Audit of the Administrative Efficiency and Effectiveness of programs designed to reduce Greenhouse Gasses

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Australian National Audit Office

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Performance Audit
The Administration of Major Programs
Australian Greenhouse Office

- In 1997, and subsequently in 1999, the Government introduced two major spending packages with a value of almost AUD$1 billion.
- These packages were designed to address the challenges posed by the issue of climate change and to meet Australia's domestic and international climate change commitments.

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Audit objective and scope

- The AGO has been responsible since 1998 for the implementation of these two major packages.

- To examine and report in the administrative efficiency and effectiveness of significant programs administered thorough the AGO.

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Discussion

- Planning is the cornerstone of an economic, efficient, and effective program.
- There are significant technical challenges in implementing programs designed to address greenhouse gas abatement and/or support renewable energy technologies.
  - Uncertainty as to whether a new technology or approach will actually achieve program objectives
  - Long lead times for result

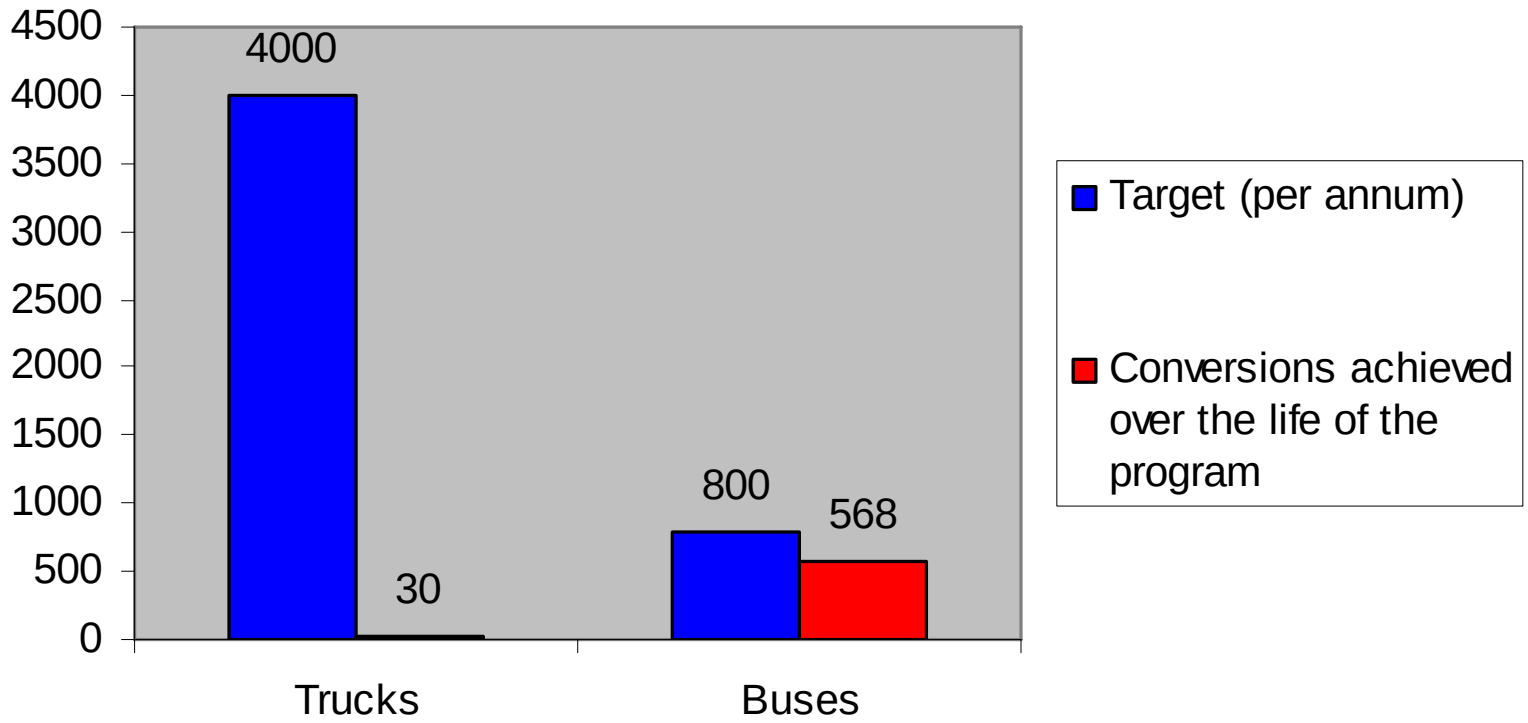
Case Study

Alternative Fuels Conversion Program

- Lack of commercial viability for trucks operating with compressed natural gas in Australia due to absence of refuelling infrastructure.
- Low demand for program funds.

Case Study

Alternative Fuels Conversion Program



Discussion

- In relation to grant programs, an essential criterion is that assistance provided by the Government will add value by achieving something worthwhile that would not occur without grant assistance.
- The need for rigorous appraisal mechanisms (guided by standard templates that are explicitly linked to program objectives and criteria).

Planning	Appraisal	Managing	Evaluation

Audit recommendation

- In order to improve the rigour and transparency of the appraisal and selection process, the ANAO recommended that the AGO seek Ministerial approval to apply, where appropriate, across competitive programs:
  a) an order of merit rating scheme; and
  b) recommendations on selection that highlight projects that are most likely to achieve program objectives.

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Discussion

- ANAO considers that formal agreements are a key component in the effective management of grants.
- Agreements should be supported by controls that link payments to identified milestones and which include adequate monitoring of payments and performance.
- It is crucial that there is adequate follow-up to determine whether projects and programs are on track and that there is early warning of emerging risks (if any) to the achievement of specified objectives.

Audit findings

- That the AGO has a consistent and rigorous approach to managing funding assistance through formal agreements with grant recipients.
- These agreements reflect input from legal advisers, and provide a rigorous mechanism for managing ongoing risks.

Discussion

- Periodic evaluation of programs is recognised as good practice to demonstrate that value for money has been obtained and as a source of any lessons learned.
- Results of evaluations, in conjunction with information on the actual performance of agencies, forecasts of future needs, and lessons learned, should be included in annual reports.
- This is important as annual reports are the primary accountability document from the agency to the Parliament.

Audit findings

- The ANAO found that the AGO has implemented good practice in demonstrating a strong and consistent focus on evaluation across all programs. While noting the sensitivities involved, there is the opportunity to better inform stakeholders of the findings of evaluations.
- There is also scope to use the findings of evaluations to shape the direction of the Australian Government's Climate Change Forward Strategy that aims to position Australia's climate change response within a 20–30 year timeframe.

Audit recommendation

- In order to enhance public reporting through the use of performance information to improve the quality and consistency of reports, the ANAO recommended that AGO annual reports include:
  a) consistent reporting against performance targets for programs;
  b) analysis of significant trends and changes over time; and
  c) analysis of identified challenges, risks and priorities.

AGO Response to audit

- Alternative Fuels Conversion Program—Redesign of the program
- Greenhouse Gas Abatement Program—AGO recognition of the inability of future projects delivering greenhouse gas reductions in the Kyoto period of 2008-12.

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