li>• Links included to the mapping tool required to determine eligibility on 12 May 2023.</li> <li>• Changes to eligible entities made on 6 June 2023.</li> <li>• Timeframe for full applications opening updated on 31 October 2023.</li> </ul>
<b>Key principles of grants administration</b>	
<b>Robust planning and design</b> — Have regard to all planning issues and risks identified in the CGRGs (paragraphs 7.5, 7.6 and 7.7).	<ul style="list-style-type: none"> <li>• Rationale for the grant opportunity is set out in paragraph two of the guidelines.</li> <li>• Risks were considered by the department.</li> </ul>
<b>Collaboration and partnership</b> — Guidelines are clear, consistent, well-documented and effectively communicated (paragraphs 8.1, 8.5, and 8.7).	<ul style="list-style-type: none"> <li>• The guidelines were not provided to stakeholders before public release.</li> <li>• Responsibilities of the grantee were outlined in paragraph 12.1 of the guidelines.</li> </ul>
<p><b>Collaboration and partnership</b> — Develop clear, consistent and well-documented grant guidelines. These should include (as relevant):</p> <ul style="list-style-type: none"> <li>• grant objectives and purpose;</li> <li>• eligibility criteria;</li> <li>• clear assessment criteria (if applicable);</li> <li>• weighting of assessment criteria;</li> <li>• the approval process (as relevant) including the: <ul style="list-style-type: none"> <li>– closing date for applications;</li> <li>– likely decision date;</li> <li>– outline of selection process;</li> <li>– final recommendations;</li> </ul> </li> <li>• decision-maker;</li> <li>• expected terms and conditions of the grant agreement;</li> <li>• indicative reporting and acquittal requirements; and</li> <li>• a description of complaint handling, review and/or FOI mechanisms (paragraph 8.6).</li> </ul>	<ul style="list-style-type: none"> <li>• The guidelines included grant objectives and purpose.</li> <li>• The guidelines did not include weightings for EOI assessment criteria.</li> <li>• The assessment criteria for the EOI process were not clear.</li> <li>• The decision-maker was clear.</li> <li>• The approval process was clear.</li> <li>• The guidelines included the expected terms and conditions.</li> <li>• The guidelines included reporting requirements.</li> <li>• The guidelines included a description of the review process.</li> </ul>

CGRGs reference	ANAO analysis of Growing Regions Program May 2023 grant opportunity guidelines
<p><b>Proportionality</b> — Guidelines have been designed to be proportionate to the applicants’ capabilities (paragraph 9.3).</p>	<ul style="list-style-type: none"> <li>• Application and selection process for the Growing Regions Program was designed to consider the scope of the grant.</li> </ul>
<p><b>An outcomes orientation</b> — Guidelines have a clear and specific operational objective (paragraph 10.3).</p>	<ul style="list-style-type: none"> <li>• Contributes to the department’s Outcome 3.</li> <li>• Reporting requirements are outlined in the guidelines, paragraph 12.2.</li> </ul>
<p><b>Achieving value with relevant money</b> — Guidelines designed to achieve value with relevant money and addressed necessary factors for consideration (paragraph 11.4).</p>	<ul style="list-style-type: none"> <li>• The guidelines establish an open and competitive, merit-based grant program totalling \$300 million available in Commonwealth funding.</li> <li>• Value for money considerations within the assessment process outlined at paragraph 8.2 of the guidelines.</li> </ul>
<p><b>Governance and accountability</b> — Guidelines outline a robust governance framework and identify the responsibilities of all program participants (paragraph 12.3 and 12.4).</p>	<ul style="list-style-type: none"> <li>• All roles and responsibilities identified and defined in the guidelines, including the decision-maker, eligible applicants, grantees and the department.</li> </ul>
<p><b>Probity and transparency</b> — Guidelines outline transparent and systematic processes for assessments and conflicts of interests (paragraphs 13.5, 13.8, 13.9 and 13.14).</p>	<ul style="list-style-type: none"> <li>• Statement on probity provided at paragraph 13.1 of the guidelines.</li> <li>• Paragraph 13.1 of the guidelines outlines complaint handling procedures and paragraph 13.5 details freedom of information mechanisms.</li> <li>• Conflicts-of-interest provisions are detailed at paragraph 13.2 of the guidelines and applicants are required to declare conflicts of interest as part of their application.</li> </ul>

Note a: As discussed from paragraph 2.68 to 2.76, Infrastructure first developed grant opportunity guidelines for the Growing Regions Program with the Community Grants Hub from November 2022 before it moved the program to the Business Grants Hub in April 2023. Infrastructure also consulted with the minister during the development of the grant opportunity guidelines who provided input into the guidelines’ design.

Source: ANAO analysis of the Growing Region Program guidelines (May 2023 version) and departmental records.

2.79 Infrastructure complied with the mandatory requirements of the CGRGs and complied with the key principles of the CGRGs, except for:

- the two criteria for the EOI stage were not collectively weighted;
- the type of evidence required to support an applicant’s response to the second criterion as to what constituted a ‘regional priority’ for the EOI stage was unclear (discussed in paragraphs 2.89 to 2.90); and
- not providing grant opportunity guidelines to stakeholders for consultation as planned (as discussed in paragraph 2.31).

## Eligibility

2.80 Section 4 of the Growing Regions Program grant opportunity guidelines set out eligibility requirements, and the evidence required to determine eligibility.<sup>23</sup> The eligibility requirements were updated in June 2023 prior to EOI applications opening in July 2023 to allow all geographically eligible, incorporated not-for-profit organisations to apply for funding (discussed in paragraph 2.107).

2.81 Applicants were able to apply for one of three different co-funding options, with Group 1 being able to apply for an up to a 90 per cent co-funding arrangement with the Australian Government.<sup>24</sup>

2.82 Section 5 of the grant opportunity guidelines states what are considered to be eligible grant activities for the grant program, eligible locations<sup>25</sup>, ineligible locations, and eligible expenditure. The grant opportunity guidelines state that applications that do not satisfy all the eligibility criteria will not be considered and this cannot be waived 'under any circumstances'.<sup>26</sup> The guidelines outlined that the Business Grants hub would undertake assessment of eligibility.

## Assessment criteria

### *EOI assessment*

2.83 The Growing Regions Program was designed to have a two-stage application process for assessing applications. The grant opportunity guidelines provided for an open call for EOI applications. All projects found eligible were to be assessed against two EOI assessment criteria.

- To what extent is your project ready to proceed and how does it align to the program objectives?<sup>27</sup>
- How does your project align with regional priorities for the area?

---

23 Infrastructure will only accept applications when there is evidence of: cash contribution, entity type, recent quotes for major costs, and if the applicant owns or had permission to build on the land. For applicants seeking a 70 and 90 per cent co-funding arrangement with the Commonwealth, they are required to provide evidence to support this request.

24 The three different co-funding groups are: Group 1 (up to 90 per cent) — projects run by First Nations Community Controlled Organisations, projects located in very remote locations as per the mapping tool provided by Infrastructure or projects located in areas impacted by natural disaster from 1 May 2022 onwards; Group 2 (up to 70 per cent) — projects located in remote locations as per the mapping tool or projects run by low rate based councils (the grant opportunity guidelines lists those it considered); and Group 3 (up to 50 per cent) — all remaining projects.

25 The department has used the Greater Capital City Statistical Areas (GCCSA) as defined by the Australian Bureau of Statistics. It specifically outlines in section 5.2.1 of the grant opportunity guidelines which areas are ineligible locations. They are Greater Sydney, Greater Melbourne, Greater Perth, Greater Adelaide, Greater Brisbane, Greater Darwin, Greater Hobart, and all of the ACT. The department developed [a mapping tool](#) to show what it considers to be eligible locations, which applicants are required to use as part of determining whether they are located in an eligible location.

26 As per Section 4 of the grant opportunity guidelines, DISR can contact the applicants for clarification if it finds an error or any missing information and can request evidence that supports the eligibility/merit of the application.

27 Per the grant opportunity guidelines, applications should identify: how advanced the project designs are; how far the tender process has progressed; the extent to which the project fills as identified gap or need for community infrastructure; and the extent to which the project contributes to achieving a wide range of community socio-economic outcomes.

2.84 The CGRGs recommends selection criteria have weightings, though neither criterion was designed to be weighted.<sup>28</sup> Infrastructure advised Finance in 2023 that this was at the request of the minister.

2.85 The grant opportunity guidelines did not set out how results against the first criterion would inform which applications would be invited to submit a full application. The grant opportunity guidelines state that ‘projects which are assessed as meeting all eligibility requirements will be considered by the multi-party Parliamentary panel’ and that DISR would ‘provide [its] analysis of [applicants’ responses to the first criterion] to the panel’.

2.86 For the second criterion, the guidelines included a five-point scoring matrix which the panel was to use to determine project rankings based on how closely applications aligned with regional priorities. The guidelines provided a broad definition of regional priorities.<sup>29</sup> Infrastructure advised the ANAO in March 2024 that:

the Minister noted the Growing Regions Program would take a place-based approach. She has reiterated this at various times and was keen not to determine the regional priorities.

2.87 As part of the approval process, Infrastructure sent the draft guidelines to Finance for review and final approval from the Minister for Finance. In April 2023, Finance’s advice to Infrastructure on the grant opportunity guidelines in terms of the program objectives was:

an overall objective of the grant opportunity is to fund infrastructure projects that fill “an identified gap or need” in regional Australia. However, these priorities, gaps, and needs are not defined in the guidelines. It may improve the guidelines to include information on what the department considers an identified priority, gap, or need. The CGRGs state that grant opportunity guidelines should be “a single reference source for policy guidance and other documentation” (CGRGs, paragraph 8.6).

2.88 Infrastructure advised Finance that this would be addressed through the responses to the assessment criteria. Infrastructure did not make any further changes to the grant opportunity guidelines in relation to the priorities, gaps and needs.

2.89 The guidelines did not specify the type of evidence required to support an applicant’s response to the second criterion for the EOI stage, so it was left to both applicants and panel members to determine what a regional priority is and the types of evidence required to support answers to this criterion. This does not align with paragraph 8.7 of the CGRGs, which state:

Potential grantees need access to adequate information to enable them to submit a grant application. Application documentation should contain clear eligibility and assessment criteria to enable the selection of applications in a consistent, transparent and accountable manner.

---

28 Department of Finance, *Commonwealth Grants Rules and Guidelines*, Finance, Canberra, 2017, paragraph 8.6, available from <https://www.finance.gov.au/sites/default/files/2019-11/commonwealth-grants-rules-and-guidelines.pdf> [accessed April 2024].

29 The guidelines define regional priorities in its glossary as priorities ‘identified in local or regional plans such as RDA plans, council plans and state plans.’

2.90 The CGRGs also state in paragraph 8.6 that:

Officials should consider that a single reference source for policy guidance and other documentation (for example, administrative procedures, eligibility and assessment criteria appraisal processes, monitoring requirements, evaluation strategies and standard forms) helps to ensure consistent and efficient grants administration.<sup>30</sup>

2.91 The guidelines did not set out a minimum score that applications must receive against the second criterion to be found suitable to be invited to submit a full application, or how the results of both criteria would be brought together to inform either the panel's recommendations or Infrastructure's decision on which applicants are successful.

2.92 In April 2023, Finance identified in its feedback on the draft grant opportunity guidelines that it was unclear how the first criterion would be assessed and how both criteria would be considered in decision-making. Infrastructure subsequently made no changes to the grant opportunity guidelines in relation to the criterion assessment.

#### *Full application assessment*

2.93 The Growing Regions Program was designed so that applicants who were successful in the EOI stage would be invited by Infrastructure to submit a full application as part of a closed, competitive process. Full applications were to be assessed by the Business Grants Hub against three weighted criteria (see Table 2.4).

**Table 2.4: Full application assessment criteria**

Full application assessment criteria	Weighting	Minimum required score
1. Contribution to economic opportunity and social and community inclusion.	40 points	24 points
2. Alignment with broader government and regional strategic priorities.	20 points	12 points
3. Capacity, capability and resources to deliver and sustain the project.	40 points	24 points

Source: Published grant opportunity guidelines.

2.94 Each criterion requires applicants to provide more specific responses to areas previously assessed as part of the EOI stage. For example, during the EOI stage, applicants were asked to set out how the project aligns with regional priorities for the area by identifying which regional priorities are being addressed and how the project addresses these priorities. In the full application, in response to assessment criterion two (alignment with broader government and regional strategic priorities) applicants were advised to identify:

- a. the extent to which your proposal aligns with social, economic and environmental priorities in your region, including alignment with any local, regional, state or federal plans or policies.
- b. the extent to which your proposal contributes to broader Government priorities such as net zero emissions, gender equity, and/or First Nations priorities.

30 Department of Finance, *Commonwealth Grants Rules and Guidelines*, Finance, Canberra, 2017, paragraph 8.6, available from <https://www.finance.gov.au/sites/default/files/2019-11/commonwealth-grants-rules-and-guidelines.pdf> [accessed April 2024].



c. how your proposal has considered environmental impacts and any potential role of environmentally sustainable design, including nature-based solutions and circular economy principles.

d. the extent of community support for the project, including outcomes from any consultation undertaken with the local community, such as First Nations groups and diverse socio-economic and cultural groups.

2.95 The grant opportunity guidelines outline that for full applications, Infrastructure would only consider applications that scored at least 60 per cent against each of the application criteria. The grant opportunity guidelines state:

if applications are scored the same, [Infrastructure] will consider value for money, alignment to the program objectives and geographical spread to recommend applications for funding.

### Assessment and decision-making roles and responsibilities

2.96 A service schedule that forms part of an existing Memorandum of Understanding between Infrastructure and DISR outlines the division of roles and responsibilities for the Growing Regions Program. This is summarised in Table 2.5.

**Table 2.5: Division of roles and responsibilities between Infrastructure and DISR**

Infrastructure	DISR
<ul style="list-style-type: none"> <li>• Manage the multi-party parliamentary panel process.</li> <li>• Brief the minister to support the decision-making process.</li> <li>• Manage the decision-making process with the minister as the decision-maker.</li> <li>• Maintain the mapping tool used to determine location eligibility.</li> <li>• Develop and seek approval of grant opportunity guidelines.</li> <li>• Advise DISR on the outcome of the decision on awarding funding.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide secretariat support to multi-party parliamentary panel.</li> <li>• Package assessments and an overview of financial impact for policy entity.</li> <li>• Develop and publish program content including grant opportunity guidelines.</li> <li>• Advise applicants on the outcome of their applications.</li> <li>• Negotiate, issue and execute grant agreements.</li> <li>• Monitor and manage performance including compliance.</li> <li>• Make payments and assess reports.</li> <li>• Manage variations to contracts.</li> <li>• Manage the application portal and grants management system.</li> <li>• Manage contact centre.</li> <li>• Manage fraud, governance and program support.</li> <li>• Maintain content on <a href="http://www.business.gov.au">www.business.gov.au</a> and GrantConnect.</li> </ul>

Source: Signed services schedule between Infrastructure and DISR (29 June 2023).

2.97 The grant opportunity guidelines set out who would be assessing applications and making decisions on grant funding.

- DISR, through the grants hub, was responsible for: assessing the eligibility of applicants; assessing eligible applicants against EOI criterion one and providing analysis to the

multi-party parliamentary panel; and assessing all full applications against all full application criteria and providing the results to Infrastructure.

- The multi-party parliamentary panel was responsible for assessing all eligible applications against EOI criterion two and making recommendations to Infrastructure on which applications should be invited to submit a full application.
- Infrastructure was responsible for determining which EOI applications will be invited to submit a full application; and making recommendations to the minister on which applications should be awarded funding.
- The minister is the final decision-maker on which applications will receive grant funding.

2.98 While the panel's role in assessing applications was identified in the grant opportunity guidelines, the panel members were not. In April 2023, Finance advised Infrastructure that the guidelines 'may be improved overall by providing more detail on the makeup and operations of the panel' by including 'information of the make-up of the panel (how many members total, and a breakdown of members by party), the decision-making role of the panel and how the panel will operate' to provide 'more transparency on the operations of this panel'. Infrastructure responded to Finance that 'this is not known at this early stage.'

2.99 On 4 May 2023, the minister informed Infrastructure that she had chosen the panel members and requested that the department draft letters that would be sent to each of the invited members seeking their acceptance to participate in the panel process. Letters were emailed to each of the six panel members on 7 May 2023. All panel members had accepted their positions on the panel by 23 May 2023. In January 2024, panel members were publicly announced on Infrastructure's website.<sup>31</sup> The grant opportunity guidelines were not updated to reflect the announcement of the panel members.

2.100 The members of the panel were:

- Ms Lisa Chesters MP, Member for Bendigo (Chair) (Australian Labor Party);
- Senator Karen Grogan, Senator for South Australia (Australian Labor Party);
- Senator Deborah O'Neill, Senator for New South Wales (Australian Labor Party);
- Dr Helen Haines MP, Member for Indi (Independent);
- The Hon Mark Coulton MP, Member for Parkes (National Party of Australia); and
- Mrs Bridget Archer MP, Member for Bass (Liberal Party of Australia).<sup>32</sup>

2.101 In JCPAA Report 495, *Inquiry into Commonwealth grants administration*, which was released in June 2023, the Joint Committee of Public Accounts and Audit made a recommendation to the Australian Government that the CGRGs be amended to provide that 'the role of all stakeholders must be disclosed in the published grant opportunity guidelines for competitive merits-based grants

---

31 Department of Infrastructure, Transport, Regional Development, Communications and the Arts, *Growing Regions Program - information on the assessment process*, 9 January 2024, available from <https://www.infrastructure.gov.au/sites/default/files/documents/growing-regions-program-round-1-assessment-process.pdf> [accessed 10 January 2024].

32 *ibid.*

programs, including any who assessed or award grant funding and how advocacy and input from MPs and stakeholders is to be considered'.<sup>33</sup>

## Approval of the grant opportunity guidelines

### *Risk assessment*

2.102 Under the CGRGs, entities are required to conduct a risk self-assessment of the grant program and guidelines and provide them to Finance and the Department of the Prime Minister and Cabinet for comment and agreement on the overall risk rating. If the risk rating is medium or high, the relevant portfolio minister must seek the Minister for Finance's approval to release the grant opportunity guidelines.<sup>34</sup> Infrastructure determined that the risk rating for the Growing Regions Program was high and Finance agreed to the risk rating for the program.

2.103 Infrastructure identified four implementation risks in its self-assessment in April 2023.

- A risk of potential criticism for a lack of transparency during the selection process which uses a multi-party parliamentary panel to assess applications at the expression of interest stage.
- Grantees not having the capacity or capability to deliver the approved project because of shortages of contractors and availability of materials.
- Grantees use grant funding for ineligible activities and expenditure.
- Program objectives and outcomes are not achieved.

2.104 In its self-assessment, Infrastructure did not identify there could be a risk introducing an EOI process and a multi-party parliamentary panel undertaking the initial EOI assessment, particularly given this was a new design feature within the assessment process. Infrastructure noted in its risk assessment that the Growing Regions Program was 'substantially similar to the Building Better Regions Fund (BBRF) which [it had] extensive experience in delivering.' The BBRF did not have an EOI stage assessed by a panel in a two-stage assessment process; instead, the BBRF assessment process from round three onwards involved the Business Grants Hub undertaking the assessment of all eligible applications in a one-stage process before Infrastructure made funding recommendations to a ministerial panel, which acted as the final decision-maker on awarding grant funding.

### *Approvals*

2.105 The release of the guidelines was approved by the minister on 2 May 2023 and the Minister for Finance on 5 May 2023 prior to publication.

---

33 Recommendation 3 from Joint Committee of Public Accounts and Audits, Parliament of Australia, *Report 495 Inquiry into Commonwealth grants administration* (2023), pp. xvii–xviii, available from [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Public\\_Accounts\\_and\\_Audit/Commonwealthgrants/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Commonwealthgrants/Report) [accessed 4 April 2024].

As per Finance's website, the Australian Government had not provided a response to the recommendations of this report, available from <https://www.finance.gov.au/publications/government-responses> [accessed 7 April 2024].

34 Department of Finance, *Grants — Getting Started*, available from <https://www.finance.gov.au/government/commonwealth-grants/grants-getting-started#grant-guidelines-> [accessed 19 September 2023].

2.106 On 8 May 2023, the grant opportunity guidelines were made publicly available on the business.gov.au website prior to EOI applications opening on 5 July 2023. Initially, the published grant opportunity guidelines did not include Infrastructure’s mapping tool that applicants were required to use when determining if they are in an eligible location. Infrastructure updated the guidelines to include the mapping tool on 12 May 2023.

2.107 In addition to the mapping tool, there have been two changes to the published guidelines.

- In June 2023, in response to stakeholder feedback which highlighted that small not-for-profit organisations were not eligible for funding due to the requirement to have an Australian Charities and Not-for-profits Commission registration, the grant opportunity guidelines were revised to remove this eligibility requirement.
- In October 2023, the grant opportunity guidelines were revised to update the timeframe for the panel meeting to make recommendations on which projects should be invited to submit a full application.

---



Rona Mellor PSM  
Acting Auditor-General

Canberra ACT  
29 May 2024

# Appendices

## Appendix 1 Entity responses



**Australian Government**  
**Department of Infrastructure, Transport,  
Regional Development, Communications and the Arts**

**Secretary**  
*Jim Betts*

Rona Mellor PSM  
Acting Auditor-General  
Australian National Audit Office  
GPO Box 707  
CANBERRA ACT 2601

Dear Ms Mellor

**Auditor-General Proposed Audit Report on the *Design of Growing Regions Program***

Thank you for providing the Department of Infrastructure, Transport, Regional Development, Communication and the Arts (the department) with the opportunity to comment on the proposed audit report on the *Design of the Growing Regions Program*.

The department welcomes the proposed report and the report's overall conclusion that the design of the Growing Regions Program was largely effective.

The Growing Regions Program is a new regional infrastructure grant program which introduced new design features including place-based priority criteria and a multi-party Parliamentary panel assessing the first stage expression of interest process. Some learning occurred with aspects of these new processes, which the department will incorporate into any future rounds of the Growing Regions Program and other relevant grant programs.

The department's summary response and response to each of the recommendations is attached.

I note that a second audit report is planned to table during 2024 focussing on the assessment of applications and the decision making for funding of projects under the first round of the Growing Regions Program.

Please contact Mr David Mackay, Deputy Secretary, Regions, Cities and Territories Group, by email to [David.mackay@infrastructure.gov.au](mailto:David.mackay@infrastructure.gov.au) or phone 02 6136 7471, if you would like to discuss this response.

I would like to thank the Australian National Audit Office for the professional manner in which the audit was conducted.

Yours sincerely

Jim Betts  
Secretary

14 May 2024



Australian Government  
Department of Industry,  
Science and Resources

OFFICE OF THE SECRETARY

Meghan Quinn PSM

Ms Rona Mellor PSM  
Acting Auditor-General  
Australian National Audit Office  
GPO Box 707  
Canberra ACT 2601

Dear Ms Mellor

Thank you for your correspondence of 16 April 2024 seeking comment from the Department of Industry, Science and Resources (DISR) on the ANAO's proposed audit report for the Design of the Growing Regions Program.

The proposed report concludes that the design of the Growing Regions Program was largely effective and developed grant guidelines that largely aligned with the Commonwealth Grants Rules and Guidelines (CGRGs).

The department, in its capacity of providing grants administration services to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (Infrastructure), notes the two recommendations to Infrastructure relating to performance targets and developing appropriate advice to government and will consider these recommendations and other identified areas for improvement to inform the future design of programs consistent with the best practice principles of the CGRGs.

Attached is the department's response to the recommendations.

I would like to thank the Australian National Audit Office for its collaborative approach throughout the audit process.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Meghan Quinn'.

8 May 2024

## Appendix 2 Improvements observed by the ANAO

1. The existence of independent external audit, and the accompanying potential for scrutiny improves performance. Improvements in administrative and management practices usually occur: in anticipation of ANAO audit activity; during an audit engagement; as interim findings are made; and/or after the audit has been completed and formal findings are communicated.
2. The Joint Committee of Public Accounts and Audit (JCPAA) has encouraged the ANAO to consider ways in which the ANAO could capture and describe some of these impacts. The ANAO's Corporate Plan states that the ANAO's annual performance statements will provide a narrative that will consider, amongst other matters, analysis of key improvements made by entities during a performance audit process based on information included in tabled performance audit reports.
3. Performance audits involve close engagement between the ANAO and the audited entity as well as other stakeholders involved in the program or activity being audited. Throughout the audit engagement, the ANAO outlines to the entity the preliminary audit findings, conclusions and potential audit recommendations. This ensures that final recommendations are appropriately targeted and encourages entities to take early remedial action on any identified matters during the course of an audit. Remedial actions entities may take during the audit include:
  - strengthening governance arrangements;
  - introducing or revising policies, strategies, guidelines or administrative processes; and
  - initiating reviews or investigations.
4. During the course of the audit, the ANAO did not observe changes in Infrastructure's approach to the design of the Growing Regions Program.