

## Fact sheet

### The Public Interest and Grants Administration

A government grant is one of the ways of distributing public money to the community. Acting in the public interest is essential to government grants decisions.

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#### What is the public interest?

- The public interest, sometimes referred to as the ‘common good’, is about putting the best interests of the community over the private interests of individuals.
- Acting in the public interest is essential for government decisions about the use and expenditure of public money.
- Ministers and officials have ethical obligations that require them to act in the public interest:
  - Under clause 6 of the *NSW Ministerial Code of Conduct*, Ministers have a duty to act honestly and in the public interest
  - Part 2 of the *Government Sector Employment Act 2013 (NSW) (GSE Act)* establishes the Ethical Framework for the NSW Government Sector, which recognises the role of officials in preserving the public interest and defending public value. One of the government sector core values in section 7 of the GSE Act is ‘integrity’, and a principle given for guiding implementation of that core value is to ‘[p]lace the public interest over personal interest’.

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#### Considering the public interest in grants administration

When planning and designing a grant, officials should have regard to the public interest. This is important given the role of officials in preserving the public interest, defending public value and adding professional quality and value to the commitments of the Government of the day. Robust planning and design is a key principle in the Grants Administration Guide (section 5.1).

The other key principles of grants administration set out in the Guide are also relevant to ensuring that the public interest is prioritised in grants processes. For example, appropriate governance and accountability (section 5.6) and probity and transparency (section 5.7) measures help to ensure that the public interest is prioritised in grants processes.

Importantly, section 10.3A(3) of the *Government Sector Finance Act 2018 (NSW)* provides that when approving or declining a grant to which the Grants Administration Guide applies, a person must have regard to the key principles of grants administration specified in the Guide.

Determining what is in the public interest may depend on the context and circumstances of each grant.

To support consideration of whether a grant is in the public interest, agencies may have regard to the following questions:

- **Rationale** – Why is the grant needed? Consider the expected outcomes and benefits and how to measure these, as well as any factual evidence and stakeholder input.
- **Objectives** – What is the public interest objective of the grant? Consider the expected costs and benefits of administering the grant.
- **Options** – Is a grant the best vehicle to achieve the intended policy objectives? Consider a range of feasible options that would meet the intended objectives. What are the advantages/disadvantages and benefits/costs of each option considered? Consider the risks and sensitivities involved in each of these.
- **Consultation** – Were the views of affected stakeholders sought and considered in developing the grant? Consider the potential for co-design with prospective grantees and/or other stakeholders to best meet identified needs.

The above questions complement the planning and design considerations set out in the Guide (see sections 5.1 and 6.1) and align with the key principles identified in section 5.

Factoring the public interest into grants planning and design and considering it throughout the grant lifecycle assists decision-makers to make ethical and transparent grants decisions, for the benefit of the community.

#### Contact us

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