

### Grant administration by the Department of State Growth

#### Background

In May 2017, the Tasmanian Audit Office received a request to review a grant provided under the *Regional Tourism Infrastructure and Innovation Fund* (RTIIF), which was administered by the Department of State Growth (the Department).

In September 2017, the reviewer concluded that an examination of the Department's grants administration process would be appropriate.

#### Examination objective

The examination objective is to determine whether the Department of State Growth effectively and efficiently administers grants.

#### Examination criteria

Criteria	Sub-criteria
1. Were application and assessment processes transparent and equitable?	<p>1.1 Was program design sound?</p> <p>This will assess establishment of grant objectives/ outcomes, governance arrangements, decision making roles and responsibilities, risk management and guideline development, application process and assessment criteria development and evaluation processes.</p> <p>1.2 Were applications equitably assessed?</p> <p>This will assess receipt of applications, application of the assessment criteria and documentation of the decision-making process.</p> <p>1.3 Did funding decisions reflect the documented assessment of applications?</p>
2. Were grant funds used as intended?	<p>2.1 Did grant deeds sufficiently detail the purpose and intended outcomes for which the grant funds were provided?</p> <p>2.2 Did acquittal reports contain information that demonstrated funds had been used as intended?</p> <p>2.3 Were actual outcomes of projects consistent with expected outcomes?</p>

#### Examination scope

The examination scope includes applications received and grants provided by the Department under the:

- *Regional Tourism Infrastructure and Innovation Fund*
- *Regional Revival Fund Grant Program*.

Assurance in respect to the making of grant payments has been gained through work undertaken by Financial Audit Services and excluded from the examination scope.

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Further information on the examination scope is provided in respect to each program below.

### ***Regional Tourism Infrastructure and Innovation Fund (RTIIF)***

In 2015–16, the Australian Government provided \$4.4 million in funding to the State Government under a national partnership agreement. The Department administered the program, but the Australian Government made decisions on the allocation of funding.

The objective of this funding was to invest in projects that contributed to Tasmania's *Tourism 2020* outcomes.<sup>1</sup> Outcomes related to infrastructure investment included generating more demand for travel to Tasmania and growing sea and air access capacity by:

- developing and investing in innovative visitor infrastructure
- supporting existing visitor infrastructure
- developing infrastructure to engage the drive touring market to maximise length of stay and regional dispersal
- investing in infrastructure to encourage growth in cruise ship arrivals and expedition cruising in Tasmania
- developing in-state transport infrastructure for a growing visitor economy and enhance the visitor experience.<sup>2</sup>

The Department's 2015–16 Annual Report states that:

*The Australian Government's Regional Tourism Infrastructure Innovation Fund (RTIIF) saw \$4.38 million allocated to 16 projects through the Department of State Growth as a one off allocation during the 2015–16 financial year to support the delivery of infrastructure projects in regional areas that contribute to the Tourism 2020 outcomes by driving demand, improving quality, increasing tourism expenditure and directly supporting jobs growth.*

In December 2017, the Department advised that:

- funding of \$4.38 million had been awarded for 16 projects, with an average grant value of \$274 000
- nine projects had been completed
- Deeds of Variation had been issued for the remaining projects with outstanding payments.

The examination scope will include all projects funded under the RTIIF.

### ***Regional Revival Fund Grant Program (RRFGP)***

In 2015–16, the Tasmanian Government provided \$5 million in funding to meet capital costs associated with new developments that have clear benefits for regional communities and relevant industries.

To be eligible for the RRFGP the project must:

- have involved capital of at least \$0.5 million or show significant related investment
- have started within 12 months once funding has been awarded
- not have received any other form of State Government grant funding
- be located in rural or regional area of Tasmania outside of Hobart and Launceston.

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<sup>1</sup> Budget 2016–17. Available at: <http://www.budget.gov.au/>

<sup>2</sup> The Tasmania Visitor Economy Strategy 2015–2020. Available at: <https://www.t21.net.au/>

In addition, the project should provide ongoing employment even after completion and the applicant needed to show that they have the ability to fund the project costs.

An initial commitment of \$2.8 million was provided for two projects that were time critical and an urgent commitment of funding was necessary. The Department then ran a funding round in September 2016, allocating the remaining \$2.2 million in funding to an additional eight projects.

RRFGP projects completed by 31 December 2017 were:

- JBS Australia (\$0.4m)
- Southern Waste Solutions, Copping (\$2m)
- Murrakei Family Trust, Red Hills (\$0.3m)
- RB and KJ Dornauf, Hillwood (\$0.6m).

The funding provided to JBS Australia and the Southern Waste Solutions were funding commitments made by the Government that were paid out of the budget allocation.

The examination scope will include all projects funded under the RRFGP.

### **Examination approach**

The examination will involve discussing the grant application, assessment, allocation and evaluation process with relevant staff and obtaining and analysing the:

- applications to the grant programs
- assessment by the Department and advisory panels of applications against the selection criteria
- grants deeds
- acquittal and evaluation reports.