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Performance Audit

# **The Award of Funding under the Safer Streets Programme**

Attorney-General's Department

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Office of the Auditor-General for Australia



Canberra ACT  
4 June 2015

Dear Mr President  
Dear Madam Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Attorney-General's Department titled *The Award of Funding under the Safer Streets Programme*. The audit was conducted in accordance with the authority contained in the *Auditor-General Act 1997*. 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 'Ian McPhee', written over a light grey rectangular background.

Ian McPhee

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

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# Abbreviations

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AIC	Australian Institute of Criminology
ANAO	Australian National Audit Office
ATO	Australian Taxation Office
CAA	Confiscated Assets Account
CCTV	Closed Circuit Television
CGGs	Commonwealth Grant Guidelines
CGRGs	Commonwealth Grants Rules and Guidelines
Department	Attorney-General's Department
Finance	Department of Finance
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FMA Regulations	<i>Financial Management and Accountability Regulations 1997</i>
Minister	Minister for Justice
NCPF	National Crime Prevention Fund
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PM&C	Department of the Prime Minister and Cabinet
POCA	<i>Proceeds of Crime Act 2002</i>



# Glossary

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CAA	Confiscated Assets Account—a special account that was established by s295 of the POCA to receive and expend proceeds of crime. The account is a special account for the purposes of s80 of the PGPA Act.
POCA	<p>The <i>Proceeds of Crime Act 2002</i> (POCA) provides authority for the Minister to approve a programme for the expenditure of money standing to the credit of the Confiscated Assets Account (CAA). This expenditure can be approved for one or more of the following purposes:</p> <ul style="list-style-type: none"><li>• crime prevention measures;</li><li>• law enforcement measures;</li><li>• measures relating to treatment of drug addiction; or</li><li>• diversionary measures relating to illegal use of drugs.</li></ul>
NCPF	The former Labor Government’s National Crime Prevention Fund was established in April 2013 and preceded the Safer Streets programme. The NCPF was approved as part of the 2013-14 Budget (under the POCA) and was yet to be completed at the time of the 2013 Federal election.



# Summary and Recommendations



# Summary

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## Introduction

1. Prior to the September 2013 Federal election, the Coalition released its *Plan for Safer Streets* policy. In announcing the policy in October 2012<sup>1</sup>, the then Leader of the Opposition noted that the Safer Streets programme would:

- provide grants to ‘ensure needed local infrastructure such as better lighting, CCTV [closed circuit television] and mobile CCTV can be rolled out in crime hotspots’;
- address crime and anti-social behaviour by helping local communities to implement cost-effective measures;
- be funded from a pool of \$50 million to ‘help deliver effective solutions’, and
- redirect funds confiscated under proceeds of crime legislation.<sup>2</sup>

2. The Safer Streets programme was also included within the Coalition’s *Policy to Tackle Crime* that was released in August 2013, during the 2013 Federal election campaign. While various Coalition members made specific commitments in the lead up to the election to fund equipment in their electorates, the overarching Coalition policy, as reflected in the Opposition Leader’s announcement, also noted that ‘solutions will inevitably involve the police, community groups, local government, business and residents working together to present clear, well-thought through local strategies’. Neither the original October 2012 announcement nor the 2013 election policy document foreshadowed that some of the \$50 million in programme funding would be quarantined for individual projects announced by candidates.

3. Following the election, in the context of the 2014–15 Budget, the Government decided to provide \$50 million from the Confiscated Assets

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1 Tony Abbott MP, *The Coalition’s Plan For Safer Streets*, Media Release, 8 October 2012.

2 The Safer Streets programme is a crime prevention programme under section 298 of the *Proceeds of Crime Act 2002* (POCA). The POCA provides that money identified as the proceeds of crime and confiscated be accumulated in the Confiscated Assets Account (CAA) and redirected to fund crime prevention measures. Expenditure can be approved for one or more of the following purposes: crime prevention measures; law enforcement measures; measures relating to treatment of drug addiction; or diversionary measures relating to illegal use of drugs.

Account<sup>3</sup> to implement the commitment to establish the Safer Streets programme. Specifically, the Safer Streets programme was to deliver effective solutions which target local crime hot spots and anti-social behaviour through grants focused on retail, entertainment and commercial precincts. The decision further outlined that the first funding round for the programme was to involve the delivery of specific election commitment projects for the installation of CCTV in over 150 communities across 64 electorates.<sup>4</sup>

4. A key obligation under the grants administration framework is for all grant programmes, including those that fund election commitments, to have guidelines in place.<sup>5</sup> Subsequent to the election, programme guidelines were developed by the Attorney-General's Department (the department). The guidelines were approved by the Minister for Justice (the Minister) in early May 2014. The guidelines provide for multiple funding rounds, with the first being a closed and non-competitive process aimed at delivering election commitments made by Coalition candidates 'prior to October 2013'.<sup>6</sup> In this regard, the guidelines set out that \$19.3 million would be allocated in the first funding round<sup>7</sup> for projects relating to 150 separate locations (that is, specific election commitment projects). The guidelines also identified various eligibility requirements, including:

- eligible organisations were those identified before October 2013 to deliver specific commitments;
- organisations must be invited by the department to submit an application;

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3 The *Proceeds of Crime Act 2002* provides that money identified as the proceeds of crime and confiscated be accumulated in the Confiscated Assets Account and, with the approval of the relevant Minister, redirected to fund crime prevention measures.

4 The programme guidelines identified that first round funding was focused on both CCTV cameras and lighting.

5 Department of Finance and Deregulation, *Commonwealth Grant Guidelines June 2013*, paragraph 4.5; Department of Finance, *Commonwealth Grants Rules and Guidelines July 2014*, paragraph 4.4, p. 11.

6 The Federal election was held on 7 September 2013, and it is generally accepted that election commitments involve political promises made prior to election day rather than the month following election day.

7 The guidelines outlined that a further funding round would be held to provide eligible organisations the opportunity to apply to compete for the remaining funding. As of May 2015, the second funding round had not yet been undertaken.

- grant applicants ‘must provide evidence to demonstrate the need for improved security due to crime and anti-social behaviour affecting local communities’; and
- the project/s must be consistent with the programme’s key objectives and principles, namely to:
  - ensure that local infrastructure could be rolled out in crime ‘hot spots’ to prevent, deter and detect crime; and
  - enhance community safety, particularly around retail, entertainment and commercial precincts, leading to a reduction in the fear of crime in the Australian community and greater community resilience and well-being.

5. The grants administration framework also requires that ministers not make grant funding decisions without receiving written advice from officials on ‘the merits of the proposed grant or grants relative to the grant guidelines and the key consideration of achieving value with relevant money’.<sup>8</sup> Consistent with the grants administration framework and the stated policy intent of funding proposed projects that would deliver ‘clear, well-thought through’ crime solutions, the programme guidelines included the (weighted) selection criteria outlined in Table S1. The department was responsible for obtaining applications and assessing them against the eligibility and selection criteria, and then providing funding recommendations to the Minister.

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8 Department of Finance and Deregulation, *Commonwealth Grant Guidelines June 2013*, paragraph 4.2, page 23 and paragraph 4.6, page 25; Department of Finance, *Commonwealth Grants Rules and Guidelines July 2014*, paragraph 4.6, page 11 and paragraph 4.10, page 12.

**Table S.1: Selection criteria for the Safer Streets programme**

Criterion	Weighting (%)	Selection criteria
1	25	Demonstrated need for, and the potential impact of, the proposed project.
2	25	Consistency with proven good practice in crime prevention, including demonstrating the link between the project's key interventions and the likely community safety and crime prevention benefits of the project and the enduring value to the community.
3	20	Financial information including quotations, cost estimates and budgets and the overall value for money of the project.
4	10	Organisational ability to collect data to measure the impact and success of the project and the range of data to be collected.
5	10	Organisational capacity of the applicant organisation (including the financial viability of the organisation, demonstrated capacity to successfully manage the project and demonstrated capacity to administer grant funds).
6	10	Organisational ability to manage risks associated with the proposed activity.

Source: Safer Streets programme guidelines, April 2014.

6. Under the first funding round, as at 8 May 2015, \$19.0 million in programme funding had been approved in respect of 85 applications, involving 146 projects. This included funding of \$250 000 for one application that was approved by the Minister in December 2013, prior to the programme guidelines being developed.<sup>9</sup> Thereafter, invitations to other organisations to submit an application commenced in mid-May 2014, following the approval of the programme guidelines. Between June 2014 and January 2015, a total of \$18.7 million was approved by the Minister in respect to a further 84 applications involving 145 projects. Also between June 2014 and January 2015:

- three organisations declined the invitation to apply for funding. Two new applicants were invited to apply for some of this funding (the \$150 000 originally committed to one organisation), with one being approved for funding and an assessment for the other yet to be finalised. A decision on the remaining funding, which was originally

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9 Departmental records indicate that the Minister for Justice had identified the delivery of this project as a priority task in the 2013–14 financial year, ahead of the commencement of the broader programme. In providing a recommendation to the Minister, the department noted that it had assessed the application against the most recent guidelines for similar funding programmes (the previous Government's National Crime Prevention Fund programme) and advised that it was consistent with the aims of the Safer Streets programme and that it offered value for money. The application was recommended as 'highly suitable' for funding. (see paragraphs 5.12 to 5.25).



allocated to two of the three organisations that declined funding, had yet to be made by the Minister;

- one application was assessed and not recommended for funding by the department. The department advised ANAO that it discussed the application with the Minister's office and explained that, although it had recommended against funding, upon 'closer review the department considered that the applicant may have misunderstood the process and as such did not correctly complete the application'. The department provided the organisation with the opportunity to revise and resubmit its application<sup>10</sup>; and
- funding agreements were yet to be signed in respect of four applications approved for funding.

## Audit objective, scope and criteria

7. In July 2014, the Hon. David Feeney MP, the Shadow Minister for Justice, requested an ANAO audit of the Safer Streets programme. In respect to the first funding round that was focused on Coalition election commitments, Mr Feeney raised a number of concerns about the establishment of the programme and selection of projects, eligibility for organisations to apply for funding and political neutrality in the selection process. After undertaking preliminary inquiries of the department in relation to the matters raised, the Auditor-General decided to undertake a performance audit of the Safer Streets programme.

8. The objective of the audit was to assess the effectiveness of the award of funding under the first round of the Safer Streets programme.

9. The audit examined the key elements of the first funding round. This included the design of the programme and the assessment and decision-making processes in respect to the 85 applications that had been received, assessed and approved for funding.<sup>11</sup> The audit scope also included the announcement of funding decisions and the negotiation and signing of grant agreements.

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10 The department advised ANAO on 8 May 2015 that its assessment of the revised application had not yet been completed.

11 The one application that was received, assessed, but not recommended for funding was also examined.

10. The audit criteria reflected relevant policy and legislative requirements for the expenditure of public money and the grants administration framework, including the Commonwealth Grant Guidelines (which from 1 July 2014 were replaced by the Commonwealth Grants Rules and Guidelines). In this respect, and as previously outlined by ANAO<sup>12</sup>, the grants administration framework was developed based on a recognition that the statutory obligations applying to the approval of spending proposals derived from election commitments are no different from those attached to the approval of any other spending proposal.<sup>13</sup> In this context, in deciding upon the requirements of the grants administration framework, government accepted recommendations that:

- guidelines be developed for all grant programmes, including those established to fund election commitments; and
- Ministers receive and consider agency advice on the merits of proposed grants (as assessed against the relevant programme guidelines) before taking any decisions on the award of individual grants, and this requirement should apply to all grant spending proposals, including those designed to satisfy commitments made in the context of election campaigns.

11. The audit criteria also drew upon ANAO's administration of grants Better Practice Guide (the June 2010 version of this Guide was available at the time the Safer Streets programme was implemented, and was replaced in December 2013 with an updated Guide).

## Overall conclusion

12. The \$50 million Safer Streets programme was established to fund the installation of closed circuit television (CCTV) cameras and other security related infrastructure in crime 'hot spots' to prevent, deter and detect crime. The first round quarantined \$19.3 million of programme funding to deliver on commitments made by the Coalition in relation to the 2013 Federal election. As at 8 May 2015, \$19.0 million in programme funding had been approved in respect to 85 applications, which involved 146 projects. Most commonly, the

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12 See ANAO Audit Report No. 24 2010–11, *The Design and Administration of the Better Regions Program*.

13 Mr Peter Grant PSM, *Strategic Review of the Administration of Australian Government Grant Programs*, 31 July 2008, p. 63.

funded projects involved the installation of CCTV cameras and/or street lighting.

13. The design of the first funding round of the Safer Streets programme recognised that the use of public money to fulfil election commitments may only occur in accordance with the financial framework that governs the expenditure of funds from the Consolidated Revenue Fund. In this respect, the effective implementation of commitments made in the context of an election campaign is reliant on both the:

- development of an administrative approach that ensures both decision-makers and potential grant recipients are made aware of the need for projects proposed for funding to satisfy appropriate minimum standards (including the requirement that the use of public resources be efficient, effective, economical and ethical); and
- implementation by the responsible agency of a consistent and comprehensive process of inquiry and assessment in relation to each project being considered for funding, in order to appropriately inform the decision-maker.<sup>14</sup>

14. In the main, the programme guidelines provided a reasonable basis for the implementation of the first funding round. This included specifying eligibility criteria and other eligibility requirements that were consistent with the programme objectives, and setting out six selection criteria that were appropriate for the first round. However, there were a number of significant shortcomings in the Attorney-General's Department's implementation of processes for eligibility checking, application assessment and the subsequent provision of funding recommendations to the Minister for Justice.

15. The administration of the merit assessment process is an aspect that was handled particularly poorly by the department. Under the grants administration framework, selection criteria are applied to assess all eligible, compliant applications in order to determine their merits against the operational objectives of the granting activity. As the first Safer Streets programme funding round operated through a closed, non-competitive process, candidate proposals were not required to be ranked according to

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14 ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, December 2013, p. 43 and ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, June 2010, p. 55.

which of them had demonstrated the greatest merit. Rather, the task for the Attorney-General's Department was to be satisfied that only those eligible proposals that met the six criteria to a satisfactory level were recommended for funding. In terms of the published criteria, this necessarily required that:

- there was a demonstrated need for the project (for example, from available crime statistics);
- the proposal would have an impact on crime and that this impact could be measured;
- the costs of the equipment proposed to be installed with grant funding were reasonable; and
- the project could be delivered by the organisation.

16. However, it was common for the department to complete its assessment of applications without fully addressing each criterion, and without having obtained sufficient information from the applicant. Instead of pursuing the information that applicants had not provided or assessing the application as not satisfactorily meeting the relevant criterion, the department made generous assumptions about the quality of many of the proposals that had been submitted for assessment. This included making assumptions that: projects were located in crime 'hot spots' or that there was otherwise a need for the project; the project would result in reduced levels of crime without this being evident from the application; or that a grant would provide a value-for-money return to the Commonwealth notwithstanding (for example) that the department was unaware of the number of CCTV cameras that would be installed for the amount of grant funding sought.

17. The department's approach allowed it to score applicants highly enough to support recommendations to the Minister for Justice that he award funding to all but one of the applications that were assessed.<sup>15</sup> In addition, to the limited extent that the department's assessments highlighted key risks and weaknesses in applications, these were not adequately reflected in the advice

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15 In regard to the application that was not recommended, as explained in paragraph 6, the department advised ANAO that it discussed the application with the Minister's office and explained that, although it had recommended against funding, upon 'closer review the department considered that the applicant may have misunderstood the process and as such did not correctly complete the application'. The department provided the organisation with the opportunity to revise and resubmit its application. The due date set by the department was 16 February 2015, but a revised application was not received until 17 March 2015. On 8 May 2015, the department advised ANAO that its assessment of the revised application had not yet been completed.

provided to the Minister for Justice. Specifically, the advice did not provide adequate commentary about any identified weaknesses in applications, and the limitations on the department's assessment work. There is an expectation that advice from officials addresses the extent to which proposed grants have satisfactorily met each of the selection criteria, given the strong linkages between those criteria and programme objectives. The grants administration framework then incorporates a process to accommodate any situations where a Minister decides to approve funding for applications that the relevant department has recommended be rejected.

18. Against this background, the department's assessment of applications and approach to advising the Minister were not sound having regard to the policy design for the Safer Streets programme, the requirements of the grants administration framework and, recognised better practice. There were also shortcomings in the terms of the funding agreements that have been signed by the department in relation to the approved projects. Of particular note is that it has been common for agreements to not adequately set out what the proposed project would deliver and where.<sup>16</sup> This situation makes it difficult for the department to adequately oversight the delivery of the funded projects, or to assess whether those projects have been successful in preventing, detecting and deterring crime in crime 'hot spots'.

19. The administrative shortcomings evident in the department's approach do not reflect the benefits of the substantial work that has been undertaken by successive governments since 2007 to develop and improve the grants administration framework. Under this framework, a broad range of material was available to inform the design and implementation of grant programmes such as the Safer Streets programme, including: the Commonwealth Grant Guidelines (now the Commonwealth Grants Rules and Guidelines) and associated guidance issued by the Department of Finance; the ANAO's grants administration Better Practice Guide and various performance audit reports of individual grant programmes; and Parliamentary Committee reports (particularly those produced by the Joint Committee of Public Accounts and

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16 For example, the specific locations at which equipment (such as CCTV cameras and/or lights) were to be installed and the associated quantity. Including such information in grant agreements helps to clarify project deliverables and milestones, and enables the Australian Government to have confidence that grants will provide a value for money return for funding that has been provided, as well as contributing to the achievement of desired programme outcomes.

Audit). In this context, the ANAO has made five recommendations to the department that relate to the:

- development of procedural and related documentation that will lead to the adoption of sound administrative practices when implementing grant programmes;
- implementation of eligibility checking processes that are well informed and address all relevant requirements;
- adoption of assessment practices that clearly and consistently address the extent to which candidates for funding can be considered to have satisfactorily met the programme selection criteria;
- provision of sound advice to decision-makers as to the merits of candidates for funding under grant programmes; and
- department ensuring that the terms of funding agreements signed with successful applicants clearly identify the specific deliverables for which grant funding was awarded.

## Key findings by chapter

### Programme Design and Access (Chapter 2)

20. The grants administration framework was developed based on the recognition that a clear set of programme guidelines is essential for efficient, effective and consistent grants administration. In this context, the guidelines established for programmes that fund election commitments provide the vehicle for informing project proponents:

- that funding can only be approved where the project is an efficient and effective use of public money, and of the criteria that will be considered in undertaking this assessment; and
- where funding is approved, of the obligations that proponents will be expected to satisfy.<sup>17</sup>

21. Guidelines were developed for the Safer Streets programme, and approved by the responsible Minister. In the main, the programme guidelines

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17 ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, December 2013, p. 43.

provided a reasonable basis for the implementation of the first funding round. Nevertheless, there were aspects of the structure of the guidelines that could have been improved. For example, the guidelines were not well structured in that eligibility requirements were not grouped together (an approach that did not assist in ensuring applicants were aware of all mandatory requirements, or in ensuring that all such requirements were consistently applied in the assessment of applications).

22. In addition, although the guidelines provided a reasonable basis for the implementation of the first funding round, the finalised guidelines were less robust than those initially drafted by the department.<sup>18</sup> In this respect, following a request by the Minister's office to simplify the guidelines, the department proposed various amendments. Of note was that a number of key statements were removed from the proposed programme guidelines, including statements that projects:

- must have clear benefits for the broad community and well-defined and achievable objectives;
- would not be eligible for funding if they did not meet the selection criteria; and
- must demonstrate need through high crime rates in the area where they were to be delivered, as evidenced by law enforcement or Australian Bureau of Statistics data.

23. The department did not provide advice to the Minister's office on the adverse impact the changes to the programme guidelines would have on delivery of the programme, particularly in assessing the merits of applications, or the outcomes that could be expected from the award of funding. In this context, the grants administration framework and the lessons from various ANAO audit reports indicate that the more clarity that can be conveyed in the programme guidelines, which align to the programme objectives, and which are addressed by applications, the more likely it is that funded projects will further the programme's aims. While there is always a balance to be struck, the guidelines initially drafted by the department were more consistent with the announced policy parameters for the programme and the grants administration framework. In circumstances where suggested variations

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18 The programme risk assessment had been based on the guidelines initially proposed by the department.

would have an adverse effect on the department's responsibilities and programme outcomes, this should be raised with the Minister.

24. Another requirement of the grants administration framework is that agencies should develop internal policies, procedures and operational guidance to support the implementation of the programme. However, the department gave insufficient attention to developing such arrangements. In particular, implementation risks (such as maintaining probity, consistency in assessment, meeting programme objectives and supporting future evaluation of outcomes) should have been mitigated through relevant planning documents, guidance material for staff undertaking grants administration tasks (such as assessing applications) and more active management oversight. In this regard, it is now recognised as sound practice for the departmental documentation that supports the delivery of a grants programme to include:

- application and assessment forms that address all of the requirements set out in the programme guidelines;
- a documented implementation plan or assessment methodology, so as to support the consistent application of programme guidelines (particularly where a range of staff assess applications, as was the case with the Safer Streets programme); and
- an evaluation strategy<sup>19</sup>, developed during the design phase of the granting activity, that is consistent with the outcomes orientation principle included in the grants administration framework.

25. The absence of sound arrangements to guide and support the implementation of the Safer Streets programme contributed to significant shortcomings in the assessment of the applications that were received.

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19 ANAO's grants administration Better Practice Guide outlines that a sound strategy identifies:

- the objectives against which performance is to be evaluated, together with performance indicators for each objective; and
- the data sources intended to be used and methods of analysis expected to be applied. In particular, where data reported by grant recipients is intended to inform evaluation activities, it is important that the published grant guidelines, application guidance and draft grant agreements (where published) clearly outline to stakeholders the nature of the information they will be expected to collect and report to the administering agency.



## Identifying Candidate Proposals and Assessing their Eligibility (Chapter 3)

26. The programme guidelines established that the first funding round would be undertaken as a closed non-competitive process, limited to delivering election commitments. In this regard, only organisations and projects identified prior to October 2013 were eligible. A list of organisations and projects that were to be invited to apply for funding was developed by the incoming government and provided to the department. The list was then adjusted, consistent with advice from the Minister's office, over various iterations, and was not verified by the department. In this respect, several projects were announced but no organisation was invited to apply for Safer Streets programme funding for those projects. In addition, another seven projects were included in the list although no public announcement of an election commitment had been made.

27. The department assessed each application it received as being eligible, notwithstanding the information available to the department not supporting such an assessment for a considerable proportion of the applications received. To appropriately assess eligibility, two key areas in which the department needed to source information were that, firstly, applicants provided evidence to demonstrate the need for the project, and that, secondly, projects were the subject of an announcement before or during the 2013 federal election to deliver specific commitments. However, a significant proportion of applicants did not provide evidence to demonstrate need, and the department was only able to identify 30 announcements (such as media releases, media reports and internet-based material), issued prior to October 2013, which evidenced commitments made to fund projects included on the list of Safer Streets programme funding candidates. The ANAO analysed the eligibility of applications, based on the programme requirements as stated in the guidelines, identifying that 56 applications (66 per cent of applications received) did not meet these requirements.<sup>20</sup>

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20 The majority of the 56 applications did not provide evidence to demonstrate the need for the project, while for around one-third the projects were not consistent with the election commitment. For example, for some projects the location and/or the type of project cited in the commitment differed from the application. Further, for a small number of applications, no public announcement of an election commitment had been made and/or they were not consistent with the types of project to be funded under the first funding round (CCTV or lighting projects). Applications could be ineligible under one or more of these categories.

28. More broadly, the department's eligibility checking process was poorly designed and implemented. Of note was that departmental assessments of eligibility were undertaken in the context of insufficient information having been requested in the application form and a checklist that did not prompt consideration of all eligibility requirements specified in the programme guidelines. In this latter respect, in addition to specific sections identifying eligibility and threshold criteria, statements were included in other sections of the programme guidelines that also represented mandatory requirements to be satisfied in order to receive funding.<sup>21</sup> This approach, as has previously been observed by the ANAO including in the grants administration Better Practice Guide, does not assist in ensuring applicants are aware of all mandatory requirements, or in ensuring that all such requirements are consistently applied in the assessment of applications.

### **Assessment of Applications (Chapter 4)**

29. A key obligation under the grants administration framework is that Ministers do not make decisions on the awarding of grants without first receiving written advice from officials on the merits of the proposed grant or group of grants. There are companion obligations on officials as to the content of their advice to Ministers.<sup>22</sup> Those obligations include that the advice address the merits of the proposed grant or grants relative to the grant guidelines, as well as the key consideration of achieving value with money.

30. The results of the department's assessment indicated to the Minister that the applications received were predominantly of 'Good' or better quality. Specifically, no applications were categorised as 'Very Poor', 'Poor' or 'Marginal', with the significant majority (85.9 per cent) of applications

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21 This involved the use of expressions such as 'must', 'must not', 'will', and 'will not'. Whilst some of those requirements were procedural relating to the process and forms required to be used when lodging applications, others were of substantive relevance to the programme objectives including, for example, that:

- 'projects must address the priorities of the programme';
- 'applicants must establish that communities identified in their application are at risk of vandalism and property crime and have special security needs and/or that members of the community face harassment and risks to their personal safety'; and
- 'applicants must demonstrate how the proposed project would address the identified risks and security needs'.

22 These requirements are focused on promoting informed decision-making.

categorised as 'Good', 'Very Good', 'Excellent', 'Outstanding' or 'Exceptional'.<sup>23</sup>

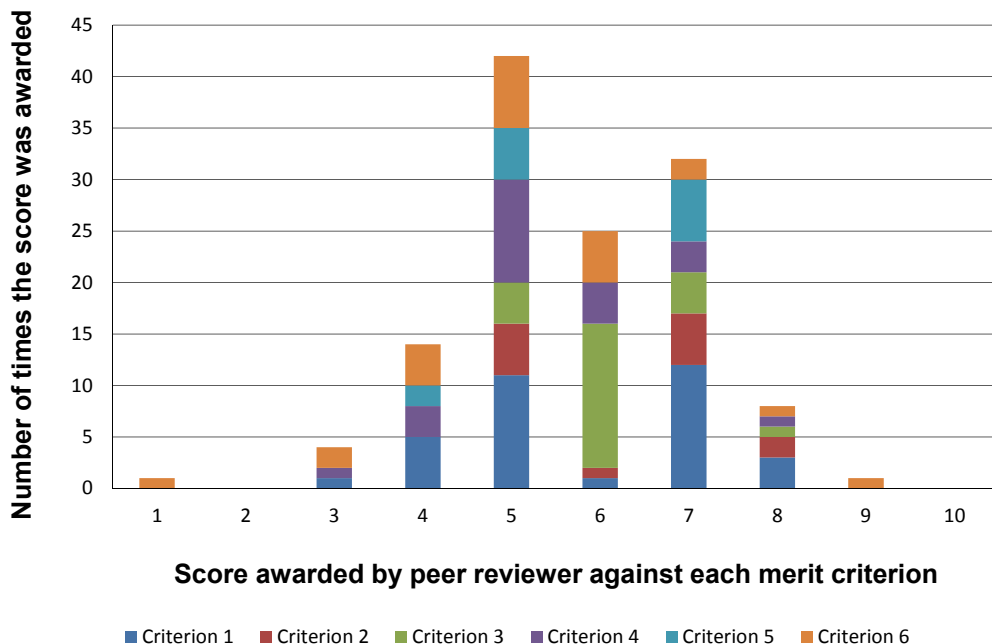
31. However, the department's assessment approach was poorly designed and implemented such that the assessment ratings advised to the Minister overstated the extent to which applications had demonstrably met the published criteria. In this respect, and as illustrated by Figure S2, it was common for the department to assign criteria scores of five out of 10 or more to applications notwithstanding that the assessment records had outlined that insufficient information had been obtained to properly inform the department's work. In these circumstances, assessors often recorded that they had made assumptions about the application, rather than pursuing (or further pursuing) the information that applicants had not provided so as to make an objective assessment against the relevant criterion, or assessing the application as not satisfactorily meeting the relevant criterion.

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23 A 10-point scoring scale was used by the department, with the following descriptors applied: 1 – Very Poor; 2 – Poor; 3 – Marginal; 4 – Fair; 5 – Satisfactory; 6 – Good; 7 – Very Good; 8 – Excellent; 9 – Outstanding; and 10 – Exceptional.

Three applications (3.5 per cent) were categorised as 'Fair' and nine applications (10.6 per cent) were categorised as 'Satisfactory'.

**Figure S.1: Scoring of applications where the department’s assessment recorded that insufficient information had been submitted**



Source: ANAO analysis of departmental information.

32. Another significant shortcoming involved the recorded assessments not fully addressing the published criteria, including key aspects of various criteria.<sup>24</sup> Shortcomings in this respect were particularly noteworthy in relation to the two highest weighted criteria (see Table S1).

33. For example, it was common for the department’s assessments in terms of the first criterion to inadequately address whether the applicant had provided evidence to support the need for the project, or the quality of any supporting evidence that was provided. In particular, while there was no prescribed manner in which need was to be demonstrated, there were 65 applications (76 per cent of applications assessed) that did not include

24 The grants administration framework required that, when briefing Ministers on the merits of a specific grant or group of grants, that officials ‘at a minimum, indicate: which grant applications fully meet the selection criteria; which applications partially meet the criteria; and which applications do not meet any of the criteria’. This information is to be in addition to specific recommendations on the approval or rejection of funding for grant applications.

official crime statistics to demonstrate the need for the project.<sup>25</sup> This was notwithstanding the programme guidelines stating that applicants ‘must provide evidence to demonstrate the need for improved security due to crime and anti-social behaviour affecting local communities, in particular local retail, entertainment and commercial precincts’. Similarly, in 47 instances (55 per cent of applications assessed), the applicant did not provide evidence of, or demonstrate, how the proposal met the requirement under the second criterion that the project be consistent with good practice in crime prevention.

34. The approach taken to the other four criteria were also lacking in important respects including:

- 28 applications did not include a quotation<sup>26</sup> for the crime prevention solution (such as a quoted price for the CCTV cameras to be installed) but each was, nevertheless, scored by the department to be ‘Satisfactory’ or better against the third criterion relating to financial information for the project. In this context, an assessment approach that addresses the quantum of goods/services to be received for the amount of grant funding requested has been applied across many grant programmes, in various entities, to inform an assessment as to whether the award of grant funding would be a cost-effective use of public funds; and
- in relation to the fourth criterion, to measure the impact and success of the project, it was common that the recorded assessment did not outline the data to be collected by the applicant and/or a description of how the applicant intended to measure the impact and success of the project.

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25 In this regard, official crime statistics are likely to provide independent evidence of areas considered to be crime hot spots. In May 2015, the department advised ANAO that such data is not always available and that anecdotal sources of evidence (such as Neighbourhood Watch, Crime Stoppers, media reports and statements from local police command) may also provide evidence to demonstrate need.

26 The programme guidelines had stated that the ‘required information’ from applicants included quotations. The application form similarly advised applicants to ‘please ensure’ they attach ‘quotes for capital expenditure’.

## Advice to the Minister and Negotiation of Funding Agreements (Chapter 5)

35. ANAO has recently observed<sup>27</sup> that, while decisions on policy are a matter for government, departments are expected to provide frank, comprehensive and timely advice to Ministers on policy design and implementation risks as part of the policy development process. Similarly, in the context of the obligation that Minister's only award grant funding after receiving written advice from officials on the merits of proposed grants relative to the programme guidelines, it is important that Ministers receive candid advice as to how each proposed grant has been assessed to have performed against the eligibility and selection criteria included in the guidelines.

36. Against this background, there is a risk that early announcements by Ministers and/or other Parliamentarians about whether project proposals will receive funding has the potential to influence, or be seen to influence, the assessment work and subsequent advice as to whether funding should be approved. In this context, in relation to the Safer Streets programme:

- prior to any departmental assessment and advice about applications, almost 56 per cent of all applications received by the department under the programme were the subject of a public announcement after the election, but prior to applications being received and assessed, indicating that the project would be funded; and
- the advice provided by the department to the Minister recommended that the Minister approve 84 of the 85 applications that had been received and assessed. The Minister approved the 84 recommended applications. For the one application in respect to which the department recommended that funding not be approved, following a request from the Minister's office for more details about the reasons for not recommending the project, the department afforded the applicant an opportunity to provide further information to strengthen its

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27 As noted in ANAO Audit Report No. 23 2014–15, *Administration of the Early Years Quality Fund* (p. 19), the Australian Public Service (APS) Code of Conduct values include the APS being responsive to the Government in providing frank, honest, comprehensive, accurate and timely advice and in implementing the Government's policies and programmes.

application<sup>28</sup> with a revised application received in March 2015 (in respect to which the department had not completed its assessment by 8 May 2015).

37. The information the department provided to the Minister to support its recommendations about whether funding should be approved included the overall assessment rating and some brief comments on the application. The Minister was not provided with other relevant assessment information such as how each application had performed against each of the six selection criteria.<sup>29</sup> The advice also did not outline the key risks and weaknesses that departmental assessments had identified with many of the applications (including where insufficient information had been provided such that the departmental assessment was based on assessors making assumptions about the project – see paragraph 31 and Figure S2).

38. With some delays, 75 funding agreements have been signed.<sup>30</sup> In a number of important respects, the funding agreements will not allow the department to adequately oversight the delivery of funded projects, and assess whether those projects have been successful in preventing, detecting and deterring crime. Shortcomings include not adequately setting out what the proposed project would deliver and where.<sup>31</sup>

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28 As previously discussed, the department advised ANAO that it discussed the application with the Minister's office and explained that, although it had recommended against funding, upon 'closer review the department considered that the applicant may have misunderstood the process and as such did not correctly complete the application'. The department provided the organisation with the opportunity to revise and resubmit its application.

29 The grants administration framework requires that officials should, at a minimum, indicate: which grant applications fully meet the selection criteria; which applications partially meet the criteria; and which applications do not meet any of the criteria.

30 Eighty-four applications were approved for funding under the programme (not including the pre-programme decision to fund CCTV cameras on the Gold Coast). Funding agreements for four projects had not been finalised as at 13 May 2015. The remaining 80 applications have been funded through 75 funding agreements. This includes one funding agreement consolidating the six applications submitted by the Gosford City Council.

31 For example, the locations at which equipment (such as CCTV cameras and/or lights) were to be installed and the associated quantity.

## Summary of entity response

39. The proposed audit report was provided to the Attorney-General's Department and the Minister for Justice. The department provided formal comments on the proposed report and these are summarised below, with the full response included at Appendix 1:

The Attorney-General's Department designs and administers a wide range of grants programmes aligned with portfolio responsibilities ranging across law and justice, national security, emergency management and the Arts sectors. Grants vary widely in size and scope and a variety of funding approaches are employed according to suitability and the application of the proportionality principles outlined in the *Commonwealth Grant Rules and Guidelines, July 2014*.

The Department recognises the importance of continuous improvement in its processes to maintain and improve performance and compliance in the delivery of programmes.

A principles-based 'Grants Management, Guidance and Procedures Manual' was developed and released by the Department in 2010.

In 2014 the Department worked to improve this by examining, among other things, the grants templates available for use by Departmental staff undertaking grants work. That review led to the launch on 16 July 2014 (which was after the Safer Streets programme had commenced) of an AGD grants administration 'tool kit' including a Guide to Grant Administration, help cards and a suite of documents and templates. The documents cover all stages of the grant administration cycle and are based on the requirements of the *Public Governance, Performance and Accountability Act 2013* and whole-of-government best practice. These are available to all Departmental staff through a centrally located database. Staff working in grant administration line areas have been requested to use the standard documents and templates to ensure the Department undertakes grants functions in a consistent manner, and in compliance with all legislative and whole-of-government requirements.

The Department has recently developed and delivered a 'Grant Application and Assessment' training module that specifically addresses the recommendations of the ANAO report including all footnoted references from the ANAO Better Practice Guide, *Implementing Better Practice Grants Administration, December 2013*. That training and the Department's grant intranet site both highlight the contents of the Department of Finance's *Resource Management Guide No. 412, July 2014*, which provides both a 'Better practice checklist for grant guidelines' and a 'Checklist for officials briefing ministers on proposed grants'.



The Department has also recently developed and commenced delivery of an additional training module aimed at assisting staff involved in assessing grants to understand balance sheets and financial data, which can be relevant to both assessing applications and evaluating delivery.

The Department will consider the findings of ANAO's audit of round one of the Safer Streets Programme in future funding rounds delivered under this Programme.

# Recommendations

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**Recommendation No. 1**  
**Paragraph 2.54** To underpin efficient, effective, economical and ethical grants administration across all granting activity it administers, ANAO recommends that the Attorney-General's Department:

- (a) develop a standard suite of grant programme governance documentation that can be tailored to the individual circumstances of each granting activity, to promote a consistent high standard of grants administration across the department; and
- (b) advise the relevant Minister of any significant risks to programme implementation or outcomes in circumstances where key changes are proposed to grant guidelines.

**Attorney-General's Department's response:** *Noted*

**Recommendation No. 2**  
**Paragraph 3.55** To promote robust eligibility checking processes for all granting activities it administers, including those used to fund election commitments, ANAO recommends that the Attorney-General's Department:

- (a) obtain relevant information from applicants in respect to each eligibility requirement so that assessments are well informed; and
- (b) require that assessments explicitly address each of the published eligibility requirements, with only those applications assessed to meet each requirement proceeding to the merit assessment stage.

**Attorney-General's Department's response:** *Agreed*

**Recommendation  
No. 3**

**Paragraph 4.56**

To promote the robust assessment of applications to all grant programmes it administers, including those that are used as a funding source for election commitments, ANAO recommends that the Attorney-General's Department:

- (a) articulates benchmarks and/or standards to inform the judgment of assessors when considering the extent to which an application can reasonably be considered to have met the published assessment criteria; and
- (b) establish minimum scores for an application to achieve against each of the assessment criteria in order to progress in the assessment process as a possible candidate to be recommended for funding.

**Attorney-General's Department's response:** *Agreed*

**Recommendation  
No. 4**

**Paragraph 5.66**

To ensure Ministers are provided with sound advice as to the merits of candidates for funding under all grant programmes it administers, including those used to fund election commitments, ANAO recommends that the Attorney-General's Department clearly outline in briefing material:

- (a) which grant proposals had been assessed to fully meet each of the assessment criteria; and
- (b) those grant proposals assessed as only partially meeting, or not satisfactorily meeting, one or more of the assessment criteria, together with advice on the shortcomings that had been identified.

**Attorney-General's Department's response:** *Agreed*

Continued on next page

**Recommendation  
No. 5  
Paragraph 5.70**

To promote the achievement of granting activity objectives, ANAO recommends that the Attorney-General's Department ensure that the terms of funding agreements signed with successful applicants clearly identify the specific deliverables for which grant funding was awarded.

**Attorney-General's Department's response:** *Agreed*

# Audit Findings



# 1. Introduction

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*This chapter provides an overview of the Safer Streets programme and sets out the audit objective, scope and criteria.*

## Background

**1.1** Prior to the September 2013 Federal election, the Coalition announced that, if it was elected, it would implement its *Plan for Safer Streets* policy. In announcing the policy in October 2012<sup>32</sup>, the then Leader of the Opposition noted that the Safer Streets programme would:

- provide grants to ‘ensure needed local infrastructure such as better lighting, CCTV [closed circuit television] and mobile CCTV can be rolled out in crime hotspots’;
- address crime and anti-social behaviour by helping local communities to implement cost-effective measures;
- be funded from a pool of \$50 million to ‘help deliver effective solutions’, and
- redirect funds confiscated under proceeds of crime legislation.

**1.2** The Safer Streets programme was also included within the Coalition’s *Policy to Tackle Crime* that was released in August 2013, during the 2013 Federal election campaign. While various Coalition members made specific commitments in the lead up to the election to fund equipment in their electorates, the overarching Coalition policy, as reflected in the Opposition Leader’s announcement, also noted that ‘solutions will inevitably involve the police, community groups, local government, business and residents working together to present clear, well-thought through local strategies’.

**1.3** Following the election, in the context of the 2014-15 Budget, the Government decided to provide \$50 million from the Confiscated Assets

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32 Tony Abbott MP, *The Coalition’s Plan For Safer Streets*, Media Release, 8 October 2012.

Account<sup>33</sup> to implement the commitment to establish the Safer Streets programme. Specifically, the Safer Streets programme was to deliver effective solutions which target local crime hot spots and anti-social behaviour through a grants programme focused on local retail, entertainment and commercial precincts. The first funding round for the programme was to involve the delivery of specific election commitment projects for the installation of CCTV in over 150 communities across 64 electorates.

## Safer Streets programme

**1.4** The Safer Streets programme reflected the Coalition Government's commitment to provide crime prevention funding to communities around Australia. In particular, the policy objectives established by the Government in the period following the election included to:

Deliver effective solutions to local crime hot spots and anti-social behaviour through a grants Programme focused on local retail, entertainment and commercial precincts ... The Safer Streets Programme will fund security-related infrastructure grants to support installation of fixed and mobile CCTV systems and lighting to tackle crime and ensure safety in identified hot spots. Funding will also be available for community safety initiatives that address anti-social and unlawful behaviour, supported by chambers of commerce, local councils and police, with a particular emphasis on local retail, entertainment and commercial precincts.

**1.5** The Government's approach to identifying initial funding recipients was also set at this time. It was not intended to be a competitive selection process open to all applicants. Rather:

The Programme will deliver specific election commitments for the installation of closed-circuit television (CCTV) in communities in 64 electorates.

**1.6** In this context, the commitments to be funded were to be those made by the Coalition prior to and during the 2013 Federal election campaign, with identified organisations to be invited to submit applications for funding. As

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33 Section 298 of the *Proceeds of Crime Act 2002* (POCA) provides authority for the Minister to approve a programme for the expenditure of money standing to the credit of the Confiscated Assets Account (CAA). This expenditure can be approved for one or more of the following purposes:

- crime prevention measures;
- law enforcement measures;
- measures relating to treatment of drug addiction; or
- diversionary measures relating to illegal use of drugs.



outlined in a briefing to the Minister for Justice relating to the implementation of the Safer Streets programme, commitments were made to approximately 150 projects/locations<sup>34</sup> in 64 electorates across Australia to receive funding of \$19.7 million, with projects to be undertaken between 1 July 2014 and 30 June 2017. The remaining funding of \$28.8 million was to be made available for projects that were similar to, or an extension of election commitments, and for projects addressing anti-social behaviour, with the implementation arrangements to be settled at a future time.<sup>35</sup>

1.7 The Attorney-General's Department was responsible for the establishment; design; implementation; and monitoring and reporting of the performance of the Safer Streets programme. In respect to its role, the department advised ANAO in March 2015 that:

The Safer Streets Programme was established to deliver a set of commitments made by the Coalition prior to the 2013 election. While the Department was responsible for the administration of the programme, it was not responsible for the identification, value or purpose of commitments made by the Coalition.

## Implementation of the first funding round

1.8 Safer Streets programme guidelines were approved by the Minister for Justice on 2 May 2014. They outlined:

- a closed process for invited applicants to apply for grant funding;
- priority funding for improved lighting and CCTV projects as well as the purposes for which project funding would not be provided;
- various eligibility and selection criteria to be used in assessing applications along with the weightings to be applied; and
- the assessment process.

1.9 The department, in consultation with the Minister's office, was responsible for contacting the identified organisations and inviting them to submit an application for funding under the programme, setting out how they would implement the commitment made by the Government during the

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34 In July 2014, the department advised ANAO that it did not know the basis on which the commitments were made, nor could it find evidence of all the commitments or link all invitees with commitments made during the Coalition's 2013 election campaign.

35 The total includes \$1.5 million provided to the department to administer the programme.

2013 election campaign.<sup>36</sup> Invitations to applicants commenced in mid-May 2014 and applications were to be submitted via the online forms provided on the department's website by 2:00 PM (Australian Eastern Standard Time (AEST)) on Thursday 12 June 2014. Accordingly, the implementation approach for the programme included a four week application period, followed by a three week period to assess applications, with funding recommendations provided to the Minister at the end of June 2014, and projects commencing in July 2014. In ANAO's experience, this timetable was likely to prove challenging to meet, and ran the risk of putting pressure on the quality of any assessment of the applications when they were received.<sup>37</sup>

**1.10** A total of 58 applications for funding were received by the department by the closing time of 2:00 PM (AEST) on 12 June 2014.<sup>38</sup> The department continued to receive applications until November 2014. All applications received, including the 27 received after the closing time and date, were assessed by the department.<sup>39</sup>

**1.11** As at 8 May 2015, \$19.0 million had been approved to fund 73 applicants (146 separate projects) under Round One of the Safer Streets programme. This included decisions made by the Minister for Justice in:

- December 2013, prior to the commencement of the funding round, to approve funding of \$250 000 for a project involving the Gold Coast City Council;<sup>40</sup>
- June 2014, to approve \$350 000 in funding for a project to be undertaken by Campbelltown City Council;

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36 See further at Chapter 3 where ANAO examines the challenges and problems faced with identifying the population of election commitments that were made during the 2013 Election campaign.

37 In March 2015, the Attorney-General's Department advised ANAO that 'the time for the delivery of the programme was influenced by the requirements of the Minister's office for funds to be made available as quickly as possible'.

38 This figure does not include the project to be delivered by the Gold Coast City Council as this was approved by the Minister for Justice in December 2013, prior to the commencement of the Safer Streets programme. Note that some applications were provided for numerous projects (for example Brisbane City Council only provided one application for 10 individual projects, whereas Gosford City Council provided six individual applications, one for each project).

39 One further application was submitted on 9 January 2015 and the assessment for this project is yet to be finalised. A revised application for another project (the department had recommended that the original application not be awarded funding) had also not been assessed by 8 May 2015.

40 See Chapter 5, paragraphs 5.12 to 5.25 for further discussion of the Gold Coast project that was funded prior to the commencement of the programme.

- July 2014, to approve funding of \$17 458 741 for 75 applications, comprising 136 separate projects (to be delivered by 63 applicants);
- October 2014, to approve funding of \$753 454 for six additional projects (to be delivered by six applicants); and
- January 2015, to approve funding of \$155 000 for two additional projects (to be delivered by two applicants).

**1.12** As at 8 May 2015, three invited organisations (Glen Eira City Council, Mitchell Shire Council and Macedon Ranges Shire Council) had declined funding and one application (Greater Toukley Vision) was not recommended for funding. In January 2015, the Minister approved a project to be delivered by the Bentleigh Traders Association to replace (in part) the project that was to be delivered by Glen Eira City Council.<sup>41</sup> In addition, the department has advised that Greater Toukley Vision submitted another revised application for funding on 17 March 2015.

## Audit objective, scope and criteria

**1.13** In July 2014, the Auditor-General received a request from the Hon. David Feeney MP, the Shadow Minister for Justice, to undertake an audit of the Safer Streets programme. In respect to the first funding round that was focused on Coalition election commitments, Mr Feeney raised a number of concerns about the establishment of the programme and selection of projects, eligibility for organisations to apply for funding and political neutrality in the selection process. Similar concerns were subsequently reported in the media. After undertaking preliminary inquiries in relation to the matters raised, the Auditor-General decided to undertake a performance audit of the Safer Streets programme.

**1.14** The objective of the audit was to assess the effectiveness of the award of funding under the first round of the Safer Streets programme.

## Audit criteria

**1.15** The audit criteria reflected relevant policy and legislative requirements for the expenditure of public money and the grants administration framework,

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<sup>41</sup> The department has advised that Carnegie Main Street Inc. was invited to take up the remaining funding from the Glen Eira City Council commitment and that an application has been submitted, but that the department's assessment and funding recommendation are yet to be finalised.

including the Commonwealth Grant Guidelines (CGGs, which from 1 July 2014 were replaced by the Commonwealth Grants Rules and Guidelines, CGRGs). In this respect, and as previously outlined by ANAO<sup>42</sup>, the grants administration framework was developed based on a recognition that the statutory obligations applying to the approval of spending proposals derived from election commitments are no different from those attached to the approval of any other spending proposal.<sup>43</sup> In this context, in deciding upon the requirements of the grants administration framework, government accepted recommendations that:

- guidelines be developed for all grant programmes, including those established to fund election commitments; and
- Ministers receive and consider agency advice on the merits of proposed grants (as assessed against the relevant programme guidelines) before taking any decisions on the award of individual grants, and this requirement should apply to all grant spending proposals including those designed to satisfy commitments made in the context of election campaigns.

**1.16** The audit criteria also drew upon ANAO's administration of grants Better Practice Guide (the June 2010 version of this Guide was available at the time the Safer Streets programme was implemented, and was replaced in December 2013 with an updated Guide).

**1.17** More specifically, to form a conclusion against the audit objective, ANAO adopted the following high-level criteria:

- the robustness of the processes by which projects were identified for funding consideration;
- the effectiveness of the merit assessment process undertaken by the Attorney-General's Department to satisfy itself that applicants meet the Safer Streets programme's eligibility requirements and criteria;
- the quality of the advice provided by the department to the Minister and funding decisions as to whether projects:

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42 See ANAO Audit Report No. 24 2010–11, *The Design and Administration of the Better Regions Program*.

43 Mr Peter Grant PSM, *Strategic Review of the Administration of Australian Government Grant Programs*, 31 July 2008, p. 63.

- met the identified programme objective, priorities, and criteria; and
- represented value with public money; and
- the distribution of funding (including in electorate terms<sup>44</sup>) and the development of effective funding agreements with project proponents, that will allow the department to adequately oversight the delivery of funded projects and assess whether those projects have been successful in preventing, detecting and deterring crime.

## Audit scope and methodology

**1.18** The audit examined the key elements of the first funding round of the Safer Streets programme that opened for applications in May 2014, with funding decisions made in June 2014, July 2014, October 2014 and, January 2015. The audit scope also included the announcement of funding decisions and the negotiation and signing of grant agreements.

**1.19** The audit examined departmental records on the design, implementation and administration of the programme, including applications and assessment records for all applications received.<sup>45</sup> To inform the audit, ANAO also reviewed the assessment approach developed and applications received for the former Government's National Crime Prevention Fund (NCPF), for which a competitive funding round had been undertaken.<sup>46</sup>

**1.20** In addition, ANAO interviewed relevant departmental staff and examined email records for relevant staff from the Attorney-General's Department and from the office of the Minister for Justice.

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44 However, electoral analysis was unable to be completed by ANAO due to the lack of information on the project locations as specified in the application, the department's assessment and in the executed funding agreements.

45 ANAO analysis is based on the 85 applications for which a funding recommendation was provided to the Minister for Justice (including the one project not recommended for funding). The Gold Coast City Council application preceded the issuing of the programme guidelines and is therefore discussed separately in paragraphs 5.12 to 5.25.

46 Prior to the commencement of the 'caretaker period', 156 projects had been approved for NCPF funding by the former Labor Government, but only one funding agreement had been signed. For the remaining 155 projects, 41 were part-way through funding agreement negotiations with the Attorney-General's Department and the remaining 114 had been contacted by the department, but drafting and negotiation of funding agreements had not commenced. On 6 December 2013, the Government approved the withdrawal of NCPF funding from the 155 approved NCPF projects without funding agreements.

**1.21** The audit has referenced the grants framework that was in place at the time that the programme operated. Initially (for example, in respect to the development of the programme guidelines), this involved the *Finance Management and Accountability Act 1997* (FMA Act), *Financial Management and Accountability Regulations 1997* (FMA Regulations) and the CGGs. The financial framework changed in July 2014, prior to the approval of the first tranche of successful applications. Specifically, implementation of the grants-related elements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) took effect from 1 July 2014. In this respect, similar arrangements exist under the current framework (PGPA Act and the CGRGs).

**1.22** The audit was conducted in accordance with ANAO auditing standards at a cost to ANAO of \$517 000.

## Report structure

**1.23** The structure of the report is outlined in Table 1.1.

**Table 1.1: Structure of the report**

Chapter title	Chapter overview
2. Programme Design and Access	Examines the design of the programme including the funding arrangements, and the development of documentation for the delivery of the programme.
3. Identifying Candidate Proposals and Assessing Eligibility	Examines the identification and confirmation of the population of the election commitments allocated for delivery under the Safer Streets programme. It also examines the department's assessment of the eligibility of those proposals considered for programme funding.
4. Assessment of Applications	Analyses the department's approach to assessing applications against the selection criteria as outlined in the programme guidelines.
5. Advice to the Minister and Negotiation of Funding Agreements	Examines the quality of the advice provided to the Minister for Justice as to which applications should be approved for funding, as well as the development and negotiation of funding agreements with successful applicants.

## 2. Programme Design and Access

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*This chapter examines the design of the programme including the funding arrangements, and the development of documentation for the delivery of the programme.*

### Introduction

**2.1** As is common during election campaigns, Ministers and other government and non-government candidates make various announcements that represent undertakings to provide certain funding, services or facilities in the event the relevant party is elected or re-elected.<sup>47</sup> The importance to governments of delivering upon their election commitments is recognised. At the same time, the use of public money to fulfil such commitments may only occur in accordance with the financial framework that governs the expenditure of funds. Accordingly, ANAO examined the extent to which the department designed an appropriate framework for administering the programme through the:

- programme access arrangements;
- programme guidelines; and
- key programme documentation.

### Programme access arrangements

**2.2** For grant programmes, a key element of the financial framework at the time the programme was being designed was provided by the Commonwealth Grant Guidelines (CGGs).<sup>48</sup> The CGGs did not differentiate between grants based on election commitments and other grant proposals, instead providing a principles-based framework for developing and administering granting activities.

**2.3** The CGGs advised that competitive, merit-based selection processes should be used to allocate grants (unless otherwise agreed by a Minister, Chief Executive or delegate). Further, where a method other than a competitive

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47 ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, December 2013, p. 43.

48 The CGGs have now been replaced by the CGRGs, which retain substantially similar requirements.

merit-based selection process was planned to be used, agency staff should document why this approach would be used.<sup>49</sup> A similar obligation has been retained in the CGRGs, with paragraph 11.5 stating:

Competitive, merit-based selection processes can achieve better outcomes and value with relevant money. Competitive, merit based selection processes should be used to allocate grants<sup>50</sup>, unless specifically agreed otherwise by a Minister, accountable authority or delegate. Where a method, other than a competitive merit-based selection process is planned to be used, officials should document why this approach will be used.

**2.4** In its 29 April 2014 briefing to the Minister for Justice, the department outlined its proposed approach to implementing the first round of the Safer Streets programme through a non-competitive selection process. The advice noted that the programme would be implemented in line with CGG requirements, but did not specifically advise the Minister on the need to document the reasons for the implementation of the non-competitive selection process. The department did not otherwise document the reason for employing a non-competitive process.

## Programme guidelines

**2.5** A key obligation under both the CGGs and CGRGs is for all grant programmes to have guidelines in place.<sup>51</sup> Programme guidelines play a central role in the conduct of effective, efficient and accountable grants administration, by articulating the policy intent of a programme and the supporting administrative arrangements for making funding decisions.<sup>52</sup> Reflecting their importance, the programme guidelines represent one of the policy requirements that proposed grants must be consistent with in order to be recommended for funding.<sup>53</sup>

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49 Department of Finance and Deregulation, *Commonwealth Grant Guidelines June 2013*, paragraph 4.8.

50 It may be appropriate in some circumstances to use non-competitive or targeted processes, such as, when the number of service providers is very limited and these providers have a well-established record of delivering the grant funded activities.

51 Department of Finance and Deregulation, *Commonwealth Grant Guidelines June 2013*, paragraph 4.5; Department of Finance, *Commonwealth Grants Rules and Guidelines July 2014*, paragraph 4.4, p. 11.

52 A range of ANAO's audits of grants administration over a number of years have identified the importance of grant programmes being implemented in a manner that accords with published programme guidelines.

53 See section 71 PGPA Act and CGRGs. Up until 30 June 2014, this obligation was provided for under FMA Regulation 9. From 1 July 2014, this obligation was provided for under section 21 of the PGPA Act, which requires accountable authorities to govern in a way that is not inconsistent with the policies of the Australian Government.



**2.6** In April 2014, the department provided a briefing to the Minister to advise him of the approach and timetable for implementation of the Safer Streets programme. As part of this briefing, the department attached a near-final draft version of the proposed programme guidelines. The department also sought input on the programme guidelines and risk assessment from the Department of the Prime Minister and Cabinet (PM&C) and the Department of Finance (Finance), as required by the CGGs. There was no other external stakeholder consultation on the development of the guidelines.

**2.7** The department's assessment of the granting activities and proposed guidelines resulted in a risk rating of 'low' being agreed with PM&C and Finance. The programme guidelines were approved by the Minister on this basis.<sup>54</sup> The 'low' rating was based on controls and mitigation strategies that the department indicated would be implemented. Table 2.1 outlines the risks and control/mitigation strategies on which the 'low' risk rating was based.

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54 Consistent with CGG requirements, where a risk rating of low is agreed, the responsible portfolio Minister must write to the Finance Minister. The Minister for Justice wrote to the Finance Minister on 2 May 2014 to inform him of the low risk nature of the programme and of his approval of the programme guidelines.

**Table 2.1: Identified risks and mitigation strategies**

Risk	Control/Mitigation Strategy
Programme seen as a wasteful use of resources	Applicants are required to demonstrate that their project meets the requirements of the programme guidelines so that it is clear that funded projects are responding to the need identified by the Government.
Grants awarded to ineligible applicants	Programme guidelines clearly set out eligibility criteria; online application is designed to require applicants to demonstrate their eligibility and provide supporting documentation; eligibility of applicants is confirmed before applications are accepted for assessment and validated during the assessment process.
Grants awarded for projects or activities that are inconsistent with the objectives of the programme	Programme guidelines clearly state the purpose of the programme and define eligible project features; assessment criteria are drawn from these requirements; application assessments are reviewed by more experienced staff to ensure equity and consistency; limit funding recommendations to only high quality projects; retain surplus funds for allocation during later funding rounds.
Applicants treated inequitably in the appraisal and awarding of grants	All application assessments are reviewed by senior/more experienced staff to ensure equity and consistency in assessment; comparative review of assessments is undertaken to ensure consistency and equity.

Source: Departmental risk assessment.

**2.8** As is discussed further in Chapter 4, many of these mitigation strategies identified by the department were not implemented and the alternate approaches taken by the department to the assessment of applications against the eligibility and assessment criteria led to the risks in each of the four identified categories being realised.

**2.9** Prior to seeking formal approval for the programme guidelines from the Minister for Justice on 2 May 2014 and following a request by the Minister’s office to simplify the guidelines, the department proposed a range of changes. These changes included removing key statements that would have assisted the department to effectively consider and make appropriate recommendations on the individual and relative merits of funding applicants. There was no reason recorded for these changes or of advice being provided to the Minister on how the changes would impact on the programme. Table 2.2 outlines the key statements removed from the proposed programme guidelines.

**Table 2.2: Key statements removed from the proposed guidelines**

Section	Statements removed from the proposed programme guidelines
Section 2—Programme objectives and key principles	Removal of the statement that projects must have: <ul style="list-style-type: none"> <li>• clear benefits for the broad community; and</li> <li>• well-defined and achievable objectives.</li> </ul>
Section 3—Eligibility	Removal of the statement that grant applicants provide evidence to demonstrate the need for improved security due to <b>high levels</b> of crime and anti-social behaviour; and Restricting eligibility to those organisations previously identified and invited to be eligible under Round One. <i>[ANAO emphasis]</i>
Section 3.2—Projects not eligible for funding	Removal of the statement that projects will not be eligible where they do not meet the selection criteria and do not reflect evidence based good practice.
Section 5—Application and assessment process	Removal of the statement that project proposals will be assessed by the department to determine the need for the project. <sup>55</sup>
Section 6—Selection criteria	Removal of the statement that the project demonstrate need through demonstrated high crime rates, as evidenced by law enforcement or Australian Bureau of Statistics data, in the area where the project is to be delivered.
Section 8—Managing the project	Removal of the statement that the grant recipient must provide a statistical comparison of outcome/crime rates in the project delivery location pre and post project.

Source: ANAO analysis of departmental information.

**2.10** In relation to Table 2.2, for example:

- section 3.2 of the proposed guidelines had included a clear statement that projects would not be eligible if they did not meet the selection criteria. Retaining such a statement would have emphasised to applicants the importance of the selection criteria (see Table 2.6), as well as encouraging the department to have established minimum scores against each of the selection criterion and to have adopted a sound approach to conducting assessments. As outlined in Chapter 4, minimum scores were not set, some applications were recommended for funding notwithstanding that they had scored less than five out of 10 against one or more criteria, and the department’s assessment

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55 Note that under section 3—Eligibility—‘grant applicants must provide evidence to demonstrate the need’. *[ANAO emphasis]*

methodology did not include addressing each element of each selection criterion or obtaining sufficient information to assess applications against the criteria;

- removing the statement in section 5 of the proposed guidelines could have encouraged applicants to rely upon the status of their project as an election commitment as likely to lead to funding being forthcoming, irrespective as to whether they had provided information to the department for it to assess against the programme guidelines. In this respect, the department recorded in its assessment of 55 applications (65 per cent) that the applicant provided limited or no information against one or more of the selection criteria; and
- the requirement that had been included at section 6 of the proposed guidelines (that the project demonstrate need through 'high' crime rates, in the area where the project is to be delivered) was consistent with the policy announcements for the programme that funding would be targeted at crime 'hot spots' based on evidence. Retained in the guidelines was a lower standard approach<sup>56</sup>, which related to applicants providing 'evidence':
  - of a need for the project, but without the guidelines emphasising that this evidence needed to be credible (such as being from law enforcement or statistical agencies). In this context, some applications made no reference to any evidence supporting the need for the project, with the departmental assessment instead referring to letters of support for the application as being indicative of there being a project need. Overall, 76 per cent of applications assessed did not provide official crime statistics to demonstrate the need for the project; and
  - that was not specific to the area where the project was to be delivered. In this respect, for one quarter of those applications where statistics were provided to support the need for the project, those statistics were not specific to the area nominated in the application.

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56 The eligibility requirement that 'the applicant must provide evidence to demonstrate the need for improved security due to crime and anti-social behaviour' was included in the application form, but was omitted from the eligibility checklist. In this context, only 12 applications (14 per cent of all applications) were assessed to be in accordance with this eligibility requirement (see further at paragraph 3.39).

**2.11** In addition, on 30 April 2014, prior to the Minister's approval of the guidelines (on 2 May 2014), the department received a request from the Minister's office that the 'election commitment list be removed from the programme guidelines'. The list was still being finalised in early May 2014, with one project added and several changes to the identity of applicants being made prior to invitation letters being sent out on 15 May 2014. Removing the list provided flexibility, which allowed projects to be substituted where organisations identified prior to October 2013 declined the invitation to apply for funding. To support a transparent application process, it was important for the department to maintain an agreed list that appropriately reflected the election commitments.<sup>57</sup>

### **Content of the programme guidelines**

**2.12** The guidelines for Round One of the Safer Streets programme identified the purpose of the programme; the objectives/priorities; eligibility requirements; assessment criteria and associated weightings; assessment and approval processes; programme timeframes; and complaints handling. However, the guidelines did not address or provide clarity on:

- roles and responsibilities, management and oversight of the programme within the department;
- processes for considering and approving project scope changes or variations to projects;
- eligibility relating to project management and contingency costs as part of the applicant's overall project budget;
- eligibility of projects that were not providing CCTV or lighting (or infrastructure relating to these activities), such as incentive schemes, graffiti trucks, surf safety measures and emergency beacons; and
- how, in practice, the applications would be assessed. For example, the guidelines only provided a general statement that project proposals would be assessed by the department to: determine the value for money, including efficient, effective, economical and ethical use of public money;

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57 The compilation of the list of election commitments is discussed in Chapter 3 (paragraphs 3.6 to 3.31).

the crime prevention benefits and the capacity of the organisation to manage the project and grant funds.<sup>58</sup>

## Assessment criteria

**2.13** As noted in ANAO's Better Practice Guide on grants administration, and reflected in the CGGs, it is important that programme guidelines identify those threshold requirements that must be satisfied for an application to be considered for funding. Well-constructed threshold or eligibility criteria are straightforward, easily understood and effectively communicated to potential applicants, and the relevant programme's published guidelines should clearly state that applications that do not satisfy all eligibility criteria will not be considered.<sup>59</sup>

**2.14** Section 3 of the Safer Streets programme guidelines outlined the target group for funding as being 'organisations that were identified before October 2013<sup>60</sup> to deliver specific commitments'. The guidelines further outlined that:

- identified organisations would be invited by the Attorney-General's Department to submit an application for funding in May 2014; and
- grant applicants **must** provide evidence to demonstrate need for improved security due to crime and anti-social behaviour affecting local communities, in particular local retail, entertainment and commercial precincts.<sup>61</sup> [ANAO *emphasis*]

**2.15** Section 6 of the guidelines also outlined that the assessment of projects would be based on the eligibility criteria identified in Table 2.3. It was further stated in section 6 that applications that 'do not pass the eligibility criteria will not be assessed any further'.

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58 In this regard, the risk assessment undertaken by the department, approved by PM&C and Finance, and provided to the Minister, assigned the programme an overall risk rating of low, in part, due to a stated intention that comparative analysis would be undertaken to ensure only high quality applications would receive funding.

59 ANAO Better Practice Guide, op. cit., p. 63; and CGGs op. cit., p. 20.

60 The Federal election was held on 7 September 2013, and it is generally accepted that election commitments involve political promises made prior to election day rather than the month following election day.

61 See Chapter 4, paragraphs 4.25 to 4.30 for further discussion on demonstrated need for the projects.

**Table 2.3: Eligibility criteria**

Weighting	Eligibility criteria
Pass/Fail	Eligibility of the applicant organisation—as identified prior to October 2013.
Pass/Fail	Eligibility of the proposed project—its consistency with the programme’s key objectives and principles.

Source: *Proceeds of Crime Act 2002*, section 298 Programmes of Expenditure, Safer Streets programme 2014–15 to 2016–17, Guidelines for Funding Round One, p. 7.

**2.16** Although the programme guidelines included specific sections identifying eligibility and threshold criteria, additional statements were included in other sections of the guidelines that also represented mandatory requirements in order to receive funding. This involved the use of expressions such as ‘must’, ‘must not’, ‘will’, and ‘will not’. Table 2.4 identifies various sections of the programme guidelines that include eligibility requirements for applicants to meet, and which the department did not assess as eligibility criteria.

**Table 2.4: Additional requirements outlined in the programme guidelines**

Section	Requirement	Application Form addressed the requirement	Assessment Form addressed the requirement
2	projects <b>must</b> address the priorities of the programme; and	✓	✗
	establish performance measures to assess the impact of the project.	✓	✓
3	funding <b>will not</b> be provided for any development costs associated with an application (for example, preparation of applications, the cost of a survey to establish the need for a project, and costs of obtaining permits and approvals to facilitate implementation).	✗	✓
4.2	applicants <b>must</b> : establish that communities identified in their application are at risk of vandalism and property crime and have special security needs and/or that members of the community face harassment and risks to their personal safety.	✗	✓
	applicants <b>must</b> demonstrate how the proposed project would address the identified risks and security needs.	✗	✓
	applicants <b>must</b> demonstrate that they possess the capacity to cover any ongoing costs associated with the security infrastructure being applied for (as funding under the programme is non-recurrent).	✗	✓
	applicants <b>must</b> demonstrate that the project represents good value for money.	✓	✓
5	all completed applications <b>must</b> be lodged through the department's online application process; and incomplete applications <b>will not</b> be assessed. <sup>62</sup>	✗	✗
7	applications <b>must</b> be: submitted on the official forms provided on the website; received in full; and lodged via the electronic lodgement facility on or before the closing date.	partial	✗

Source: Safer Streets programme 2014–15 to 2016–17, Guidelines for Funding Round One, April 2014.

Note: The assessment form required that applicants submit the application in full on the closing date but did not specify that the official form was to be used. *[ANAO emphasis]*

**2.17** It is important that programme guidelines clearly identify eligibility requirements, such that applicants can easily comprehend and address those requirements. In this context, the department's approach of spreading eligibility statements between sections 3 and 6 and outside of the explicitly identified eligibility criteria did not assist in ensuring applicants were aware of

62 This statement that incomplete applications will not be assessed contradicts a later reference on page 7 of the Safer Streets programme guidelines that states that 'late or incomplete applications **may** not be considered'. *[ANAO emphasis]*



all mandatory requirements, or that all such requirements were consistently addressed in the assessment of applications.<sup>63</sup>

**2.18** The design of an application form should be tailored to assist applicants to provide information in respect of all selection criteria and eligibility requirements identified in the programme guidelines. In this regard, the application form developed by the department did not require applicants to provide all mandatory information for the application to be considered complete. Specifically, as identified in Table 2.4, the application form did not provide the applicant the opportunity to provide information against four of the additional eligibility requirements. This is reflected by the fact that only one application provided all of the required documents as listed in the guidelines.<sup>64</sup>

**2.19** Further, in respect to funding eligibility, section 3.2 of the programme guidelines outlined those projects that would be ineligible for funding. In particular, only those organisations identified prior to October 2013 to deliver specific election commitments, and invited by the department to submit an application for funding, were eligible to apply for funding under the first funding round. It was also a condition that grant funding under Round One was provided through a targeted round; limited to the amount of funding already committed by the Australian Government; that the funding be non-recurrent; and that it be conditional on projects being completed by 30 June 2017.<sup>65</sup>

## **Suitability of the application form**

**2.20** The design of application forms for grant programmes should re-enforce the assessment process by seeking sufficient information to allow for a proper assessment of the merits of grant proposals, including by specifically

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63 See Chapter 4 for further discussion of where the requirements in the guidelines were not consistently applied in the assessment of applications under the Safer Streets programme.

64 In March 2015, the Attorney-General's Department advised ANAO that 'the internal processes involved in the development of the application form presented challenges in terms of the time required to make changes to the form and the costs associated with making significant changes. There were also limitations as a result of using the Grants system which limited the changes that could be made. The department was also cognisant of the requirement to apply proportionality to the request for applicants to supply information'.

65 Although the guidelines clearly state that grant funding under Round One was limited to the amount of funding already committed by the Australian Government, there are two instances where the monetary value of the grants provided have been increased, with no formal briefing advice provided to the Minister outlining the requirements in the guidelines and seeking that this aspect of the guidelines be waived.

asking applicants to address the requirements set out in the programme guidelines, particularly the key elements of the assessment criteria. Although the Safer Streets programme guidelines included specific information requirements, as shown in Table 2.5 the application and assessment forms were not developed in such a way that these requirements would be met by the applicant or fully assessed by the department.

**Table 2.5: Information required by the guidelines—advice to the Minister**

Required information:	Application Form addressed the requirement	Assessment Form addressed the requirement
Details and credentials of the organisation (to demonstrate the capacity of the organisation to successfully manage a crime prevention project and administer crime prevention grant funds).	✓	✓
Details of the project.	✓	✓
The need for the project and its intended long-term crime prevention benefits.	✓	✓
Financial information including quotations, cost estimates and budgets (to determine value for money).	✓	✓
Project timeframes (including identification of key milestones and the proportion of project funding for each milestone).	✓	✗
Project delivery information including project and business plans.	✗	✗
Statutory and other approvals required if relevant to the project (for example, planning approvals or permits).	✓	✗
A project evaluation framework, including appropriate performance measures to assess the impact of the project.	✗ <sup>1</sup>	✗

Source: ANAO analysis of departmental information.

Note 1: The application form contained an 'Evaluation' section that included two high level questions requiring the applicant to discuss key performance indicators and how the success of the activity would be evaluated. This section did not, however, require the applicant to provide evidence of an evaluation framework.

**2.21** Further, the application form contained vague guidance in relation to the provision of supporting information. For example, the application form did not clearly convey to applicants the importance of providing up to date and activity-specific quotations or that the provision of quotations was required under the programme guidelines. Instead, the end of the application form stated '**please ensure** [ANAO emphasis] you attach the below documents to support your

application’, accompanied by a checklist of documents, including: evidence of insurance; a copy of the organisation’s incorporation certificate or legal documentation; quotations for capital expenditure; and evidence of not-for-profit status. In this respect, the application form did not make clear that quotations would be a key consideration in the assessment process, as was indicated by the assessment criteria and the programme guidelines more generally.

**Safer Streets selection criteria**

2.22 As outlined in the programme guidelines, the objective of the Safer Streets programme was to ‘improve community safety and security, both in real terms and in perceptions of community safety, and reduce street crime and violence’. In this context, the assessment of eligible projects was to be based on the selection criteria and weightings of assessment scores outlined below in Table 2.6. The six selection criteria were appropriate for the first round of the Safer Streets programme.

**Table 2.6: Selection criteria for the Safer Streets programme**

Criterion	Weighting (%)	Selection criteria
1	25	Demonstrated need for, and the potential impact of, the proposed project.
2	25	Consistency with proven good practice in crime prevention, including demonstrating the link between the project’s key interventions and the likely community safety and crime prevention benefits of the project and the enduring value to the community.
3	20	Financial information including quotations, cost estimates and budgets and the overall value for money of the project.
4	10	Organisational ability to collect data to measure the impact and success of the project and the range of data to be collected.
5	10	Organisational capacity of the applicant organisation (including the financial viability of the organisation, demonstrated capacity to successfully manage the project and demonstrated capacity to administer grant funds).
6	10	Organisational ability to manage risks associated with the proposed activity.

Source: Safer Streets programme guidelines, April 2014.

2.23 In forming selection criteria, the criteria determined to be most important in meeting programme objectives is normally afforded the greatest weighting. ANAO sought advice from the department on how the weightings for each criterion were developed. The department advised ANAO that this

was the first time that it had applied weightings to programme criteria, but was not able to provide any rationale as to how weightings were determined. Subsequently, in March 2015, the department advised ANAO that:

weightings had not previously been applied to the crime prevention funding application assessment process. The lack of weightings has previously led to situations where, for example, projects proposed by organisations with very high ability to collect data to measure the impact of a project but that was a poor fit with the requirements of a programme scored as well as a project that was a very good fit with the requirements of the programme but from an organisation with limited ability to collect data to measure the project impact.

The closed set of commitments covered by the Safer Streets Programme provided an opportunity to test the value of applying weighting to selection criteria, assessing what the relative weighting should be and measuring their impact on the ranking of projects by comparing weighted rankings with rankings based on unweighted scores. The Department will now commence an analysis of the value of this system to future funding rounds.

**2.24** The grants administration framework recognises that officials should consider whether a needs analysis in a selection process would assist in identifying the highest priority projects, consistent with the intended government policy outcomes.<sup>66</sup> In this regard, of the six criteria developed by the department, the first two criteria received the highest weightings (25 per cent each) and were aimed at addressing the need for projects and the degree to which projects were consistent with community safety and crime prevention benefits sought by the programme.

**2.25** The suitability of the weightings for the other criteria, however, was less clear. For example, criterion three, relating to the provision of financial information, was given a weighting twice that of criteria four, five and six relating to organisational capacity. By way of comparison, the capacity of organisations to deliver projects was identified as a priority issue in the approved policy proposal for the programme, which noted:

priority for grants will be given to low-medium risk projects from financially viable organisations. The benefits will be realised, ensuring through the assessment process, that organisations are well established and have the capacity to deliver the proposed projects.

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66 Department of Finance, Commonwealth Grants Rules and Guidelines, July 2014, p. 29.

**2.26** Each of the last two versions of ANAO's grants administration Better Practice Guide, as well as various performance audits of individual programmes conducted in recent years<sup>67</sup>, have outlined the benefits of identifying minimum standards of performance for each selection criteria. In particular, establishing minimum thresholds can provide a safeguard against recommending projects that lack merit in relation to key criteria. For example, applications that achieve maximum scores against most criteria are likely to achieve a very high overall score. If applications rate poorly against just one key criterion, however, such as in relation to not demonstrating a need for the project, without minimum thresholds, the project may still be recommended for funding. Such a result is most likely to be inconsistent with the programme objective. Appropriate benchmarks assist to alert assessors to applications that would benefit from particular scrutiny from a value for money perspective. Other agencies have successfully reflected these principles in their programme guidelines.<sup>68</sup>

**2.27** The Attorney-General's Department did not establish minimum scoring thresholds for the Safer Streets programme. The consequences were illustrated, for example, in respect to an application for a \$150 000 grant to install CCTV cameras in two business precincts. The department allocated this application a score of four out of 10 against the first criterion, with the assessment record stating that:

Insufficient information has been provided to enable adequate assessment of the level of need for this project in the targeted areas. Two letters of support are attached to the application but these do not detail why CCTV is required.

Council have liaised with local Police in determining the hot spots where cameras will be installed. Based on this you could assume that there is a requirement for the cameras in the identified areas, but details of why they are needed has not actually been noted anywhere in the application.

**2.28** The application also did not score highly against the second criterion.<sup>69</sup> Nevertheless, in the absence of threshold scores being set for any of the assessment criteria, this application was recommended for funding on the basis

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67 See, for example, ANAO Audit Report No. 25 2013–14, *Management of the Building Better Regional Cities Program* (pp. 50 and 51).

68 See ANAO Audit Report No. 25 2013–14, *Management of the Building Better Regional Cities Program*, paragraphs 2.32 to 2.35.

69 A score of five out of 10 was allocated for that criterion, with the assessment record stating: 'It is difficult to assess what ongoing crime prevention benefits will result from this project as the level of need has not been described. The proposal notes generic benefits including; reduced level of crime, anti-social behaviour and vandalism which will result in reduced clean-up costs and easier identification by Police'.

that its overall score of 52.5 out of 100 meant it could be considered 'Satisfactory'. This was notwithstanding that the department's assessment that the need for the project had not been adequately demonstrated and that it was difficult to identify any ongoing crime prevention benefits.

## **Application and assessment process**

**2.29** An important consideration in the design of a grants programme is the process by which potential grant recipients will be able to access grants. As such, the parameters set down in published guidelines should be implemented by the responsible agency in a manner that supports both procedural consistency and cost-effective administration. It is also important that all applications are assessed consistently against the eligibility and selection criteria as published in the guidelines, and that assessment and selection processes are transparent and free from risk of claims of political or other bias.

**2.30** The programme guidelines outlined the application and assessment process to be undertaken by the department, as including undertaking:

- an initial review of all applications received to confirm that they comply with the eligibility requirements of the programme;
- an assessment of each project proposal based on the selection criteria and weighting of assessment scores as outlined in the programme guidelines; and
- recommendations to the Minister for Justice who would make the funding decisions.

## **Consideration of tax issues**

**2.31** As noted in ANAO's Better Practice Guide on grants administration, during the development phase of a granting activity consideration should be given to potential income tax and Goods and Services Tax (GST) implications for recipients.<sup>70</sup> Further, the Australian Taxation Office (ATO) recommends that agencies seek early advice on the potential tax and GST implications associated with granting activities.<sup>71</sup>

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70 ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, December 2013, p. 16.

71 ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, December 2013, p. 5.

**2.32** There is no evidence that the department consulted the ATO, or developed an approach in relation to the GST implications for prospective grant recipients; particularly regarding organisations not registered for GST. On 24 July 2014 and 5 August 2014 the department emailed the Minister's office seeking direction on the issue of GST payments. The correspondence stated:

As discussed the following organisations are not currently registered for GST and may not become registered which will mean they will be out of pocket for any expenditure that attracts GST ... An option would be for us to pay them the 10% GST on top of the grant amount to ensure they do not end up out of pocket.

**2.33** The department identified six organisations that would be affected, with the combined total cost of GST to be borne by the applicants being some \$27 802. Based on the supporting information, or lack thereof, provided by the six applicant organisations, it is unclear how the department calculated this figure; specifically:

- two applicants did not provide quotations;
- three of the quotations submitted were not valid—the quotations submitted were issued on 17 December 2012, 9 July 2013 and 29 July 2013; and
- one quotation was submitted on 20 June 2014 (eight days after the close of submissions)—the applicant was advised to resubmit their quotation as the original quotation included \$80 000 of ineligible costs.

**2.34** Additionally, ANAO's Better Practice Guide on grants administration notes that advice relating to tax implications may be published in grant guidelines so that prospective applicants can make an informed decision as to whether to invest resources in developing an application.<sup>72</sup> The programme guidelines did not provide any information in relation to GST payments; as a result, organisations that were not registered for GST were not made aware that they would bear the costs of GST.

**2.35** For example, one applicant was not made aware that organisations not registered for GST would be financially responsible for GST costs until the draft funding agreement negotiation stage. The applicant advised the department that

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<sup>72</sup> ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, December 2013, p. 16.

due to a lack of income the organisation was not in a position to afford the GST costs or, therefore, the proposed project.

**2.36** Similarly, the guidelines did not advise applicants that Commonwealth payments to councils, states, and territories do not attract GST in most circumstances. Accordingly, the maximum amount of funding that such applicants could apply for was the GST exclusive cost of the project. As a result, applicants that requested a funding amount consistent with the GST inclusive cost of the project were advised by the department that:

The invoices<sup>73</sup> attached to your application are inclusive of GST. Commonwealth grant funding are GST exclusive. How does Council wish to spend this additional \$30,694? You do not have to obtain new quotes, we can work the 'additional' into the funding agreement negotiations down the track. (ie Council will install up to xx amount of CCTV cameras and/or install additional lighting at ... or any other security infrastructure Council suggests).

## Other programme documentation

**2.37** As discussed above, the grants administration framework requires that agencies should develop such policies, procedures and guidelines as necessary for the sound administration of grants and that this should include guidelines and associated operational guidance for the administration of the programme. However, the Attorney-General's Department did not develop any operational guidance or documentation to guide the delivery of the programme.<sup>74</sup> Of particular note, and at odds with approaches that have become quite common in grants programmes that ANAO has examined in recent years, was that the department did not develop:

- overarching planning and procedural documents, such as a procedures manual or an assessment plan/documented assessment methodology to ensure consistency in applying the published assessment criteria;

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73 The word 'invoices' was referring to the quotation the applicant provided with its application.

74 A draft implementation plan was developed as part of the processes required by the Cabinet Implementation Unit of the Department of the Prime Minister and Cabinet. The draft implementation plan included information on the purpose and objective of the programme; measures of success; implementation steps; grant administration procedures; timing; governance and accountability; risk management; stakeholder engagement; resourcing and monitoring and evaluation. This plan also included a list of the 2013 Election commitments. In March 2015, the department advised ANAO that 'the draft plan became the final version, although due to an administrative oversight was not renamed as such' and acknowledged to ANAO that 'changes should have been made to the plan as a result of government decisions that removed funding for the Australian Institute of Criminology to evaluate the programme'.



- a monitoring, evaluation and reporting plan;
- a probity plan; or
- internal guidance to assist in the assessment of applications (including eligibility and merit assessment guidance).<sup>75</sup>

**2.38** The Crime Prevention Section in the department was responsible for the administration and delivery of the Safer Streets programme and this area was also responsible for developing the guidelines, and programme documentation, for the earlier National Crime Prevention Fund (NCPF). As such, the department already had documentation that it had developed for the NCPF that could have been refined for the Safer Streets programme. For example, for the NCPF assessments, the department provided staff responsible for assessing applications with:

- an assessment plan outline—identifying the objective of the programme; assessment period; resourcing; and programme timeframes;
- instructions on the grant application assessment form—outlining how to fill in each section of the assessment. This included guidance on how to assess particular assessment criteria, including by identifying the types of content and evidence that was likely to be relevant; and
- budget information—such as noting that if the proposed project budget is unclear about which items are covered by the funding and which are to be included in the requested grant, staff are to email or call the applicant’s nominated contact person to check.

**2.39** In addition, and most importantly, the assessors responsible for assessing applications for the NCPF were provided with guidance on how to assess the applications using the selection criteria, for example:

- complete the ‘overall observations’ summarising how well the applicant has responded to the question and set out any particular strengths or weaknesses of the application;
- **do not rewrite the applicant’s words in the assessment, instead, spend time analysing the application** (comparing it with the

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<sup>75</sup> The department used a smartform application form. This was essentially the same application form that had been used for the National Crime Prevention Fund (NCPF) programme (except that the NCPF programme had an additional question relating to the ‘target group’ that was not included in the Safer Streets programme application).

programme guidelines) and write your analysis in short succinct sentences; *[ANAO emphasis]*

- **do not make general or broad-ranging statements that would be true of most applications, for example ‘this application will help reduce crime’;** *[ANAO emphasis]*
- note your scores for each question on the front page and add the corresponding rating (‘Exceptional’, ‘Very Good’) which will be what is entered into myHub;
- where possible, **the assessing officer should seek to verify any unclear information contained in the applicant’s response**, for example, by calling/emailing the contact person named in the application, using google to verify project locations or by contacting their referees. If that has been done, include the additional information with the relevant selection criterion; *[ANAO emphasis]*
- **the assessment needs to be transparent, a complete stranger must be able to read the assessment and understand how the assessing officer reached the conclusions in the assessment;** *[ANAO emphasis]*
- peer review, if you agree with the risk assessment and recommendation you only need to indicate that you agree but you may also add additional comments. If you disagree, provide reasons; and
- if there is a significant difference in the scores given by the project assessor and the peer reviewer, the peer review will forward the form to the Director for final review.<sup>76</sup>

**2.40** Further, for the NCPF the department provided a breakdown of questions to be answered under each of the selection criteria. As part of the assessment of projects, assessors were required (similarly to the Safer Streets programme) to score and provide a descriptor (for example: ‘Exceptional’, ‘Very Good’, and ‘Fair’). Under the NCPF programme, the assessors were provided with a scoring guide to provide assistance when undertaking the assessments, see Table 2.7.

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76 See further discussion in Chapter 4, paragraph 4.6.

**Table 2.7: Scoring guide for NCPF assessment criteria**

Rating	Score	Descriptor	Additional Information
High	9	Exceptional	Exceptionally strong with essentially no weaknesses.
	8	Outstanding	Extremely strong with negligible weaknesses.
	7	Excellent	Very strong with only some minor weaknesses.
Medium	6	Very Good	Strong but with numerous minor weaknesses.
	5	Good	Strong but with at least one moderate weakness.
	4	Satisfactory	Some strengths but also some moderate weaknesses.
Low	3	Fair	Some strengths but at least one major weakness.
	2	Marginal	A few strengths and a few major weaknesses.
	1	Poor	Very few strengths and numerous major weaknesses.

Source: ANAO analysis of departmental documentation for the NCPF programme.

**2.41** Providing such a scoring guide for the Safer Streets programme would have assisted assessors to more consistently allocate scores and descriptors and hence identify projects that should be recommended for funding and those that should not be recommended for funding.<sup>77</sup> In March 2015, the Attorney-General's Department advised ANAO that:

Officers in the Crime Prevention Section were provided with a verbal briefing about the conduct of the Safer Streets Programme assessment. This briefing covered the nature of the programme, staff participating in the process, conflict of interest, the limited time available for the assessment process, how to write recommendations and comment on applications, and the assessment review (peer review) process.

The majority of officers working on the Safer Streets Programme assessment had previously participated in the NCPF assessment process. Officers that had not been part of the NCPF process were provided with additional support and guidance.

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<sup>77</sup> This is discussed further in Chapter 4.

During the assessment process staff were provided with feedback on their work and reminded of the importance of providing an assessment of an application and not just rewriting the applicants' words.

The department agrees that the supporting material, such as that used for the NCPF process, should have been provided to staff working on the Safer Streets Programme.

## **Probity plan and conflict of interest declarations**

**2.42** The CCGs outlined (and the CGRGs continue to outline), that an important requirement in grants administration is ensuring probity and transparency, such that decisions relating to the granting activity are impartial, appropriately documented and publicly defensible. In this respect, the department did not develop a probity plan or engage a probity advisor.

**2.43** The programme guidelines stated that:

- it was the responsibility of the applicant organisation to submit a clear and complete application which was lodged on or before the closing date;
- the department would be able to provide limited telephone or email assistance to applicants with queries about completing the application form; and
- for probity reasons, the department would not be able to provide specific advice on how to write the proposal.

**2.44** In some cases, the department provided assistance to applicants, beyond that specified in the programme guidelines. Departmental representatives advised ANAO that 'we get more information from some applicants to get them (the applicant) over the line'. For example, for one application, the assessor responsible contacted the applicant and sought additional information on seven of the key areas of the application that were not adequately completed. The assessor also suggested ways in which the

applicant should answer the questions relating to the proposed activity to be undertaken.<sup>78</sup>

**2.45** In addition, another example where the department contacted an applicant for more information to 'get them over the line' related to the Cootamundra Shire Council project.<sup>79</sup> The responsible assessor and peer reviewer assessed the project (weighted score of 38.5 out of 100) and sought additional advice that outlined:

... as it stands, the project does not fulfil the objectives of the programme by merely providing incentive payments to local business to install cameras targeting shoplifting rather than focusing primarily on behaviour on public streets. There is no indication of businesses expressing a need and the question of what happens to the cameras if a business closes or changes hands is not addressed. The project is not recommended in its current form and Cootamundra Shire Council should be encouraged to provide a fresh application that aligns with the aims of the Safer Streets programme.

**2.46** The applicant submitted further information, consisting of two letters of support. A revised application was not obtained by the department. In addition, the additional information provided did not address the criteria. Accordingly, the process of affording the applicant the additional opportunity to respond did not result in the department obtaining adequate information to make an objective assessment in terms of the selection criteria. However, the peer reviewer added additional commentary to the assessment and changed the scores to improve the overall score of the project from 23 to 26, with a total weighted score of 42.5 out of 100.<sup>80</sup> The same incentive payments originally proposed by Cootamundra Shire Council were later recommended for funding to the Minister.

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78 ANAO's grants administration Better Practice Guide comments that: 'Appropriately conducted correspondence (including via email) between assessors and applicants during the assessment process may be important to ensuring assessments and funding recommendations are well informed and soundly based, particularly for granting activities that involve proposals seeking funding for more complex and/or high-risk projects. This may involve assessors seeking clarification of information submitted with the application and/or requesting additional information identified as necessary to fully assess an application against the guidelines. However, when requesting additional information, the information received should not constitute a material change to the original application or a resubmission of an improved application. As a result, it is prudent for such inquiries to be conducted and recorded through procedures that are clearly documented in the material made available to applicants (such as the grant guidelines) and the internal procedures established for the granting activity'.

79 This project is discussed in Chapter 3 relating to the questionable eligibility of the project under the Safer Streets programme.

80 Note that the assessor reduced the scores from the initial assessment, providing an overall total score of 20, instead of 23.

**2.47** Another key probity issue that departments are required to manage is conflicts of interest. All relevant staff involved in the programme completed a conflict of interest declaration as required. However, there were seven applicants (8.2 per cent of all applications) that listed the department, or a departmental employee as a referee for the project. None of the staff identified as a referee provided details of this relationship in their conflict of interest declaration. However, this was somewhat mitigated by the staff members in question not being responsible for the assessment of the projects in which they were listed as referees.<sup>81</sup>

**2.48** The Minister for Justice was also used by the City of Stirling (his own electorate) as a supporter of the City of Stirling project. In this regard, the Minister provided a letter to the council on 7 January 2014 (in reply to correspondence), that was subsequently included as a letter of support in the application for funding.<sup>82</sup> The letter noted:

Thank you for taking the time to write to me in regard to the Coalition Government's election commitment to support the expansion of the CCTV network across Stirling.

Under the Plan for Safer Streets, \$50 million will be provided to communities to allow them to deliver effective local solutions to crime and anti-social behaviour by taking measures such as installing CCTV and better lighting. In Stirling, we will provide \$550 000 in federal funding to help provide CCTV at Mirrabooka Regional Centre, Richard Gwelfi Reserve, Clarko Reserve and Carine Regional Open Space.

...

I apologise for the unexpected delay and will again make contact with you once funds are available to implement our election commitment.

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81 In March 2015, the department advised ANAO that: 'officers involved in the assessment of applications signed conflict of interest declarations prior to the closing date of the funding round. Officers were briefed on the importance of not assessing applications from organisations with which they had a current or previous relationship. As part of this briefing, officers were instructed to advise the programme manager if they received an application to assess that was submitted by an organisation in this situation and to not participate in its assessment. The department notes that there were officers identified as referees for an organisation. In these cases the organisations nominating them had generally not sought their agreement and the reference was based on the departmental officer having previously liaised with them on an earlier funding round. The department intends in future funding rounds to clarify that departmental officers may not be used as referees'.

82 The letter was not provided as a reference but was in response to correspondence received from the City of Stirling.

**2.49** This was an early indication by the Minister that his electorate would be receiving funding. There was no advice to the applicant that they were required to submit an application that addressed the programme selection criteria, as outlined in the programme guidelines, to be assessed and considered prior to a decision on whether the project was eligible and had demonstrated sufficient merit. Instead, the letter advised that the council would receive correspondence once funding was available to implement the project. Provision of such a letter placed the department in the difficult position of having to assess a project and provide a recommendation to an approver who had already indicated that funding would be forthcoming.<sup>83</sup>

## Conclusion

**2.50** The design and development of documentation to guide and support the implementation of the Safer Streets programme was not adequate in the context of the grants administration framework. The department's assessment of the granting activities and associated guidelines resulted in a risk rating of 'low' but many of the risk mitigation strategies that were developed to support this rating were not subsequently implemented. In addition, there was a paucity of programme documentation to support the implementation of the programme. In particular, the department failed to develop key operational material to guide the delivery of the programme, even though it had access to documentation that it had developed relatively recently for a similar programme. Of note was that the department did not develop:

- overarching planning and procedural documents, such as an assessment plan or assessment methodology to ensure consistency in application of the published assessment criteria during its assessments;
- a monitoring, evaluation and reporting plan;
- a probity plan; or
- internal guidance to assist in the assessment of applications (including eligibility and merit assessment guidance).

**2.51** The key piece of programme documentation that was developed by the Attorney-General's Department was a set of programme guidelines. This was

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<sup>83</sup> See Chapter 5, paragraphs 5.4 to 5.10, for further discussion regarding pre-assessment announcements of projects, as there was also a pre-assessment announcement by the Minister for Justice for this project, in his own electorate.

consistent with the grants administration framework, specifically requiring the development and approval of programme guidelines for all new granting activities, including those used as a funding vehicle for election commitments. The guidelines identified the purpose of the programme; its objectives/priorities; eligibility requirements; assessment criteria and weightings; assessment and approval processes; programme timeframes; and complaints handling. However, the guidelines did not address or provide clarity on a number of other matters such as the eligibility of projects that were not providing CCTV or lighting or infrastructure relating to these projects (such as graffiti trucks, surf safety measures and emergency beacons). In addition, the guidelines were poorly structured in that the specified eligibility requirements were not grouped together (an approach that did not assist in ensuring applicants were aware of all mandatory requirements, or in ensuring that all such requirements were consistently applied in the assessment of applications).

**2.52** Following a request by the Minister's office to simplify the guidelines, the department proposed various amendments before the guidelines were finalised. Of note was that a number of key statements were removed from the proposed programme guidelines. The effect of the changes was to make the finalised guidelines less robust than had been initially drafted by the department (the programme risk assessment had been based on the earlier proposed guidelines).

**2.53** The reasons for the changes were not recorded and the department did not provide advice to the Minister on the adverse impact the changes to the programme guidelines would have on delivery of the programme. In particular, in assessing the merits of applications, or the outcomes that could be expected from the award of funding. While there is always a balance to be struck, the guidelines as initially drafted better reflected the announced policy parameters for the programme and the grants administration framework.



## Recommendation No.1

**2.54** To underpin efficient, effective, economical and ethical grants administration across all granting activity it administers, ANAO recommends that the Attorney-General's Department:

- (a) develop a standard suite of grant programme governance documentation that can be tailored to the individual circumstances of each granting activity, so as to promote a consistent high standard of grants administration across the department; and
- (b) advise the relevant Minister of any significant risks to programme implementation or outcomes in circumstances where key changes are proposed to grant guidelines.

### **Attorney-General's Department's response:**

**2.55** *The Department notes this recommendation.*

**2.56** *The Department's Guide to Grant Administration was most recently updated in July 2014, and includes a suite of documents and templates, including on providing advice to the relevant Minister. The documents cover all stages of the grant administration cycle and are based on the requirements of the Public Governance, Performance and Accountability Act 2013 and whole-of-government best practice. These are available to all Departmental staff through the intranet. The Department notes the importance of ensuring that staff are aware of the need to appropriately brief the relevant Minister on risks associated with proposed changes to the grant guidelines.*

**2.57** *The Department will ensure its grant programme governance documentation continues to promote a consistent high standard of grants administration across the Department.*

**2.58** *The Department notes the report's finding at page [19] that "In the main, the guidelines used for this Programme provided a reasonable basis for the implementation of the first funding round".*

## 3. Identifying Candidate Proposals and Assessing their Eligibility

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*This chapter examines the identification and confirmation of the population of the election commitments allocated for delivery under the Safer Streets programme. It also examines the department's assessment of the eligibility of those proposals considered for programme funding.*

### Introduction

**3.1** Election commitments can be made in a variety of forms and contexts, ranging from:

- announcements included in the incumbent party's formal policy document that is released by the relevant Minister(s) and is submitted for costing under the *Charter of Budget Honesty Act 1998*; through to
- undertakings made by individual candidates, which are not included in the party's formal policy document, such as where a candidate is not currently in Parliament, his/her party is not currently in Government and the candidate is not elected to the Parliament.

**3.2** For the Safer Streets programme, the Coalition's formal policy document for the 2013 election was titled *The Coalition's Policy to Tackle Crime*. This policy document was released in August 2013 by the then Leader of the Opposition.<sup>84</sup> The policy document noted that:

The Coalition's *Plan for Safer Streets* will boost the efforts of local communities to address crime and anti-social behaviour by helping them to install CCTV and better lighting, funded from a pool of \$50 million to help deliver effective solutions to local crime problems.<sup>85</sup>

**3.3** The policy document did not contain specific details of any organisations that were to receive funding under the programme, the projects to be funded or the selection process to be used. As discussed at paragraph 2.4, once established, the implementation arrangements for the programme provided for a closed application process restricted to invited applicants.

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84 This policy document was submitted for costing under the *Charter of Budget Honesty Act 1998*.

85 *The Coalition's Policy to Tackle Crime*, August 2013, p. 10.

**3.4** The first applicants were invited to apply for funding in May 2014 and assessments began in June 2014, including an assessment of project eligibility. This assessment required in part consideration of whether the project proposals that were submitted by applicants were consistent with the commitments that had been made by the Coalition and the programme guidelines.

**3.5** ANAO examined the processes in place to identify and confirm the population of election commitments made under the Safer Streets programme as well as the departmental assessment of eligibility of those projects against the programme guidelines.

## Identifying election commitments

### Compilation of the initial list of commitments

**3.6** The programme guidelines for the Safer Streets programme contained some summary level information on the number of projects, funding recipients and funding amount to be delivered under the programme, including:

A first tranche of funding of \$19.3 million under the Programme will be provided for projects across 150 locations as announced before and during the 2013 election. The Australian Government will invite identified organisations to apply for funding assistance for projects relating to specific election commitments to undertake security enhancements such as better lighting, closed-circuit television (CCTV) and mobile CCTV in local crime hot spots in at-risk communities across Australia.<sup>86</sup>

**3.7** More detail on 'identified organisations' to be invited to apply for funding was also provided in the programme guidelines, as follows:

The target group for funding under the first funding round under the Safer Streets Programme is organisations that were identified before and during the 2013 federal election to deliver specific commitments ... Only those organisations previously identified and invited are eligible to apply for funding under Round One.<sup>87</sup>

**3.8** The identity of the organisations that the department invited to apply for funding were settled after the 2013 election in light of various commitments made by Coalition candidates during the election campaign to fund projects. In this context, the department did not commence its programme planning with a comprehensive list of election commitments.

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86 Safer Streets programme guidelines April 2014, p. 3.

87 Safer Streets programme guidelines April 2014, p. 4.

**3.9** In early October 2013, the department undertook a basic search of information on the internet to identify projects that ‘seem to fit’ within programme parameters. As part of this research, the department identified 30 announcements (such as media releases, media reports and internet-based material), covering 53 election commitment projects with a total value of \$8.2 million. This was well short of the 150 projects/locations subsequently mentioned in the programme guidelines. The department’s list of 30 announcements was provided to the Minister for Justice’s office, with a request to confirm the accuracy of the commitments and provide information on any additional projects that had not been identified.

**3.10** On 31 October 2013, a list of 150 commitments across 63 electorates was provided to the Minister for Justice’s office by the Prime Minister’s office and then forwarded to the department. The list included 150 election commitments valued at \$17.9 million, of which:

- 88 were located in an electorate where a Coalition member held the relevant seat in the lead up to the 2013 Federal election, with a Coalition candidate ultimately winning the seat at that election;
- three were located in an electorate where a Coalition member held the relevant seat in the lead up to the 2013 Federal election, but a Coalition candidate did not ultimately win the seat at that election;
- 36 related to projects in an electorate not held by a Coalition candidate in the lead up to the 2013 Federal election, with a Coalition candidate ultimately winning the seat at that election; and
- 23 related to projects in an electorate not held by a Coalition candidate in the lead up to the 2013 Federal election, with a Coalition candidate ultimately not winning the seat at that election.

**3.11** Table 3.1 shows that the list included the relevant state, electorate, a basic description of the location or type of activity involved in the commitment and a dollar amount.

**Table 3.1: Examples of information in the 31 October 2013 list**

State	Electorate	Project	Funding (\$)
NSW	Dobell	CCTV—Blue Haven	25 000
NSW	Gilmore	CCTV—various locations	600 000
QLD	Dawson	CCTV—Mackay mobile CCTV (4 units)	200 000
QLD	Fisher	Crime Prevention Railway Corridor	50 000
QLD	Wright	CCTV—Teviot Rd & Homestead Rd, Flagstone	60 000
VIC	Dunkley	Seaford foreshore/shopping village/pier precinct/railway car park	79 000
VIC	Dunkley	Langwarrin Graffiti Response and Prevention Programme	88 000

Source: ANAO analysis of commitments listed on the 31 October 2013 list of election commitments.

**3.12** In many instances, the information provided in the list was limited in detail and did not include: the identity of the intended grant recipient organisations; the specific location of projects; and/or details about the scope of the commitments, such as the number of CCTV cameras or lights to be funded. In this regard, the department's own research of who had made the commitments in the list and the substance of the commitments had not progressed beyond the work it had already undertaken when identifying the 30 announcements in early October 2013. Further, no evidence was available to suggest that the department undertook preliminary checks of whether the commitments listed aligned with any of the public commitments it had identified. For example, in February 2014, internal departmental correspondence noted:

The list we have comes from advice from the [Minister's] office ... We didn't have any visibility on how this list was compiled and do not have source documentation to support the inclusion of most of the commitments on [the] list.

**3.13** Despite the department's lack of knowledge about how many election commitments had been made and the substance of what had been committed, the list of 31 October 2013 was used by the department as the authoritative list of election commitments in a briefing provided to the Minister for Justice in

December 2013, and thereafter adjusted the list on the basis of amendments requested by the Minister’s office.<sup>88</sup>

### Projects without a pre-election public announcement

3.14 The October 2013 list of 150 commitments that was provided to the department included six projects for which no pre-election announcement was available (shown in Table 3.2). In May 2015, the Minister’s office confirmed that it had not been able to locate pre-election announcements for these projects.

**Table 3.2: Projects on the initial October 2013 list where no pre-election commitment was available**

State	Electorate	Project	Amount (\$)
NSW	Paterson	CCTV – Raymond Terrace—\$52,000	52 000
QLD	Hinkler	CCTV – Surf safety/surveillance camera @ Elliott River Mouth—\$27,000	27 000
QLD	Hinkler	CCTV – Surf safety/surveillance camera @ Palmers Creek (Innes Park)—\$27,000	27 000
QLD	Hinkler	CCTV – Surf safety/surveillance camera @ Mon Repos—\$27,000	27 000
QLD	Hinkler	Permanent Emergency Response Beacon @ Mon Repos—\$12,000	12 000
QLD	Oxley	CCTV Durack Common—\$250,000	250 000

Source: ANAO analysis of the list of commitments.

Note: There were a total of seven projects on the final list for which no pre-election commitment was available, including a project (Redcliffe PCYC) that was later added to the list and is discussed in paragraph 3.17.

3.15 The first funding round was restricted to funding election commitments. As a consequence of no pre-election commitment being identified for these projects, they were not eligible for funding under the programme requirements.

### Clarifications and corrections to the list of commitments

3.16 In the period after the list was provided to the department, several clarifications and corrections were made by the department at the request of the Minister for Justice’s office. In May 2015, the Minister’s office advised

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88 The department undertook some minor editing of the list descriptions to generalise the content of some project descriptions, such as by removing the number of cameras involved, or some street names.

ANAO that it undertook an internal confirmation process to align the 150 commitments with commitments made prior to the election. These included the addition of the four projects, as shown in Table 3.3, and clarifications and corrections made to the deliverables for three items on the commitments list, as shown in Table 3.4.

**Table 3.3: Projects added to the list of election commitments**

State	Electorate	Local Government Area	Project	Amount (\$)	Date Added
NSW	New England	Tamworth Regional Council	CCTV & Lighting— Tamworth	500 000	Dec 2013
QLD	Herbert	Townsville City Council	Lighting— Riverway Drive Pathway	1 295 000	Feb 2014
QLD	Flynn	Rotary Club of Blackwater	Lighting of Blackwater Rotary Park	20 000	Apr 2014
QLD	Petrie	Redcliffe PCYC	CCTV— replacement and upgrade of cameras at Redcliffe PCYC	10 000	May 2014

Source: ANAO analysis of list changes.

**3.17** ANAO has identified publicly available information confirming that commitments were made in respect of the New England, Herbert and Flynn electorates, but could not locate information confirming a commitment in the Petrie electorate. The department was asked by the Minister’s office to include the Petrie project on the list, but the department did not request an explanation for the change.<sup>89</sup>

<sup>89</sup> In May 2015, the Minister’s office advised ANAO that, while it did not have a record of an announcement for the Petrie commitment, it was added to the list because the local member had advised that the commitment had been made prior to the election.

**Table 3.4: Clarifications and corrections to listed election commitments**

State and Electorate	Original details	Revised invitee	Revised project and amount
NSW— Gilmore	Invitee: Not stated  Project and amount: CCTV— various locations—\$600 000	Shoalhaven City Council	CCTV—Bomaderry, East Nowra and Sanctuary Point—\$300,000
		Kiama Municipality Council	CCTV—Township Kiama— \$150 000
NSW— Macquarie	Invitee: Hawkesbury City Council, Blue Mountain City Council  Project and amount: CCTV— Richmond, Blaxland & Wentworth Falls—\$450 000	Hawkesbury City Council	CCTV—Richmond— \$150 000
		Blaxland Chamber of Commerce	CCTV—Great Western Highway, Blaxland— \$150 000
		Wentworth Falls Chamber of Commerce	CCTV—Station Street, Wentworth Falls— \$150 000
QLD— Brisbane	Invitee: Brisbane City Council  Project and amount: CCTV—Brisbane CBD— \$100 000  CCTV—Caxton Street— \$35 000  CCTV—Fortitude Valley— \$100 000		CCTV—Racecourse Road—\$35 000  CCTV—Caxton Street— \$35 000  CCTV—Fortitude Valley— \$100 000

Source: ANAO analysis of the election commitment list.

## Funding invitations

**3.18** The absence of detailed information identifying the intended recipient of each grant was a key limitation of the list of election commitments provided to the department. In this context, the department needed to identify and confirm with government the identity of the organisations that would be invited to deliver projects on the list.

**3.19** On 11 April 2014, the department advised the Minister for Justice’s office that:

I have attached a copy of the list of Safer Streets commitments ... There are two tabs in the spreadsheet, one lists projects by electorate and the other by identified delivery organisation. We would appreciate your assistance in confirming that the correct organisation has been identified for each commitment.



**3.20** In response, the Minister for Justice’s office provided a range of updates to the local government area names listed on the spreadsheet in the lead up to the first set of invitations being sent.<sup>90</sup> Additionally, before providing a ‘final list’ to the department on 14 May 2014, the Minister’s office provided advice (on 12 May 2014) that the projects shown in Table 3.5 should be removed from the list (the Logan commitments were later reinstated and funded). No explanation was provided to the department with this advice and the department did not send invitation letters for any of the six projects. In May 2015, the Minister’s office advised ANAO that the six projects were removed from the list because it had been unable to confirm that a public election commitment had been made in relation to these projects.

**3.21** In respect of two projects in Table 3.5 (Eden-Monaro and Hughes), there was no evidence available to indicate that election commitments had been made. For the other four projects, ANAO analysis identified that a commitment had been made, as follows:

- the first four listed projects were located in two marginal Queensland electorates held and retained by the Australian Labor Party (ALP). Each had been announced as an election commitment by the Liberal National Party of Queensland (LNP) candidate for the relevant electorate, as follows:
  - the LNP candidate for Moreton had announced on Thursday 15 August 2013 that ‘an elected Coalition Government will make our streets safer by investing \$60 000 in new community safety measures in Acacia Ridge and Sunnybank’; and
  - in the company of a sitting LNP Senator, the LNP candidate for Rankin had announced on the day prior to the September 2013 election a Coalition pledge of \$250 000 to install CCTV cameras at Underwood Park (which is located in the suburb of Priestdale) and on Chambers Flat Rd at Marsden to feed into the Logan City Council Safety Camera Programme (see further in Figure 3.1 in respect to this commitment being reinstated).

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90 Seventeen changes were made to the identity of the organisations to deliver projects on the list based on advice provided by the Minister for Justice’s office on 14 May 2014.

**Table 3.5: Projects to be removed from the list of election commitments**

State	Electorate	Local Government Area	Project	Amount (\$)	Party holding the electorate following the 2013 Federal election
QLD	Moreton	Brisbane City Council	CCTV—Sunnybank	30 000	Labor
QLD	Moreton	Brisbane City Council	CCTV—Acacia Ridge marketplace	30 000	Labor
QLD	Rankin <sup>1</sup>	Logan City	CCTV—Priestdale	141 000	Labor
QLD	Rankin <sup>1</sup>	Logan City	CCTV—Marsden	111 000	Labor
NSW	Eden–Monaro	Queanbeyan City Council	Queanbeyan—CCTV	15 000	Liberal
NSW	Hughes	Sutherland Shire	CCTV—Engadine	30 000	Liberal

Source: ANAO analysis of email dated 12 May 2014 from the office of the Minister for Justice to the department.

Note 1: These commitments were later reinstated and funded (as discussed in Figure 3.1)

**3.22** Based on the commitments list confirmed on 14 May 2014, the department sent its first set of invitations to identified organisations on 15 May 2014. The letters included standard text inviting applicants to submit a proposal for funding under the Safer Streets programme ‘setting out how you will implement the commitments announced by the Coalition during the 2013 election campaign’. The letters nominated 2:00 PM (AEST) on Thursday, 12 June 2014 as the lodgement deadline, and stated that late or incomplete applications ‘may not be considered’. Consistent with the department’s lack of detailed knowledge of the scope of the election commitments, the letters replicated the project description and amount from the commitments list, such as:

Specifically, I invite Tamworth Regional Council to apply for funding of up to \$500,000 to deliver the commitments set out below:

CCTV & Lighting – Tamworth – \$500 000

**3.23** The department had confirmed commitments and recipients with the Minister’s office before sending the 15 May 2015 invitational letters. However, some intended applicants declined to submit an application. Further, two

commitments previously removed from the list (see paragraph 3.21 and Table 3.5) were reinstated for delivery and the accuracy of one of these commitments was challenged (discussed in Figure 3.1).

**Figure 3.1: Case Study—Commitments relating to Logan City Council**

The department’s letter of invitation to Logan City Council listed six commitments totalling \$1 260 000, namely:

- CCTV—Jimboomba CBD, Jimboomba – \$240 000
- CCTV—Teviot Road & Homestead Road, Flagstone – \$60 000
- CCTV—Chambers Flat Road (Bourke Street, Waterford West) – \$105 000
- CCTV—Shailer Park – \$105 000
- CCTV—Loganlea – \$240 000
- CCTV—Beenleigh CBD – \$510 000

The first two commitments were located in the electorate of Wright which was retained by the Liberal Party at the 2013 election. The other four commitments were located in the electorate of Forde, which was also retained by the Liberal Party at the 2013 election. Two commitments in relation to Logan City Council (in Priestdale and Marsden within the ALP held and retained electorate of Rankin) were not included in the letter, consistent with the advice of the Minister’s office that these projects be removed (as was identified in Table 3.5).

The Minister for Justice, however, had previously written to the council, in March 2014, to confirm all eight Logan City Council projects as the government’s election commitments for the council. Subsequently, on 11 June 2014, the department advised the Minister’s office that the Logan City Council had asked if it could apply for funding for the Priestdale and Marsden projects and had cited the Minister’s March 2014 letter. The Minister, through his office, advised the department that he had agreed to Logan City Council’s request. The Priestdale and Marsden projects were reinstated and funded under the programme.

The Minister’s March 2014 letter to Logan City Council was significant in another respect. Specifically, the letter had been prepared by the department and the department had overstated the amount of funding relating to one of the eight commitments. Instead of the \$60 000 committed by the government for CCTV at the Flagstone location, the department had listed an amount of \$300 000. The subsequent May 2014 letter of invitation sent by the department contained the correct amount of \$60 000, however, the Council’s application sought \$291 690 relying on the March 2014 advice. This amount was later recommended to the Minister (without advice reflecting the changed funding amount) and approved.

Source: ANAO analysis of departmental information.

**3.24** Notwithstanding that the Minister’s office had provided a ‘final list’ of projects and invitees on 14 May 2014, details of the invitees for some projects were still to be finalised by the Minister’s office and so not all invitees were provided with letters on 15 May 2014. In this regard, letters for projects in the Macquarie electorate (a marginal electorate retained by the Liberal Party at the 2013 election) were delayed as follows:

- letters for four projects were sent on 21 May 2014 following updated information on the intended applicants being provided by the Minister’s office on that date; and

- a letter for a further project was sent on 26 May 2014 following initially conflicting advice from the Minister's office on the intended applicant organisation.

**3.25** Similarly, in the case of three commitments made in the electorate of Solomon in the Northern Territory (a marginal electorate retained at the 2013 Election by the Country Liberals), the identity of the applicant was not finalised by the Minister's office and provided to the department until 19 June 2014. This date was after the 12 June 2014 deadline for submitting applications that was specified in the programme guidelines. The department's invitation email to the Northern Territory Police dated 20 June 2014 was sent without any application deadline.

**3.26** In total, 23 changes were made to the identity of the organisations to deliver projects on the list based on advice provided by the Minister for Justice's office. Of these:

- seven changes were made to align the applicant on the list with the organisation named in the election commitments<sup>91</sup>;
- 15 related to projects where the recipient organisation was not identified in the election commitment; and
- one for which no pre-election announcement was available.

**3.27** As was noted in paragraph 2.15 and, as reflected in section 3 of the Safer Streets programme guidelines, the first funding round was to be targeted at funding specific election commitments to be delivered by organisations that had been identified prior to October 2013. In this regard, based on the election commitment list confirmed by the Minister's office, four organisations were invited to apply for funding to deliver seven projects (see Table 3.2 and the Petrie commitment listed in Table 3.3) for which no pre-election commitment was available.

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91 Of these, two organisation changes related to a re-structure of councils in Queensland. Both involved the Noosa Council delivering projects originally identified as being delivered by the Sunshine Coast Regional Council.

## Projects that declined funding and alternative delivery options

**3.28** Three organisations responded to the department's letter of invitation to apply for Safer Streets programme funding by advising that they did not intend to apply for the funding. As identified in Table 3.6, two of the organisations identified that the projects proposed were not on council land and two cited ongoing costs associated with maintaining CCTV infrastructure.

**Table 3.6: Invitees who declined to apply for funding**

Invitee	Project	Reason for declining
Glen Eira City Council	CCTV— McKinnon/Ormond— \$50 000	<ul style="list-style-type: none"> <li>proposal not supported by a business case</li> <li>funding did not cover all costs (including operations, maintenance and replacement)</li> </ul>
	CCTV—Koornang Rd, Carnegie—\$100 000	
Mitchell Shire Council	CCTV—Broadford Train Station—\$100 000	<ul style="list-style-type: none"> <li>the logistics of the project not being on council land</li> </ul>
Macedon Ranges Shire Council	CCTV—Gisborne Train Station precinct—\$100 000	<ul style="list-style-type: none"> <li>did not own the land</li> <li>would be responsible for maintenance costs</li> </ul>

Source: ANAO analysis of departmental records and correspondence provided by Glen Eira City Council.

**3.29** On 29 October 2014, the department advised the Minister that:

The Department is awaiting advice from your office on a further four commitments: Glen Eira City Council, Mitchell Shire Council, Macedon Ranges Shire Council and City of Stonnington. An application has already been received from the City of Stonnington, however advice is required on whether it meets the Government's commitment to this community.

**3.30** The projects allocated to Glen Eira City Council illustrate some of the challenges associated with seeking to implement election commitments where an election announcement provides only limited detail of what is intended and the commitment is not well understood by all parties. These are detailed in Figure 3.2.

### Figure 3.2: Case Study—Project allocated to Glen Eira City Council

In August 2013, the sitting Coalition members for the electorates of Higgins and Goldstein in Victoria made two commitments<sup>92</sup> for projects to be delivered by the Glen Eira City Council. The commitments were:

- ‘\$100 000 for new CCTV systems in Carnegie’ with the money directed to Glen Eira City Council. The commitment also noted that the council would work with local Police and the community to determine ‘the best locations for the new lighting and CCTV cameras’; and
- ‘\$50 000 to support the installation of new CCTV systems and improved lighting in Ormond and McKinnon’ and that ‘funding will complement the council’s strong community safety programme and to develop its CCTV network’.

In both cases, the announcements cited support from the then Mayor of Glen Eira City Council and mentioned improvements to both CCTV and lighting. However, the lighting aspect of these projects was not included in the commitment list provided to the department by the Minister’s office. The information included in the letter of invitation to the council was only for projects relating to CCTV (the ‘project’ column of Table 3.6 provides the text from the list and the letter).

On 4 June 2014, the new Mayor wrote to the Minister for Justice advising that the council would decline the invitation to submit an application. The Mayor noted that the Victorian Auditor-General had previously reported to the Victorian Parliament that investments in council capital works should be supported by business cases and that there was no business case supporting the project or the specified locations. The Mayor also noted that:

- council’s position on CCTV was that government proposals need to cover all their costs including operations, maintenance and replacement in due course;
- the Federal government had recently announced that funding to local governments will be reduced in real terms for the next three years; and
- the Safer Streets programme guidelines stated that funding for running costs would be ineligible.

Notwithstanding the above advice, on 25 July 2014, the Mayor again wrote to the Minister noting that the Safer Streets programme allowed for lighting projects and requesting support for three park lighting projects in Bentleigh and Caulfield. The Minister responded on 21 October 2014 advising that he could not agree to the request as it would not deliver on the intended community safety outcomes sought through the use of CCTV in McKinnon/Ormond and Koornang Road, Carnegie.

Source: ANAO analysis of departmental information and information provided by the Glen Eira City Council.

**3.31** On 19 January 2015, seven months after Round One of the Safer Streets programme was closed for applications, the department advised ANAO that the Bentleigh Traders Association and Carnegie Traders Association were invited to apply for the funding, originally intended for the Glen Eira City Council. These organisations were not the intended funding recipients mentioned in the election commitment announcements, and therefore, based

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92 *Kelly O’Dwyer MP Announces \$100,000 For Community Safety in Carnegie*, Media Release, Kelly O’Dwyer MP, Federal Member for Higgins, 21 August 2013; and *\$50,000 to support community safety in Ormond and McKinnon*, Media Release, the Hon. Andrew Robb AO MP, Federal Member for Goldstein, 27 August 2013.

on the published programme guidelines, were not eligible for funding under the first funding round. In January 2015, the Minister approved a project to be delivered by the Bentleigh Traders Association to replace (in part) the project that was to be delivered by Glen Eira City Council.<sup>93</sup>

## Eligibility assessment

**3.32** In June 2014 the department began assessing applications against the eligibility criteria (identified in Table 2.3 on page 55) for the programme.

**3.33** In relation to the closing date for applications, the programme guidelines had stated that:

It is the responsibility of the applicant organisation to submit a clear and complete application which is lodged on or before the closing date. Late or incomplete applications may not be considered.

**3.34** Similarly, the letters of invitation nominated 2:00 PM (AEST) on Thursday, 12 June 2014 as the lodgement deadline, and stated that late or incomplete applications ‘may not be considered’.

**3.35** Against this background, 58 applications (68 per cent of all applications received) were submitted prior to the 2:00 PM 12 June 2014 close of applications deadline outlined in the programme guidelines. A further 27 applications (32 per cent of all applications received) were submitted after the due date. Four of the 27 late applications were submitted within two hours of the due date. The latest application was submitted on 13 November 2014.<sup>94</sup> The department continued to accept information to assess applications until March 2015. Notwithstanding the lateness of a large proportion of applications (up to five months late), all applications received by the department were assessed as ‘eligible’ and further assessed against the selection criteria even in circumstances where the application had provided little, or no, information in response to key programme requirements (as reflected in the application form—see paragraphs 4.11 to 4.20).

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93 The department has advised that Carnegie Main Street Inc. was invited to take up the remaining funding from the Glen Eira City Council commitment and that an application has been submitted, but that the department’s assessment and funding recommendation are yet to be finalised.

94 The department advised ANAO that the application (submitted by Greater Toukley Vision) was provided on 13 November 2014. The application was assessed but not recommended for funding and the applicant subsequently provided a replacement application on 17 March 2015. The department advised ANAO on 8 May 2015 that an assessment of the revised application had not been completed.

## Suitability of the eligibility checklist for assessment

3.36 As discussed in Chapter 2, there was a paucity of programme documentation to support the implementation of the programme, with the department failing to develop even a basic set of operational guidance to assist its assessors with the assessment task. In the context of the eligibility assessment, and in line with good practice, the department did, however, develop an eligibility checklist for assessors to complete as part of the eligibility assessment process. The eligibility checklist had the potential to provide a comprehensive basis for assessing the minimum and mandatory eligibility requirements in the programme guidelines.

3.37 However, the eligibility checklist, together with the application form for the programme contained some shortcomings that did not support a proper assessment of eligibility. Specifically, the checklist failed to reflect the main eligibility criteria and other mandatory requirements in the programme guidelines. For example, as identified in Table 3.7, section 3 of the Safer Streets programme guidelines contained five separate eligibility requirements relating to the organisation and the proposed project and the eligibility checklist.

3.38 Similarly, the application form for the programme did not require applicant organisations to provide information or evidence against three of the five eligibility requirements. One of these eligibility requirements was also not reflected in the eligibility checklist. In addition, there was a further eligibility requirement that, while addressed by the application form, was not covered by the eligibility checklist. As a result, departmental assessments of eligibility were undertaken in the context of insufficient information requested in the application form and a checklist that did not prompt consideration of all eligibility requirements. This situation was further compounded by the department applying a non-existent eligibility requirement to one applicant.<sup>95</sup>

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95 Specifically, the department advised one applicant that it was considered ineligible due to its 'unincorporated' status. However, the programme guidelines had not stated that applicants needed to be incorporated organisations to be eligible. The department also advised ANAO in January 2015 of the same reasoning as to why the project had not progressed and the reason why there was no executed funding agreement in place. In March 2015, the department advised ANAO that it 'acknowledges that the Safer Streets Guidelines did not provide clear guidance to applicants that it had to be an incorporated organisation'.



**Table 3.7: Project eligibility as stated in the Safer Streets programme guidelines—section 3**

Eligibility requirements as per the programme guidelines	Application Form addressed the requirement	Assessment Form addressed the requirement
The organisation was identified to deliver a specific commitment prior to the 2013 federal election.	✗	✓
The identified organisation was invited by the Attorney-General's Department to submit an application.	✗	✗
The applicant must provide evidence to demonstrate the need for improved security due to crime and anti-social behaviour affecting local communities, in particular local retail, entertainment and commercial precincts. <sup>1</sup>	✓	✗
The project is consistent with the Government's election commitments.	✗	✓
The project is consistent with the programme's requirement for successful delivery of the project.	✓	✓

Source: ANAO analysis of the Safer Streets programme guidelines, assessment form, and application form.

Note 1: As was discussed in paragraph 2.9, prior to the approval of the programme guidelines and following a request by the Minister's office to simplify the guidelines, the department made a range of changes, including removing important requirements such as the requirement for the applicant to provide evidence to demonstrate need.

**3.39** Of particular note is the discrepancy relating to applicants providing evidence to demonstrate the need for improved security. As was previously discussed at paragraphs 2.9 to 2.11, the requirement that 'high levels' of crime and anti-social behaviour be the causal factor when demonstrating the need for the project was removed from the draft guidelines.<sup>96</sup> The eligibility requirement that 'the applicant **must** provide evidence to demonstrate the need for improved security due to crime and anti-social behaviour' [ANAO *emphasis*], however, remained in the guidelines and application form, but was omitted from the eligibility checklist. ANAO analysis identified that 40 applications did not provide evidence to demonstrate need, as required by section three of the guidelines. It is difficult to understand how projects could

96 For example, as outlined in the NCPF programme guidelines, need was demonstrated by providing demonstrated high crime rates, as evidenced by law enforcement or Australian Bureau of Statistics data, in the area where the project is to be delivered. See further discussion in Chapter 4, paragraph 4.25 to 4.30.

later be assessed as suitable for funding if the need for those projects had not been evidenced.<sup>97</sup>

### **Consistency of proposed project with election commitments**

**3.40** Another area in which the eligibility checklist and lack of guidance failed to support a proper eligibility assessment was in considering whether project proposals were consistent with the election commitments made by the Coalition. The eligibility checklist required assessors to specifically consider whether project proposals were consistent with election commitments in the following question:

Is consistent with the commitment made (delivery locations etc)? If no please explain in the comments field below.

**3.41** A robust assessment of this question required knowledge of the commitment that had been made. In July 2014 the department advised ANAO that it:

struggled to compile the information relating to election commitments made by the Coalition, as the party did limited releases of information and what was released was generic in nature ... only a few of the Coalition party members made media releases that reported election commitments that released the details of the projects and the funding allocation for their electorate under the Safer Streets Programme...discrepancies were brought to the Department's attention by Coalition members in relation to the amounts awarded to the electorates.

**3.42** Notwithstanding the above advice, for the 84 applications approved for funding, all but one of the department's assessments noted that the proposals were consistent with the commitments made.<sup>98</sup> As the department did not have evidence of all the commitments (apart from the 30 announcements it provided to the Minister's office in October 2013), it was not in a position to assess whether the majority of applications were consistent with the election commitments made.

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97 See further discussion in Chapter 4, paragraph 4.23 to 4.30.

98 The eligibility questionnaire in the assessment report for Bentleigh Traders Association identified that the project was not consistent with the original commitment and noted that "The original commitment was for the Glen Eira City Council to install CCTV in McKinnon and Ormond, however the Council declined the offer to apply for funding. The applicant has confirmed that the location in which this project will be delivered differs from the original commitment as the Glen Eira City Council declined the funding". However, the assessment report still records that the project was eligible and comments that "I recommend this project for funding if the Minister is satisfied that it aligns with the original commitment".

**3.43** The guidelines state that:

The target group for funding under the first funding round under the Safer Streets Programme is organisations that were identified before and during the 2013 federal election to deliver **specific commitments**. ...

Funding under Round One is available for projects identified before and during the 2013 federal election that enhance the safety and security of the community through the installation of improved **lighting** and **CCTV**. [ANAO *emphasis.*]

**3.44** Overall, 22 applications proposing to deliver 35 projects were assessed as eligible, even though the projects were inconsistent with the specific election commitment made. Examples of inconsistencies include instances where:

- the commitment was for CCTV and the application requested funding for lighting (and vice versa);
- locations cited in the commitment varied from those identified in the application;
- the commitment was for one element, such as CCTV or lighting, and the scope of the project in the application was expanded to cover both elements; and
- the commitment identified a location and element (for example, CCTV) and the application requested funding on the basis of a future site assessment to determine the measures to be implemented.

### **Ineligible project costs as outlined in the programme guidelines**

**3.45** Section 3.2 of the guidelines outlined project costs considered ineligible for funding under the programme. The application form did not provide relevant guidance in relation to ineligible costs, and did not require the applicant to identify whether the proposed project included seven of the 10 ineligible cost items. The department also did not verify the information as provided in the application form, cost estimates or quotations to ensure that ineligible costs were not included.<sup>99</sup> Further, the eligibility checklist section of the assessment form did not contain an assessment of eligibility against two of the cost items. Table 3.8 below outlines the ineligible cost items as documented

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<sup>99</sup> The department advised ANAO in July and October 2014 that it did not verify or confirm the information provided by applicants.

in the programme guidelines and the extent to which the application and assessment form addressed the requirements.

**Table 3.8: Ineligible project costs as per the programme guidelines section 3—eligibility**

Ineligible project costs Funding will not be provided for:	Application Form addressed the requirement	Assessment Form addressed the requirement
An applicant organisation's ongoing operation or running costs	✓	✓
Retrospective or deficit funding	✗	✓
Projects that have already commenced under other funding arrangements or programmes	✓	✗
Large-scale capital equipment and capital works, including the purchase or lease of land and/or purchase, construction or maintenance of buildings and vehicles	✗	✓
Any development costs associated with an application	✗	✓
Travel to conferences	✗	✓
Fundraising or sponsorship	✗	✗
Individual scholarships	✗	✓
Projects that provide personal protection for specific individuals	✗	✓
Organisations which have not fulfilled previous grant requirements including acquittal reports and evaluations, or organisations or projects previously defunded by State or Territory or Australian Government agencies for performance and/or integrity reasons	✓	✓

Source: ANAO analysis.

**3.46** The lack of alignment between the application form, the assessment form, and the guidelines contributed to the fact that in only two cases did the department identify ineligible cost items against the eligibility checklist (two separate applications were identified as including an ineligible item).<sup>100</sup> By

100 The two instances where ineligible costs were identified related to: large-scale capital equipment and capital works; and an applicant organisation's ongoing operation or running costs. It is not clear if the ineligible large-scale capital equipment and capital works costs were funded as the assessment was silent on these costs, the amount of funding recommended was not reduced, and the expenditure section of the executed funding agreement does not contain enough detail to ascertain if the costs are included. Further, the ineligible costs related to the second applicant organisation's ongoing operation or running costs appear to be an error on the department's behalf as the quotation included only installation and equipment costs, and the total cost of the quotation was equal to the amount of funds requested by the applicant.

way of comparison, ANAO analysis of the application information identified 34 applications that included potentially ineligible items, for example:

- scoping and design costs;
- safety assessments to determine the location and safety responses required<sup>101</sup>;
- contract administration costs, including project management costs, project officer salaries (in one instance, a quarter of the funding requested) and project evaluation costs<sup>102</sup>;
- building approval fees;
- the supply and installation of security grills on doors and windows;
- consultation;
- youth events and education campaigns;
- urban art;
- way-finding signs; and
- ongoing maintenance of the CCTV systems.<sup>103</sup>

### **Consistency of projects with funding requirements for Round One**

**3.47** As previously discussed in Chapter 2, the details of what types of projects would be funded under Round One of the Safer Streets programme were set out in the programme guidelines, which noted that the department:

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101 The Brisbane City Council application covered 10 individual projects. However, the application, approval and executed funding agreement do not specify actual project locations or the crime measures to be implemented. The executed funding agreement states that council will initially undertake a safety assessment at each location in consultation with identified stakeholders, and then will determine what safety responses are required and confirm the key locations which will benefit from enhancements.

102 These costs may be considered to be ongoing operational running costs. Such costs are ineligible but may be considered, if they relate to the project period and are exclusively associated with the proposed project.

103 For example, Wentworth Falls Chamber of Commerce initially requested \$80 000 over 10 years for ongoing maintenance costs. The department advised the applicant that the Safer Streets programme guidelines state that 'funding will not be provided for an applicant organisation's ongoing operation or running costs (however, such costs will be considered for the funding period if directly and exclusively associated with the proposed project)'. The department also advised the applicant that 'Given that this programme ends in June 2017 and the Chamber has budgeted \$80,000 for 10 years maintenance, it is unlikely that this amount will be approved. You may wish to consider using this sum for higher resolution cameras, lighting or other crime prevention initiatives (as long as you can justify their need)'.

... will invite identified organisations to apply for funding assistance for projects relating to specific election commitments to undertake security enhancements such as **better lighting, closed-circuit television (CCTV) and mobile CCTV** in local crime hot spots in at-risk communities across Australia.  
*[ANAO emphasis]*

**3.48** In this respect, the programme guidelines emphasised that the projects to be funded were to undertake CCTV and lighting installation and were aimed at addressing crime. More specific information on the types of projects and costs that would not be eligible for funding was provided in section 3.2 of the programme guidelines.

**3.49** ANAO analysis was that the department's eligibility assessments did not reflect appropriate consideration as to those costs that were eligible for funding under the program. In this regard:

- one applicant sought funding to run a CCTV incentive scheme for local businesses offering a subsidy to offset the cost of installing CCTV;
- another applicant sought funding for 'way-finding' signage—design, materials and installation;
- four projects on the list of election commitments provided to the department included funding graffiti removal equipment; and
- one application (also on the list of election commitments provided to the department) and detailed in Figure 3.3 below appeared to not align with the aims of the programme.

### Figure 3.3: Case Study—Bundaberg Regional Council surf safety project

The election commitments for Bundaberg Regional Council as advised to the department, and included in the department's letter to the council were:

CCTV—Surf safety/surveillance camera @ Elliott River Mouth—\$27 000

CCTV—Surf safety/surveillance camera @ Palmers Creek (Innes Park)—\$27 000

CCTV—Surf safety/surveillance camera @ Mon Repos—\$27 000

Permanent Emergency Response Beacon @ Mon Repos—\$12 000

The invitation and resulting project proposal did not demonstrate consistency with the programme guidelines as they provided for swimming patrols to be undertaken through the installation of CCTV at beaches without establishing any link to crime. In this regard, the project proposal contained extensive discussion of risky surf conditions and drownings that had occurred at the beaches, without providing any discussion or evidence of crime that may have occurred at the beach locations. This is also significant because, as outlined in Chapter 1, section 298 of the POCA only provides authority for the Minister to approve expenditure for one or more of the following purposes: crime prevention measures; law enforcement measures; measures relating to treatment of drug addiction; or diversionary measures relating to illegal use of drugs. There is no evidence that the department sought to assess the project's compliance with POCA requirements or advise the Minister of the inconsistency in approving funding under POCA for his project.

In addition:

- the costs for the emergency beacon included in the project were inconsistent with the programme guidelines, as the guidelines only provide for lighting and CCTV to be funded in the first funding round;
- the costs also include 12 months of operating expenses, some of which can be expected to extend beyond the funding period and would therefore not be eligible; and
- the proposal was inconsistent with the election commitment that was made—which detailed that only one emergency beacon would be installed, whereas the application outlined that three beacons would be installed.

The project was assessed as eligible.

Source: ANAO analysis of departmental information.

**3.50** The department did not provide advice to the Minister as to the questionable eligibility of the above projects, or advise him of his options. In this respect, the programme guidelines noted that a later funding round of the programme 'would provide for the purchase of and installation of CCTV and other security related infrastructure, and projects that target anti-social behaviour' (graffiti is classified as anti-social behaviour).

**3.51** These errors in the department's assessment of eligibility occurred notwithstanding that the department had a 'peer review' process in place. In

addition, there was also scope in the eligibility/assessment form for the programme director to review eligibility. However there was no evidence that any of these issues were raised or addressed by the assessing officer, peer reviewer or the programme director.

## Conclusion

**3.52** The programme guidelines clearly established that the first funding round was limited to election commitments from the 2013 election. However, implementation of the programme did not limit funding to only those organisations and projects that were a 2013 election commitment, or to the amount of funding that had been announced. Further, there were a number of instances where projects were announced but no organisation was invited to apply for Safer Streets programme funding for those projects.<sup>104</sup> In addition, another seven projects were included in the list where no public announcement of an election commitment had been made.

**3.53** More broadly, the eligibility checking process was poorly designed and implemented. Of note was that departmental assessments of eligibility were undertaken in the context of insufficient information having been requested in the application form and a checklist that did not prompt consideration of all eligibility requirements specified in the programme guidelines.

**3.54** The department assessed each application that was received as being eligible, notwithstanding the available information not supporting such an assessment for a considerable proportion of the applications received. ANAO analysed the eligibility of applications, based on the programme requirements as stated in the guidelines, identifying that 56 applications (66 per cent of applications received) did not meet these requirements. The majority of these applications did not provide evidence to demonstrate the need for the project, while around one third of applications were not consistent with the election commitment. For a small number of applications, no public announcement of an election commitment had been made and/or they were not consistent with the types of project to be funded under the first funding round (CCTV or lighting projects). Applications could be ineligible under one or more of these categories.

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104 See further in Table 3.5 and paragraph 3.21.



## Recommendation No.2

3.55 To promote robust eligibility checking processes for all granting activities it administers, including those used to fund election commitments, ANAO recommends that the Attorney-General's Department:

- (a) obtain relevant information from applicants in respect to each eligibility requirement so that assessments are well informed; and
- (b) require that assessments explicitly address each of the published eligibility requirements, with only those applications assessed to meet each requirement proceeding to the merit assessment stage.

### **Attorney-General's Department's response:**

3.56 *The Department agrees to this recommendation.*

3.57 *The Department's Guide to Grants Administration, updated in July 2014, provides clear guidance on the need to obtain relevant information in respect of each eligibility requirement, and to assess the compliance of each application with the threshold eligibility criteria provided in the relevant grant guidelines.*

## 4. Assessment of Applications

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*This chapter analyses the department's approach to assessing applications against the selection criteria as outlined in the programme guidelines.*

### Introduction

**4.1** A key obligation under the grants administration framework is that Ministers do not make decisions on the awarding of grants without first receiving written advice from officials on the merits of the proposed grant or group of grants. This requirement is focused on promoting informed decision-making.

**4.2** There are companion obligations on officials as to the content of their advice to Ministers. Those obligations include that the advice address the merits of the proposed grant or grants relative to the grant guidelines, as well as the key consideration of achieving value with money. A soundly conducted assessment process for grant proposals is, accordingly, an important prerequisite to departments meeting their briefing obligations to Ministers. Further in this respect, the effective implementation of commitments made in the context of an election campaign is reliant on both the:

- development of an administrative approach that ensures both decision-makers and potential grant recipients are made aware of the need for projects proposed for funding to satisfy appropriate minimum standards (including the requirement that the use of public resources be efficient, effective, economical and ethical); and
- consistent and comprehensive implementation by the responsible agency of a process of inquiry and assessment in relation to each project being considered for funding, in order to appropriately inform the decision-maker.<sup>105</sup>

**4.3** Against this background, the low risk rating for the Safer Streets programme (as discussed in paragraph 2.7 and as identified in Table 2.1) was based on controls and mitigation strategies that the department indicated would be implemented. In particular, in relation to assessing applications:

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105 ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, December 2013, p. 43 and ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, June 2010, p. 55.

- the eligibility of applicants would be confirmed before applications were accepted for assessment and validated during the assessment process;
- comparative review of assessments would be undertaken and all assessments would be reviewed by senior/more experienced staff to ensure consistency and equity; and
- funding recommendations would be limited to only **high quality** projects.<sup>106</sup> [ANAO emphasis]

**4.4** In this regard, ANAO examined the department's assessment against the selection criteria of all 85 applications that were received, had been assessed and for which a recommendation about funding had been made to the Minister for Justice by 8 May 2015.

## Scoring of applications

**4.5** Given the importance of the assessment process in informing the advice to Ministerial decision-makers about whether to approve or reject proposed grants, it is important for careful consideration to be given to the method and scale that will be applied in rating and ranking individual applications.

### Individual criteria scoring

**4.6** The department used a two-stage assessment process, with the initial assessment to be completed by an assessor against the information provided by the applicant, followed by a more experienced staff member 'peer reviewing' the assessment. As part of this two-stage process, assessors were required to complete an assessment form including explanatory assessment comments by criterion and a score, using a 10-point scale (one to 10) for each of the six selection criteria. A maximum unweighted score of 60 could be achieved in total across the six criteria. Following the detailed assessment, assessors were required to complete the overall observations section.

**4.7** The peer reviewer was then required to undertake the same process. Where there was a significant variance in the scores given by the assessor and

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<sup>106</sup> The risk assessment also stated that any surplus funds would be retained for allocation during later funding rounds.

the peer reviewer, the assessments were to be provided to the Safer Streets Programme Director for final review and moderation.<sup>107</sup>

**4.8** The department advised ANAO in October 2014 that the peer reviewer score was used to apply the weightings, after which the total overall score (out of 100) would be assigned with the corresponding descriptor.<sup>108</sup> Table 4.1 provides an example of one of the assessments completed by the department.

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107 The department advised ANAO in September 2014 that this was completed in an 'ad-hoc' manner and was not documented. In this respect, ANAO analysis was that the magnitude of score changes by the peer reviewers ranged from a negative 3-point score change to a positive 4-point score change. There was no evidence to suggest that the Programme Director reviewed any score changes, even in those instances where the discrepancy could be considered major. For example, in the case of the City of Kwinana criterion 3 score, the assessor awarded a score of three (which corresponded to the qualitative descriptor 'Marginal') and the peer reviewer increased this score to seven out of 10—an increase of four points or 233 per cent (which corresponded to the qualitative descriptor 'Very Good'). There was no commentary to explain whether any additional information had informed the change in the score.

108 The qualitative descriptors were the same as those used for the scoring of each criterion (see Table 4.1).

**Table 4.1: Example of the assessment process**

Descriptors	Selection criteria	Assessor score	Peer review score	Weighting	Weighted score
<u>Descriptors:</u> 10 Exceptional	1 Demonstrated need for, and the potential impact of, the proposed project.	8	10	2.5	25
9 Outstanding 8 Excellent 7 Very Good 6 Good 5 Satisfactory 4 Fair 3 Marginal 2 Poor 1 Very Poor	2 Consistency with proven good practice in crime prevention, including demonstrating the link between the project's key interventions and the likely community safety and crime prevention benefits of the project, and the enduring value or ongoing benefits of the project to the community.	8	9	2.5	22.5
	3 Financial information including quotes, cost estimates and budgets and the overall value for money of the project.	9	9	2.0	18
	4 Organisational ability to collect data to measure the impact and success of the project and the range of data to be collected.	9	9	1.0	9
	5 Organisational capacity of the applicant organisation (including the financial viability of the organisation, demonstrated capacity to successfully manage the project and administer grant funds.	8	8	1.0	8
	6 Organisational ability to manage risks associated with the proposed activity.	8	8	1.0	8
	Total score	50	53		90.5
	Descriptor	Outstanding			

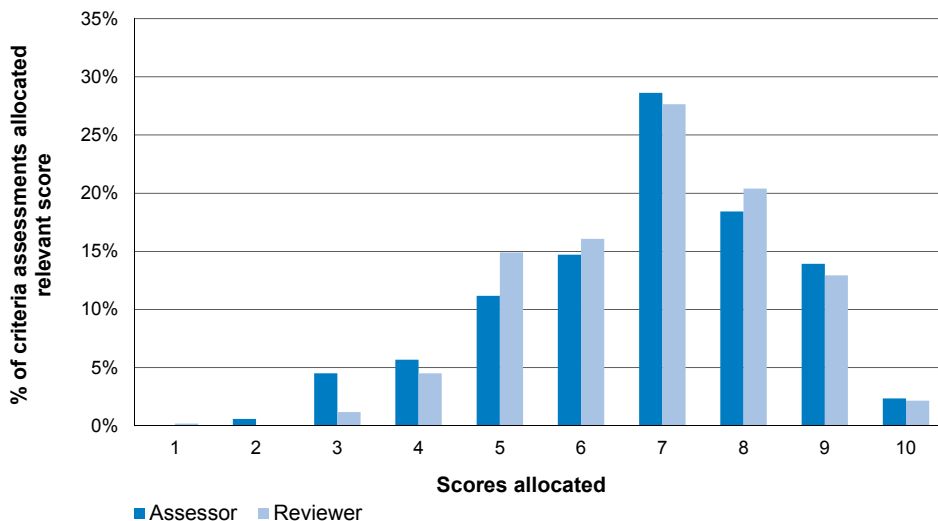
Source: ANAO analysis of departmental information.

Note: Unlike the scoring guide previously developed and used for the NCPF programme (as discussed in paragraphs 2.40 to 2.41) there was no additional information provided to the assessors to assist them to consistently allocate scores and descriptors.

**4.9** The department's assessment scoring indicated that it considered most applications had performed well in terms of the selection criteria (see Figure 4.1). Specifically, the significant majority of criterion scores were five or

above (89 per cent for assessors and 94 per cent for peer reviewers). While assessors allocated scores of less than five out of 10 for approximately 11 per cent (55) of individual criterion assessments<sup>109</sup> the peer reviewers allocated a score of less than five out of 10 to only six per cent (30) of individual criterion assessments.

**Figure 4.1: Criterion assessment scores allocated across all applications**



Source: ANAO analysis of departmental information.

**4.10** One factor that contributed to most applications being awarded a score of five or more against each selection criterion was that the recorded assessments did not address, in full, each element of the published criteria. Specifically:

- 34 assessments (40 per cent) did not reference all elements of criterion 1;
- 74 assessments (87 per cent) did not reference all elements of criterion 2;
- 34 assessments (40 per cent) did not reference all elements of criterion 3;
- 43 assessments (51 per cent) did not reference all elements of criterion 4;

<sup>109</sup> The total number of individual criterion assessments is 510 (85 applications multiplied by six selection criterion).

- 84 assessments (99 per cent) did not reference all elements of criterion 5; and
- 29 assessments (34 per cent) did not reference all elements of criterion 6.

**4.11** Another factor was that it was common for the department to make assumptions about applications. Table 4.2 outlines the extent to which this occurred for each criterion, as well as providing examples of the assumptions made as recorded by the department in its assessments.

**Table 4.2: Assumptions recorded in departmental assessments**

Criterion	Instances	Examples of explicit assumptions
1	8	<ol style="list-style-type: none"> <li>1. 'Very little information has been required [sic] as to why these cameras are required within the PCYC. However, it can be assumed that they are required for both the protection of at-risk youth attending the PCYC and staff.'</li> <li>2. 'The application gives no statistical or anecdotal evidence of incidents of criminal or anti-social activity at the location apart from stating that the project will "help reduce anti-social behaviour and criminal activity". From this, one can assume there is a level of such activity. However, the provision of statistical or anecdotal evidence to substantiate the need for the project would strengthen this application.'</li> </ol>
2	7	<ol style="list-style-type: none"> <li>1. 'The funding proposal does not explain why or how the lighting and CCTV will improve security within the park. However, it can be assumed that improved lighting would reduce the likelihood of vandalism and anti-social behaviour taking place in the park. Where a criminal act did occur, it is likely that it would be captured on one of the five CCTV cameras and reported to Police.'</li> <li>2. 'The application focuses on the need to create a superior CCTV network. One can assume that this will directly attribute to perceptions of safety throughout the community, act as a crime deterrent and provide a more efficient police response to incidents that may occur.'</li> </ol>
3	9	<ol style="list-style-type: none"> <li>1. 'No quotes have been provided with the application. The Council has project managed other CCTV installation in the past. One can assume that they have fair judgement of the costs associated with installing CCTV.'</li> <li>2. 'No quotes have been submitted with the application. Council will build on an existing network rather than start from scratch. Once installed, it can be assumed that crime will be reduced and overall cost spent on crime will be reduced. A saving to both the community and local government.'</li> </ol>

Criterion	Instances	Examples of explicit assumptions
4	10	<ol style="list-style-type: none"> <li>1. 'Council has not provided sufficient information to answer this criterion. However, as previous Crime Prevention recipients, I have given them the benefit of doubt and ranked them as satisfactory.'</li> <li>2. 'The application does not specify precisely what data will be collected or how. However, given the organisation's relationship to traders, it is reasonable to conclude it will have the ability to collect data from traders about the costs of criminal activity. In addition, the application states that the Victoria Police will monitor the CCTV data, indicating an ability to obtain relevant data from the police.'</li> </ol>
5	9	<ol style="list-style-type: none"> <li>1. 'Although Council have not provided any information in regards to their ability to manage a grant it can be assumed that they are able to manage the successful installation and ongoing maintenance of CCTV systems.'</li> <li>2. 'It is unclear from the application whether the organisation has grants administration experience, and only one referee was provided. However, the application provides that the Club has consulted with the NSW Police, Taree Business Chamber, Safety Committee of the Greater Taree City Council and Welfare Agencies about this proposal. The Club has also received numerous letters of support from local businesses. Given that the project appears to be well received, the Club is likely to have the capacity to manage this project with community support.'</li> </ol>
6	10	<ol style="list-style-type: none"> <li>1. 'The application does not identify any particular risks or mitigations strategies. However, from the organisation's perspective, this is a simple procurement and installation activity ... I feel the organisation has the ability to adequately manage the risks associated with the activity.'</li> <li>2. 'The application fails to identify risks or mitigated solutions associated with the project, nil information entered into the risk management section of the application. I rate the risks associated with the project as low, on the basis that the applicant has previously managed multiple grants and the size of the grant is minimal.'</li> </ol>

Source: ANAO analysis of the departmental information.

**4.12** In a number of instances, the assumptions made reflected that insufficient information had been obtained from applicants to inform a robust evaluation of the application. This situation arose notwithstanding that, as outlined at paragraph 3.35, 32 per cent of all applications received were submitted after the due date with applications accepted up to five months after the due date specified in the programme guidelines.

**4.13** Regardless of the scale and nature of a granting activity, it is important that the information obtained from applicants and other sources is sufficient to reach an informed assessment of the merits of each application under the



relevant grant guidelines.<sup>110</sup> In addition, as outlined at paragraph 4.2, the effective implementation of commitments made in the context of an election campaign is reliant on the consistent and comprehensive implementation by the responsible agency of a process of inquiry and assessment in relation to each project being considered for funding.<sup>111</sup> In this context, an earlier ANAO audit<sup>112</sup> of a grants programme established specifically to fund election commitments that was administered by a different department observed that:

The [*programme*] guidelines and information request proforma were supported by a Documentation Compliance Checklist within the Internal Procedures Manual<sup>113</sup>, with the associated procedures requiring that the department seek from each proponent any required information that was not provided in response to the initial information request. The Procedures Manual also incorporated guidance on when and how officials should seek additional information from proponents so as to inform the analysis of the project.<sup>114</sup>

**4.14** For the Safer Streets programme, the Attorney-General's Department identified and recorded in its assessment of 55 applications (65 per cent) that the applicant provided limited information against one or more of the assessment criteria, including:

- 15 applications (18 per cent) provided insufficient information for one criterion;
- 15 applications (18 per cent) provided insufficient information against two separate criterion;
- 14 applications (16 per cent) provided insufficient information against three separate criterion;
- 10 applications (12 per cent) provided insufficient information against four separate criterion; and

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110 ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, December 2013, pp. 36-37.

111 ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, December 2013, p. 43 and ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, June 2010, p. 55.

112 ANAO Audit Report No. 24 2010–11, *The Design and Administration of the Better Regions Program*, Canberra, January 2011, p. 71.

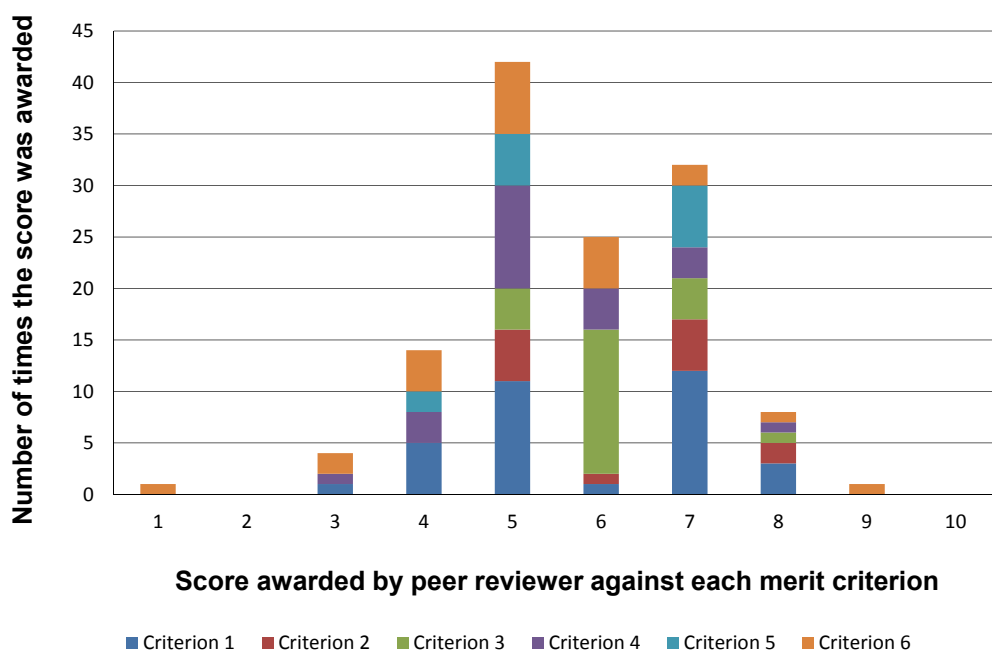
113 As outlined at paragraph 2.37, for the Safer Streets programme the Attorney-General's Department did not develop any operational guidance or documentation to guide the delivery of the programme.

114 See footnote 78 in respect to commentary in ANAO's grants administration Better Practice Guide relating to processes for assessors to contact applicants during the assessment process so as to ensure assessments and funding recommendations are well informed and soundly based.

- One application (1 per cent) provided insufficient information against five separate criteria. This application was initially not recommended for funding, although it has been afforded the opportunity to submit a revised application (which had not been assessed by 8 May 2015—see further at paragraphs 5.44 to 5.47).

4.15 However, this situation was not reflected in the department’s scoring of applications. Rather, as illustrated by Figure 4.2, 84 per cent of applications that provided insufficient information against a criterion were awarded a score of five (‘Satisfactory’) or above out of 10.

**Figure 4.2: Scoring of applications where the department’s assessment recorded that insufficient information had been submitted**



Source: ANAO analysis of departmental information.

4.16 For example, the assessment of an application for a \$60 000 grant submitted for the installation of CCTV cameras recorded that:

The application gives no statistical or anecdotal evidence of incidents of criminal or anti-social activity at the location apart from stating that the project will ‘help reduce anti-social behaviour and criminal activity’. From this, one can assume there is a level of such activity. However, the provision of statistical or anecdotal evidence to substantiate the need for the project would strengthen this application.

**4.17** Initially allocated a score of five out of 10 ('Good'), the peer review process increased the score to seven out of 10 ('Very Good') on the basis that:

In the two letters of support provided for this project, each details why the project is required. There is ongoing graffiti, hooliganism, vandalism, harassment, theft and late night congregation of groups. This is enough to support the level of need for this project.

**4.18** The perspective offered by the peer review (that letters of support are sufficient to demonstrate the need for the project) was at odds with the clearly stated requirements of the programme guidelines and application form. Specifically, the applicant provided no statistics evidencing a crime problem notwithstanding that:

- **the guidelines had stated that applicants 'must** provide evidence to demonstrate the need for improved security due to crime and anti-social behaviour affecting local communities, in particular local retail, entertainment and commercial precincts'; and
- the application form included the following: 'Please provide supporting information about crime rates'. [*ANAO emphasis*]

**4.19** Another such example related to the department's assessment of an application for a grant of \$64 000 to install CCTV cameras within a town centre to provide an increased level of security and safety for residents, businesses and shoppers. In respect to the first criterion, the peer reviewer assigned a score of five out of 10 ('Satisfactory') notwithstanding the following commentary:

The funding proposal is extremely brief and the additional information provided still does not provide enough detail to adequately assess this criterion.

**4.20** Similarly, an assessment was finalised (with the project recommended for funding) for another application notwithstanding that the applicant had responded 'N/A' to many of the questions in the application form. This included a 'N/A' response to the following sections of the application form:

Outline how the proposed activity will address the objectives of the programme as stated in the programme guidelines.

Outline how this activity provides value for money.

What are the likely ongoing benefits beyond the funding period of the activity?

What are your key performance indicators of the success of your activity?

How will you evaluate the success of the activity?

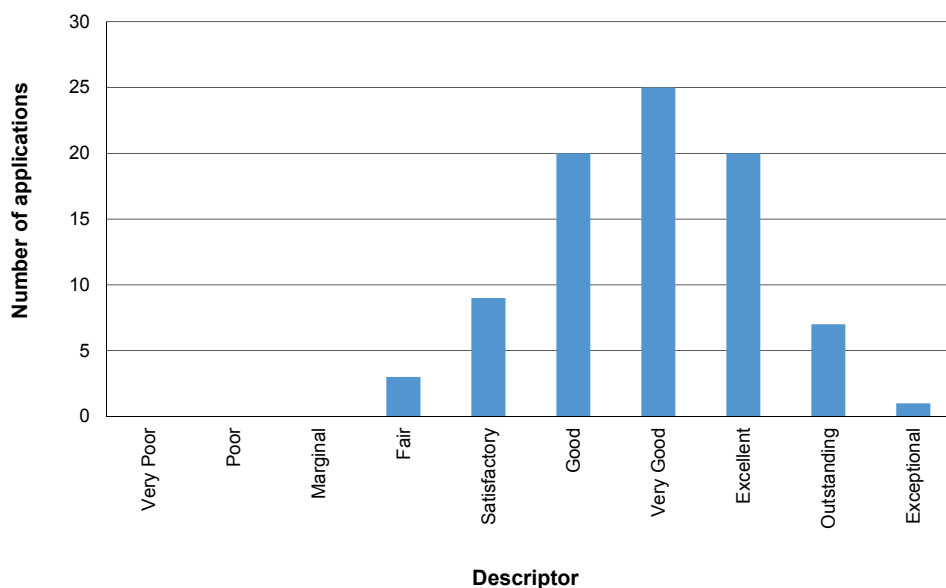
## Overall scoring of applications

4.21 The department’s initial assessment resulted in 76 applications (89 per cent) having an overall weighted score of at least 50 per cent. Further, over two-thirds (70 per cent) of the scores awarded were consistent with a rating of ‘Very Good’ or higher.

4.22 Following the peer review process, the number of applications with an overall weighted score of at least 50 per cent increased to 96 per cent of those assessed (82 of 85 applications). As illustrated by Figure 4.3, applications were predominantly (85.9 per cent) awarded an overall rating of ‘Good’ or higher, with:

- no applications described as ‘Very Poor’, ‘Poor’ or ‘Marginal’;
- only three applications (3.5 per cent) categorised as ‘Fair’ (with overall weighted scores of 42.5, 43 and 44)<sup>115</sup>; and
- nine applications (10.6 per cent) categorised as ‘Satisfactory’ (with overall weighted scores of between 50 and 55).

**Figure 4.3: Overall assessment of applications received**



Source: ANAO analysis of departmental information.

115 The only application (Greater Toukley Vision) to not be recommended for funding by the department received an overall score of 43. The status of this application is further discussed at paragraphs 5.44 to 5.47.

## Assessment of project need, impact and quality

**4.23** The Safer Streets programme guidelines emphasise that ‘security enhancements such as better lighting, CCTV and mobile CCTV in local crime hot spots in at-risk communities across Australia’ would be funded. In this regard, the programme objective also noted that the purpose of funding crime prevention projects was to ‘improve community safety and security, both in real terms and in perceptions of community safety, and reduce street crime and violence’. The assessment of the need for, potential impact of, and quality of projects proposed for funding were therefore key considerations in assessing whether applications were consistent with the programme objectives. This was further reinforced through the high weightings (25 per cent, 50 per cent in total) assigned to each of the first and second selection criteria:

- criterion one: demonstrated need for, and the potential impact of, the proposed project; and
- criterion two: consistency with proven good practice in crime prevention, including demonstrating the link between the project’s key interventions and the likely community safety and crime prevention benefits of the project, and the enduring value or ongoing benefits of the project to the community.

**4.24** As expected, given the high weightings assigned to these two criteria, the scores allocated by the department against these criteria comprised a significant proportion of the total score for each application.<sup>116</sup>

### Demonstrated need for the project

**4.25** As outlined in ANAO’s grants administration Better Practice Guide, the core objective in implementing a granting activity is to maximise the cost-effective achievement of the outcomes sought by government, while providing transparent and equitable access to grants.<sup>117</sup> Accordingly, it is important that candidates for funding demonstrate that their project responds to an identified need that is consistent with the grant programme objective. Consistent with this, the programme guidelines made clear that applicants:

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<sup>116</sup> On average, the scores against the first two criteria represented 51 per cent of the overall score, ranging from 41 per cent to 59 per cent.

<sup>117</sup> ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, December 2013, p. 31.

**must** provide evidence to demonstrate the need for improved security due to crime and anti-social behaviour affecting local communities, in particular local retail, entertainment and commercial precincts. [ANAO emphasis]

**4.26** Applicants were also directed to the paper *Considerations for establishing a public space CCTV network*<sup>118</sup>, published by the Australian Institute of Criminology (AIC). This paper identified both international and Australian research findings on the use of CCTV, including:

- internationally, CCTV has had a modest, but significant, desirable effect on crime, has been most effective in reducing crime in car parks, has been most effective when targeted at vehicle crimes and has been more effective in reducing crime in the United Kingdom than in other countries; and
- the effectiveness of CCTV as a crime prevention tool in Australia was 'questionable'. Rather, the research examined by the AIC indicated that CCTV is 'effective at detecting violent crime and/or may result in increased reporting as opposed to preventing any type of crime'.

**4.27** The factors that the paper noted should be taken into account when undertaking a project to install CCTV included: developing an understanding of the crime and crime patterns (including spatial and temporal trends); conducting a site analysis; establishing objectives and scoping the system; and comprehensive analysis of each component of a CCTV system (cameras, monitoring, footage, and governance).

**4.28** As was discussed in paragraphs 2.37 to 2.41, the department did not develop operational guidance for assessors on the factors they should consider in assessing applications. In this context, despite directing applicants to the AIC publication, the department's assessments of applications against the highest weighted criteria did not reflect a consideration of the research cited by the AIC, or the factors identified by the AIC as being relevant to a decision about installing CCTV. In particular, the department's assessments placed little emphasis on whether evidence was provided to support the need for the project and the quality of that evidence. Of particular note was that there were:

- 65 applications (76 per cent of applications assessed) that did not provide official crime statistics to demonstrate the need for the project;

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118 The report is available from <<http://www.aic.gov.au/publications/current%20series/rip/1-10/08.html>>.

- 20 applications (24 per cent of applications assessed) where official crime statistics were provided to demonstrate the need for the project, comprising:
  - 15 instances where the crime statistics were specific to the area nominated in the application, of which three were outdated (for example, one applicant provided crime statistics that were for the 2009–10 period);
  - five instances where the crime statistics were not specific to the area nominated in the application (for example, the broader region rather than the relevant CBD and township), three of which were also outdated<sup>119</sup>; and
- in 47 instances (55 per cent of applications assessed), the applicant did not provide evidence of, or demonstrate, how it met the requirement under the second assessment criterion that the project be consistent with good practice in crime prevention.

**4.29** Further, the level of development and consideration demonstrated by applications as to project need, impact and quality was poor. Nevertheless, the department completed an assessment, and generally allocated scores of five out of 10 or more, notwithstanding that:

- only 12 applications had identified that a site analysis had been undertaken;
- in 37 instances (44 per cent), the applicant did not demonstrate the potential impact of the project on crime prevention;
- in 38 instances (51 per cent of all projects including a CCTV component), the application did not identify the number of cameras that would be installed and, similarly, in 11 instances (21 per cent of all quotations relating to a CCTV project), the quotation did not identify the number of cameras that would be installed. Information on the number of cameras<sup>120</sup> was relevant to the department having sufficient

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<sup>119</sup> This included statistics that were more than 12 months old.

<sup>120</sup> An assessment approach that addresses the quantum of goods/services to be received for the amount of grant funding requested has been applied across many grant programmes, in various entities, to inform an assessment as to whether the award of grant funding would be a cost-effective use of public funds. For example, in transport infrastructure programmes, assessments can include consideration of road construction costs on a cost per kilometre basis. Similarly:

Footnote continued on the next page...

information to assess whether the cost of the project represented value for money (for example, for some applications where this information was provided by the applicant, the department calculated the average cost of each camera to be installed); and

- in 16 instances (73 per cent of all projects including a lighting component), the application did not identify the number of lights to be installed. Similar to the number of CCTV cameras, the number of lights to be installed was important information to inform an assessment by the department whether the proposed grant represented value for money.

**4.30** Subsequently, the department recommended for funding:

- 22 applications where the department's assessment commentary had identified that the application had not demonstrated the need for the project (the first criterion); and
- 13 applications where the department's assessment commentary identified that the applicant had provided insufficient information to address the second criterion (relating to the project being consistent with proven good practice in crime prevention).<sup>121</sup>

## Assessment of financial information supporting the project proposal and assessment of value for money

**4.31** As outlined in the programme guidelines, the third selection criterion was focused on assessing applications against the financial information provided by applicants, including quotations, cost estimates and budgets, so as to be able to determine the overall value for money of each individual project. This criterion was given a 20 per cent weighting which was slightly below that

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- ANAO Audit Report No. 39 2011–12, *Management of the National Solar Schools Program*, outlined that the administering department's assessment approach included comparing the cost of items to the costs of similar items in other applications, combined with an expectation that applicants will have obtained quotations to support the application (grants of up to \$50 000 were available under that programme for solar power systems, energy efficient lighting and water tanks); and
  - ANAO Audit Report No. 41 2012–13, *The Award of Grants Under the Supported Accommodation Innovation Fund*, described how the administering department's approach to the value for money criterion involved dividing the total grant funding being sought by the number of new accommodation places the proposal was intended to create with this 'average cost per place' figure then used to sort applications from the lowest cost per place to the highest cost per place as part of developing a final merit list.

<sup>121</sup> This excludes the application (Greater Toukley Vision) that was not recommended for funding, which the department's assessment report identified as not having demonstrated a need for the project.



for the two criteria relating to demonstrated need and crime prevention benefits, and twice as high as the three remaining criteria (4, 5 and 6) relating to organisational capacity. The programme guidelines also outlined that project proposals would be assessed by the department to determine value for money, including efficient, effective, economical and ethical use of public money.

**4.32** For applicants to address the third criterion, they were asked to provide financial information, including quotations, cost estimates and budgets. This was supported by the application form instructing applicants to ‘please ensure’ they attach ‘quotes for capital expenditure’.

**4.33** Overall, a total of \$19.0 million has been recommended and approved for funding under the Safer Streets programme as at 8 May 2015. Of this total:

- a quotation was not provided for approximately \$6.8 million in grant funds requested (36 per cent of all funds requested); and
- a quotation was not provided or the quotation provided had expired for \$7.8 million of grant funds requested (42 per cent of all funds requested).

**4.34** The funding requested by applicants for individual projects ranged in total cost from \$8 000 to \$1.44 million. A total of \$7.7 million was requested to fund the top 10 projects (in monetary terms). Of these 10 projects, four did not provide quotations to substantiate the funding requested for the project to be delivered. These four projects involved approximately \$3 million of grant funding, and each were allocated scores against this criterion of five, six, seven and nine out of ten respectively. For example, the \$700 000 application from the City of Swan to install additional CCTV cameras included a project budget, but no quotations, yet it was scored seven out of ten (‘Very Good’) in terms of the third criterion.

**4.35** None of the 28 applications that did not include a quotation were assessed by the department to be below ‘Satisfactory’ (five out of 10). Table 4.3 details the scoring distribution awarded across those 28 applications.

**Table 4.3: Criterion 3: Scores awarded to applications that did not provide a quotation to substantiate project costs**

Number of applications	Range of scores awarded				
	5	6	7	8	9
Total number of applications awarded the score	7	12	5	2	2

Source: ANAO analysis of departmental information.

4.36 There were 57 applications (67 per cent) where quotations were provided. However, of these 57 applications:

- only 35 applications included quotations that were valid, in terms of timeframe conditions (that is, the quotation had not yet expired);
- 13 applications included quotations that were not dated, so it was not clear if they remained valid;
- nine applications included quotations that were no longer valid; and
- 39 did not provide itemised prices for each line item (rather they included a long list of items and an overall total cost).

### Value for money assessment

4.37 Criterion three also required assessors to use the financial information provided by applicants to determine the overall value for money of the project. Although the programme guidelines clearly outlined that project proposals would be assessed by the department to determine value for money, there was no definition of value for money or an outline of how the assessors would undertake such an assessment.

4.38 As a result, and as outlined in Table 4.4, there were inconsistencies in the way assessors recorded that they had undertaken a ‘value for money’ assessment. The following example is based on three applications that did not provide quotations and did not identify the number of cameras to be installed.

**Table 4.4: Inconsistent scoring approach against criterion 3**

Applicant	Score	Value for money assessment	Commentary
Penrith City Council	7	✓	<p><b>Assessor:</b> "Given their previous experience with similar projects it is likely that this one will prove effective as well. However, they have opted (and we have approved) to provide their quote using their procurement system in due course."</p> <p><b>Reviewer:</b> "At a relatively low cost for a project that is likely to provide ongoing crime prevention benefits to Penrith, this project is considered value for money. Council notes that quotes will be obtained in accordance with Council's Supply Policies to ensure the best quality products are received at the most competitive prices."</p>

Applicant	Score	Value for money assessment	Commentary
Wyong Regional Chamber of Commerce	5	✓	<p><b>Assessor:</b> "The applicant states that the CCTV infrastructure is being placed in known hot spots, where there are signs of vandalism and graffiti. There have been visible positive improvements to the area where previous CCTV infrastructure has been placed such as a decrease in vacant shops and attracting commercial property investment. But no specific stats have been provided."</p> <p><b>Reviewer:</b> "No quote has been provided. We do not know how many cameras will be installed and the funding proposal is so brief that it makes it difficult to assess. However, the funding amount is so small that if the project has even the slightest impact on the community it could be considered reasonable value for money."</p>
Shoalhaven City Council	5	Assessor ✓ Reviewer ✗	<p><b>Assessor:</b> "No quotes have been provided with application. Council will engage a security consultant to oversee the processes of the project and have included the cost in the expenditure details of the application. The assessor is confident the council can deliver the project successfully and within budget, as they have received previous funding from AGD to install CCTV, however quotes should be obtained before completing the Funding Agreement. The project will be value for money as it will prevent crime, increase public safety and perceptions of safety and will have ongoing cost benefits for the community, retail business owners, local police and the local government. The Council plans to link all CCTV within the Shoalhaven area onto one network which will operate 24 hours, cutting costs associated with running three separate networks."</p> <p><b>Reviewer:</b> "\$244,000 of the requested funding will be used for the purchase and installation of CCTV. The number of cameras to be installed has not been provided as Council is yet to obtain quotes. Although this is a worthwhile project that is likely to deter crime it is hard to assess the value for money when no quotes or numbers have been provided."</p>

Source: ANAO analysis of departmental information.

Note: As part of the assessment process, the department identified in its assessments of both the Penrith City Council project and the Shoalhaven City Council project the need to follow up with the applicant to obtain quotations at a later stage. However, the applicants did not provide, nor did the department obtain, the quotations as part of funding agreement negotiations.

## Additionality

**4.39** Value with public money is promoted by considering the extent to which the funding being sought by an applicant will result in an outcome that is additional to those that are likely to occur regardless of whether the application is successful. This is referred to as 'additionality'.<sup>122</sup> However, the department's assessment of applications did not seek to address whether projects would proceed irrespective of programme funding, or had already proceeded.

**4.40** One of the ways in which departments may identify the status of projects for which funding is sought under a grant programme is to undertake a basic review of publicly available information. In the context of the Safer Streets programme, this could have included a review of published local government information, such as media releases and council minutes. Such a review may have identified projects that had already commenced or been completed, including the example provided in the Figure 4.4.

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122 Additionality is a long standing Commonwealth policy that was set out in the former Commonwealth Grant Guidelines and has been retained in the transition to the current *Commonwealth Grants Rules and Guidelines, July 2014* (CGRGs). Specifically, paragraph 11.2 of the CGRG's notes that 'A fundamental appraisal criterion is that a grant should add value by achieving something worthwhile that would not occur without the grant'.

#### Figure 4.4: Case Study—Application from Liverpool City Council

In June 2014, Liverpool City Council submitted an application for funding of \$300 000 under the Safer Streets programme to 'install a comprehensive CCTV network (20 cameras and system)'. The application was assessed by the department as 'Outstanding', scoring of 92 out of 100, and was recommended to the Minister for approval. The application was approved and funding provided.

Two publicly available documents indicate that the project had already commenced prior to the application being submitted, including:

- a Liverpool City Council media release of 24 October 2013, announcing that the Council had awarded a tender to install cameras at 20 locations throughout the CBD and surrounding areas and that the rollout of CCTV was expected by the end of December 2013<sup>123</sup>; and
- minutes of the Liverpool City Council's 'Liverpool Elected Leaders Community Forum' for 19 February 2014 identified that: installation of the 20 cameras had commenced in November 2013; that all cameras were installed during December 2013; that testing had commenced on 23 December 2013 for 13 cameras; and that monitoring equipment had been installed in the Liverpool police station and equipment testing had commenced. The minutes also noted that 'there are 5 separate zones across the Liverpool CBD and Zone 1 and Zone 2 which includes Wi-Fi will be installed with CCTV in March and Zones 3–5 to be installed with CCTV within 1–2 months after that'.<sup>124</sup>

This information was publically available at the time of the department's assessment (completed on 20 June 2014), recommendation to the Minister (provided on 14 July 2014), and at the time of the department executing a funding agreement (23 September 2014). Media reporting on 26 September 2014, shortly after the funding agreement was signed, was that the rollout of all aspects of the CCTV and Wi-Fi project had been completed.

Source: ANAO analysis of departmental information.

## Organisational ability to collect data to measure the impact and success of the project

**4.41** Criterion four sought to address the organisational ability to collect data so as to measure the impact and success of the project. This included requesting that applicants outline the range of data to be collected. In addition, the programme guidelines required (in section 2) that projects address the priorities of the programme; and establish performance measures to assess the impact of the project.

**4.42** However, of the 85 assessments undertaken by the department:

123 Media Release, Liverpool City Council, *Council to step up safety as CCTV & Wi-Fi tender is awarded*, 24 October 2013, <<http://www.liverpool.nsw.gov.au/council/media/media-releases/2013/october-2013/24-october-2013,-council-to-step-up-safety-as-cctv-and-wi-fi-tender-is-awarded>>.

124 Liverpool Elected Leaders Community Forum, Minutes, 19 February 2014, Item 5.1—CCTV in the City Centre, <[http://www.liverpool.nsw.gov.au/data/assets/pdf\\_file/0011/45200/Liverpool\\_Elected\\_Leaders\\_form-agenda.pdf](http://www.liverpool.nsw.gov.au/data/assets/pdf_file/0011/45200/Liverpool_Elected_Leaders_form-agenda.pdf)>.

- 39 (46 per cent) did not outline the data to be collected by the applicant; and
- 27 (32 per cent) did not record a description of how the applicant intended to measure the impact and success of the project.

**4.43** In addition, for 61 assessments (72 per cent) the department did not record that the proposed evaluation measures had been assessed to be adequate. In other instances, the same assessment commentary was made by assessors across a number of different applications, an approach that does not provide assurance that each individual application has been appropriately scrutinised (see Table 4.5).

**Table 4.5: Commentary recorded by the same assessor**

Applicant	Assessor Score	Assessor commentary
City of Stirling	7	Various reasonable evaluation techniques have been identified measuring both qualitative and quantitative data. The milestones include an evaluation of the activity.
City of Stonnington	7	Various reasonable evaluation techniques have been identified measuring both qualitative and quantitative data.
City of Bayswater	7	Various reasonable evaluation techniques have been identified measuring both quantitative and qualitative data. However, the applicant's ability to collect the data is not included in the application.
Byron Shire Council	7	Various reasonable evaluation techniques have been identified measuring both qualitative and quantitative data. Details are not provided on the applicant's ability to collect the data. The milestones include an evaluation of the project.
Richmond Valley Council	7	Various reasonable evaluation techniques have been identified measuring both qualitative and quantitative data.
Yass Valley Council	7	Various reasonable evaluation techniques have been identified measuring both qualitative and quantitative data.
City of Swan	7	Various reasonable evaluation techniques have been identified measuring both qualitative and quantitative data. The activity milestones include an evaluation.
Sunshine Coast Regional Council (Nambour)	7	Various reasonable evaluation techniques have been identified measuring both qualitative and quantitative data. Details are not provided on the applicant's ability to collect the data.
Sunshine Coast Regional Council (Maroochydore)	7	Various reasonable evaluation techniques have been identified measuring both qualitative and quantitative data. Details are not provided on the applicant's ability to collect the data.

Source: ANAO analysis of departmental information.

## Organisational capacity to successfully manage the project

**4.44** Criterion five sought to address the organisational capacity of the applicant in the context of each applicant's:

- financial viability;
- demonstrated capacity to successfully manage the proposed project; and
- demonstrated capacity to administer grant funds.

**4.45** Given that the organisations invited to apply for funding under the Safer Streets programme were a mix of local councils and private associations, the financial capacity of these organisations to both undertake projects and sustain the infrastructure following implementation was a potential source of risk to achieving the programme's objectives. However:

- the department did not request relevant information on financial viability (such as audited financial statements, banks statements or accountant declarations) in its application form<sup>125</sup>;
- none of the assessments recorded by the department commented upon the financial viability of organisations applying for funding;
- only five assessments commented on whether the applicant would take responsibility for the ongoing costs of the infrastructure being installed<sup>126</sup>; and
- five applicants explicitly indicated that they did not intend to be the sole operator and/or fund the ongoing maintenance of the project (total funding of \$706 000).

**4.46** One applicant that was approved for funding later raised concerns about its capacity to fund its project during funding agreement negotiations, advising the department that:

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125 The application form only sought advice on the applicant's strategy for funding ongoing maintenance costs.

126 One assessment, scoring four out of 10, reflected that the applicant would not take responsibility. This applicant sought Safer Streets funding to re-distribute to local businesses for CCTV projects. The assessment indicated that responsibility would be passed on to the owners of those businesses.

the Association did not receive any income or made [sic] any expenditure in the last two years ... as the original quote includes GST and given that the Association does not have any money (lack of income), [not including] the GST [amount in the payment] will be an issue.

**4.47** The other elements of the criterion more directly sought to address whether applicants had the necessary skills to effectively undertake projects and would be capable of managing grant funding in line with their obligations under a funding agreement.

**4.48** In relation to project management capacity, almost all (83 out of 85) of the department’s assessments incorporated some commentary relating to aspects of project management capacity. However, it was common for the assessment commentary to not address how well the applicant had satisfied this aspect of the criterion. For example, 75 of the 83 assessments included statements identifying the existence of prior project management experience, but (as shown in the examples provided in Table 4.6) a large proportion (48) did not contain specific information identifying the prior projects and how effective the applicant had been in their management of those projects.

**Table 4.6: Examples of assessments that did not reference effectiveness of prior project management experience**

Applicant	Relevant part of the assessment comment	Score /10
Bundaberg Regional Council	Council has noted they have experience in managing numerous funded projects and has the knowledge, experience and capacity to undertake this project.	6
Gosford City Council	The application states that Council has significant experience in the installation of CCTV systems, having implemented comprehensive systems in a number of business areas. There is little doubt of Council's ability to successfully manage the activity.	7
Richmond Valley Council	The applicant will assign the management and responsibility of the activity to their experienced project management team, who have experience in operating CCTV cameras at another Council.	6

Source: ANAO analysis of department assessments.

**4.49** More than 46 per cent of assessments did not include any discussion relating to the assessed effectiveness of the applicant's proposed management approach. Further, almost one quarter (20) of assessments made no reference to an assessment of the applicant’s capacity to administer grant funds. In the 65 assessments where such a reference was included, the department largely chose to rely on the assertions made by applicants in application forms.



Specifically, past grant management experience was identified in 47 of the 65 assessments, but almost 40 per cent (19) did not make any statement about whether the applicant had successfully managed previous grants. The other 60 per cent (28) referred to the applicant having successfully managed one or more grants, but only five (11 per cent) of these included any form of explanation. As shown in Table 4.7, the five assessments in which an explanation was included did not reflect any particular analysis undertaken by the department to confirm whether the applicant had met funding agreement obligations.

**Table 4.7: The five assessments including statements about whether the applicant had successfully managed previous grants**

Applicant	Relevant part of the assessment comment	Score /10
Goulburn Mulwaree Council	Council claims their projects have been completed on time, within budget and have completed all reporting requirements.	8
Gosford City Council	Council has successfully managed project money in the past.	7
Bundaberg Regional Council	No grant breaches or terminations have been highlighted in their application.	6
Kiama Municipal Council	No grant breaches or terminations have been highlighted in the application submitted by Council.	7
Central Goldfields Shire Council	No grant breaches or terminations have been highlighted in its application. Its recent grants experience includes: <ul style="list-style-type: none"> <li>• \$30m for flood recovery;</li> <li>• \$1.5m for community infrastructure grants;</li> <li>• \$1m for community hub development;</li> <li>• \$0.8m for the redevelopment of the Sports and Fitness Centre.</li> </ul>	7

Source: ANAO analysis of department assessments.

## Organisational capacity to manage risks associated with the proposed activity

**4.50** Criterion six sought to address the organisational capacity of the applicant to manage risks with the proposed activity. As outlined in the application form, applicants were required to answer four questions relating to risk management, including identifying the potential risks and mitigation strategies to reduce the likelihood or impact of the identified risks; whether any real or perceived conflict had been identified that would affect the

proponent's application for funding; or risks associated with the use of subcontractors, and how this risk would be managed by the proponent.

**4.51** Of the 85 assessments completed by the department:

- 73 applications (86 per cent) did not address all key potential risks associated with the proposed project (for example, risks of installation, timeframes, budgets being exceeded); and
- nine applications (11 per cent) either identified no risks or mitigation strategies associated with the proposed project, or answered 'N/A' to the potential risk and mitigation strategy questions in the Risk Management section of the application form.

## Conclusion

**4.52** Based on its assessment of the 85 applications that were approved, the department concluded that:

- no applications were 'Very Poor', 'Poor' or 'Marginal';
- three applications (3.5 per cent) were 'Fair';
- nine applications (10.6 per cent) were 'Satisfactory'; and
- 73 applications (85.9 per cent) were 'Good', 'Very Good', 'Excellent', 'Outstanding' or 'Exceptional'.

**4.53** However, the department's assessment approach was poorly designed and implemented such that the assessment ratings overstated the extent to which applications had demonstrably met the published criteria. Of note was that it was common for the department to base its assessment of the quality of the project on insufficient information as provided by the applicant. Further, the department often supported the awarding of relatively high assessment scores by recording that it had made assumptions about the application.

**4.54** It was also common for the recorded assessments to not address each element of the published criterion, including key aspects of various criteria. For example, relevant to the first criterion, the department's assessments inadequately addressed whether the applicant had provided evidence to support the need for the project, or the quality of any supporting evidence that was provided. In this respect, 65 applications (76 per cent of applications assessed) did not include official crime statistics to demonstrate need for the

project notwithstanding that the programme guidelines had stated that applicants:

must provide evidence to demonstrate the need for improved security due to crime and anti-social behaviour affecting local communities, in particular local retail, entertainment and commercial precincts.

**4.55** In addition, in 47 instances (55 per cent of applications assessed), the applicant did not provide evidence of, or demonstrate, how it met the requirement under the second criterion that the project be consistent with good practice in crime prevention. The approach taken to the other four criterion was also lacking in important respects including:

- 28 applications did not include a quotation, notwithstanding that this had been identified in the programme guidelines as being 'required', with the application form similarly advising applicants to 'please ensure' they attach 'quotes for capital expenditure'. However each of the 28 applications that had not included a quotation was, nevertheless, scored by the department to be 'Satisfactory' or better against the third criterion relating to financial information for the project; and
- a feature of assessments against the criterion related to measuring the impact and success of the project was that it was common for the recorded assessment to not outline the data to be collected by the applicant and/or a description of how the applicant intended to measure the impact and success of the project.

## Recommendation No.3

4.56 To promote the robust assessment of applications to all grant programmes it administers, including those that are used as a funding source for election commitments, ANAO recommends that the Attorney-General's Department:

- (a) articulate benchmarks and/or standards to inform the judgment of assessors when considering the extent to which an application can reasonably be considered to have met the published assessment criteria; and
- (b) establish minimum scores for an application to achieve against each of the assessment criteria in order to progress in the assessment process as a possible candidate to be recommended for funding.

### **Attorney-General's Department's response:**

4.57 *The Department agrees to this recommendation.*

4.58 *The Department accepts that, in the case of round one of the Safer Streets Programme, written guidance for the assessors of applications was not developed. Instead, as noted at pages [67-68], an oral briefing was provided to assessing staff which outlined the nature of the programme and its objectives, conflict of interest disclosures, advice on how to prepare recommendations and comments on applications, and information on the peer review assessment process.*

4.59 *The Department will amend its standard grant documentation to ensure minimum scores are required to be achieved against each criterion in order for the application to be considered as a possible candidate for funding.*

## 5. Advice to the Minister and Negotiation of Funding Agreements

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*This chapter examines the quality of the advice provided to the Minister for Justice as to which applications should be approved for funding, as well as the development and negotiation of funding agreements with successful applicants.*

### Introduction

**5.1** The enhanced grants administration framework has a strong focus on the establishment of transparent and accountable decision-making processes for the awarding of grants. As part of the grants administration framework, there are certain requirements that Ministers must comply with as approvers of expenditure in relation to grants<sup>127</sup>, including:

- not approving a grant without first receiving written advice from officials on the merits of the proposed grant or group of grants<sup>128</sup>;
- not approving a spending proposal unless satisfied, after making reasonable inquiries, that the spending proposal would be a ‘proper use’ (defined as ‘efficient, effective, economical and ethical’ use) of Commonwealth resources<sup>129</sup>;
- recording the basis for the approval relative to the grant guidelines and key considerations of value with relevant money; and
- writing to the Finance Minister advising of the details of any grants approved within their own electorate.

**5.2** Changes to the grant administration framework in 2013 increased the importance of written departmental advice, with more specific briefing requirements being introduced to improve the clarity of information provided to Ministers and the consistency of briefing content across government. In this respect, the 2013 version of the CGGs as well as the current CGRGs outline that departmental advice to a Minister must, at a minimum:

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127 Section 71 of the PGPA Act outlines the requirements, as do sections 4.10 to 4.13 of the CGRGs.

128 This advice must be consistent with section 4.6 of the CGRGs.

129 PGPA Act, sections 8 and 15.

- explicitly state that the spending proposal being considered for approval is a 'grant';
- provide information on the applicable requirements of the PGPA Act and rules and the CGRGs (particularly any ministerial reporting obligations), including the legal authority for the grant;
- outline the application and selection process, including the selection criteria, that were used to select potential grant recipients; and
- include the merits of the proposed grant or grants relative to the grant guidelines and the key consideration of achieving value with relevant money.

5.3 Against this background, ANAO examined the pre-assessment announcements made prior to the Minister receiving advice on the projects, and the advice provided by the Attorney-General's Department to the Minister for Justice in recommending applications to be approved for funding. ANAO also examined the funding decisions that were taken, and the development, negotiation and execution of funding agreements with successful applicants.

## Pre-assessment announcements of project success

5.4 In the normal course of events, and as discussed above, the requirements of the grants administration framework place an emphasis on departments assessing and considering the merits of grant proposals and providing advice to inform Ministers in their decision making. As each grant proposal involves a decision about the spending of public money, the framework does not differentiate between proposed grants based on election commitments and other grant proposals, with decisions on each grant required to have regard to whether the proposal represents a 'proper use' of resources. In this context, any early announcement (pre-assessment, advice or decision) about whether project proposals would receive funding has the potential to influence, or be seen to influence, the assessment work and subsequent advice as to whether funding should be approved.

5.5 ANAO analysis indicates that, prior to any departmental assessment and advice on applications, at least 56 per cent (48 separate applications) of all applications received by the department under the programme were the subject of a public announcement indicating that some or all of the associated project(s) would be funded. Included amongst these was an announcement by

the Minister for Justice regarding funding commitments in his own electorate of Stirling. Appendix 2 shows that on 14 May 2014, before an application had been submitted by the City of Stirling, the Minister issued a media release advising that the ‘Coalition Government has delivered on its commitment to fund more than half a million dollars of CCTV cameras for the Stirling electorate’ and that the Safer Streets programme ‘will fund’ the four projects listed. Earlier, on 7 January 2014, the Minister had written to the City of Stirling advising that he ‘will provide’ funding for the four projects and that he would ‘again make contact ... once funds are available’. This letter was submitted with the City of Stirling’s application for funding in June 2014.<sup>130</sup>

5.6 In respect of another 36 applications, the Minister for Justice joined with a Member of Parliament in issuing media releases regarding funding commitments. For example, on 20 May 2014 the Member for Aston issued a media release titled *Government delivers security cameras for Knox shopping strips* stating:

Minister for Justice, Hon Michael Keenan MP and Federal Member for Aston, Hon Alan Tudge MP, today announced funding for security cameras at Mountain Gate, Wantirna Mall and Studfield Shops as well as mobile cameras for Knox Police.

“These security cameras will be funded through this programme, helping to keep Knox residents safe and secure,” said Minister Keenan.<sup>131</sup>

5.7 In this regard, on the night of the 2014–15 Federal Budget (13 May 2014) and during the following week, the Minister for Justice wrote to at least 46 of his colleagues (relating to 127 projects<sup>132</sup>) with advice noting that the Budget included funding for the Safer Streets programme. The text of the letters advised that ‘the Government is moving quickly to provide funding of [amount] to the electorate of [name of electorate] to fund the election commitments made under the Safer Streets programme’ and listed relevant commitments for each electorate. The letters also noted that:

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130 The letter was not provided as a reference but was in response to correspondence received from the City of Stirling.

131 Alan Tudge MP, Member for Aston, *Government delivers security cameras for Knox shopping strips*, 20 May 2014.

132 This includes projects that were to be delivered by the Glen Eira City Council, Mitchell Shire Council and Macedon Ranges Shire Council, all of whom later declined to apply for funding. See paragraphs 3.28 to 3.31.

The Attorney-General's Department (AGD) will shortly invite identified organisations to submit a proposal setting out how they will deliver the funding commitments. This is an important step that is required to ensure that we are meeting our financial management obligations under the Commonwealth Grants Guidelines.

**5.8** Importantly, the letters did not make clear that meeting 'financial management obligations' would require more than just a project proposal. The obligations also necessitated an assessment of the eligibility and merits of each project proposal and written advice to be provided by the department, before a decision could be made about whether each grant proposal represented a proper use of Commonwealth resources in accordance with the financial management legislation.

**5.9** The Minister for Justice's office distributed these letters to the offices of relevant members and senators with a draft media release and talking points for the announcement of funding. The draft media releases and talking points did not make reference to the need for a project proposal or for an assessment process to be undertaken. Instead, they included statements inferring that funding had been committed. For example, the draft media releases noted that the Minister congratulated the local member 'on the hard work undertaken to secure the funding for local communities' and that the government had 'delivered on its commitment to address crime and anti-social behaviour'. Thirteen members of parliament issued media releases relying on this content.

**5.10** While it is accepted that media releases will be written in a style to gain traction with a wide audience, they are expected to be factually-based. Particular care is required in circumstances involving government grants, where the requirements of the Commonwealth's financial management framework need to be satisfied before funding decisions can be made, and therefore, any unqualified public announcements about the award of funding can be made.<sup>133</sup>

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133 The guidance on public announcement of grants in ANAO's administration of grants Better Practice Guide is premised on such announcements only being made after funding decisions have been taken.



## Recommendations for funding

**5.11** As of February 2015, the Minister had considered funding recommendations for projects under the Safer Streets programme at five different times, namely:

- one application in December 2013;
- one application in June 2014;
- 75 applications in July 2014;
- six applications in October 2014; and
- three applications in January 2015.

### **Project funded prior to the programme commencing**

**5.12** On 27 August 2013, during the 2013 Federal election campaign, the Coalition candidate for the electorate of McPherson announced that a Coalition government would fund CCTV cameras on the Gold Coast. The candidate's media release did not mention the amount of funding<sup>134</sup> or detail the scope of the project other than noting:

An elected Coalition Government will make Gold Coast streets safer by investing to expand the city's CCTV network in crime hot-spots ... Local communities across the Southern Gold Coast—including Burleigh Heads, Palm Beach and Tugun—will benefit from an expansion of the Gold Coast City Council's trial of mobile CCTV ... This significant investment is part of the Coalition's Plan for Safer Streets.<sup>135</sup>

**5.13** Departmental records indicate that, following the Coalition's election, a priority task advised by the Minister for Justice for the Safer Streets programme was to deliver the Gold Coast commitment in the 2013–14 financial year, ahead of the commencement of the broader programme in the following financial year. Amongst the obligations on departmental officials provided in the CGGs at the time of this request were requirements that agency staff:

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134 A figure of \$250 000 was, however, mentioned in a Facebook posting by Gold Coast Mayor Tom Tate on the date of the announcement.

135 *Funding for the Coalition's plan to make the Gold Coast streets safer announced today*, Media Release, Karen Andrews MP, Federal Member for McPherson, 27 August 2013.

- develop grant guidelines for all 'granting activities'<sup>136</sup>; and
- provide written advice on the merits of proposed grant(s) relative to the grant guidelines and the key consideration of achieving value with public money.<sup>137</sup>

**5.14** Consistent with these obligations, the purpose of developing and issuing programme guidelines is to encourage applicants to put forward their best possible applications, consistent with the programme objectives (including insofar as these are reflected in assessment criteria), and to allow the best applications within a value for money context to be selected. Accordingly, in the normal course of events, advice on the merits of grants and decisions on the award of funding should occur after the development of the core policy parameters of a programme, as reflected in published programme guidelines.

**5.15** As was noted in Chapters 2 and 3, the timeline for the commencement of the Safer Streets programme included the development, approval and launch of programme guidelines between April and May 2014. Guidelines were not developed for implementing the grant associated with the Gold Coast project, and in this regard, the grant pre-dated both the development of the Safer Streets programme guidelines, and any detailed programme parameters or assessment criteria.

**5.16** On 3 October 2013, the department contacted Gold Coast City Council about the government's election commitment, forwarding the media release relating to the commitment and an application form containing a series of questions, but no advice on the criteria that the department would apply in assessing the application. The council completed and submitted the application form on 21 November 2013. The department then submitted a briefing, on 10 December 2013, to the Minister for Justice recommending that the Minister approve a grant of \$250 000 to the council.

**5.17** The CGG requirements were not simply administrative in nature, but formed part of a framework designed to assist Ministers to make well informed decisions on the merits of proposed grants. The framework, which was at the time provided under Regulations 12 and 9 of the *Financial*

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136 Department of Finance and Deregulation, *Commonwealth Grant Guidelines June 2013*, p. 15. The CGGs provide the following examples of granting activities: 'grant programmes as well as one-off ad-hoc grants, grants awarded through competitive, non-competitive and/or targeted selection processes'.

137 Department of Finance and Deregulation, *Commonwealth Grant Guidelines June 2013*, p. 13.

*Management and Accountability Regulations 1997*, included the need for the approver of a funding proposal (the Minister) to record the basis upon which they were satisfied that a proposed grant was consistent with the policies of the Commonwealth, noting that these policies included the guidelines issued in respect to the relevant granting activity. In this context, the CGGs provided that the basis for recommending or rejecting proposed grants should be set out in the assessment material for each grant and should reflect the particular merits of each project in terms of the grant guidelines including against eligibility and assessment criteria.<sup>138</sup>

**5.18** The department's advice to the Minister did not make reference to the CGG requirement for grant guidelines to be developed (including the absence of any objective assessment methodology) or for the proposed grant to be consistent with these guidelines. In this regard, the advice identified that the grant was consistent with the broader Safer Streets election policy document and unspecified previous programme guidelines, noting:

The Department has reviewed the proposal from Gold Coast City Council against the aims of the Safer Streets Programme as set out in the Government's *Policy to Tackle Crime*, and the most recent programme guidelines used for similar funding programmes. The project is assessed as aligning with the aims of Safer Streets and meeting the requirements of the guidelines, being consistent with current government policy and offering value for money. It is therefore assessed as highly suitable for funding.

**5.19** The absence of guidelines was, however, included in a letter attached to the same briefing and sent by the Minister for Justice to the Minister for Finance advising of the Minister's intention to award the grant, which noted:

A funding proposal was sought from the Gold Coast City Council without undertaking a competitive grants selection process. **While there are no guidelines specifically approved for this project, my Department has reviewed the proposal against the most recently approved crime prevention grants Programme guidelines.** The project has been assessed as 'highly suitable for funding' as it aligns well with the Government's commitment to community crime prevention, particularly in relation to Programmes that enhance the safety and security of retail, entertainment and commercial precincts. *[ANAO emphasis]*

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138 Department of Finance and Deregulation, *Commonwealth Grant Guidelines June 2013*, p. 25.

**5.20** It is noteworthy that the above statement, which was drafted by the department, was not otherwise referenced in the department's advice to the Minister or highlighted as being inconsistent with the CGG requirements. Nor was the Minister for Justice or the Finance Minister informed that the programme guidelines used to undertake this assessment were related to the NCPF, a programme that was considered not to align with the Coalition government's own priorities<sup>139</sup>, hence the redirection to the Safer Streets programme.

**5.21** Without objective criteria, the basis for the department's conclusions about the grant as reflected in its advice to the Minister was founded on an assessment approach that lacked due consideration. Specifically, the records supporting the department's consideration of the grant application included a brief and poorly evidenced assessment report that:

- cited six assessment criteria, without explaining why those criteria were applied or how they aligned with the government's policy commitment for the Safer Streets programme. The criteria appear to have been borrowed from the former government's NCPF programme, which had not been continued by the new government on the basis of its lack of alignment with the new government's policy objectives;
- included high scores for the six assessment criteria (all between eight and nine out of nine), but no commentary explaining the basis for the scores that were allocated, such as how the criteria had been satisfied with reference to relevant evidence from the application; and
- stating that organisation and project risks were low, without explaining what risks had been identified and why they were low.

**5.22** Some of the broad conclusions drawn in the department's assessment document and reflected in the department's advice to its Minister were also either left unexplained or were inaccurate. Most notably, the assessment stated that 'this project aligns well with current government policies and the plan for Safer Streets', without explaining the rationale.

**5.23** Similarly, the project that was proposed and assessed differed from the original August 2013 election commitment. In particular, the assessment identified that the project would deliver seven additional cameras in the

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<sup>139</sup> In November 2013, the Minister for Finance announced that the former Labor Government's 2013–14 Budget measure *Addressing gang violence and organised crime—National Crime Prevention Fund*, did not align with the new government's priorities.

identified hot spots of Surfers Paradise, Broadbeach, Southport and Coolangatta, whereas the election commitment media release had referenced mobile CCTV cameras and the locations of Burleigh Heads, Palm Beach and Tugun.

**5.24** On 18 December 2013, the Minister for Justice, based on the department's advice and recommendation, approved the award of \$250 000 in funding to the Gold Coast City Council.

**5.25** In March 2015, the department commented to ANAO that:

The funding commitment to the Gold Coast was linked to detailed broader government initiatives to address the problem of outlaw motor cycle gangs, particularly on the Gold Coast.

The department accepts the requirement for grant guidelines to be developed for all new granting activities and will develop generic guidelines for the Proceeds of Crime Act funding programme to address this requirement for one-off or ad-hoc funding proposals.

### **'Fast tracked' project assessment and approval**

**5.26** On 23 May 2014, the Minister attended a joint press conference with the Prime Minister in Campbelltown to announce funding of \$350 000 for the installation of CCTV under the Safer Streets programme. A departmental briefing of 24 June 2014 in respect to this project recorded that the Minister had indicated that he wished to 'fast track the project rather than delay it until all the applications under the Safer Streets Programme have been assessed'.

**5.27** The departmental briefing advised the Minister that the proposal from Campbelltown City Council had been assessed against the 2013 funding commitment and the programme guidelines. The brief recommended that grant funding be approved and informed the Minister that:

The project aligns with the aims of the Safer Streets Programme and meets the requirements of the guidelines. It offers value for money and is an efficient, effective, economical and ethical use of resources and not inconsistent with the policies of the Commonwealth. It is therefore assessed as suitable for funding.

**5.28** Similarly, an attachment to the briefing included an assessment rating of seven ('Very Good') and stated that:

The funding proposal is line with the funding commitment and clearly demonstrates Council's ability to successfully deliver a project of this nature.

The project aligns well with current government policies and the plan for Safer Streets and is recommended for funding.

5.29 However, the advice to the Minister did not inform him of various shortcomings the departmental assessment had identified with the application, including:

- in respect to the first criterion, crime statistics were not provided with the application to support the need for the project<sup>140</sup> and the peer reviewer commented that ‘the application does not provide a very detailed description of why CCTV is needed in Campbelltown and Ingleburn CBD. The applicant hopes that the installation of CCTV in the identified areas will improve the sense of safety within the community and deter criminal acts’;
- under the second criterion, the peer review commentary included that ‘there were not any case studies, on the use of CCTV and its impact, referenced in the application however it is evident that Council has considered the potential benefits of this project’; and
- although the Minister was advised the project offered value for money, the assessment in relation to the third criterion had observed that ‘no quotes have been provided’.

### **First tranche of funding recommendations after programme guidelines finalised**

5.30 On 14 July 2014, the department provided a briefing to the Minister for Justice seeking approval to award funding of \$17 458 741 for 75 applications, comprising 135 separate election commitments, under section 298 of the *Proceeds of Crime Act 2002 (POCA)*. The briefing included:

- a copy of the programme guidelines;
- information on the Minister’s obligations under the PGPA Act and CGRGs;
- a table with details on the applications recommended for funding including, details on the: applicant; election commitment; total funding committed; state and electorate(s); project description; assessed rating<sup>141</sup>; comments; amount sought; and funding amount recommended;

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140 Notwithstanding this, the assessment observed in relation to the fourth criterion that pre- and post-crime rates provided by the Local Area Command would be used to measure the impact of the project.

141 The ‘assessed rating’ was a descriptor such as ‘Exceptional’, ‘Good’, or ‘Poor’. The department did not provide the Minister with information on the score associated with the descriptor.

- draft letters for the successful applicants and a letter for the Finance Minister, for the project recommended for funding in the Minister for Justice's own electorate (Stirling); and
- expenditure approval instrument for signature, to commit the remaining available funding for grants under the Safer Streets programme.

**5.31** The cover briefing included a clear funding recommendation to the Minister. Specifically, the briefing stated:

The 75 projects being recommended in this submission have been assessed against the criteria outlined in the Programme Guidelines with **all found to meet the minimum requirements of the programme and suitable to recommend to you for funding**. Details of the 75 recommended, including a description of the project and the Department's reasons for recommending each grant, are at Attachment C. *[ANAO emphasis]*

Approve the projects recommended for funding by signing each page at Attachment C.

**5.32** However, the recommendation and briefing package provided to the Minister did not provide advice or document:

- the process that was used by the department in forming those recommendations, including any limitations of the assessments performed;
- thresholds/benchmarks or minimum requirements that applications needed to meet to be suitable (even though the selection of 'high quality' projects was a key risk mitigation strategy that the department was to implement, which saw the Safer Streets programme given a 'low' risk rating, as outlined in Table 2.1 on page 50);
- whether the recommendation was based on the original application or a second or re-scoped application; or
- any issues relating to eligibility, especially in relation to whether the proposed project was consistent with the election commitment made. As was noted in Chapter 3, the department had some limited information on the substance of election commitments.

**5.33** With regard to the quality of the departmental advice on the merits of each application, the information provided lacked context and specific details about the degree to which each application had been assessed by the

department as meeting the programme objectives. For example, while the department provided a quality descriptor for each project (such as 'Outstanding' or 'Excellent'), the advice did not provide an explanation of the meaning of each of the 10 descriptors used by the department. Further, the advice did not consistently include information on whether each application scored highly against each selection criterion, particularly the highest weighted criteria (criterion 1 and 2, weighted at 25 per cent each) by, for example, referencing the assessment scores and key comments by criteria.

**5.34** Table 5.1 (below) provides some examples of the summary advice that was provided to the Minister and information from the department's assessment commentary that was not included in the advice. Of note were instances where projects were recommended for funding notwithstanding a lack of evidence of crime, no quotations or a lack of detail about what would be delivered by projects.



**Table 5.1: Examples of key issues not addressed in the advice to the Minister for the first tranche of projects**

Project	Assessed rating (weighted score)	Comments/advice provided to Minister by the department	Key issues from the assessment not provided in the advice to the Minister
Wyong Regional Chamber of Commerce	Satisfactory (50)	The funding proposal lacks detail and does not clearly outline why a project of this nature is required in the Wyong Town Centre. It can be assumed that the project will provide benefits to the area, but it was difficult to assess due to the limited information provided by Wyong Chamber of Commerce. Given the small amount of funding and the fact the applicant has managed CCTV in the past AGD believes they can work with the applicant to successfully deliver the project. <b>This project is recommended for funding.</b> <i>[ANAO emphasis]</i>	<b>The funding proposal is extremely brief and the additional information provided does not provide enough detail to adequately assess this criterion.</b> <b>It can be assumed</b> that the CCTV would have an impact on the targeted areas ... <b>the level of impact cannot be assessed as the level of need has not been determined.</b> Council provides some good points on what the benefits may be, but again not enough detail has been provided. <b>No quote has been provided, we do not know how many cameras will be installed and the funding proposal is so brief it makes it difficult to assess. However, the funding amount is so small that if the project has even the slightest impact on the community it could be considered reasonable value for money.</b> The KPI's mentioned in the additional information does not measure the impact of the CCTV on the community ... although valid items to measure, <b>they will not give AGD any information in relation to the success of the project.</b> <i>[ANAO emphasis]</i>
Wagga Wagga City Council	Very good (74.5)	This project will introduce an 80 camera CCTV coverage system for the Wagga Wagga CBD. <sup>1</sup> This project clearly articulates why a project of this nature is required in the Wagga Wagga CBD and what benefits it will bring to the community. Council has been proactive and preliminary ground work for the project has already been completed in readiness of receiving funding. <b>This project is recommended for funding.</b> <i>[ANAO emphasis]</i>	No statistics, crime rates or reports were provided. Although no statistical evidence has been provided to support the need for this project the crime prevention benefits have been clearly outlined. The project is currently being costed, <b>no quotes have been provided.</b> In the budget section, there is no approximate breakdown of expenditure and it is not clear how the funds will be spent. Had quotes or a more detailed budget been provided the proposal would have scored higher for this criterion (3). No data or statistics were provided to support this proposal. <i>[ANAO emphasis]</i>

Note 1: This information was misleading, as the project will only deliver 22 cameras. The Minister made a decision based on 80 cameras being installed for \$500 000.

Source: ANAO analysis of departmental information.

## **Second tranche of funding recommendations after programme guidelines finalised**

**5.35** As with the first briefing package, the department provided a cover briefing and attachments for six additional applications that were assessed by the department during August and September 2014.<sup>142</sup> All six applications were received after the 12 June 2014 closure date of the programme. The department's advice to the Minister recommended all six projects for approval on the basis that they:

- had been assessed against the criteria outlined in the programme guidelines;
- met the minimum requirements of the programme; and
- were suitable to be recommended for funding.

**5.36** On 30 October 2014, the Minister for Justice approved funding of \$753 454 for all six projects.<sup>143</sup>

**5.37** ANAO identified similar shortcomings with this second set of recommendations, with the department again not providing the Minister with important advice about the key weaknesses identified in relation to the six projects. For example, Table 5.2 outlines the advice provided for one project that failed to score 50 out of 100 in the department's assessment.

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142 Similarly to the attachments provided for tranche one projects, the department provided the following attachments to the recommendation briefing: programme guidelines; financial management and approval process; and letters to recommended organisations. Again, there were shortcomings in the advice provided to the Minister by the department.

143 The six projects were: Alpine Shire Council, Blackwater Rotary Club, Camberwell Centre Association Incorporated, Cootamundra Shire Council, Dandenong City Council, and Glasshouse Country Chamber of Commerce.

**Table 5.2: Examples of key issues not addressed in the advice to the Minister for the second tranche of projects**

Project	Assessed rating (weighted score)	Comments/advice provided to Minister by the department	Key issues from the assessment not provided in the advice to the Minister
Camberwell Centre Association Incorporated	Fair (44)	Camberwell Shopping Centre Association has provided a funding proposal that is in line with the original funding commitment but is lacking in detail. Further, the Association is waiting to secure funding through two other sources (\$100k State Government and \$50k Market Development Fund) to enable them to successfully install the proposed infrastructure, including ten cameras through this project. The project is likely to have crime prevention and public safety benefits as well as reduce costs to traders stemming from anti-social and criminal behaviour. Should funding be awarded, AGD will work with the Association to ensure that an appropriate Funding Agreement is in place and that the additional funding required to complete the project has been secured prior to Safer Streets funding being paid. This project is recommended for funding.	<p>The application <b>provides little evidence to demonstrate the need for improved security due to crime and anti-social behaviour affecting the local community.</b></p> <p>The application makes reference to anecdotal evidence that other shopping areas have seen reductions in problems. A quote is provided, <b>the quote totals more than the requested value of the grant</b> and the application states that the grant funds will be used for system infrastructure and “some” cameras.</p> <p><b>The application does not identify exactly which items in the attached quote will be paid for by the grant funds and the quote does not include itemised costs.</b></p> <p>The application <b>does not specify precisely what data will be collected or how.</b></p> <p><b>The funding proposal does not provide any potential risks or mitigation strategies,</b> however can be considered low risk given the level of funding. <i>[ANAO emphasis]</i></p>

Source: ANAO analysis of departmental information.

### Third tranche of funding recommendations

**5.38** The department provided the Minister with another briefing package on 16 December 2014. The cover briefing and attachments included recommendations relating to three applications that were assessed by the department during June and November 2014.<sup>144</sup> Two of the applications had been received after the 12 June 2014 closure date of the programme.

<sup>144</sup> As with the attachments provided for tranche one and two projects, the department provided the following attachments to the recommendation briefing: programme guidelines; financial management and approval process; and letters to recommended organisations. For the project not recommended for funding, the department also provided a copy of the application form.

### *Recommended applications*

**5.39** For two of the applications (Bentleigh Traders Association and the City of Stonnington), the department's advice to the Minister was consistent with the advice it provided in the other tranches. Specifically, it recommended funding on the basis that these applications:

- had been assessed against the criteria outlined in the programme guidelines;
- met the minimum requirements of the programme; and
- were suitable to be recommended for funding.

**5.40** On 28 January 2015, the Minister for Justice approved funding of \$155 000 for these two projects.

**5.41** It is notable that neither of these two projects were consistent with the election commitments that had been made by the Coalition prior to the 2013 Federal election. Specifically, the Bentleigh Traders Association was invited to apply for part (\$50 000) of the funding originally committed to Glen Eira City Council, which had declined to apply for funding.<sup>145</sup> Further, the location of the new project was not in the suburbs of McKinnon and Ormond as committed, but rather in Bentleigh. In this regard, both the applicant and project to be delivered differed from the election commitment.

**5.42** Similarly, the application submitted by the City of Stonnington differed from the election commitment because it was based on an increase of funding of \$5 000 from the \$100 000 amount that had been committed. Email records indicate that the increase in funding was agreed by the Minister following representations by the local member. Other applicants were not afforded a similar opportunity.

**5.43** The department's advice to the Minister on both applications reflected the circumstances in which the applications had diverged from the election commitments. However, the department's advice did not indicate that consistency with the election commitment (in relation to the applicant, amount of funding and location) was the first requirement of the eligibility criteria for the programme, such that the projects presented were not eligible for funding under the extant programme guidelines.

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<sup>145</sup> Carnegie Main Street Inc. was invited to take up the remaining funding of \$100 000 from the Glen Eira City Council commitment. An application has been submitted, but the department's assessment and funding recommendation are yet to be finalised.

*Application that was not recommended*

**5.44** In addition to the applications that the department recommended to the Minister, the Minister was also advised that an application submitted by Greater Toukley Vision was not recommended for funding. The application had been assessed by the department on 24 November 2014, following several follow-up contacts to obtain additional information from the applicant,<sup>146</sup> and was allocated an overall score of 43 ('Fair'). The assessment commentary highlighted concerns across a range of the criteria such as: the need for the project not having been established; a lack of demonstrated crime prevention benefits; the absence of an evaluation approach; and lack of documentation to assess value for money. The department's decision to not recommend the Greater Toukley Vision application for funding appears to be sound as reflected by the score of 43 out of 100 and the range of deficiencies the department identified with the application. However, demonstrating an inconsistent assessment standard, an application submitted by the Cootamundra Shire Council, which also exhibited a range of deficiencies and was awarded a lower score (42.5), was recommended for funding (and was approved by the Minister).<sup>147</sup> In this context, establishing objective thresholds for recommending or not recommending applications for funding would have assisted the department to avoid this inconsistent approach.

**5.45** Most<sup>148</sup> of the department's concerns were reflected in the commentary supporting its advice to the Minister on 16 December 2014, which also included:

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146 The department has advised ANAO that the applicant submitted an incomplete application on 6 November 2014 and that the department had sought a revised application, which was provided a week later on 13 November 2014. The department further advised that the replacement application also lacked detail with 'many important questions in the application form such as "what are the likely ongoing benefits beyond the funding period of the activity" and "detail the activity milestones" answered with "N/A". No information was provided to show that there was need for the CCTV cameras'. In this regard, the department also noted that it had requested quotations and other supporting documentation.

147 The application was initially assessed by the department as not aligning with the objectives of the programme (the proposed project was an incentive scheme) and as not demonstrating a need for the project. After consultation with the applicant, a revised assessment recorded that the department '...is confident that cameras installed through this project will provide enhanced security for both shop owners and the general public through the installation of CCTV systems', but continued to identify that 'Council has provided a very brief and overall weak funding proposal that fails to identify potential risks associated with the activity or how the success of the activity will be measured'.

148 In relation to crime prevention benefits, the assessment report recorded that the applicant had relied on 'statements and general acceptance that CCTV is good practice in crime prevention and does not present any additional evidence', but the department allocated a score of five out of 10. This aspect of the assessment was not addressed in the advice to the Minister.

- a recommendation to note that the department did not recommend the project for funding. The Minister chose to circle 'discuss' rather than 'noted'; and
- advice about the financial framework requirements that the Minister would need to consider if he wished to fund the project (given the department's advice).

**5.46** As previously noted, on 8 May 2015, the department advised ANAO that it discussed the application with the Minister's office and explained that, although it had recommended against funding the application, upon 'closer review the department considered that the applicant may have misunderstood the process and as such did not correctly complete the application'. The department noted that it advised the Minister's office that it 'proposed to write to the applicant and seek further information to review the original application'. The department then sent an email to the applicant, outlining:

- that the assessed application contained insufficient information for the Minister 'to make an informed decision as to whether the proposal should be funded';
- that a revised application must be submitted by 16 February 2015;
- the key areas that the revised application must address, namely that:
  - there is an identified problem, and therefore, a clear need for the proposed project;
  - the proposed project will provide immediate and ongoing benefits to the community;
  - the organisation has the intention and capacity to evaluate the proposed project; and
  - the organisation demonstrate the ability to manage grant funds;
- specific examples of evidence and information that could be provided in order 'to make a strong case for the proposed project'.<sup>149</sup>

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<sup>149</sup> This advice was provided to the applicant, notwithstanding that the programme guidelines stated: 'The Department is able to provide limited telephone or email assistance to applicants with queries about completing the application form. For probity reasons, the Department will not be able to provide specific advice on how to write your proposal'.

5.47 The applicant submitted a revised application on 17 March 2015 (nearly a month after the stated deadline). The department advised ANAO in May 2015 that an assessment of the revised application had not been completed.

## Negotiation and signing of funding agreements

5.48 It is commonplace for programme guidelines, including those that apply to programmes that are to fund election commitments, to specify a timeframe in which funding agreements are expected to be entered into.<sup>150</sup> The Safer Streets programme guidelines were silent on a specific timeframe for the department to enter into funding agreements with the successful applicants. As at 13 May 2015, a total of 75 funding agreements have been executed.<sup>151</sup> The negotiation and execution of two funding agreements for projects that the Minister for Justice approved in July 2014 were delayed extensively. One of the agreements was signed in late January 2015 but the other has not yet been finalised.

## Content of executed funding agreements

5.49 As outlined at paragraph 4.29, an assessment approach that addresses the quantum of goods/services to be received for the amount of grant funding requested has been applied across many grant programmes, in various entities, to inform an assessment as to whether the award of grant funding would be a cost-effective use of public funds. It is important that such assessments be supported by the funding agreement contracting for the delivery of the quantum of goods/services that informed the assessments. Otherwise the Australian Government will be exposed to an increased risk that grant funding will be awarded with expectations about the specific deliverables, and the resultant desired outcomes, not being met. In addition, the project parameters described in the funding agreement must reflect the project as described in the proposal submitted to the approver or, where the approver has decided to approve funding for a varied project, as described in the written approval.<sup>152</sup>

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150 For example, in respect to the Better Regions Program (ANAO Audit Report No. 24 2010–11) a timeframe of 16 weeks was adopted.

151 Eighty four applications were approved for funding under the programme (not including the pre-programme decision to fund CCTV cameras on the Gold Coast). Funding agreements for four projects had not been finalised as at 13 May 2015. The remaining 80 applications have been funded through 75 funding agreements. This includes one funding agreement consolidating the six applications submitted by the Gosford City Council.

152 ANAO Better Practice Guide, *Implementing Better Practice Grants Administration*, Canberra, June 2010, p. 89.

5.50 However, the content of the 75 funding agreements executed by the department in many instances did not contain specific project information such as the location or number of cameras, lighting or other items to be installed. Specifically, 37 (49 per cent) of the 75 executed funding agreements did not identify the exact number of cameras, lights or other equipment to be installed, of which:

- 14 funding agreements **did not specify** any number to identify how many cameras, lights or other equipment were to be installed; and
- 23 funding agreements **estimated** the number of cameras, lights or other equipment to be installed (by using qualified language such as 'up to' or 'maximum of').

5.51 As indicated, both approaches increase the risk that the expectations of the Minister in approving funding as to what will be delivered by the grant will be greater than the results that are forthcoming. It also results in reputational risks in situations where the original election commitment announcement, and any subsequent public statements, indicated to the community that a certain number of cameras, lights or other equipment would be installed in named locations.

5.52 Almost all funding agreements (74) included some form of description in relation to where the projects were located.<sup>153</sup> However, most (51) references were general (for example, a street, park or building) and only:

- 14 funding agreements identified exact locations for **all** project sites; and
- nine funding agreements identified exact locations for **some** project sites.

5.53 For example, the Brisbane City Council project involved the department entering into and executing a \$780 000 funding agreement that:

- contained a broad activity statement 'this project will implement safety enhancements for identified crime hotspots within the City of Brisbane to reduce anti-social behaviour and improve community safety';

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153 Only the Cootamundra Shire Council application did not specify a project location as it was for an incentive scheme.



- contained broad locations for the projects (for example Minnippi Parklands, Racecourse Road) but included no information about what the projects will entail (for example, lighting, CCTV);
- only included the location of the project and the total cost for each location in the project budget, with no breakdown of what would be delivered for the funding provided; and
- involved the total cost for each of the projects differing from the amount allocated in the initial commitment and also included project management costs of \$95 000.

### **Negotiations with applicants to provide additional information**

**5.54** As part of the assessment process, the department documented in its assessment commentary that it would seek additional information from, and work directly with, some of the successful applicants to ensure that where weaknesses had been identified in their application (such as no quotations, or the applicant had not provided sufficient information), these would be addressed at the funding agreement negotiation stage. However, ANAO analysis identified that for seven projects the department did not seek to obtain quotations, after indicating that it would.

**5.55** Similarly, in relation to three further projects, the department advised the Minister in its funding recommendations that it would work with two applicants to follow-up and resolve specific areas of deficiency in their applications as part of funding agreement negotiations, including:

- safeguards to ensure that the cameras continue to operate beyond the life of the project; and
- developing an appropriate project delivery timeline and reducing project management costs.

**5.56** ANAO analysis of the department's records indicates that these matters were not addressed in funding agreement negotiations with either organisation prior to funding agreements being signed.

**5.57** For another project the locations of the crime prevention measures to be employed as outlined in the executed funding agreement were incorrect. The applicant notified the department on 25 September 2014, that there was contradictory information in the funding agreement relating to the location of the project and that the deliverables section of the funding agreement needed

to be more accurate. The applicant was seeking to discuss a variation or amendment to the funding agreement. The department responded to the applicant on 10 October 2014 stating:

I had assumed that the Ellesmere Lane and corner of Burke and Goldsmith streets were the locations of the two licenced premises. If this is not the case, can you please clarify the correct locations? That gives a paper trail to show that you have corrected the discrepancy. I don't think it's worth doing a formal variation for this.

**5.58** There is no evidence that this matter has been rectified, as the department was still awaiting advice from the proponent about the actual locations. In March 2015, the department advised ANAO that council was:

... still working with local police and utility providers to finalise the locations. Once these are settled the department will prepare a deed of variation for the project.

## **Project scope changes and variations**

**5.59** The Safer Streets programme guidelines outlined that the Minister was the decision-maker for approving projects, yet the programme guidelines were silent on the process for applicants requesting variations to projects. In the absence of programme documentation and guidance, ANAO sought advice from the department in September 2014 to understand the process for variations to projects, where they were no longer consistent with the election commitment made or the project approved by the Minister. The department advised ANAO that:

Following the Minister's approval, the department manages the administration of funded projects. All funding commitments are approved in accordance with the Attorney-General's Department financial framework and delegation ...

Variations to projects that are within the scope of the Minister's original approval are dealt with by the relevant Departmental delegate. Consideration of variations may include consultation with the Minister's office.

Variations that are not consistent with the Minister's original approval are referred to the Minister for his agreement to the variation.

**5.60** In October 2014, the Minister's office had raised concerns about one project (Whitehorse Shire Council) not being consistent with the election commitment and asked whether the Minister should be approving variations:

Minister's office—'isn't the normal process that the Minister would approve any variation?'

Department response—No I undertake that role as the agreements are between the Department (on behalf of the Commonwealth) and relevant Council. The agreements allow for variations that are consistent with original funding purpose. It is an administrative process.

**5.61** This advice was contrary to the advice provided by the department to ANAO in November 2014, which stated that:

Variations that **are not consistent with the Minister's original approval** are referred to the Minister for his agreement to the variation. *[ANAO emphasis]*

**5.62** The department advised ANAO that no project scope changes or variations had been referred to the Minister for his agreement. In this respect, ANAO analysis was that 19 projects were varied in a way that was not consistent with the Minister's original approval.<sup>154</sup>

## Conclusion

**5.63** Prior to any departmental assessment and advice on applications almost 56 per cent (48 separate applications) of all applications received by the department under the programme were the subject of a public announcement indicating that the project would be funded. There is a risk that early announcements about whether project proposals will receive funding has the potential to influence, or be seen to influence, the assessment work and subsequent advice as to whether funding should be approved.

**5.64** ANAO has recently observed<sup>155</sup> that, while decisions on policy are a matter for government, departments are expected to provide frank, comprehensive and timely advice to Ministers on policy design and implementation risks as part of the policy development process. Similarly, in the context of the obligation that Minister's only award grant funding after receiving written advice on the merits of proposed grants relative to the programme guidelines, it is important that Ministers receive candid advice as

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154 In addition, for example, the Minister approved funding of \$500 000 for the Wagga Wagga City Council project to deliver an 80 camera CCTV coverage system, whereas the funding agreement states that the project will introduce a 22 camera CCTV coverage system for the Wagga Wagga CBD.

155 As noted in ANAO Audit Report No. 23 2014–15, *Administration of the Early Years Quality Fund* (p. 19), the Australian Public Service (APS) Code of Conduct values include the APS being responsive to the government in providing frank, honest, comprehensive, accurate and timely advice and in implementing the government's policies and programmes.

to how each proposed grant was assessed to have performed against the eligibility and selection criteria included in the guidelines. However, the advice provided by the Attorney-General's Department to the Minister for Justice in respect to decisions about whether to approve Safer Streets programme funding did not outline key risks and weaknesses that departmental assessments had identified with many of the applications that had been received.<sup>156</sup>

**5.65** The department recommended that the Minister approve 84 of the 85 applications it had assessed by 8 May 2015. The Minister approved the 84 recommended applications. For the one application in respect to which the department recommended that funding not be approved, the department subsequently decided to afford the applicant the opportunity to improve its application. The department advised ANAO on 8 May 2015 that it had yet to complete its assessment of the revised application, received in March 2015.

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156 While the candidate proposals had either been included on the list of commitments for which applications were invited, or had been included in substitution as a result of the organisation originally invited having declined the invitation to apply, this did not mean that those proposals had met the programme requirements (including the six selection criteria), or satisfied the overarching requirement that the use of public resources be efficient, effective, economical and ethical. See further at paragraph 4.2.

## Recommendation No.4

5.66 To ensure Ministers are provided with sound advice as to the merits of candidates for funding under all grant programmes it administers, including those used to fund election commitments, ANAO recommends that the Attorney-General's Department clearly outline in briefing material:

- (a) which grant proposals had been assessed to fully meet each of the assessment criteria; and
- (b) those grant proposals assessed as only partially meeting, or not satisfactorily meeting, one or more of the assessment criteria, together with advice on the shortcomings that had been identified.

### Attorney-General's Department's response:

5.67 *The Department agrees to this recommendation.*

5.68 *The 'Checklist for officials briefing ministers on proposed grants', produced by the Department of Finance, is available for staff as part of the Department's grant administration materials on the Departmental intranet. This checklist makes clear that grant recommendations need to be clear which grant applications fully, partially or do not meet the selection criteria.*

5.69 With some delays, 75 funding agreements have been signed. An extensive delay has continued with the finalisation of one funding agreement, with another only recently signed. In a number of important respects, the funding agreements that have been signed will not allow the department to adequately oversight the delivery of funded projects and assess whether those projects have been successful in preventing, detecting and deterring crime. Shortcomings include not specifying the project location or the number of cameras, lighting or other equipment to be installed with the grant funding. In addition, it has been quite common for funding agreements to be varied by the department as a result of changes to a project (compared with the project scope approved by the Minister).<sup>157</sup>

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157 This has occurred in relation to 19 projects.

## Recommendation No.5


5.70 To promote the achievement of granting activity objectives ANAO recommends that the Attorney-General's Department ensure that the terms of funding agreements signed with successful applicants clearly identify the specific deliverables for which grant funding was awarded.

**Attorney-General's Department's response:**

5.71 *The Department agrees to this recommendation.*

5.72 *The Department's standard grant documentation references the Department of Finance's standard funding agreement template, which contains this requirement.*

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Ian McPhee

Canberra ACT

4 June 2015

# Appendices





## **Appendix 1: Response from the Attorney-General's Department**

1. The formal response received by ANAO from the department following circulation of the draft report has been reproduced on the following pages.



26 MAY 2015  
10.35

**Australian Government**  
**Attorney-General's Department**

Secretary

14/10511

24 May 2015

Ms Barbara Cass  
Group Executive Director  
Australian National Audit Office  
19 National Circuit  
BARTON ACT 2600

Dear Ms Cass

**Performance Audit of Round I Safer Streets Programme**

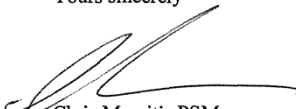
I refer to your letter of 15 April 2015 which enclosed the initial proposed draft report of the audit on the award of funding under the first round of the Safer Streets Programme and invited the Department's response. I note the proposed report was subsequently revised on two occasions with revisions received by the Department on 18 May 2015 and 22 May 2015.

Please find **attached** the Department's formal response to the ANAO's recommendations in addition to a summary of the response for inclusion in the tabled report. We do not have any comments to add of an editorial nature.

I would like to accept your offer to brief us on the report prior to its tabling.

The action officer for this matter is Catherine Smith, Assistant Secretary – Crime Prevention and Federal Offenders Branch, who can be contacted on 02 6141 2800.

Yours sincerely



Chris Moraitis PSM



### **Formal response to the performance audit of the award of funding under Round I of the Safer Streets Programme**

The Attorney-General's Department designs and administers a wide range of grants programmes aligned with portfolio responsibilities ranging across law and justice, national security, emergency management and the Arts sectors. Grants vary widely in size and scope and a variety of funding approaches are employed according to suitability and the application of the proportionality principles outlined in the *Commonwealth Grant Rules and Guidelines, July 2014*.

The Department recognises the importance of continuous improvement in its processes to maintain and improve performance and compliance in the delivery of programmes.

A principles-based 'Grants Management, Guidance and Procedures Manual' was developed and released by the Department in 2010.

In 2014 the Department worked to improve this by examining, among other things, the grants templates available for use by Departmental staff undertaking grants work. That review led to the launch on 16 July 2014 (which was after the Safer Streets programme had commenced) of an AGD grants administration 'tool kit' including a Guide to Grant Administration, help cards and a suite of documents and templates. The documents cover all stages of the grant administration cycle and are based on the requirements of the *Public Governance, Performance and Accountability Act 2013* and whole-of-government best practice. These are available to all Departmental staff through a centrally located database. Staff working in grant administration line areas have been requested to use the standard documents and templates to ensure the Department undertakes grants functions in a consistent manner, and in compliance with all legislative and whole-of-government requirements.

The Department has recently developed and delivered a 'Grant Application and Assessment' training module that specifically addresses the recommendations of the ANAO report including all footnoted references from the ANAO Better Practice Guide, *Implementing Better Practice Grants Administration, December 2013*. That training and the Department's grant intranet site both highlight the contents of the Department of Finance's *Resource Management Guide No. 412, July 2014*, which provides both a 'Better practice checklist for grant guidelines' and a 'Checklist for officials briefing ministers on proposed grants'.

The Department has also recently developed and commenced delivery of an additional training module aimed at assisting staff involved in assessing grants to understand balance sheets and financial data, which can be relevant to both assessing applications and evaluating delivery.

The Department will consider the findings of ANAO's audit of round one of the Safer Streets Programme in future funding rounds delivered under this Programme.

**Recommendation No 1.**

**To underpin efficient, effective, economical and ethical grants administration across all granting activity it administers, ANAO recommends that the Attorney-General's Department:**

- (a) Develop a standard suite of grant programme governance documentation that can be tailored to the individual circumstances of each granting activity, to promote a consistent high standard of grants administration across the department; and**
- (b) Advise the relevant Minister of any significant risks to programme implementation or outcomes in circumstances where key changes are proposed to grant guidelines.**

The Department **notes** this recommendation.

The Department's Guide to Grant Administration was most recently updated in July 2014, and includes a suite of documents and templates, including on providing advice to the relevant Minister. The documents cover all stages of the grant administration cycle and are based on the requirements of the *Public Governance, Performance and Accountability Act 2013* and whole-of-government best practice. These are available to all Departmental staff through the intranet. The Department notes the importance of ensuring that staff are aware of the need to appropriately brief the relevant Minister on risks associated with proposed changes to the grant guidelines.

The Department will ensure its grant programme governance documentation continues to promote a consistent high standard of grants administration across the Department.

The Department notes the report's finding at page 18 that "In the main, the guidelines used for this Programme provided a reasonable basis for the implementation of the first funding round".

**Recommendation No 2.**

**To promote robust eligibility checking processes for all granting activities it administers, including those used to fund election commitments, ANAO recommends that the Attorney-General's Department:**

- (a) Obtain relevant information from applicants in respect to each eligibility requirement so that assessments are well informed; and**
- (b) Require that assessments explicitly address each of the published eligibility requirements, with only those applications assessed to meet each requirement proceeding to the merit assessment stage.**

The Department **agrees** to this recommendation.

The Department's Guide to Grants Administration, updated in July 2014, provides clear guidance on the need to obtain relevant information in respect of each eligibility requirement, and to assess the compliance of each application with the threshold eligibility criteria provided in the relevant grant guidelines.

### **Recommendation No 3.**

**To promote the robust assessment of applications to all grants programmes it administers, including those that are used as a funding source for election commitments, ANAO recommends that the Attorney-General's Department:**

- (a) Articulates benchmarks and/or standards to inform the judgement of assessors when considering the extent to which an application can reasonably be considered to have met the published assessment criteria; and**
- (b) Establish minimum scores for an application to achieve against each of the assessment criteria in order to progress in the assessment process as a possible candidate to be recommended for funding.**

The Department **agrees** to this recommendation.

The Department accepts that, in the case of round one of the Safer Streets Programme, written guidance for the assessors of applications was not developed. Instead, as noted at pages 61-62, an oral briefing was provided to assessing staff which outlined the nature of the programme and its objectives, conflict of interest disclosures, advice on how to prepare recommendations and comments on applications, and information on the peer review assessment process.

The Department will amend its standard grant documentation to ensure minimum scores are required to be achieved against each criterion in order for the application to be considered as a possible candidate for funding.

### **Recommendation No 4.**

**To ensure Ministers are provided with sound advice as to the merits of candidates for funding under all grant programmes it administers, including those used to fund election commitments, ANAO recommends that the Attorney-General's Department clearly outline in briefing material:**

- (a) Which grant proposals had been assessed to fully meet each of the assessment criteria; and**
- (b) Those grant proposals assessed as only partially meeting, or not satisfactorily meeting, one or more of the assessment criteria, together with advice on the shortcomings that had been identified.**

The Department **agrees** to this recommendation.

The 'Checklist for officials briefing ministers on proposed grants', produced by the Department of Finance, is available for staff as part of the Department's grant administration materials on the Departmental intranet. This checklist makes clear that grant recommendations need to be clear which grant applications fully, partially or do not meet the selection criteria.

**Recommendation No 5.**

**To promote the achievement of granting activity objectives, ANAO recommends that the Attorney-General's Department ensure that the terms of funding agreements signed with successful applicants clearly identify the specific deliverables for which grant funding was awarded.**

The Department **agrees** to this recommendation.

The Department's standard grant documentation references the Department of Finance's standard funding agreement template, which contains this requirement.

## Appendix 2: Funding announcement made by the Minister for Justice

### FEDERAL MEMBER FOR STIRLING DELIVERS ON SAFER STREETS FUNDING

Wednesday, 14 May 2014



The Coalition Government has delivered on its commitment to fund more than half a million dollars of CCTV cameras for the Stirling electorate to address crime and anti-social behaviour, Federal Member for Stirling, Michael Keenan said today.

"I am pleased to confirm today that the Government is delivering on my election commitment to fund \$550,000 for CCTV cameras to be installed throughout Stirling as part of the Government's Safer Streets Program," Mr Keenan said.

"The Safer Streets program is funded through proceeds of crime so that yesterday's crimes are funding local crime prevention programs."

The Safer Streets Program will fund the following programs in Stirling:

\$180,000 for an expansion of closed circuit television cameras for Mirabooka Regional Centre.

\$180,000 for closed circuit television cameras for Clarko Reserve.

\$110,000 for closed circuit television cameras for Richard Gwelfi club rooms and car park in Balcatta.

\$80,000 for closed circuit television cameras for Carine Regional Open Space.

"Our Government committed to help local communities deliver effective local solutions to crime hot-spots and anti-social behaviour through the \$50 million Safer Streets programme and we are delivering on that commitment in this Budget.

"All Stirling residents have the right to feel safe and secure in their community and the Safer Streets Programme will help achieve that," Mr Keenan said.

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