

To: Minister Hunt

Subject: APPROVAL OF GRANT FUNDING FOR THE COMMUNITY HEALTH AND HOSPITALS PROGRAM (CHHP) AND OTHER COMMITMENTS AGREED THROUGH THE 2019-20 BUDGET PROCESS

Critical date: 11 October 2019 to ensure the Department can finalise all processes to enable funding to be offered for projects in Tranche 2.

Recommendations:

- | | |
|--|--------------------|
| 1. Approve the commitment of \$14.494 million for grants under CHHP and other measures in Tranche 2 at Attachment A . | 1. Approved |
| 2. Approve the Department offering grant agreements to deliver on projects approved at Attachment A . | 2. Approved |
| 3. Note this submission is seeking approval for a number of projects under Tranche 2, but not for total funding through CHHP. | 3. Noted |
| 4. Note the Department is implementing decisions taken in the 2019-20 Budget for multiple closed, non-competitive grant opportunity processes to specified organisations | 4. Noted |
| 5. ^{s42} | 5. Noted |
| 6. Note the process the Department is undertaking to develop funding arrangements, in accordance with the Commonwealth Grant Rules and Guidelines (CGRGs) and the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act). | 6. Noted |

Signature

Date: 4/10/19

| | | | |
|--|------------------------|---|---------------------------|
| Media Release required? YES/ NO Comments: | | | |
| Contact Officer: | <i>Fifine Cahill</i> | <i>Assistant Secretary, Health Infrastructure Branch, Portfolio Strategies Division</i> | Ph: (02) 6289 7806 s22 |
| Clearance Officer: | <i>Angela Wallbank</i> | <i>A/g First Assistant Secretary, Portfolio Strategies Division</i> | Ph: (02) 6289 3944 s22 |

Issues:

1. Your approval is sought to the commitment of \$14.494 (GST exclusive) for projects up to six years (2019-20 to 2024-25) under CHHP and other health measures from the 2019-20 Budget, outlined in the assessment summary at Attachment A. GST will be added to agreements where applicable.
3. If approved, the Department will be able to offer grant agreements for the service delivery projects to be progressed as part of Tranche 2 CHHP activity, including the ability to effect variations to the grants which are not significant in nature (such as application of GST, minor changes to the grant value or project scope or parameters), subject to the funded activities continuing to promote the program outcomes.

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Background:

The CHHP is part of the 2018-19 Mid-Year Economic and Fiscal Outlook (MYEFO) measure and the 2019-20 Budget. This spending proposal contributes to the objectives of the CHHP.

Between 13 and 24 March 2019, the Prime Minister, the Hon Scott Morrison MP, agreed the projects to be funded through a series of letters as part of the 2019-20 Budget. To date, over \$240 million of 2018-19 funded payments has been delivered, including over \$100 million in partnership agreements with states and territories, \$107 million in infrastructure grants and over \$33 million in service delivery grants.

A separate submission will be provided for your commitment to Tranche 2 Primary Health Network projects through CHHP and other health measures.

Spending and Grant Rules

Consistent with requirements under the PGPA Act and CGRGs, an assessment plan and Grant Opportunity Guidelines (GOGs) have been developed to guide the assessment process, with the GOGs provided to the Department of Finance.

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To save time, assessment was conducted against the draft GOGs, and feedback from Finance was not material, although final advice has not yet been received. Ordinarily, agreement would be sought from the Minister for Finance to publish the GOGs. However, in this case we consider there are policy reasons not to publish them, as this would run the risk of encouraging additional organisations to seek funding under CHHP, which has been fully allocated.

In accordance with section 71 of the PGPA Act, in order to approve the grants you must be satisfied (after making reasonable inquiries) the expenditure is proper use of relevant money.

Further information, including your Ministerial obligations under the PGPA Act, is provided at Attachment C.

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Alcohol and Drug Treatment in the Mt Gambier Region

Funding was allocated as a single item for Uniting Communities, but it was subsequently identified that this represented two projects, with funding also allocated to Substance Misuse Limestone Coast (details at Attachment A) as per the media release (<https://www.tonypasin.com/pasin-delivers-3-million-for-drug-and-alcohol-rehab/>). The funding allocated through CHHP is \$2.986 million, but the media release specified amounts for each organisation adding to \$3 million. Given this represents a trivial difference, it is proposed to offer each organisation total funding over three years that is \$7,000 less.

Media

In line with your media release of 30 June 2019 - *Community Health and Hospital Program funding underway*, the Department can draft a media release to outline the next wave of funding is underway, if required.

Attachments:

A: Summary of assessment for Tranche 2 service delivery grants through CHHP and other funding.

B: s42

C: Mandatory Grant Rules and Guidelines and Other Requirements

Budget/Financial Implications: Commitment of \$14.494 (GST exclusive) is in line with decisions of Government and appropriations outlined in the 2019-20 Budget.

Relevance to Election Commitments / Budget Measures: The CHHP was announced during the 2019-19 MYEFO. Additional projects were announced in the 2019-20 Budget under several Budget measures.

Sensitivities: The need for additional information from project proponents, or to negotiate details of more complex projects, may delay offering formal grant agreements. This will be managed as needed on a case-by-case basis.

Consultations: Consultation with the ^{s42}, the Department of Finance, the Health Grants and Network Division and Financial Management Division have been undertaken and will continue as required.

Impact on Rural and Regional Australians: Rural health is a key focus area for consideration of funding through CHHP.

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Organisation and project/activity details

| CHHP # | Organisation Name | Project/Activity Name | Identified key area | Total grant \$m (GST excl) | Electorate of Flinders |
|--------|--|---|--|----------------------------|------------------------|
| 5 | Sideeffect Australia Limited (ABN 71 604 789 095) | Sideeffect Australia - School Drug/Alcohol Education | Drug and Alcohol Treatment and Rehabilitation | 3.000 | National |
| 128 | SHADAC Inc. (trading as The Cottage) (ABN 90 525 101 570) | The Cottage - Shepparton | Drug and Alcohol Treatment and Rehabilitation | 0.300 | No |
| 168 | Drug Arm - Drug Awareness & Relief Foundation (Australia) (ABN 56 385 096 184) | Healthy Options Australia - Drug & Alcohol Community and Family Support Services in Rockhampton | Drug and Alcohol Treatment and Rehabilitation | 0.520 | No |
| 62A | Uniting Communities Incorporated (ABN 33 174 490 373) | Drug and alcohol rehabilitation services throughout the Mt Gambier region | Drug and Alcohol Treatment and Rehabilitation | 2.468 | No |
| 62B | Limestone Coast Local Government Association (ABN 42 930 727 010) | Drug and alcohol rehabilitation services throughout the Limestone Coast | Drug and Alcohol Treatment and Rehabilitation | 0.518 | No |
| 40 | Central Coast Primary Care Limited (ABN 85 603 048 808) | Health on the Streets - Homelessness Outreach - Central Coast Primary Care | Mental Health | 0.987 | No |
| 28 | Hanem Pty Ltd (71 150 856 536) The Trustee for the Takwa Trust (ABN 16 863 069 380) Trading as Wembley Road Medical Centre | Mobile Clinic - Logan Street Doctor | Preventative care, primary care and chronic disease management | 0.600 | No |
| 118 | Sands - Miscarriage, Stillbirth, Newborn Death Support Limited (ABN 71 624 742 123) | SANDS - Hospital to Home - Support following stillbirth | Preventative care, primary care and chronic disease management | 1.275 | National |
| 122 | University of the Sunshine Coast (ABN 28 441 859 157) | Funding for PTSD at Thompson Institute | Preventative care, primary care and chronic disease management | 2.500 | No |
| 125 | Breaking the Silence Incorporated (ABN 80 392 422 300) | Breaking the Silence - Regional WA Domestic Violence Program - 10 sites | Preventative care, primary care and chronic disease management | 2.326 | No |

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Organisation and project/activity details

| CHHP # | Organisation Name | Project/Activity Name | Identified key area | Total grant \$m (GST excl) | Electorate of Flinders |
|--------|-------------------|---|---------------------|----------------------------|------------------------|
| | | Total Value 2019-20 to 2024-25 financial year | | 14.494 | |

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Mandatory Grant Rules and Guidelines & Other Requirements

The CGRGs require Ministers to comply with relevant legislative requirements in the PGPA Act and the CGRGs and officials are required to advise their Ministers on these requirements. In making your decision you will need to consider your mandatory obligations associated with approving grants presented by the Department. These include:

- a. If you approve expenditure under section 71 of the PGPA Act, in relation to a grant or group of grants, you *must* not approve the grant without first receiving written advice from Department staff on the merits of the proposed grant or group of grants before you make your decision. That advice *must* meet the requirements of paragraph 4.6 of the Commonwealth Grant Rules and Guidelines (CGRGs).
- b. If the proposed expenditure of relevant money relates to a grant, where you exercise the role of approver you *must* also record, in writing, the basis for the approval relative to the grant guidelines and key considerations of value with relevant money. The recommended basis and record for the approval, relative to the grant guidelines and the key consideration of value for money, are set out in this brief. If there is any alternative basis or considerations on which you are basing your decision you should record these in accordance with clause 4.11 of the CGRGs.
- c. If you approve a grant the Department has not recommended for funding (e.g. because it is ineligible or because it is not competitive or value for money), you must provide written advice of the basis of your approval for reporting to the Department of Finance in line with the CGRG annual reporting requirement in paragraph 4.13 of the CGRGs, i.e. by 31 March each year for grants approved in the preceding calendar year.

Consistent with section 71 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) you must not approve a grant unless, after reasonable enquiry, you are satisfied that these grants would be a proper use of relevant money.

If your approval is not given, or is made conditional on the applicant meeting additional obligations, please advise the reasons for your decision and any conditions placed on the approval, for follow-up by the Department.

For the majority of grants, once the grant is approved, the Secretary or their delegate, will approve the commitment of relevant money under s23(3) of the PGPA Act and enter into the arrangement pursuant to s23(1) of the PGPA Act or s32B of the *Financial Framework (Supplementary Powers) Act 1997* (and 32C if applicable) as the case requires. For grants made under specific statutory legislation the brief will contain details of the relevant statutory framework and approvals.

The Department is responsible for ensuring forward year commitments are recorded in accordance with the PGPA Act. The Department will record any applicable amounts if you approve the grant/s recommended in this brief.