

Grants with ministerial discretion

Distribution analysis

\$3.9 billion has been spent by grants programs with ministerial discretion since 2013. \$2.8 billion, or 71%, has been allocated to projects in Coalition seats. Funding has clearly favoured marginal seats at the expense of safe Labor seats and, in some cases, safe Coalition seats. In per capita terms, marginal Coalition seats have received \$184 per person in national grants, while safe Labor seats received just \$39 per person.

Discussion paper

Hannah Melville-Rea

Robyn Seth-Purdie

Bill Browne

November 2021

ABOUT THE AUSTRALIA INSTITUTE

The Australia Institute is an independent public policy think tank based in Canberra. It is funded by donations from philanthropic trusts and individuals and commissioned research. We barrack for ideas, not political parties or candidates. Since its launch in 1994, the Institute has carried out highly influential research on a broad range of economic, social and environmental issues.

OUR PHILOSOPHY

As we begin the 21st century, new dilemmas confront our society and our planet. Unprecedented levels of consumption co-exist with extreme poverty. Through new technology we are more connected than we have ever been, yet civic engagement is declining. Environmental neglect continues despite heightened ecological awareness. A better balance is urgently needed.

The Australia Institute's directors, staff and supporters represent a broad range of views and priorities. What unites us is a belief that through a combination of research and creativity we can promote new solutions and ways of thinking.

OUR PURPOSE - 'RESEARCH THAT MATTERS'

The Institute publishes research that contributes to a more just, sustainable and peaceful society. Our goal is to gather, interpret and communicate evidence in order to both diagnose the problems we face and propose new solutions to tackle them.

The Institute is wholly independent and not affiliated with any other organisation. Donations to its Research Fund are tax deductible for the donor. Anyone wishing to donate can do so via the website at <https://www.australiainstitute.org.au> or by calling the Institute on 02 6130 0530. Our secure and user-friendly website allows donors to make either one-off or regular monthly donations and we encourage everyone who can to donate in this way as it assists our research in the most significant manner.

Level 1, Endeavour House, 1 Franklin St
Canberra, ACT 2601

Tel: (02) 61300530

Email: mail@australiainstitute.org.au

Website: www.australiainstitute.org.au

ISSN: 1836-9014

Table of Contents

Summary.....	1
Introduction.....	4
National grants	5
Regional grants	11
Community Development Grants.....	16
National Stronger Regions Fund and Building Better Regions Fund	24
Regional Growth Fund	34
Regional Jobs and Investment Package.....	37
Smaller national programs	41
Other programs	44
Overview and recommended changes.....	46
Conclusion	50
Appendix: Methodology	51

Summary

The Australian Government's use of grants programs has been criticised on the grounds that the programs have been used for political benefit instead of grants being awarded based on community need and project merit.

This analysis considers seven programs that give ministers discretion over how grants are allocated, listed in Table 1 below:

Table 1: Grants programs with ministerial discretion

Fund	Category	Grants	Funds
Community Development Grants	National	1,382	\$1,711 million
National Stronger Regions Fund	National	256	\$703 million
Female Facilities and Water Safety Stream	National	40	\$136 million
Environmental Restoration Fund Grants	National	91	\$58 million
Building Better Regions Fund	Regional	952	\$806 million
Regional Growth Fund	Regional	16	\$257 million
Regional Jobs and Investment Package	Regional	231	\$232 million

Note: Grants and funds figures are as of 30 June 2021. Grants that were allocated to multiple postcodes/electorates are counted as multiple grants.

The first four programs can allocate grants nation-wide, while the latter three are designed to support regions outside major capital cities.

These programs have distributed \$3.9 billion since 2013. The vast majority of this money (\$2.8 billion or 71%) has been allocated to projects in Coalition seats, as shown in Figure 1:

Figure 1: Grants funding by party and marginality



Figure 1 above shows that just 23% (\$0.9 billion) went to Labor seats, and 6% (\$0.2 billion) to seats held by minor parties or independents. Both national and region-specific programs show similar patterns of distribution.

Figure 1 also breaks down allocation of grant funding by the marginality of seats. Seats are considered marginal where the seat is held by 6 percentage points or less. Figure 1 shows that safe Coalition seats received over \$1.6 billion, marginal Coalition seats over \$1.1 billion, marginal Labor seats around \$550 million, safe Labor seats just \$255 million and Other/Independent seats \$132 million.

A different trend emerges when the total funding amounts in Figure 1 are compared to the populations living in each type of electorate. Far more people live in seats that are considered safe than marginal. Around 8.7 million people live in safe Coalition seats and 6.4 million live in safe Labor seats, while around half as many people live in marginal or other/independent seats. Figure 2 below takes this into account and estimates the per capita electorate spend by party and marginality for the \$2.6 billion in national grants programs.

Figure 2: National grants programs, per capita electorate spend by party and marginality

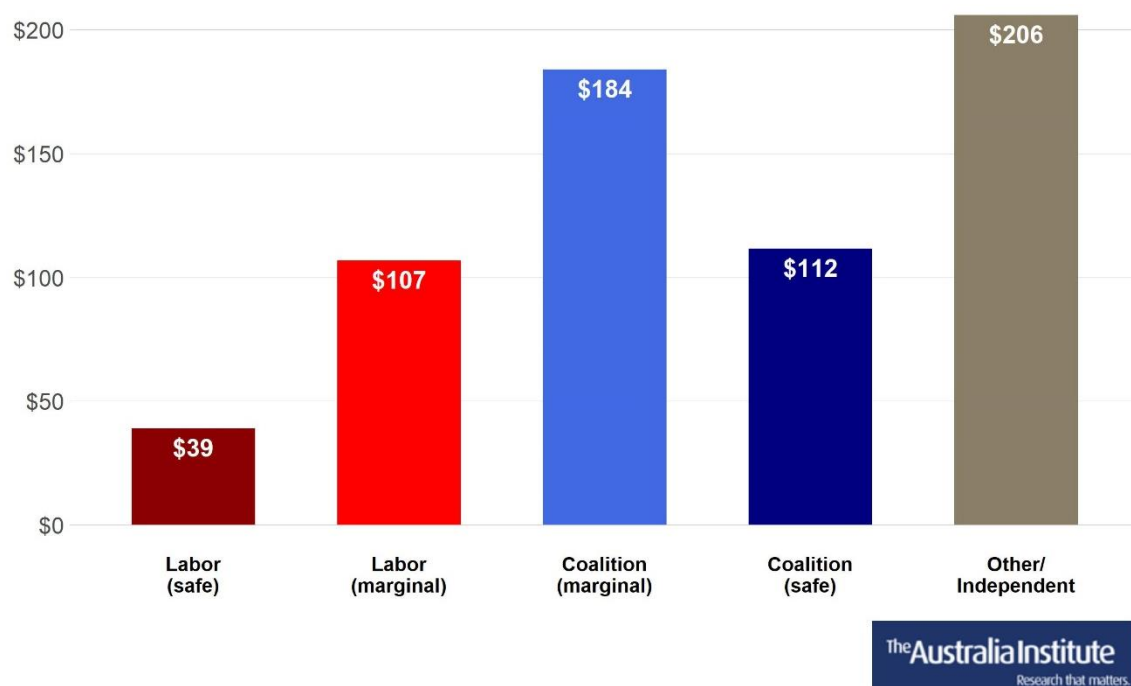


Figure 2 shows that marginal Coalition and minor party/independent seats receive a share of grant funding out of proportion to their populations. Marginal Coalition seats received an average \$184 per person, almost five times the \$39 per person received by safe Labor seats. The small handful of seats represented by minor parties or independent candidates have especially benefited from grants, receiving \$206 per person.

If every safe Labor seat had been funded as generously as marginal Coalition seats, they would have received an additional \$928 million in total. If every marginal Labor seat had been funded as generously as marginal Coalition seats, they would have received an additional \$316 million in total. If every safe Coalition seat had been funded as generously as marginal Coalition seats, they would have received an additional \$626 million in total.

Figure 2 includes only the four nationally-applicable grants programs. This is to ensure accurate comparison, as regional Australia has more people living in Coalition seats. Figure 3 below shows the same per capita calculations for the three grants programs aimed at areas outside the main capital cities:

Figure 3: Regional grants programs, per capita electorate spend by party and marginality

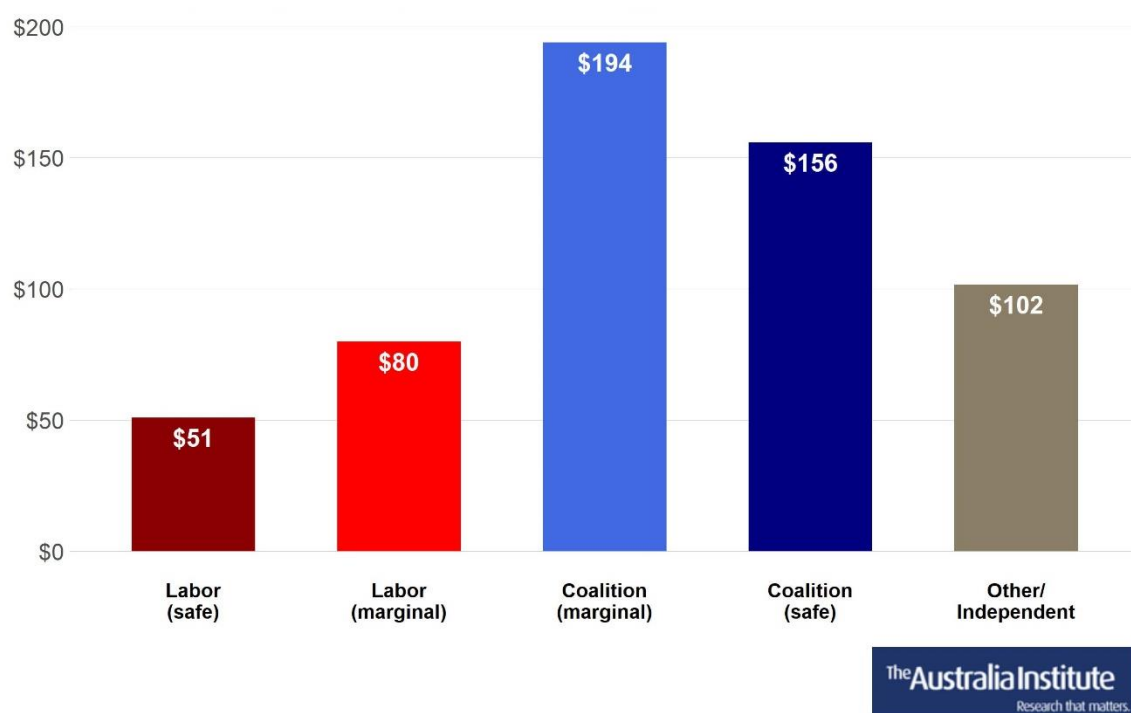


Figure 3 shows that the three regional-specific programs have seen grants distributed along similar lines. Both safe and marginal Coalition seats are favoured ahead of Labor seats. Australians living outside of urban centres and within marginal Coalition electorates received almost four times as much funding (\$194 per person) as those in safe Labor seats (\$51 per person).

This analysis supports allegations that grant funding has been distributed in a partisan manner, with a focus on winnable seats rather than community need or project merit.

Introduction

The distribution of Australian Government grants has been controversial in recent years, particularly grants programs where ministers have influence over final grant decisions. Allegations have been made that grants with ministerial discretion have been used for party political purposes, rather than funding being distributed based on community need and project merit.

The Australia Institute's Democracy & Accountability Program set out to conduct comprehensive statistical analysis of federal grants funding, using data from 2013 up to 30 June 2021. This analysis is the most comprehensive study of federal government grants in Australia of its kind. It examines seven grants program that are subject to ministerial discretion, shown in Table 1 below.

Table 2: Grants programs with ministerial discretion

Fund	Category	Grants	Funds
Community Development Grants	National	1,382	\$1,711 million
National Stronger Regions Fund	National	256	\$703 million
Female Facilities and Water Safety Stream	National	40	\$136 million
Environmental Restoration Fund Grants	National	91	\$58 million
Building Better Regions Fund	Regional	952	\$806 million
Regional Growth Fund	Regional	16	\$257 million
Regional Jobs and Investment Package	Regional	231	\$232 million

Note: Grants and funds figures are as of 30 June 2021. Grants that were allocated to multiple postcodes/electorates are counted as multiple grants.

The grants programs share three key features:

1. They involve ministerial discretion in the award of grants
2. They are ongoing, or have been discontinued within the past five years
3. Each is worth \$50 million or more.

The analysis in this report is based on official sources such as GrantConnect.¹ See appendix for technical and methodological details.

¹ GrantConnect (2021) *Grant awards published*, <https://www.grants.gov.au/Reports/GaPublishedShow?>

National grants

These results represent the combination of the following grants programs, for which any electorate in Australia was eligible to receive funding.

- Community Development Grants
- Environmental Restoration Fund Grants
- Female Facilities and Water Safety Stream
- National Stronger Regions Fund.²

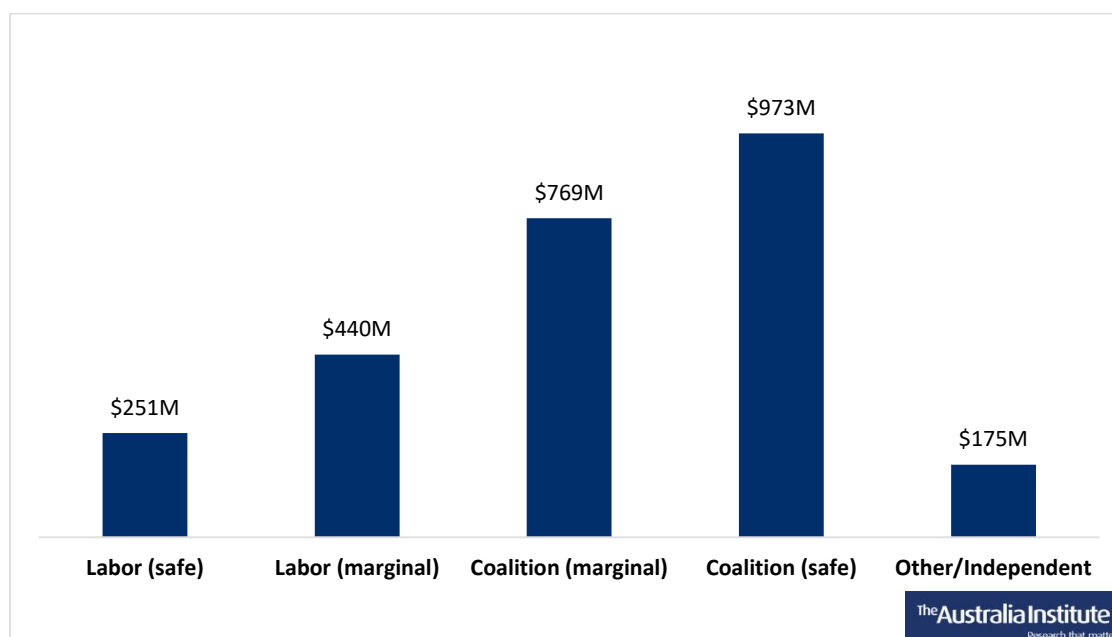
Grants that were open to all electorates are examined here separately to the programs aimed at more regional areas. This is because regional areas tend to have more Coalition seats.

DISTRIBUTION OF FUNDS

1,769 grants worth a total of \$2.6 billion were published under the four national grants programs identified, as of 30 June 2021.

As shown in Figure 4, 67% of the grants funding (\$1.7 billion) went to Coalition seats. Just 25% (\$0.7 billion) went to Labor seats, and 7% (\$0.2 billion) to seats held by minor parties or independents.

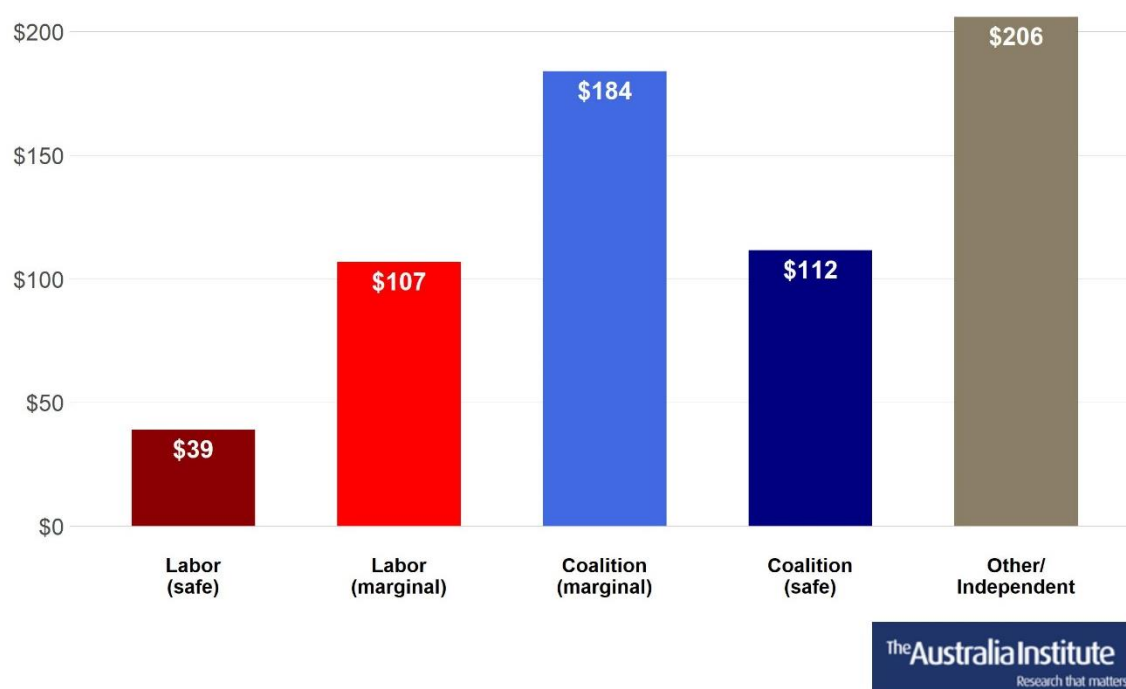
Figure 4: National grants funding by party and marginality



² Despite the name, the National Stronger Regions Fund was not limited to regional and rural Australia.

Analysis of the four national grants programs taking population into account shows that grant allocation is heavily skewed to marginal Coalition seats (where the seat is held by 6 percentage points or less) and seats held by independent or minor party MPs.³ As shown in Figure 5 below, the average marginal Coalition seat received almost five times the funding received by the average safe Labor seat.

Figure 5: National grants programs, per capita electorate spend by party and marginality



Source: See appendix.

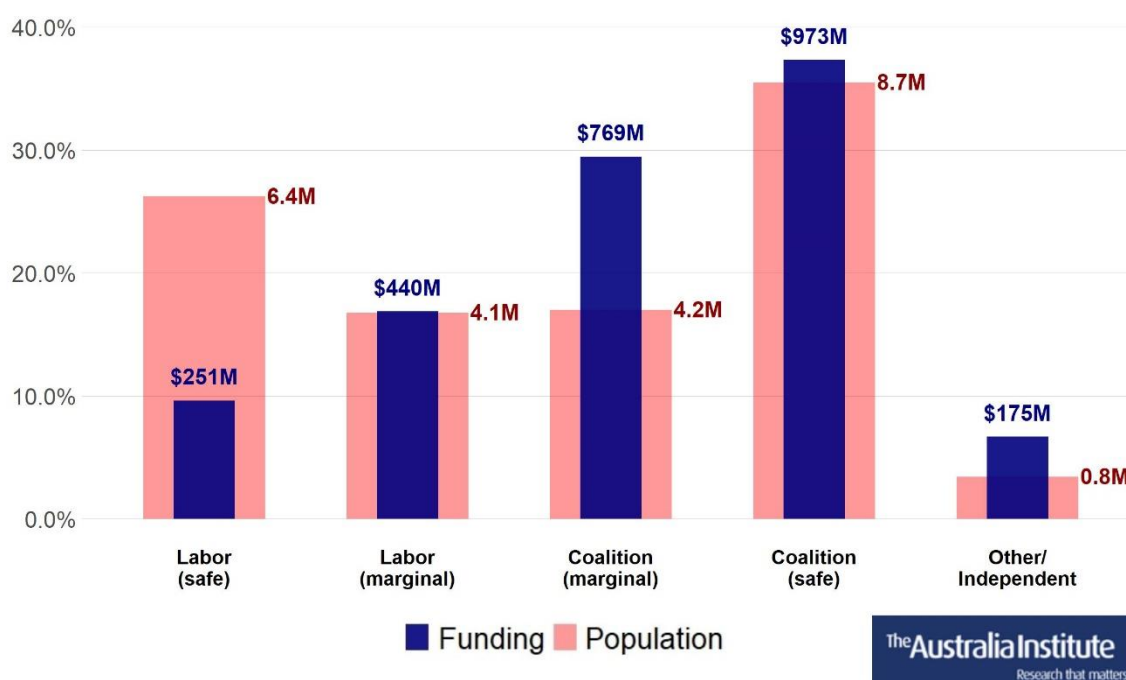
Figure 5 above shows that Australians in the handful of independent/minor party seats benefited most, with the four grants programs providing \$206 per person. Those in the much more numerous marginal Coalition seats received the next most, \$184 per person.

Safe Coalition seats and marginal Labor seats received \$112 and \$107 per person, respectively. Those in safe Labor seats did worse, receiving only \$39 per person since the programs' inception.

Another way of looking at this data is directly comparing grant funding to population. Figure 6 below highlights that the 6.4 million Australians who live in safe Labor electorates (26% of the population) received just 10% of grant funding, a total of \$251 million.

³ "Margin" here refers to the difference between the two-candidate preferred vote for the winning party and 50%, rather than the difference between the two-candidate preferred vote for the winning and losing parties.

Figure 6: National grants programs, electorate funding and population



Sources: See appendix.

Figure 6 above also shows the disparity between Coalition seats. More than twice as many Australians live in safe Coalition seats as live in marginal ones, but safe Coalition seats received only 27% more funding than marginal Coalition seats (\$973 million vs \$769 million). Table 2 below summarises the data for national grants programs.

Table 3: National grants program, summary of grant funding by type of electorate

	Electors (2019)	% of electors	Funding	% of funding	Population	% of population	Per capita
Labor (safe)	43	28%	\$251M	10%	6.4M	26%	\$39
Labor (marginal)	25	17%	\$440M	17%	4.1M	17%	\$107
Coalition (marginal)	21	14%	\$769M	29%	4.2M	17%	\$184
Coalition (safe)	56	37%	\$973M	37%	8.7M	35%	\$112
Other/ Independent	6	4%	\$175M	7%	0.8M	3%	\$206

Source: See appendix.

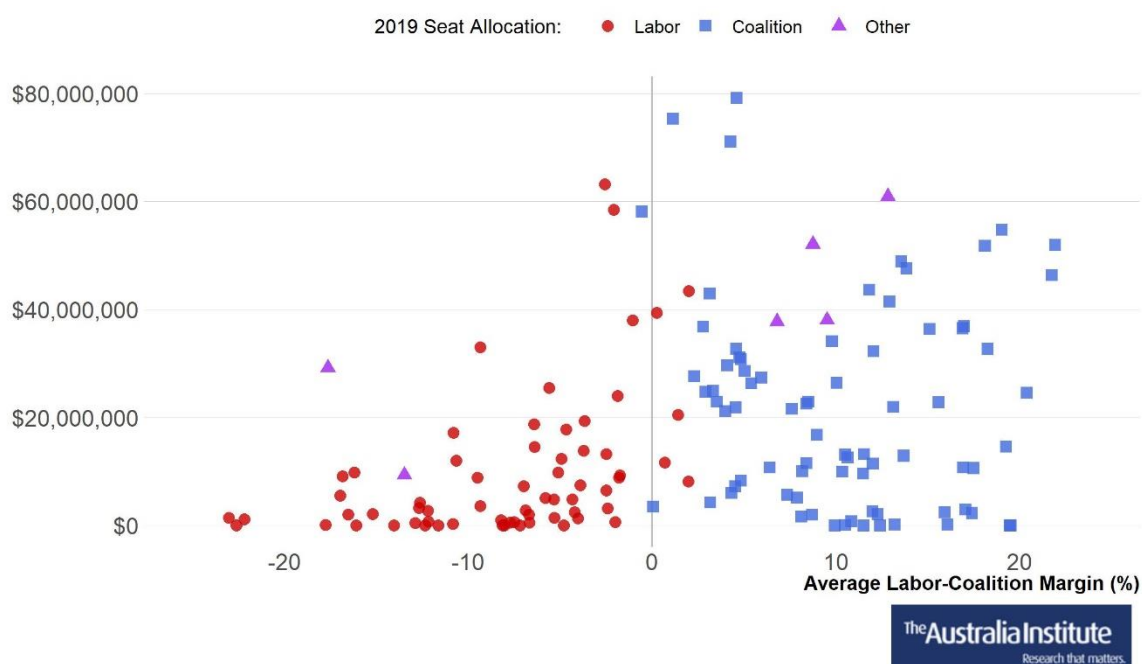
Note: The number of electors is given according to 2019 election results, while population for each category is calculated using election margins and weighted by the funds distributed between each election.

PATTERN OF GRANTS FUNDING

Another picture emerges from analysis of all electorates on a scale of support for the major parties. This is the 'two-party preferred' (TPP) result at federal elections, measuring whether voters were more likely to preference Labor or the Coalition.

Figure 7 below shows the average TPP margin for federal electorates in the last three elections and the electorate's funding:

Figure 7: National grants programs, funds to electorates by two-party preferred margin



Source: See appendix.

Note: Some Labor seats appear on the Coalition side and vice versa. Seats are coloured based on the 2019 result but distributed based on their average two-party preferred result across three elections.

Figure 7 shows that marginal seats, those close to the centre of the chart, generally receive more funding than safer seats. Seats with an average two-party preferred margin of less than six percent received an average of \$26 million, while seats with margins of over six percent received half that, an average of \$12 million.

The highest funded electorate is Leichhardt, an electorate that includes Cairns and Far North Queensland. It has received over \$79 million since 2013.

WINNERS AND LOSERS BY ELECTORATE

Thirteen of the top 20 highest funded electorates under the national grants programs were Coalition electorates in 2019. A further three were held by independent or minor party MPs. Only four were Labor seats, and all of those were considered marginal.

Table 4: National grants programs, electorates that received the most funding

	Funds	Electorate	State	Party (2019)	Two Candidate Preferred (TCP) margin (2019)	TCP margin (mean)
1	\$79.1M	Leichhardt	QLD	Liberal National Party	4.17	4.6
2	\$75.3M	Braddon	TAS	Liberal	3.09	2.62
3	\$71.1M	Swan	WA	Liberal	2.69	4.27
4	\$63.2M	Solomon	NT	Australian Labor Party	3.08	3.49
5	\$60.9M	Kennedy	QLD	Katter's Australian Party (KAP)	13.3	8.88
6	\$58.4M	Lyons	TAS	Australian Labor Party	5.18	2.9
7	\$58.1M	Bass	TAS	Liberal	0.41	3.51
8	\$54.7M	Riverina	NSW	The Nationals	19.5	19
9	\$52.1M	Indi	VIC	Independent	1.39	2.16
10	\$51.9M	Nicholls	VIC	The Nationals	20	15.3
11	\$51.7M	Parkes	NSW	The Nationals	16.9	18.1
12	\$48.9M	Durack	WA	Liberal	14.8	9.93
13	\$47.6M	Lyne	NSW	The Nationals	15.2	13.9
14	\$46.3M	Maranoa	QLD	Liberal National Party	22.5	20.2
15	\$43.6M	Grey	SA	Liberal	13.3	9.6
16	\$43.4M	Corangamite	VIC	Australian Labor Party	1.07	2.71
17	\$43M	Longman	QLD	Liberal National Party	3.28	3.66
18	\$41.4M	North Sydney	NSW	Liberal	9.27	12.9
19	\$39.4M	Gilmore	NSW	Australian Labor Party	2.61	2
20	\$38M	Warringah	NSW	Independent	7.24	11.4

Source: See appendix.

Note: Two Candidate Preferred (TCP) margin (mean) is the average of the margins in the 2013, 2016 and 2019 federal elections.

At the other end of the scoreboard, 13 electorates received no funding at all from any of the four grants programs. Eight of the 13 are held by Labor; five are held by the Coalition.

Even more starkly, electorates that received no funding are exclusively 'safe' seats. All have an average margin (calculated over the last three elections) of more than 6 percentage points, as shown in Table 4 below.

Table 5: National grants programs, electorates that received no funding

Electorate	State	Party (2019)	TCP margin (2019)	TCP margin (mean)
Bradfield	NSW	Liberal	16.6	19.5
Chifley	NSW	Australian Labor Party	12.4	14
Fenner	ACT	Australian Labor Party	10.6	12.4
Fowler	NSW	Australian Labor Party	14	16.1
Hughes	NSW	Liberal	9.85	9.95
Makin	SA	Australian Labor Party	9.72	8.14
Maribyrnong	VIC	Australian Labor Party	11.2	11.6
McMahon	NSW	Australian Labor Party	6.64	8.02
Mitchell	NSW	Liberal	18.6	19.5
Moore	WA	Liberal	11.6	11.5
Shortland	NSW	Australian Labor Party	4.45	7.2
Tangney	WA	Liberal	11.5	12.4
Wills	VIC	Australian Labor Party	8.17	9.42

Source: See appendix.

Note: Postcodes that are in two or more electorates are assigned to the electorate where most of that postcode's population lives. It is therefore possible that some of these electorates partially overlap postcodes that received funding. Note further that TCP margin (mean) is the average of the margins in the 2013, 2016 and 2019 federal elections.

Regional grants

These results represent the combination of the following grants programs.

- Building Better Regions Fund
- Regional Growth Fund
- Regional Jobs and Investment Package.

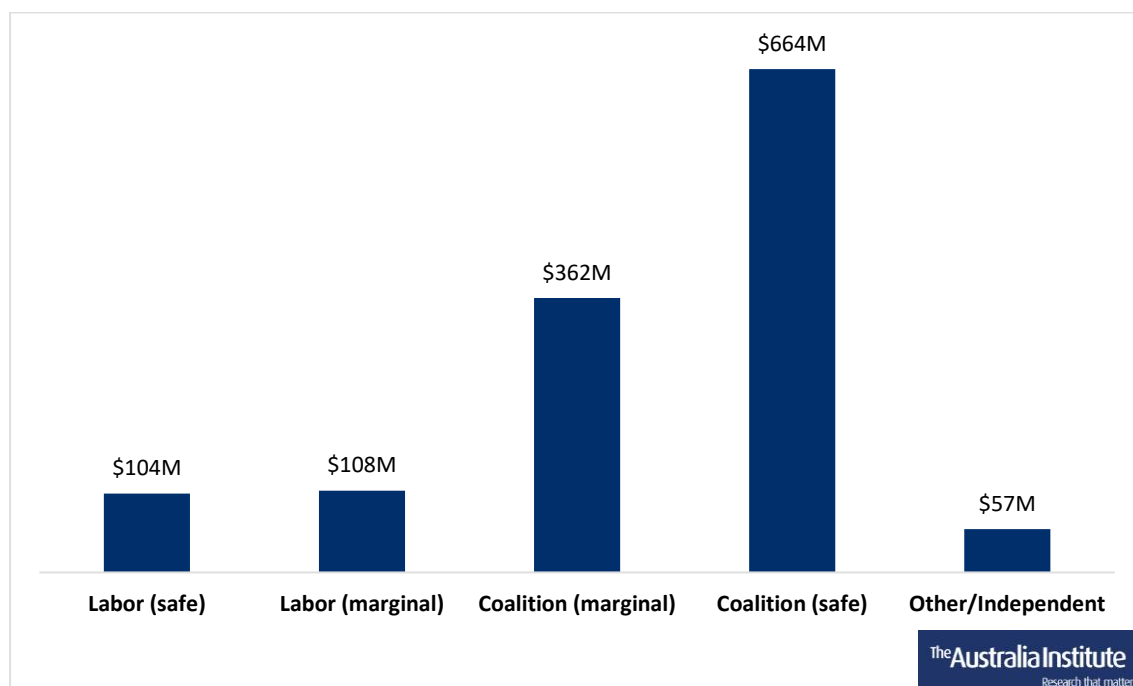
The per-capita figures of this analysis represent the Australian population that lives outside of Urban Centres and Localities, as defined by the Australian Bureau of Statistics, with populations over one million. As eligibility criteria vary across the three programs, this measure was adopted as a neutral comparison.

DISTRIBUTION OF FUNDS

Information on 1,199 regional grants, worth \$1.3 billion, were published as of 30 June 2021.

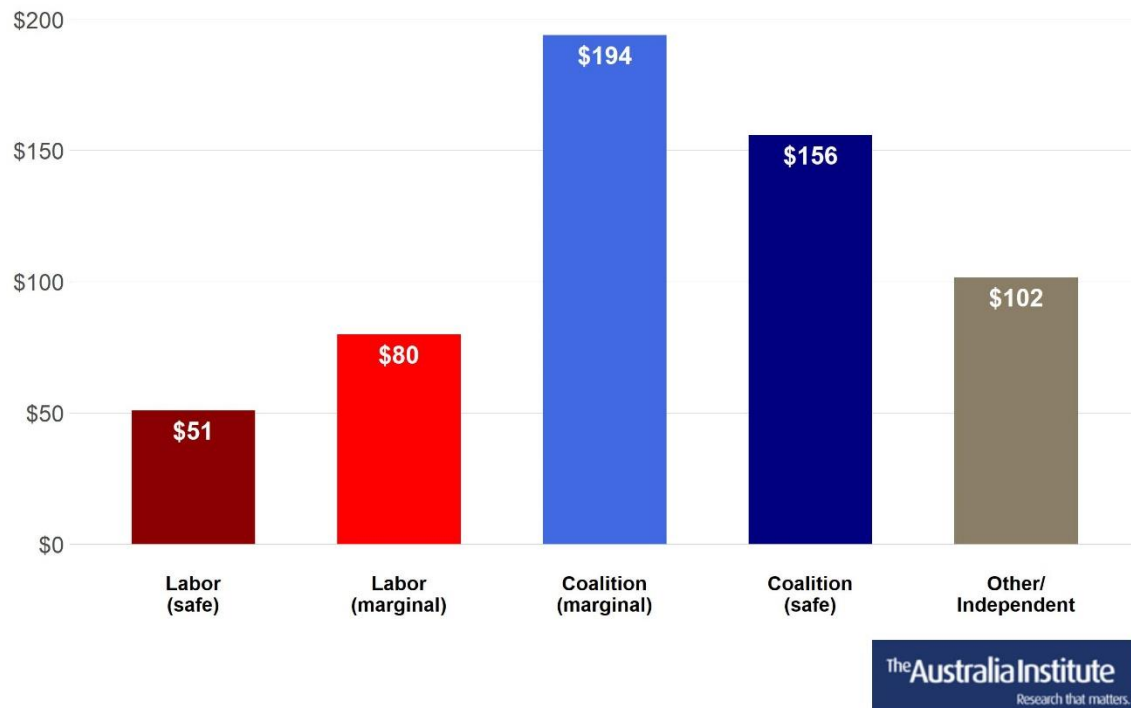
As shown in Figure 8, 79% of the grants funding (\$1.0 billion) went to Coalition seats. Just 16% (\$212 million) went to Labor seats, and 4% (\$57 million) to seats held by minor parties or independents.

Figure 8: Regional grants programs, grants funding by party and marginality



Analysis of the three regional grants programs shows that they are heavily skewed to marginal Coalition seats and seats held by independent or minor party MPs. As shown in Figure 9 below, the average marginal Coalition regional seat received almost four times the funding received by the average safe Labor regional seat.

Figure 9: Regional grants programs, per capita electorate spend by party and marginality



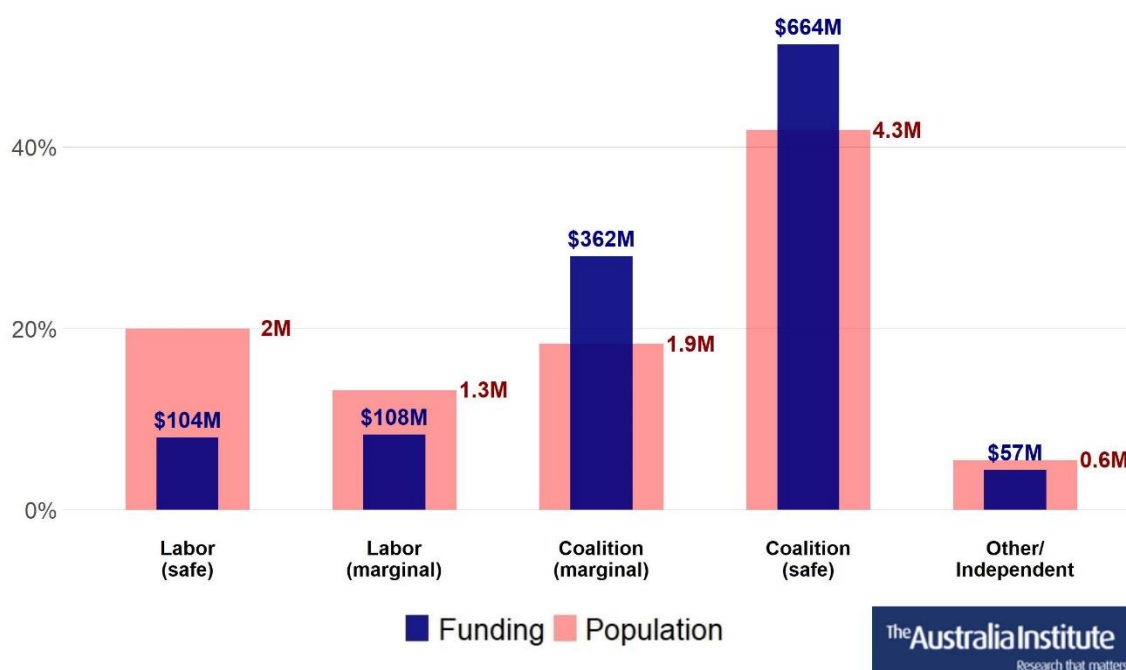
Source: See appendix.

Figure 9 above shows that Australians in marginal Coalition seats benefited most, with the three grants programs providing \$194 per person. Those in safe Coalition seats received the next most, \$156 per person.

Those in marginal Labor and minor party/independent seats received \$102 and \$80 per person, respectively. Those in safe Labor seats did worse, receiving only \$51 per person since the programs' inception.

Another way of looking at this data is directly comparing grant funding to population. Figure 10 below highlights that the 2 million Australians who live in safe Labor electorates outside of the main capitals (20% of the relevant population) received just 8% of grant funding, a total of \$104 million.

Figure 10: Regional grants programs, electorate funding and population



Sources: See appendix.

Table 5 below summarises the data for regional, or non-major capital cities grants programs.

Table 6: Summary of regional grants programs by type of electorate

	Funding	% of funding	Population	% of population	Per capita
Labor (safe)	\$104M	8%	2M	20%	\$51
Labor (marginal)	\$108M	8%	1.3M	13%	\$80
Coalition (marginal)	\$362M	28%	1.9M	18%	\$194
Coalition (safe)	\$664M	51%	4.3M	42%	\$156
Other/Independent	\$57M	4%	0.6M	6%	\$102

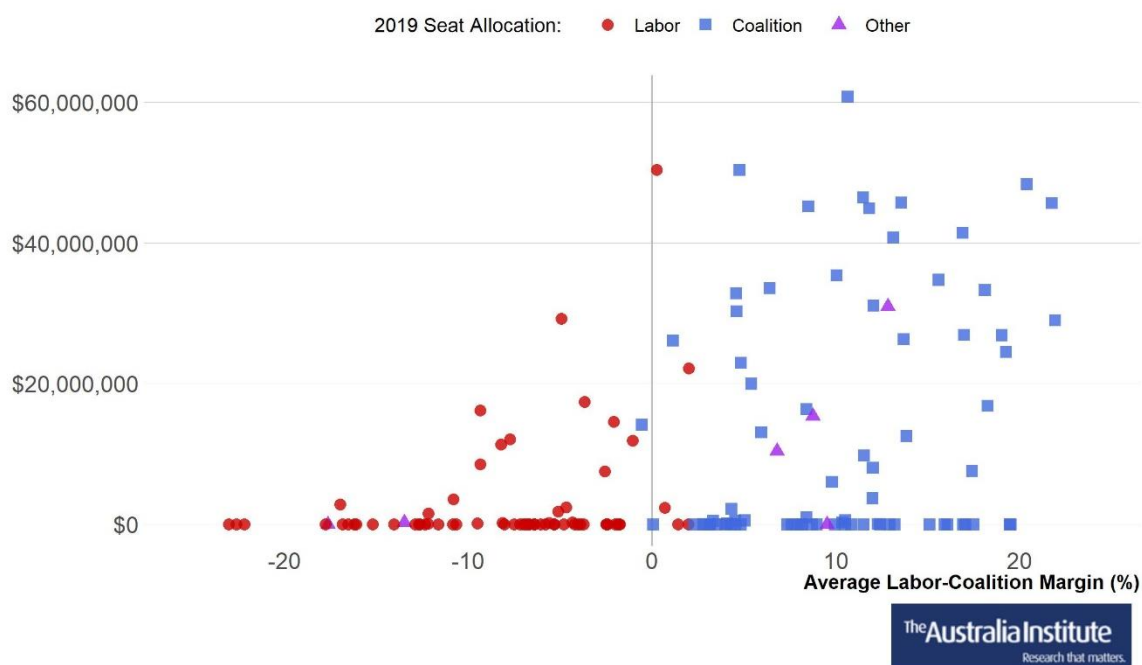
Source: See appendix.

Note: The number of electorates is given according to 2019 election results, while population for each category is calculated using election margins and weighted by the funds distributed between each election.

PATTERN OF GRANTS FUNDING

Figure 11 below shows the average TPP margin for federal electorates in the last three elections and the electorate's funding:

Figure 11: Regional grants programs, funds to electorates by two-party preferred margin



Source: See appendix. Note: Some Labor seats appear on the Coalition side and vice versa. Seats are coloured based on the 2019 result but distributed based on their average two-party preferred result across three elections.

Figure 11 above shows that Coalition seats, those on the right-hand side of the figure, receive far greater funding from the regional grants programs than Labor seats. Interestingly, the difference between marginal and safe Coalition seats appears less pronounced than under the nationally-focused grants programs examined above.

The highest funded electorate was Hinkler, an electorate in coastal Queensland, which is a safe Liberal Nationals seat. It has received over \$60 million since 2013.

WINNERS AND LOSERS BY ELECTORATE

Seventeen of the top 20 highest funded electorates under the regional grants programs are current Coalition electorates. Gilmore is a Labor electorate as of the 2019 election, but before that had been held by the Coalition since 1996. Lingiari has been a Labor seat since its creation in 2001. The remaining seat in the top 20 is Bob Katter's seat of Kennedy in North Queensland.

Table 7: Regional grants programs, electorates that received the most funding

	Funds	Electorate	State	Party (2019)	TCP margin (2019)	TCP margin (mean)
1	\$60.7M	Hinkler	QLD	Liberal National Party	14.5	10.7
2	\$50.4M	Gilmore	NSW	Australian Labor Party	2.61	2
3	\$50.3M	Page	NSW	The Nationals	9.45	4.76
4	\$48.3M	Mallee	VIC	The Nationals	16.2	14.6
5	\$46.4M	Wide Bay	QLD	Liberal National Party	13.2	11.5
6	\$45.7M	Durack	WA	Liberal	14.8	9.93
7	\$45.6M	Maranoa	QLD	Liberal National Party	22.5	20.2
8	\$45.1M	Dawson	QLD	Liberal National Party	14.6	8.51
9	\$44.9M	Grey	SA	Liberal	13.3	9.6
10	\$41.4M	Barker	SA	Liberal	18.9	13.4
11	\$40.8M	Forrest	WA	Liberal	14.6	13.1
12	\$35.3M	Canning	WA	Liberal	11.5	10
13	\$34.7M	O'Connor	WA	Liberal	14.5	10.2
14	\$33.5M	Pearce	WA	Liberal	7.52	6.4
15	\$33.3M	Parkes	NSW	The Nationals	16.9	18.1
16	\$32.8M	Capricornia	QLD	Liberal National Party	12.4	4.58
17	\$31.1M	Cowper	NSW	The Nationals	6.79	7.69
18	\$30.9M	Kennedy	QLD	Katter's Australian Party (KAP)	13.3	8.88
19	\$30.3M	Leichhardt	QLD	Liberal National Party	4.17	4.6
20	\$29.2M	Lingiari	NT	Australian Labor Party	5.46	4.92

The rest of this report examines each grant program separately.

Community Development Grants

The Community Development Grants (CDG) Programme is the largest of the grants programs analysed. It has distributed \$1.7 billion so far.⁴ CDG was established in 2013 to fund election promises, with up to \$342 million committed to about 300 community projects.⁵ The CDG Programme was also originally used to fund uncontracted projects from two other grants programs.⁶

Other governments have used similar funding mechanisms to the original CDG Programme, with Labor's Better Regions Program specifically identified as a predecessor to the Programme.⁷

From 2016, the CDG Programme guidelines were revised, and no longer specified which types of projects would be eligible. A requirement that organisations had to be invited to apply for a grant remained.⁸

The stated objective of the CDG Programme is “to support needed infrastructure that promotes stable, secure and viable local and regional economies”. The intended outcomes are to:

construct and/or upgrade facilities to provide long term improvements in social and economic viability of local communities;

create jobs in the delivery of projects and ongoing use of the infrastructure;

improve social amenity, increased health and wellbeing and social cohesion by utilisation of the infrastructure by community groups.⁹

Examples of the grants under the Programme include upgrades to sports facilities, support for community groups, and improving accessibility for pedestrians.

⁴ The Community Development Grants Programme should not be confused with the Community Development Program, which is the government's remote “Work for the Dole” scheme.

⁵ ANAO (2018) *Award of Funding under the Community Development Grants Program*, p. 12, <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-community-development-grants-program>

⁶ ANAO (2018) *Award of Funding under the Community Development Grants Program*, p. 18

⁷ Not to be confused with the Building Better Regions Fund. ANAO (2018) *Award of Funding under the Community Development Grants Program*, p. 13

⁸ ANAO (2018) *Award of Funding under the Community Development Grants Program*, p. 18

⁹ Australian Government (2019) *Community Development Grants Programme*, p. 5, <https://www.infrastructure.gov.au/sites/default/files/migrated/regional/programs/files/communitydevelopmentgrantsprogrammeguidelines.pdf>

The CDG Programme is not open to applications or subject to competitive grants processes.¹⁰ The Government invites organisations to submit applications. How the Government decides which organisations to invite is not clear.

After an organisation has made an application, the Department of Infrastructure assesses applications against eligibility and assessment criteria, including value for money. Then the department provides advice to the decision maker, the minister for regional development (currently Deputy Prime Minister Barnaby Joyce), who makes a decision on funding for each project.¹¹

The grants continue to be allocated and funding has been committed through to at least 2025–26.

The CDG Programme has long been accused of partisan use and has been the subject of review:

- A request from Labor MP Stephen Jones for the Australian National Audit Office (ANAO) to review the CDG Programme in 2017.¹²
- A review of the CDG Programme by the ANAO in 2018, highlighting two shortcomings: one relating to appraisal criteria and one relating to briefings to ministers.¹³
- Reporting from *The Age* in 2020 that 84% of the CDG Programme's funds between December 2018 and May 2019 went to seats either held by the Coalition or targeted by them ahead of the 2019 election.¹⁴
- Reporting by Michael Pascoe in *The New Daily* in 2020 that found over the life of the program 2013–2019, nearly 70% of funding went to Coalition seats and just 25% to Labor seats.¹⁵
- A request by Greens senators Larissa Waters and Janet Rice in 2020 for the ANAO to review the CDG Programme.¹⁶

¹⁰ GrantConnect (2019) *GO3141: CDG Programme*, <https://www.grants.gov.au/Go/Show?GoUuid=3e20cc36-a504-a6e7-432f-b7837255dfb1>

¹¹ Australian Government (2019) *Community Development Grants Programme*, p. 4; Kearsley (2020) *More regional grants splashed on Coalition targeted seats*, <https://www.theage.com.au/politics/federal/more-regional-grants-splashed-on-coalition-targeted-seats-20200213-p540lr.html>

¹² ANAO (2017) *Community Development Grants Programme*, <https://www.anao.gov.au/work/request/stephen-jones-mp-community-development-grants-programme>

¹³ ANAO (2018) *Award of Funding under the Community Development Grants Program*

¹⁴ Kearsley (2020) *More regional grants splashed on Coalition targeted seats*

¹⁵ Pascoe (2020) *The grants scandal vastly bigger than #sportsorts*, <https://thenewdaily.com.au/news/2020/05/25/michael-pascoe-community-development-grants-scandal/>

¹⁶ ANAO (2020) *Community Development Grants Programme*, <https://www.anao.gov.au/work/request/community-development-grants-programme-request>

Despite the criticism, the CDG Programme’s funding is ongoing. Recent budgets have seen tens of millions of dollars of extra funding allocated to the Programme.¹⁷

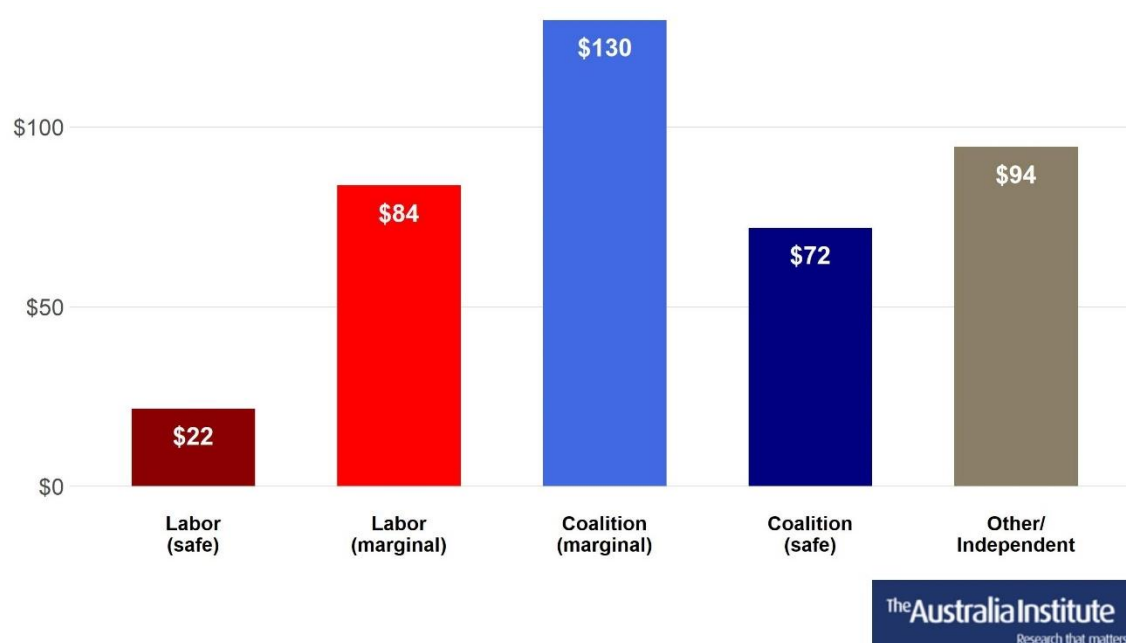
This analysis includes funding identified as “Community Development Grants Sport”. These grants, which are only a small minority of all Community Development Grants, are somewhat administratively distinct from the rest of the CDG Programme.¹⁸ They are not to be confused with the separate Community Sport Infrastructure Grant Program.

DISTRIBUTION OF FUNDS

1,382 grants were published under the Community Development Grants Programme as of 30 June 2021. Of these, 122 were grants under the CDG Sport Programme.

Analysis of CDG Programme grants shows that they are heavily skewed to marginal seats (where the seat is held by 6 percentage points or less). As shown in Figure 12 below, this is especially true for marginal seats held by the Coalition:

Figure 12: Community Development Grants, per capita electorate spend by party and marginality



Source: See appendix.

¹⁷ Australian Government (2020) *Budget 2020-21 Budget Paper No. 2*, p. 126, <https://archive.budget.gov.au/2020-21/index.htm>; (2021) *Budget 2021-22 Budget Paper No. 2*, p. 147, <https://budget.gov.au/2021-22/content/documents.htm>

¹⁸ Karp (2020) *Sports rorts: 70% of grants from separate fund went to Coalition seats, Greens say*, <https://www.theguardian.com/australia-news/2020/aug/27/sports-rorts-70-of-grants-from-separate-fund-went-to-coalition-seats-greens-say>

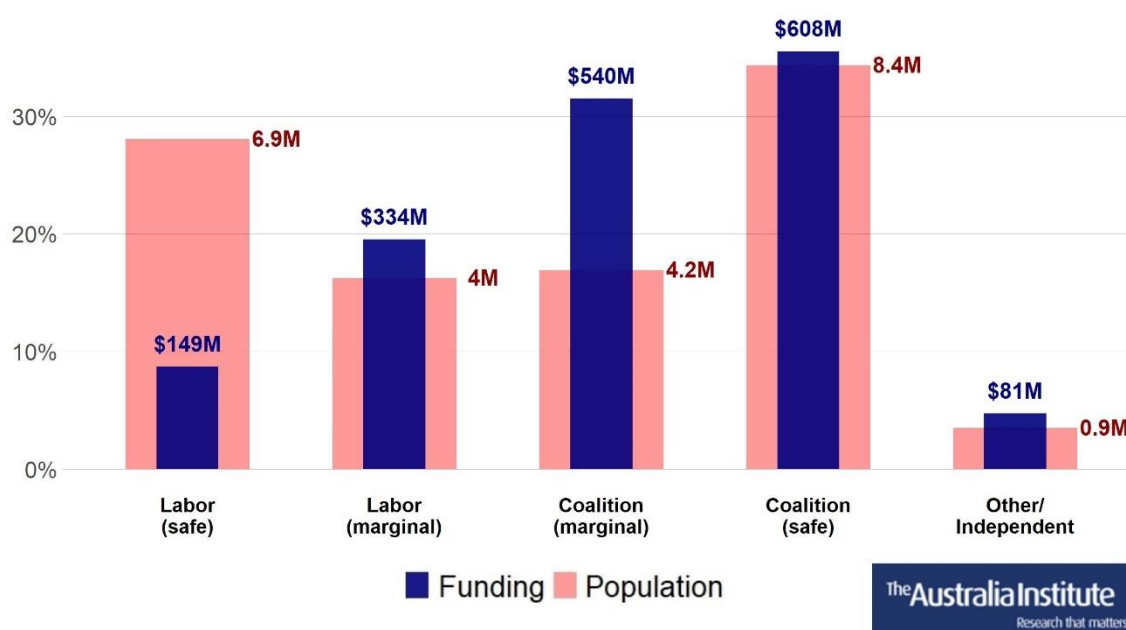
Figure 12 shows that Australians in marginal Coalition electorates benefited most, with the CDG Programme providing \$130 per head.

Electorates represented by minor parties or independents received \$94 per person. Marginal Labor electorates received \$84 per person.

Australians living in 'safe' seats benefited least from the CDG Programme. Those in safe Coalition electorates received \$72 on average. Safe Labor electorates did worst, with only \$22 per person since the Programme's inception in 2013.

Another way of looking at this data is directly comparing grant funding to population. Figure 12 above shows that Labor electorates received the least funds per capita from the CDG Programme, while Figure 13 below highlights that this means the 6.9 million Australians who live in these electorates (28% of the population) received just 9% of Programme funds, a total of \$149 million:

Figure 13: Community Development Grants, electorate funding and population



Sources: See appendix.

Figure 13 also shows the disparity between Coalition seats. Twice as many Australians live in safe Coalition seats as live in marginal ones, but safe Coalition seats received only 13% more funding than marginal Coalition seats (\$608 million vs \$540 million).

This analysis supports previous criticisms that the Community Development Grants Programme is used strategically by the Government to hold its marginal and safe seats, while targeting Labor marginal seats. Safe Labor seats are under-funded.

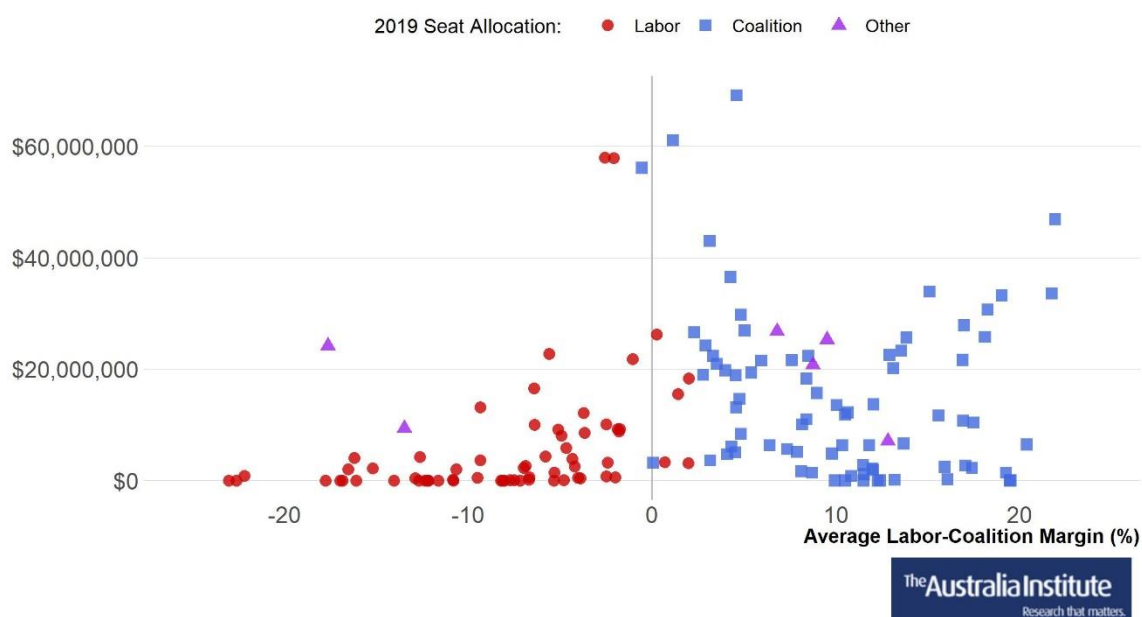
Table 8: Summary of CDG Programme by type of electorate

	Electoraltes (2019)	% of electoraltes	Funding	% of funding	Population	% of population	Per capita
Labor (safe)	43	28%	\$149M	9%	6.9M	28%	\$22
Labor (marginal)	25	17%	\$334M	20%	4M	16%	\$84
Coalition (marginal)	21	14%	\$540M	32%	4.2M	17%	\$130
Coalition (safe)	56	37%	\$608M	36%	8.4M	34%	\$72
Other/ Independent	6	4%	\$81M	5%	0.9M	3%	\$94

Source: See appendix. Note: The number of electoraltes is given according to 2019 election results, while population for each category is calculated using election margins and weighted by the funds distributed between each election.

Figure 14 below shows the average TPP margin for federal electoraltes in the last three elections and the electoralte's funding from the CDG Programme:

Figure 14: CDG funds to electoraltes by margin (two-party preferred)



Source: See appendix. Note: Some Labor seats appear on the Coalition side and vice versa. Seats are coloured based on the 2019 result but distributed based on their average two-party preferred result across three elections.

Figure 14 shows that marginal seats, those close to the centre of the chart, generally receive far greater funding than less marginal seats. On average, seats with an average two-party preferred margin of less than six percent received \$19 million, while seats with margins of over six percent received less than half, an average of \$8 million.

In addition, Coalition-leaning electorates – regardless of margin – have received more in grants. The average Coalition-preferencing electorate received \$15 million while the average Labor-preferencing electorate received \$7 million in grants. In other words, electorates that on average preferred the Coalition more highly received double the funding of electorates that preferred Labor more highly.

The highest funded electorate is Leichhardt, an electorate that includes Cairns and Far North Queensland. It has received over \$69 million since the Programme began in 2013.

Every safe Coalition seat in the top 20 most funded electorates under the Programme is represented by the National Party. Nicholls, Maranoa, Riverina, New England, Gippsland, Parkes and Lyne are all held by the Nationals with a margin of at least 12%.

An arguable exception to the Nationals' dominance of grant funding to seemingly safe seats is Wentworth, which received \$34 million and is classified as a safe Coalition seat on two-candidate preferred terms. However, this is an artefact of using the average margin across the last three elections. Wentworth fell to independent Kerry Phelps in the 2018 by-election and the Liberal Party won it back with a very close margin of 1.31% in the 2019 election.

WINNERS AND LOSERS BY ELECTORATE

Sixteen of the top 20 highest funded electorates under the CDG Programme are current Coalition electorates. Only 3 are current Labor electorates.

Table 9: Electorates that received the most CDG funding

	Funds	Electorate	State	Party (2019)	TCP margin (2019)	TCP margin (mean)
1	\$69.1M	Leichhardt	QLD	Coalition	4.17	4.6
2	\$61M	Braddon	TAS	Coalition	3.09	2.62
3	\$58M	Solomon	NT	Labor	3.08	3.49
4	\$57.8M	Lyons	TAS	Labor	5.18	2.9
5	\$56.1M	Bass	TAS	Coalition	0.41	3.51
6	\$46.9M	Nicholls	VIC	Coalition	20	15.3
7	\$43M	Longman	QLD	Coalition	3.28	3.66
8	\$36.5M	Swan	WA	Coalition	2.69	4.27
9	\$33.9M	Wentworth	NSW	Coalition	1.31	12.3
10	\$33.5M	Maranoa	QLD	Coalition	22.5	20.2
11	\$33.2M	Riverina	NSW	Coalition	19.5	19
12	\$30.7M	New England	NSW	Coalition	14.4	12.4
13	\$29.7M	Herbert	QLD	Coalition	8.36	4.85
14	\$27.8M	Gippsland	VIC	Coalition	16.7	17
15	\$26.9M	Brisbane	QLD	Coalition	4.92	5.04
16	\$26.8M	Mayo	SA	Other	5.14	7.54
17	\$26.6M	Lindsay	NSW	Coalition	5.04	3.05
18	\$26.2M	Gilmore	NSW	Labor	2.61	2
19	\$25.8M	Parkes	NSW	Coalition	16.9	18.1
20	\$25.6M	Lyne	NSW	Coalition	15.2	13.9

Source: See appendix. Note: TCP margin (mean) is the average of the margins in the 2013, 2016 and 2019 federal elections.

The average (mean) funding for an electorate under the CDG Programme is \$11 million.¹⁹

95 electorates have received less funding than the average, including 24 that have received no funding from the CDG Programme. Seventeen of the 24 electorates that received no funding are held by Labor. Seven of the 24 are held by the Coalition.

Even more starkly, electorates that received no funding are predominantly 'safe' seats. All but one electorate (over 95%) have an average margin (calculated over the last three elections) of more than 6 percentage points. Only Isaacs is marginal (held by Labor).

¹⁹ We exclude the current electorates of Bean, Burt and Fraser in this analysis because they did not exist for the full duration of the grants program. Therefore, this analysis covers 148 of the current 151 electorates.

Table 10: Electorates that received no CDG funding

Electorate	State	Party (2019)	TCP margin (2019)	TCP margin (mean)
Bradfield	NSW	Coalition	16.6	19.5
Calwell	VIC	Labor	18.8	16.8
Chifley	NSW	Labor	12.4	14
Cooper	VIC	Labor	14.7	8.76
Cunningham	NSW	Labor	13.4	12.2
Fenner	ACT	Labor	10.6	12.4
Fowler	NSW	Labor	14	16.1
Goldstein	VIC	Coalition	7.79	10.5
Gorton	VIC	Labor	15.4	17
Hughes	NSW	Coalition	9.85	9.95
Isaacs	VIC	Labor	6.43	5.34
Lalor	VIC	Labor	12.4	12.7
Makin	SA	Labor	9.72	8.14
Maribyrnong	VIC	Labor	11.2	11.6
McMahon	NSW	Labor	6.64	8.02
McPherson	QLD	Coalition	12.2	12.3
Mitchell	NSW	Coalition	18.6	19.5
Moore	WA	Coalition	11.6	11.5
Newcastle	NSW	Labor	13.8	12.2
Scullin	VIC	Labor	21.7	17.8
Shortland	NSW	Labor	4.45	7.2
Tangney	WA	Coalition	11.5	12.4
Whitlam	NSW	Labor	10.9	10.8
Wills	VIC	Labor	8.17	9.42

Source: See appendix.

Note: Postcodes that are in two or more electorates are assigned to the electorate where most of that postcode's population lives. It is therefore possible that some of these electorates partially overlap postcodes that received CDG Programme funding. Note further that TCP margin (mean) is the average of the margins in the 2013, 2016 and 2019 federal elections.

National Stronger Regions Fund and Building Better Regions Fund

The National Stronger Regions Fund (NSRF) distributed \$703 million over three funding rounds between 2013 and 2016. Despite the name, the program was not limited to regional electorates. Its objective was to “fund investment ready projects which support economic growth and sustainability of regions across Australia, particularly disadvantaged regions, by supporting investment in priority infrastructure”.²⁰

In 2016, the program was replaced by the Building Better Regions Fund, which does exclude most capital cities.

The Building Better Regions Fund (BBRF) is a \$1.4 billion grants program administered by the Department of Infrastructure, Transport, Regional Development and Communications.²¹ The authors have identified \$806 million in grants for the BBRF so far.

PROGRAM BACKGROUNDS

NSRF

The National Stronger Regions Fund appears to have been relatively well administered. For Round One, guidelines on eligibility were published on the day the program commenced.²² Funding could be sought for projects worth between \$10,000 and \$20 million, but had to be matched dollar for dollar by the applicant.

The desired outcomes, which would be met by the collective impact of funded projects, were:

- improved level of economic activity in regions;
- increased productivity in the regions;

²⁰ ANAO (2016) *Design and Implementation of Round Two of the National Stronger Regions Fund*, <https://www.anao.gov.au/work/performance-audit/design-and-implementation-round-two-national-stronger-regions-fund>

²¹ Department of Infrastructure (n.d.) *Building Better Regions Fund (BBRF)*, <https://www.infrastructure.gov.au/territories-regions-cities/regions/regional-community-programs/building-better-regions-fund>

²² Australian Government (2014) *National Stronger Regions Fund Guidelines*, <https://www.infrastructure.gov.au/territories-regions-cities/regions/regional-community-programs/national-stronger-regions-fund>

- increased employment and a more skilled workforce in regions;
- increased capacity and improved capability of regions to deliver major projects, and to secure and manage investment funding;
- improved partnerships between local, state and territory governments, the private sector and community groups; and
- more stable and viable communities, where people choose to live.²³

Assessment would be undertaken by assessing how well applications met the relevant criteria and considering whether ‘funding the project would be a proper use of grant funding’ where the definition of proper was taken from the *Public Governance, Performance and Accountability Act 2013* as meaning ‘efficient, effective, economical and ethical’.²⁴

The assessment criteria were fivefold, with number one, economic impact, contributing 50% to the overall rating, with the other criteria contributing equally to the remainder.

1. The extent to which the project contributes to economic growth in the region
2. The extent to which the project supports or addresses disadvantage in the region
3. The extent to which the project increases investment and builds partnerships in the region
4. The extent to which the project and proponent are viable and sustainable.

These criteria were spelt out in considerable detail. For example, degree of disadvantage could be demonstrated by the use of the ABS Socio-Economic Index for Areas (SEIFA Index) together with data on unemployment and population demographics.²⁵

In addition to the above, documentation related to the standing of the proponent and the viability of the project as well as its existing level of funding, would be assessed. For projects seeking more than \$1 million in funding, the Guide noted (under its explanation of criterion 1, economic growth) that “Cost-Benefit Analysis supporting the Applicant’s case will be highly regarded”.²⁶

Finally, projects would be assessed for ‘value for money’, achieved when

the processes, actions and behaviours employed by the Australian Government and Grant Recipients result in public resources being used in an efficient, effective, economical and ethical manner.²⁷

²³ Australian Government (2014) *National Stronger Regions Fund Guidelines*, p. 7

²⁴ Australian Government (2014) *National Stronger Regions Fund Guidelines*, p. 7

²⁵ Australian Government (2014) *National Stronger Regions Fund Guidelines*, p. 13–14

²⁶ Australian Government (2014) *National Stronger Regions Fund Guidelines*, p. 13

²⁷ Australian Government (2014) *National Stronger Regions Fund Guidelines*, p. 15

Assessment would be undertaken by the Department and decisions would be taken by ‘a Ministerial Panel in consultation with the Government’s National Infrastructure Committee of Cabinet’.

In its assessment of Round Two, the audit office concluded that the administration of the program had been well conducted, commencing with clear eligibility criteria that reflected the programs aims, and were accessible and transparent to applicants. The conclusions continued:

The Ministerial Panel was appropriately advised and given a clear funding recommendation. There was a clear line of sight from the results of the department’s assessment of eligible applications against the merit criteria, the department’s selection of 104 applications for funding recommendation, the Ministerial Panel’s reassessment of 28 applications, through to the approval of 111 applications in round two. Internal documentation recording funding decisions, and their reasons, has been further improved by the department but its responses to Parliamentary scrutiny when questioned about its input to those funding decisions were not transparent (this issue has arisen previously).²⁸

However, the program has been the subject of criticism. Although the fund was intended to have “a particular focus on assisting disadvantaged regions to achieve growth”, analysis by Lucas Baird and Eryk Bagshaw for the Sydney Morning Herald found that 20% of the program’s funds went to Coalition seats with incomes higher than the national median.²⁹

Building Better Regions Fund

During the 2016 Federal election, the Australian Government announced the BBRF to support infrastructure and community initiatives in areas outside of major cities.

Its purpose is described by the government as to:

- create jobs
- drive economic growth
- build stronger regional communities into the future.³⁰

Funded projects must be ‘located in, or benefiting eligible areas outside the major capital cities of Sydney, Melbourne, Brisbane, Perth, Adelaide, and Canberra’.³¹ While this does

²⁸ ANAO (2016) *Design and Implementation of Round Two of the National Stronger Regions Fund*

²⁹ Baird & Bagshaw (2018) *Federal government’s “disadvantaged scheme” funnels millions to blue ribbon Liberal seats*, <https://www.smh.com.au/politics/federal/federal-government-s-disadvantaged-scheme-funnels-millions-to-blue-ribbon-liberal-seats-20180129-p4yyzu.html>

³⁰ Department of Infrastructure (n.d.) *Building Better Regions Fund (BBRF)*

³¹ Department of Infrastructure (n.d.) *Building Better Regions Fund (BBRF)*

include regional and rural Australia, it also includes a number of urban centres – including two capital cities and the Gold Coast, Newcastle, Sunshine Coast, Central Coast, Wollongong and Geelong.

The desired outcomes of the project are to:

- create jobs
- have a positive impact on economic activity, including Indigenous economic participation through employment and supplier-use outcomes
- enhance community facilities
- enhance leadership capacity
- encourage community cohesion and a sense of identity.³²

Despite the relatively positive findings of the ANAO in its report on the NSRF, there had been criticism that a substantial proportion of grants had been awarded to areas that were arguably urban rather than regional.³³ The BBRF was intended to refocus the program so that funds would be directed only to regional, rural and remote areas, as well as being extended to community groups.³⁴

Unallocated funds from the NSRF were re-allocated to the BBRF (\$297.7 million) and the Community Development Grants Program (\$48.6 million) respectively.³⁵

The program operates in two streams:

1. The Infrastructure Projects Stream: Supports projects that involve construction of new infrastructure, or the upgrade or extension of existing infrastructure
2. The Community Investments Stream: Funds community development activities including, but not limited to, new or expanded local events, strategic regional plans, leadership and capability building activities.³⁶

In rounds earlier than Round 5, grant funding of between \$5,000 and \$1 million was available per project, being limited to either 50% or 75% – in remote or very remote areas – of eligible project costs. Applicants could apply for partial or full exemption of their

³² Department of Infrastructure and Department of Industry (2020) *Building Better Regions Fund – Infrastructure Projects Stream – Round Five, Grant Opportunity Guidelines*, <https://business.gov.au/grants-and-programs/building-better-regions-fund-infrastructure-projects-stream>

³³ ANAO (2015) *Request for audit: National Stronger Regions Fund*, <https://www.anao.gov.au/work/request/senator-glenn-lazarus-national-stronger-regions-fund>

³⁴ ANAO (2016) *Design and Implementation of Round Two of the National Stronger Regions Fund*, p. 13, <https://www.anao.gov.au/work/performance-audit/design-and-implementation-round-two-national-stronger-regions-fund>

³⁵ ANAO (2016) *Design and Implementation of Round Two of the National Stronger Regions Fund*, p. 13

³⁶ Department of Infrastructure (n.d.) *Building Better Regions Fund (BBRF)*

contribution, in other words receiving 100% of project costs in exceptional circumstances.³⁷ In Round 5, the minimum grant is \$20,000 and the maximum \$10 million.³⁸

A series of allegations have been made that funds have been inappropriately allocated, specifically that they have not allocated according to the intention and guidelines of the scheme,³⁹ that decision-making has been subject to political interference⁴⁰ and that funding has been disproportionately directed toward marginal seats.⁴¹

The Auditor General is currently conducting an audit of the program, and is due to report in May 2022.⁴²

DISTRIBUTION OF FUNDS

Both the NSRF and BBRF favoured Coalition seats at the expense of Labor seats. Marginal Coalition seats received somewhat more funding than safe Coalition seats under the NSRF, while safe Coalition seats received considerably more funding than marginal Coalition seats under the BBRF.

As shown in Figure 15 below, over half of all funds distributed went to safe Coalition seats (51%, \$775 million) and 74% went to Coalition seats overall (\$1.1 billion).

³⁷ Department of Infrastructure (n.d.) *Building Better Regions Fund (BBRF)*

³⁸ Department of Infrastructure and Department of Industry (2020) *Building Better Regions Fund – Infrastructure Projects Stream – Round Five, Grant Opportunity Guidelines*

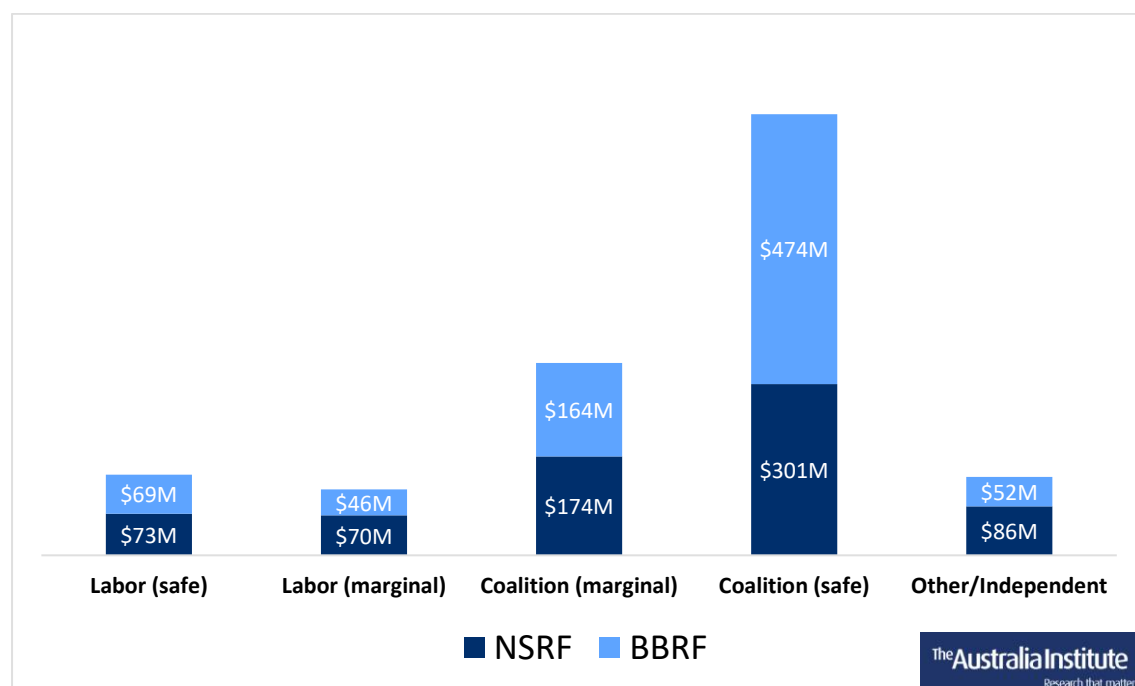
³⁹ See for example Chesters (2017) *Hansard Monday, 11 September 2017*, p. 9,935, <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:%22chamber/hansardr/2ec11952-466f-4d89-aecd-6df2b124aad5/0279%22;src1=sm1>

⁴⁰ Farrell and Elton (2021) *Michael McCormack and secret group of ministers funded projects against department recommendations*, <https://www.abc.net.au/news/2021-04-06/michael-mccormack-ministers-intervened-bbrf-funding-grants/100049166>

⁴¹ Pascoe (2021) *Grants rorts? Wait, there's more ...* <https://thenewdaily.com.au/news/2021/01/18/michael-pascoe-grant-rorts/>

⁴² ANAO (n.d.) *Award of Funding under the Building Better Regions Fund*, <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-building-better-regions-fund>

Figure 15: NSRF and BBRF grants funding by party and marginality



Because eligibility for the BBRF was more restricted than eligibility for the NSRF, a per capita comparison of the programs is not possible. However, each program has been subject to per capita analysis in its own right, in the sections below.

NSRF

256 grants were published under the National Stronger Regions Fund as of 30 June 2021.

Figure 16 below shows that the 256 grants in the National Stronger Regions Fund follow similar trends to the other grants programs, with the exception of the skew towards Other/Independent. This is largely driven by the seats of Kennedy and Indi being the two electorates that received the most funding.

Figure 16: National Stronger Regions, per capita electorate spend by party and marginality



Source: See appendix.

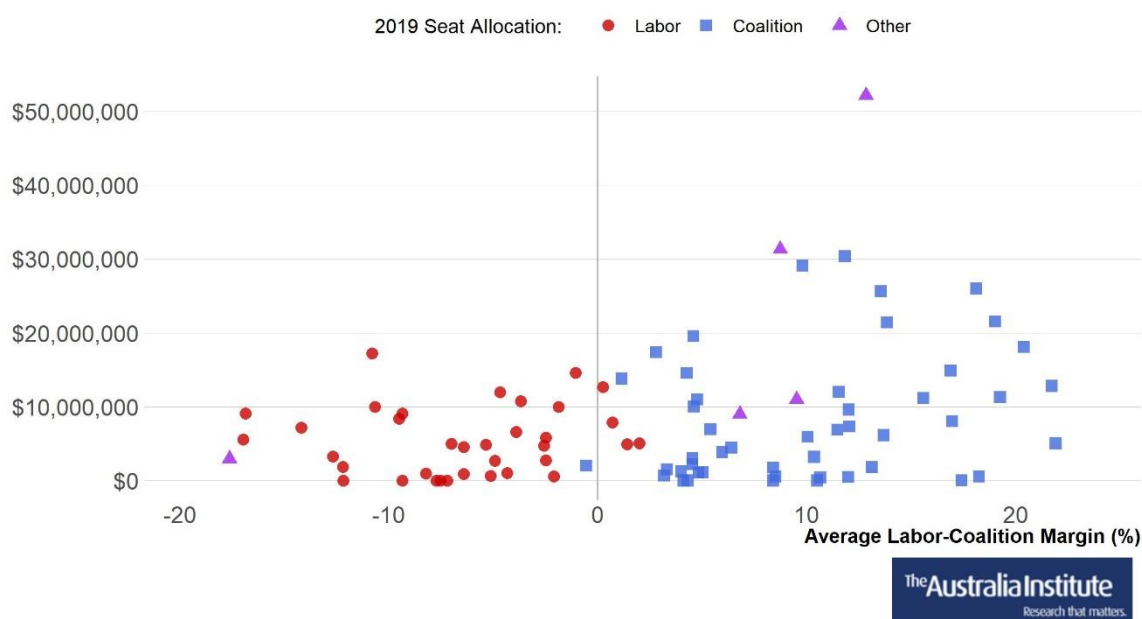
Table 11: Summary of National Stronger Regions Fund by type of electorate

	Electoraltes (2019)	% of electoraltes	Funding	% of funding	Population	% of population	Per capita
Labor (safe)	45	30%	\$73M	10%	5.1M	21%	\$14
Labor (marginal)	24	16%	\$70M	10%	4.5M	18%	\$16
Coalition (marginal)	28	19%	\$174M	25%	4.4M	18%	\$39
Coalition (safe)	48	32%	\$301M	43%	9.3M	38%	\$32
Other/Independent	5	3%	\$86M	12%	0.8M	3%	\$108

Source: See appendix. Note: The number of electoraltes is given according to 2019 election results, while population for each category is calculated using election margins and weighted by the funds distributed between each election.

Figure 17 below shows the average TPP margin for federal electoraltes in the last three elections and the electoralte's funding:

Figure 17: NSRF funds to electorates by margin (two-party preferred)



Source: See appendix. Note: Some Labor seats appear on the Coalition side and vice versa. Seats are coloured based on the 2019 result but distributed based on their average two-party preferred result across three elections.

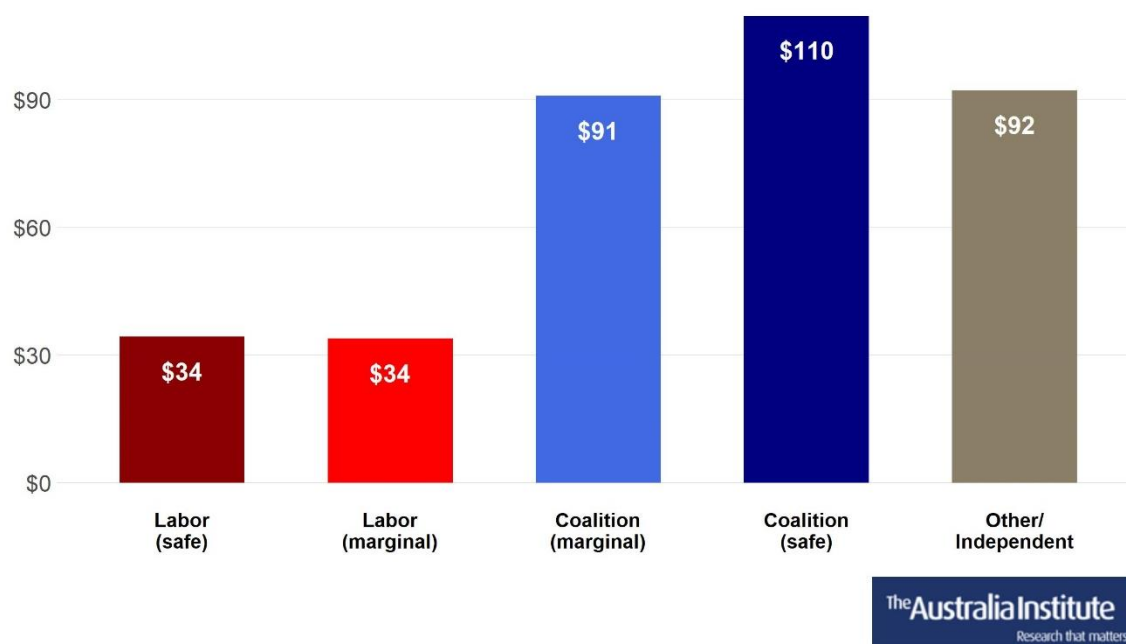
The highest funded electorate is Kennedy, represented by Bob Katter of Katter’s Australian Party. It received over \$52 million from the fund.

The second most funded is Indi, currently represented by Independent MP Helen Haines. The electorate received over \$31 million from the fund.

BBRF

Analysis of 952 grants shows that they are skewed towards safe Coalition seats, at the expense primarily of those in Labor seats (both safe and marginal). This is a somewhat different pattern to that observed for the national grants programs, which favoured those in marginal Coalition seats ahead of those in safe Coalition seats.

Figure 18: Building Better Regions, per capita electorate spend by party and marginality



Source: See appendix.

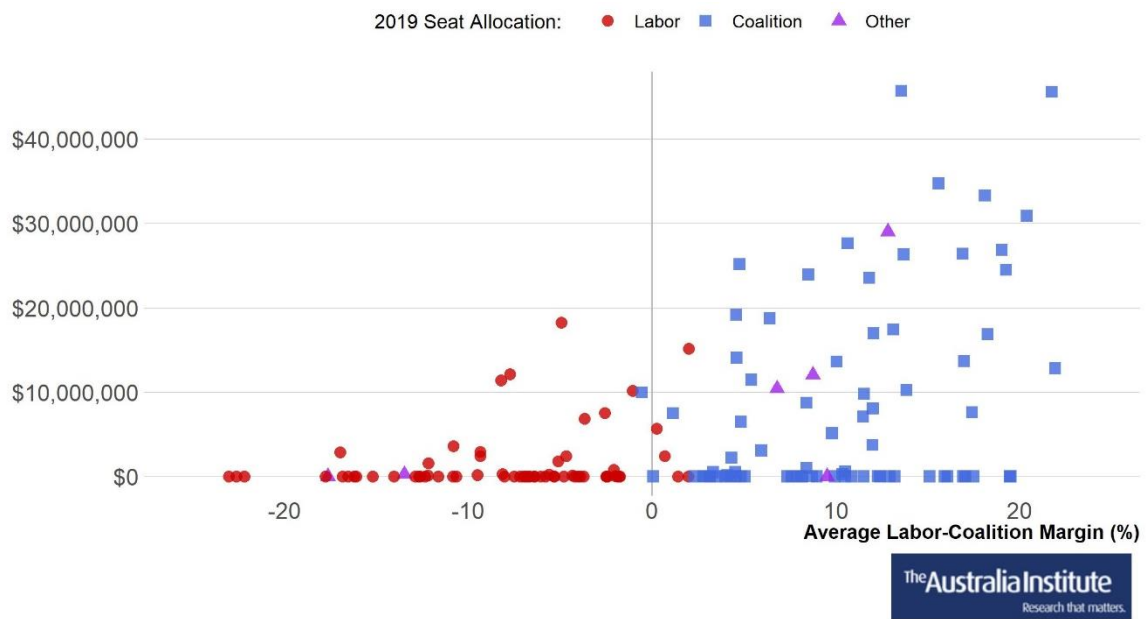
Table 12: Summary of Building Better Regions Fund by type of electorate

	Funding	% of funding	Population	% of population	Per capita
Labor (safe)	\$69M	9%	2M	20%	\$34
Labor (marginal)	\$46M	6%	1.4M	13%	\$34
Coalition (marginal)	\$164M	20%	1.8M	18%	\$91
Coalition (safe)	\$474M	59%	4.3M	42%	\$110
Other/Independent	\$52M	6%	0.6M	6%	\$92

Source: See appendix. Note: The number of electorates is given according to 2019 election results, while population for each category is calculated using election margins and weighted by the funds distributed between each election.

Figure 19 below shows the average TPP margin for federal electorates in the last three elections and the electorate's funding:

Figure 19: BBRF funds to electorates by margin (two-party preferred)



Source: See appendix. Note: Some Labor seats appear on the Coalition side and vice versa. Seats are coloured based on the 2019 result but distributed based on their average two-party preferred result across three elections.

Safe Coalition seats, those towards the right of the chart, generally received the most funding. The highest funded electorate is Durack. It has received over \$45 million since the Programme began in 2019.

Regional Growth Fund

The Regional Growth Fund (RGF) is a \$257 million investment program that provides grants of \$10 million or more for ‘major transformational projects, which support long term economic growth and create jobs in regions, including those undergoing structural adjustment’.⁴³

Applicants must provide a minimum contribution of \$10 million, with projects to be completed and acquitted by 30 June 2022.⁴⁴ The first stage of applications was open, with applications subject to a full merits assessment by the Department of Infrastructure and recommendations made to a ministerial panel. The panel and the Investment, Infrastructure and Innovation Committee of Cabinet (or Cabinet) decided which applications would be invited to apply to stage two (full business case).⁴⁵ The merit criteria were “create jobs”, “drive economic growth” and “build stronger regional communities”.⁴⁶

Business cases were then assessed against “value with relevant money criteria”, with the Minister for Regional Development, Territories and Local Government the decision maker (with recommendations provided by the Department).

Unlike other grant programs private sector businesses and state/territory government bodies were eligible to apply.⁴⁷ However, projects must be in an “eligible area” or, if outside of an eligible area, clearly deliver economic benefits to an eligible area. Eligible areas were anywhere outside of Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra.⁴⁸

Examples of successful applications include funding towards the construction of a brewery, a projectile forging plant and sporting facilities.⁴⁹

The involvement of Cabinet in the selection of those applicants who would be invited to apply for consideration under stage two obscured deliberations from both parliamentary and public scrutiny. This was a major concern raised by Opposition MP Catherine King, who

⁴³ Department of Infrastructure, Regional Development and Cities (2018) *Regional Growth Fund Guidelines*, <https://www.infrastructure.gov.au/sites/default/files/migrated/regional/programs/files/RGF-Program-Guidelines.pdf>

⁴⁴ Ibid, p. 8

⁴⁵ Ibid, p. 5

⁴⁶ Ibid, pp. 12–13

⁴⁷ Ibid, p. 9

⁴⁸ Ibid, p. 9

⁴⁹ Department of Infrastructure, Transport, Regional Development and Transport (2021) *Regional Growth Fund Grants Awarded to Date*, <https://www.infrastructure.gov.au/territories-regions-cities/regions/regional-community-programs/regional-growth-fund>

in March 2020 asked the Auditor General to audit four regional grants programs, including the RGF. She wrote:

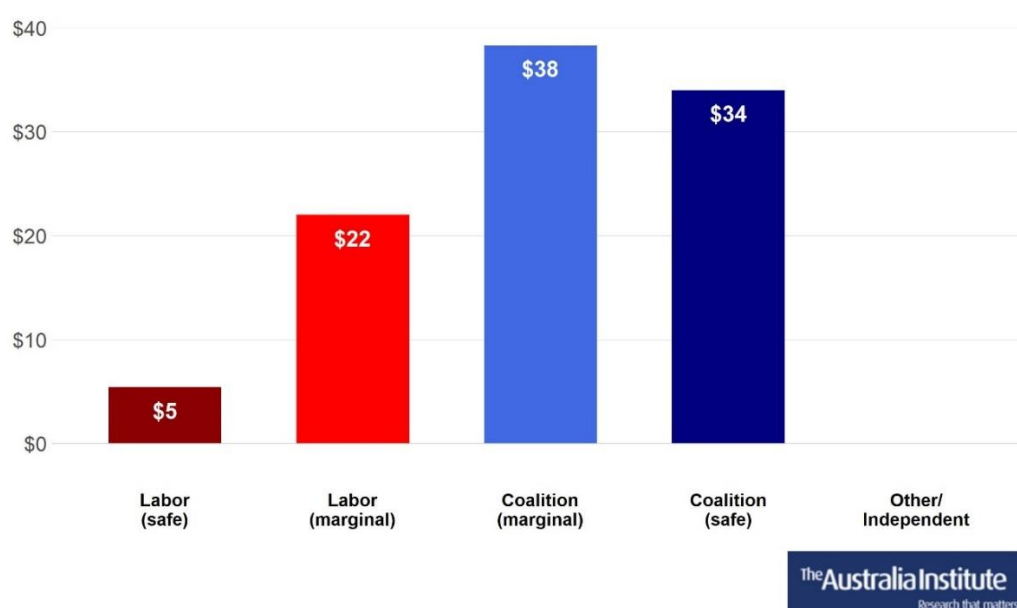
At [Senate estimates] hearings, Opposition Senators put a series of questions about the operation of the regional programs to officials from the Department of Infrastructure, Transport, Regional Development and Communications. The questions sought to shed light on the processes followed by the Department, Ministers and Ministerial panels in assessing, ranking and awarding grants under the suite of programs.

Unfortunately, the questions were met with repeated claims by officials and the Minister representing the Deputy Prime Minister, that all assessment processes and grant allocations were ultimately considered by Cabinet, therefore rendering the full application, assessment and grant administration processes beyond public scrutiny.⁵⁰

In his response in July 2020, the Auditor General listed a number of similar programs in the list of scheduled audits, but these did not include the RGF.⁵¹

Analysis of 16 Regional Growth Fund grants, totalling \$257 million, shows similar trends to other regional grants programs.

Figure 20: Regional Growth Fund, per capita electorate spend by party and marginality

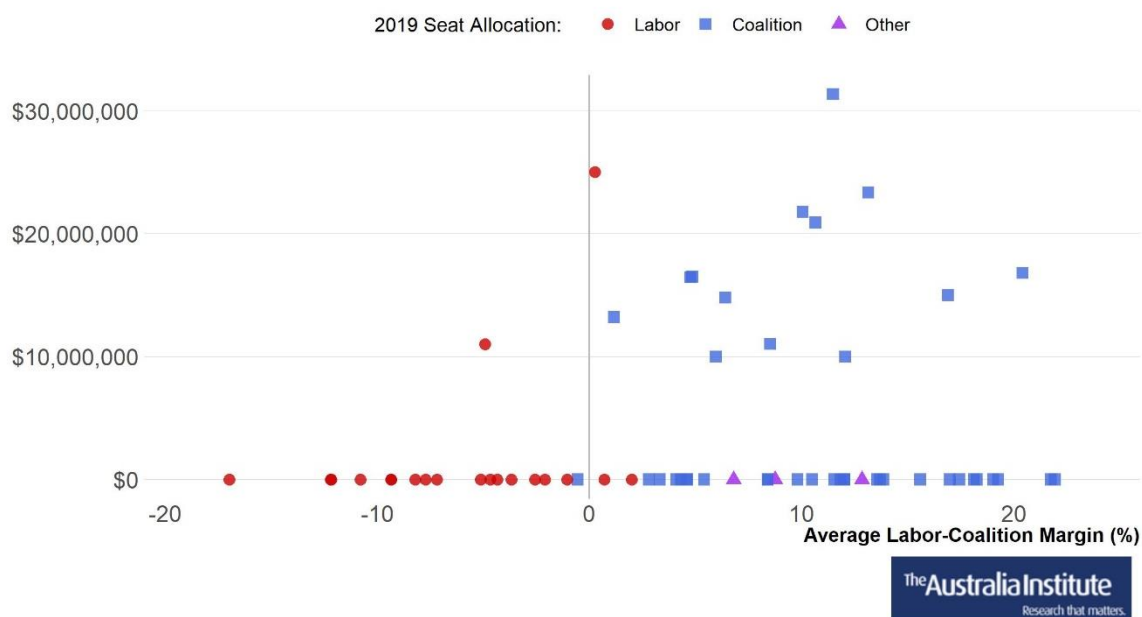


Source: See appendix. Note: There is no “Independent/Other” column as no Regional Growth Fund grants went to these electorates.

⁵⁰ King (2020) *Letter to Auditor General 3 March*, <https://www.anao.gov.au/work/request/programs-supporting-regional-development-and-jobs-growth>

⁵¹ ANAO (2020) *Letter to Katherine King 24 July*, <https://www.anao.gov.au/work/request/programs-supporting-regional-development-and-jobs-growth>

Figure 21: Funds to electorates by margin (two-party preferred)



Source: See appendix.

Note: Some Labor seats appear on the Coalition side and vice versa. Seats are coloured based on the 2019 result but distributed based on their average two-party preferred result across three elections.

While there are too few grants allocated to date to make broad claims about the program, to date most funding has gone to Coalition seats.

The highest funded electorate is the Liberal-National seat, Wide Bay in Queensland. It has received over \$31 million from the fund.

Regional Jobs and Investment Package

The Regional Jobs and Investment Package was announced during the 2016 election. It represents a commitment of \$232 million for allocation on a matched funding basis to projects designed to stimulate economic growth and increase employment in 10 regions:

- New South Wales: North Coast, South Coast
- Victoria: Geelong, Goulburn Valley, Latrobe Valley
- Queensland: Bowen Basin, Tropical North Queensland, Wide Bay Burnett
- South Australia: Upper Spencer Gulf
- Tasmania: Regional Tasmania.⁵²

Roughly equal amounts were to be allocated to each region.⁵³ Why these specific regions were chosen is not clear to the authors.

The intended program outcomes were to:

- diversify regional economies
- stimulate long term growth
- deliver sustainable employment
- enable applicants to enter new markets and sectors.⁵⁴

The fund had three streams:

- Local infrastructure – grants for local government bodies and not-for-profit organisations to invest in new or upgraded infrastructure.
- Business innovation – grants to help businesses become more competitive in new or growing markets that create sustainable employment.

⁵² Auditor General (2019) *Award of Funding Under the Regional Jobs and Investment Packages, Performance Audit 5 November 2019*, <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-regional-jobs-and-investment-packages>

⁵³ Australian Government Business (2017) *Regional Jobs and Investment Packages, Program Guidelines Version 1*, p. 7, <https://business.gov.au/grants-and-programs/regional-jobs-and-investment-packages-rjip>

⁵⁴ Australian Government Business (2017) *Regional Jobs and Investment Packages, Program Guidelines Version 1*, p. 6

- Skills and training – grants for local government bodies and agencies and not-for-profit organisations to support training and upskilling of the regional workforce.⁵⁵

The Department of Infrastructure, Transport, Cities and Regional Development was the responsible policy department, but it out-sourced administration of the grants to the Business Grants Hub of the Department of Industry, Innovation and Science; it in turn out-sourced the actual assessment process to an outside contractor for \$3.15 million.⁵⁶

The stages of the investment process were:

- Local Planning Committees were established in each designated region to develop a Local Investment Plan, outlining industry growth sectors, new market opportunities and future workforce needs
- These plans were sent to the Minister and Department of Infrastructure and Regional Development
- Grant opportunities for projects in line with the published local plans were advertised on government web sites
- Eligible applications were assessed against the merit criteria along with an overall consideration of value for money and compared with other applications
- Advice was provided to the Ministerial Panel that made the decisions.⁵⁷

The Auditor General conducted an audit of the program in 2019 in response to concerns expressed by several members of Parliament, in addition to his own concerns about the out-sourcing of grant assessment.⁵⁸ The major faults revealed in the performance audit included:

- Inadequate management of conflict of interest at several phases of the project
- A high incidence of funding recommendations being rejected by the Ministerial panel (28%), and of projects that had not been recommend being approved (17%)
- The failure to exclude all ineligible applications – at least 1 was approved; and some late applications were allowed and approved

⁵⁵ Department of Infrastructure, Transport, Cities and Regional Development *Regional Jobs and Investment Packages* <https://www.infrastructure.gov.au/territories-regions-cities/regions/regional-community-programs/regional-jobs-investment-packages>

⁵⁶ Auditor General (2019) *Award of Funding Under the Regional Jobs and Investment Packages, Performance Audit 5 November 2019*

⁵⁷ Australian Government Business (2017) *Regional Jobs and Investment Packages, Program Guidelines Version 1*, p. 5

⁵⁸ Auditor General (2019) *Report of Performance Audit Award of Funding Under the Regional Jobs and Investment Packages*

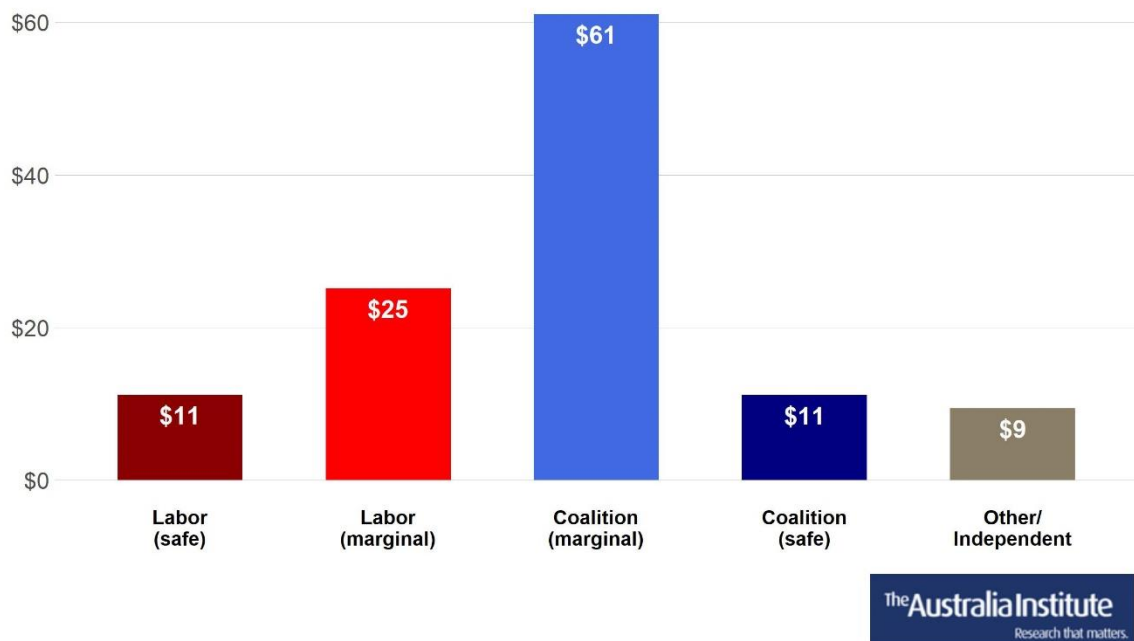
- The lack of a clear “line of sight ... between the departmental assessment results, the subsequent adjustments by the Ministerial Panel and the funding decisions”.⁵⁹

The Auditor General concluded:

There was no bias clearly evident in the assessment and decision-making processes. Decisions to not approve recommended applications occurred in two Queensland regions at a rate more than three times the average across the other eight regions; these decisions affected five electorates each of which was held by the Coalition.⁶⁰

While the Auditor General did not see bias within the program’s processes, analysis of allocation data shows that marginal Coalition seats did best with the RJIP. Per capita they received \$61, more than double the rate for marginal Labor seats (\$25).

Figure 22: RJIP, per capita electorate spend by party and marginality

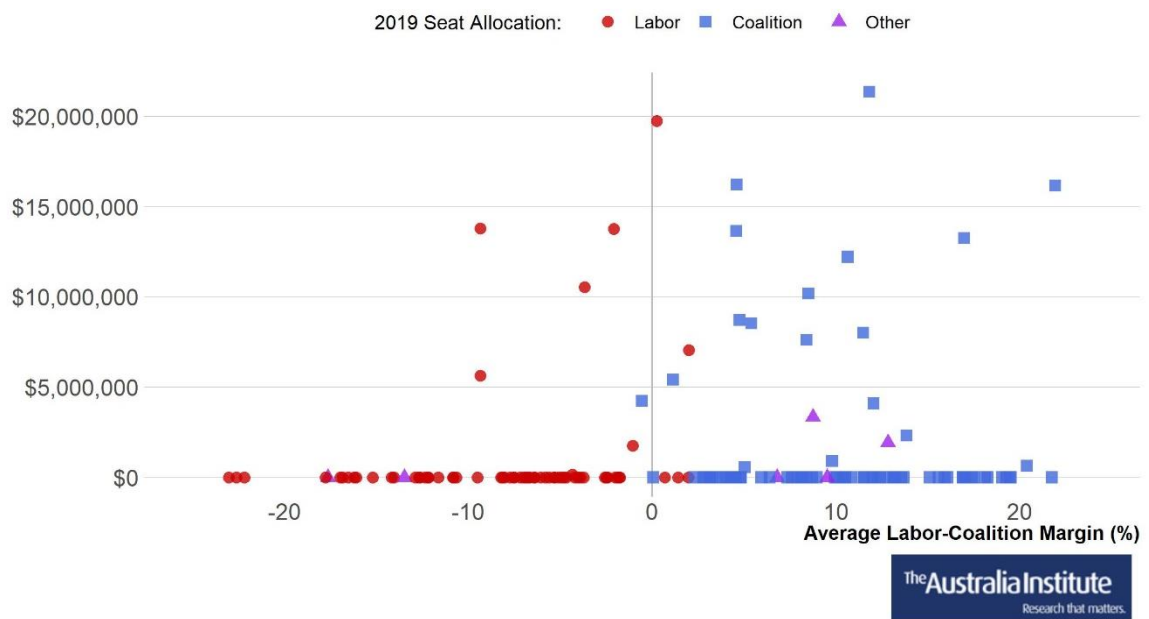


Source: See appendix.

⁵⁹Auditor General (2019) *Report of Performance Audit Award of Funding Under the Regional Jobs and Investment Packages*

⁶⁰Auditor General (2019) *Report of Performance Audit Award of Funding Under the Regional Jobs and Investment Packages*

Figure 23: Funds to electorates by margin (two-party preferred)



Source: See appendix. Note: Some Labor seats appear on the Coalition side and vice versa. Seats are coloured based on the 2019 result but distributed based on their average two-party preferred result across three elections.

Smaller national programs

Two national grants programs, the Female Facilities & Water Safety Stream and the Environmental Restoration Fund, were somewhat smaller than the Community Development Grants Programme and the National Stronger Regions Fund.

The grants under these programs are included in the national analysis, but the programs have not been given a separate numeric analysis as the larger programs have been.

FEMALE FACILITIES & WATER SAFETY STREAM

In a pre-election announcement dated 30 March 2019, the Prime Minister and then Minister for Sport, Senator Bridget McKenzie announced commitments to new funding for community sporting facilities.⁶¹ Of the total of \$190 million, \$150 million was ear-marked for spending on 'supporting the development of female change room facilities at sporting grounds and community swimming facilities across Australia through a new dedicated stream of funding for these activities.' While the \$150 million expenditure was nominally distributed over three years, all funds were allocated in promises made in the lead-up to the May 2019 election.⁶² Of the \$150 million, our analysis identifies \$136 million.

The Female Facilities and Water Safety Stream (FFWSS) program was officially transferred from the Department of Infrastructure, Transport, Cities and Regional Development to the Department of Health in September 2019.⁶³

Some major spending items were as follows:

- \$25 million for the new Ellenbrook pool in then Attorney-General Christian Porter's marginal seat of Pearce, which was announced three weeks before the election⁶⁴
- \$20 million for the Torquay pool and \$10 million for the Bellarine Aquatic centre in Corangamite, under threat after a redistribution
- \$20m to build a new South Perth aquatic centre in Swan, a marginal Coalition-held seat

⁶¹ Morrison (2019) *Backing sporting communities and women in sport*, <https://www.pm.gov.au/media/backing-sporting-communities-and-women-sport>

⁶² Martin (2020) *Coalition quietly spent another \$150m sports grant fund during election campaign*, <https://www.theguardian.com/australia-news/2020/feb/07/coalition-quietly-spent-another-150m-sports-grant-fund-during-election-campaign>

⁶³ ABC News (2020) *Bridget McKenzie quits frontbench after report finds she breached ministerial standards*, <https://www.abc.net.au/news/2020-02-02/bridget-mckenzie-quits-over-ministerial-standards-breach/11896610>

⁶⁴ Martin (2020) *Coalition quietly spent another \$150m sports grant fund during election campaign*

- A \$500,000 grant for the Broulee surf club in Gilmore, another marginal Coalition-held seat with a retiring MP.

In 2020, Green Senators Janet Rice and Larissa Waters requested that the Auditor General audited the program, given claims raised of politically motivated use of the funds. The Auditor General refused this request, on the basis that the ANAO had higher priorities.⁶⁵

ENVIRONMENTAL RESTORATION FUND

The Government announced the \$100 million Environmental Restoration Grants program shortly before the May 2019 election, with funding to commence in 2019-2020 and carry on until 2022-2023. Of the \$100 million funding, our analysis identifies \$58 million.

The aim is to support activities designed to improve environmental outcomes, and ‘help to ensure that Australia continues to meet its international obligations under the Convention on Biological Diversity and other relevant environmental treaties.’⁶⁶

The ‘policy department’ is described as the Department of Agriculture, Water and the Environment, while the ‘administering department’ is the Department of Industry, Science, Energy & Resources, and the type of grant as ‘closed non-competitive’.⁶⁷

On 16 February 2020, Greens Senator Sarah Hanson-Young wrote to the Auditor General requesting him to carry out an audit on the program, based on allegations contained in an article in the Saturday Paper that grants promised before the election under the invitation-only program had been:

*restricted to 25 preselected projects, most of them in key seats for the Coalition*⁶⁸

In addition to these claims Senator Hanson-Young raised concerns that justification of grant funding decisions had been post-hoc and that organisations had been invited to apply after

⁶⁵ ANAO (2020) *Request for audit: Community Sport Infrastructure — female facilities and water safety*, <https://www.anao.gov.au/work/request/community-sport-infrastructure-female-facilities-and-water-safety>

⁶⁶ Department of Agriculture, Water and the Environment (n.d.) *Environment Restoration Fund*, <https://www.awe.gov.au/environment/biodiversity/conservation/environment-restoration-fund>

⁶⁷ business.gov.au (2021) *Grants to support environmental restoration and protection projects*, <https://business.gov.au/grants-and-programs/environment-restoration-fund>

⁶⁸ Middleton (2020) *Environment grants awarded by invitation only Saturday Paper* February 15-21 <https://www.thesaturdaypaper.com.au/news/politics/2020/02/15/environment-grants-awarded-invitation-only/15816852009403#hrd>

public announcement of their success.⁶⁹ The Auditor General declined this request on the grounds that it did not warrant displacing another audit from the schedule.⁷⁰

⁶⁹ Hanson-Young (2020) *Letter to Auditor General, ANAO*,
<https://www.anao.gov.au/work/request/environment-restoration-fund-and-the-communities-environment-program>

⁷⁰ ANAO (2020) *Follow up response to holding reply to Senator Hanson-Young, 24 July 2020*,
<https://www.anao.gov.au/work/request/environment-restoration-fund-and-the-communities-environment-program>

Other programs

Two other grants programs are outside of the scope of this analysis. The Small and Medium Enterprises Export Hubs program falls below the size threshold, and the Community Sport Infrastructure grants program did not use GrantConnect. However, these programs are worth noting in any discussion of the use of government grants programs.

SMALL AND MEDIUM ENTERPRISES (SME) EXPORT HUBS

In September 2018, then Minister for Industry, Science and Technology, Karen Andrews, launched the Small and Medium Enterprises (SME) Export Hubs Initiative, that had been foreshadowed in the 2018–19 Budget.⁷¹ The program is set to distribute \$19 million, which makes it too small for consideration in this analysis.

The program has been subject to allegations of political bias. Labor has claimed that grants allocated in the lead-up to the May 2019 election (see above) were significantly biased in favour of Coalition seats, but the Government insisted that all grants had been made on the basis of a Departmental committee recommendation, with no Ministerial intervention.⁷²

Labor MP Brendan O'Connor wrote to the Auditor General, drawing attention to the media reports of bias in favour of the Coalition in the allocation of grants. He said that the distribution in Round 1 had been grossly biased with 97% of funds going to Coalition held areas, but the allocation in Round 2 was still unbalanced with 64% of total funds going to Coalition-held areas. The Auditor General refused this request,⁷³ although he is undertaking an audit of the operation of grants hubs that is due for tabling in March 2022.⁷⁴

⁷¹ Andrews (2018) *Helping businesses to export and create new opportunities*. Archived media release 19 September <https://www.minister.industry.gov.au/ministers/karenandrews/media-releases/helping-businesses-export-and-create-new-opportunities>

⁷² Crowe (2020) *Labor claims export grants program was used to 'win election'* Guardian, 10 June <https://www.smh.com.au/politics/federal/labor-claims-export-grants-program-was-used-to-win-election-20200610-p551ex.html>

⁷³ Australian National Audit Office (July 2020) *Grants awarded under the Federal Government's SME Export Hubs program*, see letter from Brendan O'Connor and response from Auditor General.

⁷⁴ ANAO (n.d.) *Operation of Grants Hubs*, <https://www.anao.gov.au/work/performance-audit/operation-grants-hubs>

COMMUNITY SPORT INFRASTRUCTURE

The Community Sport Infrastructure (CSI) grants program was set up in 2018 with the published aim of enabling more Australians to have access to quality sporting facilities and encouraging greater community participation in sport and physical activity.⁷⁵ 684 grants totalling \$100 million were awarded by the Minister for Sport in three rounds.

The CSI has not been included in the overall analysis because its data was not included on GrantConnect, the government's grants hub.⁷⁶ However, the program deserves scrutiny as an example of the egregious misuse of ministerial discretion in grants programs.

Better known as “sports rorts”, the CSI's published guidelines (no longer available) said that eligible applications would be assessed competitively against specified criteria (including increased community participation, community need and sound design and planning) and that funding would be awarded by the Minister.⁷⁷

The program was not implemented in accordance with the clear, merit-based criteria that had been advertised to applicants. Sports Australia acted inconsistently with program guidelines. The greater problem, however, is that a parallel assessment process was run out of the Minister's Office, which “drew upon considerations other than the assessment criteria, such as project locations including Coalition ‘marginal’ electorates and ‘targeted’ electorates”.⁷⁸ Furthermore, the Minister's decisions did not appear to meet the requirements of the Sports Commission Act.⁷⁹

The actions of the Minister and her office undermined the integrity of the grants assessment process, ignored the ‘better practice’ Commonwealth Grant Rules and Guidelines principles and ignored the mandatory principles and procedures concerning Ministerial approval of proposed expenditure. Had projects been funded according to merit, 61% of the grants approved by the Minister would not have been approved.⁸⁰

⁷⁵ ANAO (2020) *Award of Funding under the Community Sport Infrastructure Program*, p. 16

⁷⁶ Keane (2020) *The government ditched its own grants website to hide sports rorting*, <https://www.crikey.com.au/2020/01/21/government-grants-sports-rorting/>

⁷⁷ Joint Committee of Public Accounts and Audit (2020) *Report 484 The Administration of Government Grants: Inquiry into Auditor-General's Reports 5, 12 and 23 (2019-20)*, para 5.4, https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/AdminGovGrants/Report

⁷⁸ ANAO (2020) *Award of Funding under the Community Sport Infrastructure Program*, p. 36

⁷⁹ ANAO (2020) *Award of Funding under the Community Sport Infrastructure Program*, p. 8

⁸⁰ ANAO (2020) *Award of Funding under the Community Sport Infrastructure Program*, p. 6

Overview and recommended changes

Against a background of increasingly intense scrutiny of the potential misuse of public money by the Australian Government, constructive recommendations have been made for improving future administration of grants programs.

Administration of grants programs

Following its consideration of the Auditor General's Report on the CSI, the Joint Committee of Public Accounts and Audit recommended that corporate Commonwealth entity, the Australian Sports Commission (Sport Australia):

[R]eview its guidelines in relation to all current and future grants programs to clarify:

- The authority, duty and role of the Minister for Sport; and
- The authority, duty and role of the Australian Sports Commission Board in relation to decision-making, and that Sport Australia report back to the Committee in six months⁸¹

The Auditor General also suggested development of a formal and transparent mechanism for integrating into grant assessment processes the interest of parliamentarians in obtaining grants for their electorates:

[W]e see in grants guidelines occasionally, if not regularly, that information from local MPs is part of the information base that goes to decision-making ... The key point that we would make is that if it's in the process it should be in the process, and information that's fed in should, like all other information fed into the decision-making process, be clearly and transparently fed in, so that all applicants can be treated equitably.⁸²

By Government invitation only

Special consideration should be given to grants programs that are "invitation only" or not subject to a competitive grants process. This was the case for the Community Development

⁸¹ Joint Committee of Public Accounts and Audit (2020) *Report 484 The Administration of Government Grants: Inquiry into Auditor-General's Reports 5, 12 and 23 (2019-20)*, Recommendation 6

⁸² Hehir, cited in Joint Committee of Public Accounts and Audit (2020) *Report 484 The Administration of Government Grants: Inquiry into Auditor-General's Reports 5, 12 and 23 (2019-20)*, p. 91

Grants Programme, the Female Facilities & Water Safety Stream and the Environmental Restoration Fund.

The Commonwealth Grants Rules and Guidelines (CGRG) permits the allocation of grants in certain exigencies:

A one-off or ad hoc grant generally does not involve planned selection processes, but is instead designed to meet a specific need, often due to urgency or other circumstances. These grants are generally not available to a range of potential grantees or on an ongoing basis.⁸³

In the cases considered, promises made in an election campaign have been construed as circumstances that warrant an invitation only grants process rather than a planned, competitive selection process. This seems *prima facie* at odds with the CGRG, which require grant administrators to consider seven key principles:

1. robust planning and design
2. collaboration and partnership
3. proportionality
4. an outcomes orientation
5. achieving value with relevant money
6. governance and accountability
7. probity and transparency.⁸⁴

The New Zealand public service has provided five principles of probity to be used in public procurement:

1. acting fairly, impartially and with integrity
2. being accountable and transparent
3. being trustworthy and acting lawfully
4. managing conflicts of interest
5. securing commercially sensitive and confidential information.⁸⁵

Apart from number 5, concerning the protection of commercial information, these principles seem relevant to decisions about public expenditure on grants, where there is a clear conflict of interest involved in allowing politicians to direct funds in a manner considered most beneficial to their and their party's electoral prospects.

⁸³ Department of Finance (2017) *Commonwealth Grants Rules & Guidelines*, para 2.4 Footnote 9

⁸⁴ Department of Finance (2017) *Commonwealth Grants Rules & Guidelines*, para 2.2

⁸⁵ New Zealand Government Procurement (n.d.) *Managing probity and acting ethically*, <https://www.procurement.govt.nz/procurement/guide-to-procurement/plan-your-procurement/managing-probity-and-acting-ethically/>

Managing the Ministerial filter

In the Regional Jobs and Investment Packages program, the Minister had indirect control over the filtering of applicants before the final assessment process through selection of the Local Investment Committee that developed Local Investment Plans. The Auditor General found that possible conflicts of interest were not well managed in these Committees.⁸⁶

In his review of the Community Sport Infrastructure Program, the Auditor General recommended further changes to enhance accountability, including that use of the CGRGs be mandated whenever a minister was making decisions for a corporate Commonwealth entity.⁸⁷

The Cabinet veil and grants to business

Concerns about the Regional Growth Fund were raised with the Auditor General. As in several other regional grant programs, the selection of projects permitted to proceed to a final assessment stage occurred in a Cabinet process. Private businesses were among the beneficiaries of substantial grants under this program, with the presumed public benefit arising from the economic activity they might generate.

Grant assessment should not occur in a manner that protects it from outside scrutiny.

Constitutional powers and federal relations

The Select Parliamentary Committee Inquiry into sports grants explored the role of the Prime Minister's Office in relation to the revised rankings of applications.⁸⁸ The lack of a Constitutional Head of power enabling the Commonwealth to legislate on matters related to sport, was raised by witness Professor Anne Twomey,⁸⁹ who pointed out in her submission to the Inquiry that the Minister had no general power to direct officials of a Commonwealth corporate entity, as opposed to a department of state.⁹⁰ Professor Sheryl Saunders suggested in her oral evidence that a more rational and constitutionally valid approach would be for the Commonwealth to direct payments to the States under s. 96 of the

⁸⁶ ANAO (2019) *Award of Funding Under the Regional Jobs and Investment Packages*, p. 10

⁸⁷ ANAO (2020) *Award of Funding under the Community Sport Infrastructure Program*, Recommendation 4

⁸⁸ Select Committee on Administration of Sports Grants (2021) *Final report*, https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Administration_of_Sports_Grants/AdminSportsGrants/Report

⁸⁹ Select Committee on Administration of Sports Grants (2021) *Final report*, pa. 27

⁹⁰ Twomey (2020) *Submission to Senate Select Committee on Administration of Sports Grants*, https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Administration_of_Sports_Grants/AdminSportsGrants/Submissions

Constitution, allowing the States to allocate funds for sporting infrastructure through local government.⁹¹

Need for a robust national integrity commission

The analysis of how Ministers across an array of Departments, with the support and sometimes with the apparent intervention of the Prime Minister's Office, have directed grants in a manner at odds with the legislated requirements and the principles of good administration, without fear of being held accountable, is a strong argument in favour of a powerful national integrity commission.

Several legal experts who commented on the administration of sports grants cited the need for a strong Federal integrity commission, stronger than that then proposed by the Government.⁹² The Committee recommended

that the Australian Government establish a national integrity commission with the standing powers of a Royal Commission as a matter of urgency.⁹³

A powerful national integrity commission drawing on the best design features of existing Commissions in Australia and abroad should be established as a matter of urgency.

⁹¹ Saunders (2020) *Select Committee on Administration of Sports Grants, Committee Hansard, 12 March 2020*, p. 29,
<https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22committees%2Fcommsen%2F3e8adb8c-655e-41c0-ba6f-ca3ba36c615c%2F0000%22>

⁹² Select Committee on Administration of Sports Grants (2021) *Final report*, p. 59

⁹³ Select Committee on Administration of Sports Grants (2021) *Final report*, Recommendation 8

Conclusion

The seven grants programs that are the subject of this report facilitated the distribution of \$3.9 billion in public money, on the basis of ministerial discretion. It is of serious concern, then, that ministers seem to have used their discretion to allocate funds to marginal seats at the expense of other Australians.

The most plausible explanation of the data is that ministers are at least in part spending public money to improve the Coalition's chances of re-election, instead of distributing it based on need and project merit.

As well as being a potential misuse of public funds, favouring marginal seats is potentially a short-sighted political strategy. Independents and minor parties running in blue-ribbon Coalition seats could attract voters by arguing that independent-held and marginal seats receive significantly more grants funding than safe seats.

Australians would have more confidence that public money was not being misused if the country's accountability mechanisms were stronger. Most urgently, a National Integrity Commission with adequate powers and jurisdiction is needed. Existing accountability organisations, like the Australian National Audit Office, the Office of the Australian Information Commissioner and the Australian Broadcasting Corporation also need more funding and for that funding to be more secure.

Appendix: Methodology

This analysis is conducted using publicly available data from Australian government sources.

Table 13: Data sources

Variable	Year(s)	Source
Grant allocations	2013–2021	Department of Infrastructure (2013–2017), ⁹⁴ GrantConnect (2018–present) ⁹⁵
Electorate margins	2013, 2016, 2019	Australian Electoral Commission (2013, ⁹⁶ 2016, ⁹⁷ 2019) ⁹⁸
Electorate populations	2017	Australian Bureau of Statistics ⁹⁹
Postcode to electorate conversation	2018	Australian Parliamentary Library ¹⁰⁰

GRANTS

As of 2018, the Australian Government reports information about the allocation of some grants on the GrantConnect site. Information about several grants that were distributed prior to 2018 are reported on the Department of Infrastructure website.

For the pre-2018 data, we download specific datasets that contained information on grants with ministerial discretion from a page on the Department of Infrastructure’s site. This page has since been taken down, but it is still available via the Internet Archive’s Wayback Machine.¹⁰¹

⁹⁴ DISER (2021) *Grants download: Community_Development_Grants_29062018* (archived), <https://web.archive.org/web/20210304161242/https://www.infrastructure.gov.au/departments/grants/index.aspx>

⁹⁵ GrantConnect (2021) *Grant awards published*, <https://www.grants.gov.au/Reports/GaPublishedShow?>

⁹⁶ AEC Tally Room (2013) *Federal election seat summary*, <https://results.aec.gov.au/17496/Website/HouseSeatSummary-17496-NAT.htm>

⁹⁷ AEC Tally Room (2016) *Federal election seat summary*, <https://results.aec.gov.au/20499/website/HouseSeatSummary-20499.htm>

⁹⁸ AEC Tally Room (2019) *Federal election seat summary*, <https://results.aec.gov.au/24310/Website/HouseSeatSummary-24310.htm>

⁹⁹ ABS (2019) *Commonwealth electorate data*, <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/2082.02019?OpenDocument>

¹⁰⁰ Parliamentary Library (2021) *Postal area to Commonwealth electoral divisions: a quick guide*, https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1920/Quick_Guides/PostalAreaCommonwealthElectoralDivisions

¹⁰¹ DISER (2021) *Grants download: Community_Development_Grants_29062018* (archived), <https://web.archive.org/web/20210304161242/https://www.infrastructure.gov.au/departments/grants/index.aspx>

For post-2018 data, we download all results from GrantConnect. This is because the GrantConnect website does not facilitate an easy search for specific grants programs. For instance, filtering for the category 'Community Development' produces a dataset with over 8,000 grants, but all from programs other than the CDG Programme. Therefore, we download all public results from GrantConnect in annual batches, so as not to exceed the download limits.

Then, we searched in the 'Grant Program' column for key words that appear in the grant names. For example, for the CDG Programme, we searched for 'Community Development Grant' in the title. We identified grants labelled as either 'Community Development Grants', 'Community Development Grants Fund', 'Community Development Grants Programme', or 'Community Development Grants Sport'. We located the Building Better Regions Fund by searching for 'BBRF' and the Regional Jobs & Investment Program by searching for 'RJIP'.

Merging grants data

Since migrating to GrantConnect, the government discloses additional details about the timing and allocation of grants. Therefore, we link the 'date' and 'postcode' variables in the pre-2018 and post-2018 data as follows.

Date variable: Previously, there was only one date variable, indicating the commencement date of the grant. Now, there are variables indicating the date the grant was published, announced, commenced, and ended.

For the GrantConnect data, we use the 'announcement' date as the general date variable. This is to be able to link pre-election grant announcements with the pre-election margins. In the older data from the Department of Infrastructure, only the 'start' date of the grant is available, so we use this instead.

In addition, we use the 'published' date to limit our analysis to grants published until 30 June 2021, the final day of the last financial year.

Postcode variable: Previously, there was only one general postcode variable, indicating the 'recipient' location of the grant. Since migrating to GrantConnect, there is a postcode provided for the 'recipient' location, and sometimes the 'delivery' location. In this analysis, we use delivery postcode where possible, as this indicates the destination of the grant. If no delivery postcode is provided, we use the recipient postcode.

In the pre-2018 data, grants were sometimes associated with multiple postcodes. In such cases, we evenly divide the value of the grant between postcodes. For example, if \$100,000 was allocated to a project in five different postcodes, we estimate that each postcode received \$20,000.

ELECTORATES

Since 2013, some electorates have been removed, added, or changed their name. We manually re-code the names of the following electorates to match throughout the analysis.

- Fraser (ACT) (2013) and Fenner (2016, 2019)
- Charlton (2013) and Hunter (2016, 2019)¹⁰²
- Throsby (2013) and Whitlam (2016, 2019)
- Wakefield (2013) and Spence (2016, 2019)
- Melbourne Ports (2013, 2016) and Macnamara (2019)
- Batman (2013, 2016) and Cooper (2019)
- Denison (2013, 2016) and Clark (2019)
- McMillan (2013, 2016) and Monash (2019)
- Murray (2013, 2016) and Nicholls (2019)

We exclude electorates that did not exist throughout the full allocation period of a grant. For instance, if a grant spanned from 2014 to 2021, we exclude the new electorates of Bean, Burt and Fraser (Victoria) in the electorate-level analysis. This is because they may have received fewer funds as they did not exist for the full duration of the grants program.

MERGING DATASETS

Postcode to Electorate

The Parliamentary Library's conversation table links postcodes (as of 2016) to electorates (as of 2018). We use the 'allocation' table to link postcodes in the grants data with the corresponding electorate.

Just over 80% of postcodes have a population entirely within an electorate. The other 20% sit between electorates. In these cases, we link the postcode to the electorate that contains the highest proportion of that postcode's population. For example, we link postcode 2018 to the electorate of Kingsford-Smith, as it has a higher proportion of the postcode's population than the electorate of Sydney.

¹⁰² The division of Hunter that existed in 2013 was abolished and the neighbouring division of Charlton renamed to Hunter. ABC News (2016) *Federal seat of Hunter in NSW to be abolished under boundary changes*, <https://www.abc.net.au/news/2016-01-14/federal-seat-of-hunter-to-be-abolished-under-boundary-changes/7089158>

Some postcodes in the grants data failed to merge with this key. This was usually because they had been mistakenly inputted (Eg. listed as 2058 instead of 2508). For these cases, we manually researched, corrected, and assigned the corresponding electorate.

Electorate margins

Once each grant is linked to an electorate name, we can build on additional information about the electorate such as population and voting margins.

All grants we analysed commenced after the 2013 election. The last three federal elections took place on 7 September 2013, 2 July 2016, and 18 May 2019. Thus, we link grants with election margins, using the date variable and electorate name.

- **2013** election results for grants 7 September 2013–1 July 2016
- **2016** election results for grants 2 July 2016–17 May 2019
- **2019** election results for grants 18 May 2019–30 June 2021

This is used to allocate each grant into the groupings: Labor (safe), Labor (marginal), Coalition (safe), Coalition (marginal) and Other/Independent. To distinguish between ‘marginal’ and ‘safe’ electorates, we use the two-candidate preferred margin of 6% (i.e., a two-candidate preferred vote of 56% or less for the winning candidate).¹⁰³

Population

The ABS reported on the population in each electorate in 2017. We use this to compare the funding that certain kinds of electorates received, relative to the population.

Some electorates may have changed hands between parties over time. For example, the seat of Warringah is currently held by an independent candidate, but prior to 2019 was held by a Liberal candidate. The grant money that Warringah received prior to the 2019 election is allocated to the Coalition in our analysis, while grants received after the 2019 election is allocated to ‘Other/Independent’. Therefore, the population should similarly be apportioned based on time.

Hence, we use weights, based on the percentage of the grant program that was distributed between each election cycle, to estimate the populations in each electorate type. For example, we use the following weights for the CDG Programme.

¹⁰³ See “Marginal seat” in AEC (2021) *Glossary*, <https://www.aec.gov.au/footer/glossary.htm>

Table 14: Population weights for the Community Development Grants

Election Period	Total CDG funds distributed	Weights
2013–2016	\$269,424,210	15.7%
2016–2019	\$849,463,461	49.6%
2019–present	\$592,559,108	34.6%

Finally, to calculate the per-capita spend for ‘regional’ grant programs, we define the population as residents living outside of Urban Centres and Localities, as defined by the Australian Bureau of Statistics,¹⁰⁴ with populations over one million. This is because urban centres are specifically ineligible for funding from many regional grant programs.

¹⁰⁴ ABS (2017) *Main Features - Urban Centre and Locality (UCL)*,
[https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1270.0.55.004~July%202016~Main%20Features~Urban%20Centre%20and%20Locality%20\(UCL\)~3](https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1270.0.55.004~July%202016~Main%20Features~Urban%20Centre%20and%20Locality%20(UCL)~3)