

MS19-000958



Australian Government

Department of Infrastructure, Transport,
Cities and Regional Development**To: The Hon Michael McCormack MP** (for decision)**cc:** Pip Spence PSM, A/g Secretary**cc:** Dr Rachel Bacon, Deputy Secretary**cc:** Ms Diana Hallam, Executive Director**Community Development Grants Programme - Revised Program guidelines****Action required by:** 19 September 2019**Reason:** To allow the revised guidelines to be published in late September.**Recommendation/s:**

1. That you **Approve** the content of the revised Community Development Grants (CDG) Programme Guidelines under which grants are provided for the construction and upgrade of facilities to provide long term improvements in social and economic viability of local communities at **Attachment A**.

Approved / Not Approved

2. That you **Note** the CDG Programme Guidelines Self Assessment Risk Analysis at **Attachment B**.

Noted / Please Discuss

3. That you **Sign** the letter to the Minister for Finance, Senator Mathias Cormann seeking agreement to release the updated Community Development Grants (CDG) Programme Guidelines and your approval to exempt the CDG Programme from delivery by the Department of Industry, Science and Innovation's Business Grants Hub at **Attachment C**.

Signed / Not Signed
The Hon Michael McCormack MP

23/9/19

Date:**Comments:**

Key Points:

1. On 7 June 2019 you agreed the process for delivering the Government's 2019 election commitments through the Community Development Grants (CDG) Programme (MS19-001049 refers). This includes updating the CDG Program Guidelines to reflect the inclusion of the 2019 election commitments.
2. You are required to publish Program Guidelines for all grant programs. The revised CDG Programme Guidelines (Guidelines) at **Attachment A** are substantially the same as those approved in 2013 and 2016 Federal elections. While no eligibility changes have been made, the Guidelines include minor administrative updates to align with the whole of government program guidelines template, help applicants better understand their requirements, and reflect decisions to provide additional funding for the program.
3. As per the current Guidelines, grants funded under the program are provided for the construction and upgrade of facilities that provide long term improvements in social and economic viability of local communities. The grant cannot be used for ongoing operational and maintenance costs, and existing staff member salaries of the funding recipients' organisation.
4. The Department of Infrastructure, Transport, Cities and Regional Development is also required to conduct a risk self-assessment and analysis of the program and related Guidelines, as part of the process in revising the Guidelines. Refer to **Attachment B**.
5. The self-assessment and risk analysis was informed by the assessment undertaken in 2013, as part of the establishment of the program. While the implementation and delivery of the program is assessed as low risk, the Department has assessed the overall risk associated with the program as high, which is due to the constitutional risk associated with the program.
6. The Department of Finance and the Department of Prime Minister and Cabinet have reviewed the draft revised Guidelines and self assessment and risk analysis and confirm the risk remains high.
7. Where programs are considered medium or high risk, you are required to write to the Finance Minister seeking agreement to release the Guidelines. You are required to provide the Guidelines at least 10 working days prior to the intended release of the Guidelines.
8. Once the Finance Minister has agreed the revised Guidelines, the Department will make the Guidelines available to the public on GrantsConnect and the Department's website.
9. Under the Government's policy on streamlining government grants arrangements, grants programs are to be delivered through the whole of government grants hubs unless an exemption has been approved by the Minister for Finance. We propose that you seek an exemption for the CDG Programme, as delivery through the Grants Hub would increase administrative complexity and double handling.
10. Delivery of this program requires bespoke case management arrangements with significant support provided to funding recipients and assessment of adhoc grants, which does not suit the streamlined Hub delivery.
11. The Department has already adopted the main Hub efficiencies such as streamlined template contracts and grant opportunity guidelines. The program was audited by the ANAO in 2018 as compliant with CGRGs and appropriately designed to deliver an efficient outcome.
12. s34(2) Cabinet agreed to the relocation of the Department's Regional Programs Branch from Canberra to Orange NSW as part of implementing the Government's decentralisation agenda.

As advised in that submission, the delivery of the CDG Programme represents the main workload of that branch, which is relocating to Orange before 30 June 2020.

13. The Grants Hubs do not have a regional presence that would enable the Government to meet the intent of the decision to relocate those functions to regional Australia and Cabinet had also previously agreed to not further consider the Grants Hubs for decentralisation.
14. The letter at **Attachment C** seeks agreement from the Finance Minister to release the revised Guidelines and to exempt the CDG Programme from delivery through the Grants Hub.

Financial impacts:

15. Australian Government funding of \$2.6 billion is available under the CDG Programme up to 2025-26. This includes additional funding for more than 290 election commitments added to the CDG Programme following the 2019 election.

Legal/Legislative impacts:

16. s42

17. Item 61 of Schedule 1AB of the *Financial Framework (Supplementary Powers) Regulation 1997* (as currently in-force) provides the legislative authority for this program. This item covers the expenditure on grants for 'community and regional infrastructure'. There will not need to be amendments to the legislative authority if there are no changes to program guidelines that relate to coverage of the program.
18. Should you wish to expand the coverage of the program, for example, to provide grants for non-infrastructure projects or for infrastructure projects that do not provide community or regional benefits, we will need to seek and provide advice on whether amendments to the legislative authority are required.

Stakeholder Implications:

19. The Department does not anticipate any implications to funding recipients under the CDG Programme as the revisions are minor administrative changes.
20. The Department has engaged an additional 10 contractors to manage the increased workload, enabling timely assessment, approval and contracting of these projects.
21. It will be important to continue to manage stakeholders' expectations, including members of Parliament and funding recipients, on what projects and expenses are eligible under the CDG Programme.

Consultation:

22. Department of Finance and the Department of the Prime Minister and Cabinet.
23. Community consultation has not been undertaken.

Name: Donna Wieland
Position: General Manager
Division: Regional Development and Local
Government, Regional Programs Branch
Ph: 6274 7446
Mob: 22

Contact Officer: 22
Section: Community Development Grants
Ph: 22

Attachments:

- A: Revised Draft Community Development Grants Programme Guidelines
- B: Community Development Grants Programme Guidelines Self Assessment Risk Analysis
- C: Letter with attachments to Minister for Finance, Senator the Hon Mathias Cormann

Released under FOI Act 1982 by Department of Infrastructure,
Transport, Regional Development, Communications and the Arts

Program Guidelines Self Assessment Risk Analysis

Program details

Name of Agency: Department of Infrastructure, Transport, Cities and Regional Development

Name of Program: Community Development Grants Programme

Summary of Program, including program objectives and the relevant agency outcomes it contributes to:

The objective of the Community Development Grants Programme (CDG program) is to support needed infrastructure that promotes stable, secure and viable local and regional economies.

The outcome of the program is new or upgraded facilities or infrastructure that provide long-term improvements in social and economic viability of local communities.

The program will be delivered under the Department's Outcome 3: Strengthening the sustainability, capacity and diversity of our cities and regional economies including through facilitating local partnerships between all levels of government and local communities; through reforms that stimulate economic growth; and providing grants and financial assistance.

Only projects identified by the Australian Government will be considered for funding under the program, including the Government Election Commitments since 2013 and other government initiated projects.

The program is a non-competitive grants program. When the program was established in 2013, the then Government decided to deliver their commitments through this program rather than through states and territories or a competitive grants program.

Total cost of program and cost over the Budget and forward estimates:

In the 2019-20 Budget, the CDG program was extended to 30 June 2026 and funding increased to \$2.6 billion to deliver projects agreed in the Budget and the 2019 election.

The funding profile (as at 1 July 2019) is as follows:

Budget Measure	2013-14 \$M	2014-15 \$M	2015-16 \$M	2016-17 \$M	2017-18 \$M	2018-19 \$M	2019-20 \$M	2020-21 \$M	2021-22 \$M	2022-23 \$M	2023-24 \$M	2024-25 \$M	2025-26 \$M
	4.4	60.6	111.2	66.0	131.2	264.2	643.1	223.3	811.6	162.2	30.0	30.0	30.0

Summary of activity, including operational objectives, and the relevant program objective it contributes to for the CDG:

The Australian Government identifies projects to upgrade and construct facilities to provide long-term improvements in social and economic viability of local communities. Most grants are between \$2,000 to \$35 million, depending on the scope of the grant activity and its complexity.

Examples of smaller low risk projects include: renovations or upgrades to existing buildings, installation of shade structures, fences, and upgrades to sports ground lighting.

Examples of more complex and high risk projects include new buildings, larger multi-room extensions or upgrades of existing buildings.

Policy authority for the CDG program:

s34(2)

The Prime Minister agrees the projects to be invited to apply for grants under this program. Over 500 projects have been approved from the 2019 Government election.

Legislative authority for program:

Schedule 1AB of the *Financial Framework (Supplementary Powers) Regulation 1997 (Item 61)*.

s42

Other relevant information:

The Department has successfully managed programs of this size, nature and complexity over many years, including the program which was established in 2013. As a result, Departmental staff have considerable experience preparing, assessing and managing funding commitments for non-competitive grant programs.

The Guidelines have been updated to reflect the 2019 election commitments, including the extended program delivery timeframe and the increased appropriation available to the program. The Guidelines clearly state the scope of the program, eligibility requirements, assessment criteria, contracting and reporting requirements that must be met. Key information will be provided to grantees through written communication, the Department's website and GrantsConnect.

The Department will continue to provide regular status updates and reporting on the program to the Department's Executive, the Minister and/or Assistant Minister and other key stakeholders.

Discussion of key issues and implementation risks:

s42

Funding grantees fail to provide project information and/or deliver projects

It is anticipated that some small not-for-profit organisations may have limited experience in providing required information and limited capacity to manage projects as agreed and within expected timeframes. This can lead to project delivery delays or project failure.

This risk will be mitigated by the Department through providing a case management approach to service delivery: with clear advice on the requirements in the program guidelines; providing program information on the Department's website; holding regular phone conversations; and providing written communication with grantees.

The Department will also monitor project progress through milestones and compliance with contract requirements, including regular reporting requirements, regular contact with grantees and conducting site visits and/or meetings with grantees as necessary.

The Department also advises the relevant Minister of potential risks and mitigation strategies to be included in the grant agreement, as part of the funding approval process.

Risks associated with Decentralisation of Regional Programs Branch

As announced at the 2019 Budget, the Regional Programs Branch will be relocated to Orange NSW in 2019-20. This poses a risk of disruption to the efficient operation of the Branch and to business continuity. The Department is managing this risk through careful planning to maintain business continuity during the transition period. In addition to the existing experienced program staff already based in the Orange NSW regional office, the program will continue to be delivered within the Canberra Office until the relocation is complete to ensure the program continues to be delivered efficiently and effectively. The Department also has comprehensive procedural materials and other knowledge management and knowledge transfer strategies in place to mitigate this risk.

s42

s42

Risk management

The risk mitigation strategy for the Department's delivery of the program has been underpinned by the experience and learning from delivery of grants programs.

The Department has extensive experience in managing grants programs of this nature and will rely on existing structures in place within the Department, including robust management and governance oversight coupled with effective planning to ensure business continuity.

The Department has already adopted whole of government grants administration efficiencies, such as streamlined template contracts and grant opportunity guidelines. The program was audited by the ANAO in 2018 as compliant with Commonwealth Grants Rules and Guidelines (CGRGs) and appropriately designed to deliver an efficient outcome for the delivery of election and other commitments.

Delivery of this program requires bespoke case management arrangements with significant support provided to grantees, and eligibility assessment as adhoc grants, which does not suit the streamlined Grants Hub delivery model. The projects to be funded are infrastructure projects and the administration of the program will be the sole responsibility of the Department without involvement from other agencies or third parties. The Department will seek an exemption from implementing grants via the Hub.

Funding under this program will be delivered in accordance with the requirements of the *Public Governance, Performance and Accountability Act 2013* and the CGRGs.

Released under FOI Act 1982 by Department of Infrastructure,
Transport, Regional Development, Communications and the Arts



The Hon Michael McCormack MP

Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
Leader of The Nationals
Federal Member for Riverina

Ref: MS19-000958

Senator the Hon Mathias Cormann
Minister for Finance
Parliament House
CANBERRA ACT 2600

Dear Minister

I am writing to seek your agreement to release the updated Community Development Grants (CDG) Programme Guidelines and your approval to exempt the CDG Programme from delivery by the Department of Industry, Science and Innovation's Business Grants Hub.

The CDG Guidelines are substantially the same as those approved in 2013 and 2016 with minor administrative changes made to provide greater clarity for applicants, and updates to reflect the 2019 government election commitments and extension to the CDG Programme timeframe.

The assessed risk level for the CDG Programme has not changed since the Guidelines were approved in 2013 and 2016. My Department has consulted with your Department and the Department for Prime Minister and Cabinet in undertaking the risk assessment. As the overall risk for the program is high, your Department has advised your agreement is required. A copy of the completed Program Guidelines Self Assessment Risk Analysis is also attached for your consideration.

The CDG Programme delivers on our election commitments for community infrastructure. The program is currently delivered by my Department and I propose to continue this arrangement. It requires bespoke case management arrangements, with significant support provided to funding recipients and individual rolling assessments as adhoc grants.

s34(2) Cabinet agreed to the relocation of the Department's Regional Programs Branch from Canberra to Orange NSW as part of implementing the Government's decentralisation agenda. As advised in that submission, the delivery of the CDG Programme represents the main workload of that branch, which is relocating to Orange before 30 June 2020. The Grants Hubs do not have a regional presence that would enable the Government to meet the intent of the decision to relocate those

The Hon Michael McCormack MP
Parliament House Canberra | (02) 6277 7520 | minister.mccormack@infrastructure.gov.au
Suite 2, 11-15 Fitzmaurice Street, Wagga Wagga NSW 2650 | michael.mccormack.mp@aph.gov.au

Released under FOI Act 1982 by Department of Infrastructure,
Transport, Regional Development, Communications and the Arts

functions to regional Australia and Cabinet had also previously agreed to not further consider the Grants Hubs for decentralisation. I therefore seek your agreement to a permanent exemption for the CDG Programme from the Grants Hub arrangements.

I have copied this letter to the Prime Minister, the Hon Scott Morrison MP, and the Treasurer, the Hon Josh Frydenberg MP.

Yours sincerely

Michael McCormack

Enc

Released under FOI Act 1982 by Department of Infrastructure,
Transport, Regional Development, Communications and the Arts



Australian Government

Department of Infrastructure, Regional Development and Cities

Ref: MS18-003152

To: The Hon Michael McCormack MP (for decision)

cc: Dr Steven Kennedy PSM, Secretary

cc: Dr Rachel Bacon, Deputy Secretary

COMMUNITY DEVELOPMENT GRANTS – WESTERN SYDNEY COMMUNITY AND CONFERENCE CENTRE, PENRITH, NEW SOUTH WALES, (2013 ELECTION COMMITMENT)

Action required by: 16 January 2019

Recommendations:

1. That, for the purposes of s71 of the PGPA Act, you **agree** with the Department of Infrastructure, Regional Development and Cities' assessment at **Attachment A** that expenditure of relevant money as a grant for funding of up to \$12 million (GST exclusive) from the Community Development Grants Programme to the Penrith Rugby League Club Ltd for the Western Sydney Community and Conference Centre project would be a proper use of relevant money

Agreed / Not Agreed

2. That you **approve** the expenditure of relevant money as a grant for funding of up to \$12 million (GST exclusive) from the Community Development Grants Programme to the Penrith Rugby League Club Ltd for the Western Sydney Community and Conference Centre project, subject to the Department imposing the risk treatments identified at **Attachment A** and any conditions requested by you in writing.

Approved / Not Approved

3. That you **sign** the attached letters to the proponent and Senator the Hon Marise Payne, Minister for Foreign Affairs and Senator for New South Wales, advising of your decision at **Attachment B**.

Signed / Not Signed

Signatory:  The Hon Michael McCormack MP

Date:

15/1/19

Comments:

Released under FOI Act 1982 by Department of Infrastructure,
Transport, Regional Development, Communications and the Arts

Key Points:

Date the project was committed and by whom	This project is a 2013 election commitment announced by the Hon Tony Abbott MP, the then Prime Minister and Ms Fiona Scott, the then Member for Lindsay, on 13 August 2013.
Brief project description	The project is Stage One of a larger project which includes a hotel and serviced apartment building with basement and surface car parking, function centre, landscaping, open space and public domain upgrade. CDG funding will be used for the construction of a community centre with flexible community spaces, community public exhibition and art space, a lobby and office, a convention centre and associated car park.
Project timeline	The project is expected to commence on approval of Australian Government funding and be completed by June 2020.
Does the project meet the value for money guidelines?	Yes
Are there any identified risks?	<p>Yes, as detailed in the Risk Analysis Summary Table at <u>Attachment A</u>, the following risks have been identified:</p> <ul style="list-style-type: none"> • final designs have not been confirmed, and • final costs have not been confirmed.
Can these risks be managed?	<p>Yes, as detailed in the Risk Analysis Summary Table at <u>Attachment A</u>, the following mitigation strategies will be required in the Agreement:</p> <ul style="list-style-type: none"> • confirmation of final designs, and • confirmation of final costs.
Sensitivities	<p>On 27 July 2017, the proponent requested that the Australian Government funding of \$12 million go towards a community centre with flexible community spaces, community public exhibition and art spaces, a lobby and office space, a convention centre and associated car parking rather than the multi-purpose community and sports centre as stated in the media release.</p> <p>On 13 October 2017, Ms Fiona Nash, the then Minister for Regional Development, agreed that the Department undertake an assessment on the re-scoped project proposed by the proponent.</p> <p>Sufficient project information to finalise a value with relevant money assessment was provided on 28 November 2018.</p>

Stakeholder Implications:

Following your approval, the Department will commence negotiation of an Agreement with the Penrith Rugby League Club Ltd for the Western Sydney Community and Conference Centre project.

Donna Wieland
General Manager
Regional Programs Branch
Ph: 6274 7446
Mob: 22 [REDACTED]
14/12/2018

Contact Officer: 22 [REDACTED]
Community Development Grants
22 [REDACTED]

Attachments

- A: Assessment of project proposal and proponent organisation
- B: Letters advising of your decision
- C: Public Governance, Performance and Accountability Act 2013, Rules and the Commonwealth Grants Rules and Guidelines, 1 July 2014 requirements

Released under FOI Act 1982 by Department of Infrastructure,
Transport, Regional Development, Communications and the Arts

Attachment A

ASSESSMENT OF COMMUNITY DEVELOPMENT GRANTS PROJECT

Project ID: CDG047
Project Title: Western Sydney Community and Conference Centre
Proponent/Organisation Name: Penrith Rugby League Club Ltd
Proponent/Organisation Type: Australian Public Company
Project Location: 123 Mulgoa Road, Penrith, NSW, 2750
Primary Electorate: Lindsay
Funding Cash Commitment: \$12 million (GST exclusive)
Total Cash Project Value: \$47,968,763 (GST exclusive)
Project Description: The project is Stage One of a larger project which includes a hotel and serviced apartment building with basement and surface car parking, function centre, landscaping, open space and public domain upgrade. CDG funding will be used for the construction of a community centre with flexible community spaces, community public exhibition and art space, a lobby and office, a convention centre and associated car park.

Project Funding Cash – Total Cash Project Cost

Name of Partner	Value of Contribution GST Excl. (\$)	Status of Contribution	Cash	% of Total Project Cost
Australian Government	12,000,000	Sought	Cash	25
NSW Government	12,000,000	Confirmed	Cash	25
Penrith Rugby League Club Ltd	23,968,763	Confirmed	Cash	50
Total	47,968,763			

Penrith Rugby League Club Ltd is GST registered. In accordance with the terms of Australian Taxation Office ruling GSTR 2012/2, if payments to other entities who are registered or required to be registered for GST with the Australian Taxation Office are payments in consideration for a taxable supply, those payments are expected to attract GST. Therefore, if you approve funding, the proponent organisation will be provided with a 10 percent GST component, which is in addition to the amount of Community Development Grants Programme funding committed to the project (i.e. \$12,000,000 Grant + \$1,200,000 GST = \$13,200,000 total).

Project Assessment

The Department has conducted an assessment of this project against the programme criteria, including a risk analysis of:

- outcomes
- proponent viability
- project viability and sustainability.

The seven key areas of risk that have been analysed are:

- the financial position of the proponent
- corporate and personnel matters relating to the proponent
- the proponent's ability to manage grant funds
- the proponent's ability to deliver the project and intended results
- the proponent's ability to sustain the project and intended results
- is the project reliant on new technology and how will this impact on the project and intended results
- any other risk which may be identified as part of the assessment.

Based on the assessment of the project against the programme criteria the Department considers the project fully meets the selection criteria.

Announced Project

Project Description

The project is Stage One of a larger project which includes a hotel and serviced apartment building with basement and surface car parking, function centre, landscaping, open space and public domain upgrade. CDG funding will be used for the construction of a community centre with flexible community spaces, community public exhibition and art space, a lobby and office, a convention centre and associated car park.

Project Timing

The proponent has advised the project is expected to commence on approval of Australian Government funding and be completed by June 2020.

Election Commitment

The project was announced by the Hon Tony Abbott MP, the then Prime Minister and Ms Fiona Scott, the then Member for Lindsay on 13 August 2013, who stated the Penrith Rugby League Club Ltd will receive \$12 million for a multi-purpose community and sports centre which includes an indoor sports hall, a gymnasium, various community rooms, events and exhibition halls, and improvements to the public domain comprising landscaping, upgrade of roads, car parks and services infrastructure.

On 26 July 2017, the proponent requested that the Australian Government funding of \$12 million go towards a community centre with flexible community spaces, community public exhibition and art spaces, a lobby and office space, a convention centre and associated car parking rather than the multi-purpose community and sports centre as stated in the media release.

On 13 October 2017, Ms Fiona Nash, the then Minister for Regional Development, agreed that the Department undertake an assessment on the re-scoped project proposed by the proponent.

Outcomes

The proponent has advised the project will provide the following social and/or economic benefits to the community:

- increase access to community, exhibition and events facilities for the wider Penrith and Western Sydney community
- improve community engagement and social inclusion through greater social capital building activities
- attract major events and exhibitions to Western Sydney thereby drawing additional expenditure into the local economy, and
- increase employment opportunities, multiculturalism, education and tourism to the local community.

The proponent has stated these benefits will be measured by the number of events, exhibitions and community programs, number of exhibitors and participants, number of community groups, evaluation of community programs, number of tourists and number of new businesses established in the Western Sydney region.

The proponent anticipates the project will create the following number of full-time equivalent (FTE) jobs:

Total number of FTE jobs created during project period (construction)	132	Total number of FTE jobs created long term (ongoing)	100
Number of these jobs that are Indigenous	7	Number of these jobs that are Indigenous	5

The project is considered to meet the outcomes of the CDG Programme through the construction of community infrastructure, which will provide long-term improvements in social and economic viability to the Western Sydney region. Based on the advice from the proponent, the Department is satisfied they have the mechanisms in place to collect the information required to measure these outcomes.

Project Viability

Partnership Cash Funding/Cost Overruns

The total cash project cost is estimated to be \$47,968,763 (GST exclusive), with funding provided by:

Funding Partner	Amount (\$)	Cash
Australian Government	12,000,000	Cash
NSW Government	12,000,000	Cash
Penrith Rugby League Club Ltd	23,968,763	Cash
Total	47,968,763	

The proponent has advised that they will manage any cost overruns. The proponent is registered for GST.

Designs/Costs (including In-Kind)

The proponent has advised Turner Architect developed the concept design in April 2018 and the preliminary cost estimates have been completed by Napier & Blakeley in October 2018. The procurement process will commence immediately following approval of Australian Government funding.

Cost estimates for the project include the following:

Item	Cost (\$)	Cash
Basement Carpark	17,889,909	Cash
Conference Centre	18,719,790	Cash
Community Centre	4,363,770	Cash
Loading Area	2,172,710	Cash
Outdoor Terrace	386,880	Cash
Public Domain Works	502,744	Cash
External Works	2,594,645	Cash
External Services	1,338,315	Cash
Total	47,968,763	

Based on the cost estimates provided, the Department is satisfied the costs reflect the scope of the project.

However, as final designs and final costs have not been confirmed this is a risk to project viability. The proponent will be required to provide evidence of final designs and costs prior to the relevant milestone payment being made.

Project Management Expertise

The project will be managed by Mr Matthew Leavey, Group Property Manager of Penrith Rugby League Club Ltd. Mr Leavey holds a Bachelor of Business and Property, Diploma of Business, Diploma of Management, Diploma of Facilities Management and Certificate Three of Electrotechnology, Refrigeration and Air-conditioning. He has experience in managing both government and industrial site facilities contracts, including hospital, power station and airport.

Technology

The project does not include the implementation of new or innovative technology.

Project Sustainability

The proponent has advised they will own the asset and be responsible for maintaining it on completion.

Proponent Viability

Financial Position

The proponent is financially viable and has capacity to fund the project. An analysis of audited financial statements for 2015-2016 and 2016-2017 indicates the proponent has a strong asset to liabilities ratio, with a positive net operating results for both 2015 and 2016. Based on the Financial Viability Calculator the proponent is rated as a low risk.

Corporate and Personnel

An internet and Australian Securities and Investments Commission search has not identified any current adverse information regarding the proponent or their personnel

Management of Grant Funds

The proponent has no recorded experience of grant management of Australian, State or Local Government funded projects. However, the proponent is a large, well-established community owned organisation and they will engage an experienced Project Manager to provide the overall management of

the project. Although lack of grant management history is a risk, payment in arrears on evidence of milestone completion and existing controls in the Agreement reduce this risk, and no further mitigation strategy is required.

Risk Statement

Based on the information provided by the proponent and queries undertaken during the assessment, the Department considers the proponent has demonstrated it has planned and prepared for the project, has sufficient project management expertise to deliver the project, will achieve the results identified in the commitment and be able to sustain the project into the future. In addition, based on the information provided by the proponent and through independent research undertaken by the Department and revealed by the Financial Viability Assessment, there is nothing that suggests funding is in danger of being misused or misappropriated or the proponent organisation does not have the finances to deliver and sustain the project.

However, the Department considers there is a risk that project delivery may be delayed as:

- final designs have not been confirmed, and
- final costs have not been confirmed.

These risks can be mitigated through treatments in the Agreement with the proponent required to provide prior to the relevant milestone payment being made:

- confirmation of final designs, and
- confirmation of final costs.

Value with Relevant Money

On the basis of the information provided by the proponent and further enquiries made by the Department as part of the assessment process:

- the project meets the criteria of the Community Development Grants Programme
- the project meets the intent of the Government's announcement
- project costs and benefits are reasonable
- the project can be sustained.

On this basis the project is considered value with relevant money.

Recommendation

Under Section 71 of the Public Governance, Performance and Accountability Act 2013, you must not approve the grant without first receiving written advice on the merits of the proposed grant. Based on the assessment undertaken by the Department as outlined above, the Department recommends grant funding of up to \$12 million (GST exclusive) be made available on the basis the project, in its current form and after making reasonable enquiries, is not inconsistent with Government policy and represents efficient, effective, economical and ethical use with relevant money.

UNCLASSIFIED

Risk Analysis Summary Table¹

Criteria	Risk Category	Risk Rating	Identified Risk	Mitigation Strategy
Project Viability and Sustainability	Project Viability	Concerns Identified	The Department considers there may be a risk to Project Viability as: <ul style="list-style-type: none"> final designs have not been confirmed, and final costs have not been confirmed. 	The proponent will be required to provide evidence prior to the relevant milestone payment being made: <ul style="list-style-type: none"> confirmation of final designs, and confirmation of final costs.
	Project Sustainability	No Concerns Identified		
	Technology	No Concerns Identified		
	Other	No Concerns Identified		
Proponent Viability	Proponent's Financial Position	No Concerns Identified		
	Corporate and Personnel	No Concerns Identified		
	Management of Grant Funds	No Concerns Identified		
	Other	No Concerns Identified		

¹ Full analysis provided in project file.

UNCLASSIFIED



The Hon Michael McCormack MP

Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
Leader of The Nationals
Federal Member for Riverina

Ref: MS18-003152

04 FEB 2019

Senator the Hon Marise Payne
Minister for Foreign Affairs
Senator for New South Wales
PO Box 1420
PARRAMATTA NSW 2150

Marise
Dear Minister

I am writing to advise that I have approved funding of up to \$12 million (GST exclusive) under the Community Development Grants Programme to the Penrith Rugby League Club Ltd for the Western Sydney Community and Conference Centre. This funding approval delivers on a 2013 election commitment.

Provision of funding is dependent on the preparation and execution by both parties of an Agreement that sets out the terms and conditions under which the funding is provided, and the settling of other details, including confirmation of final designs and costs.

The Community Development Grants Programme is administered by the Department of Infrastructure, Regional Development and Cities which will contact Penrith Rugby League Club Ltd shortly to discuss the details of the Agreement.

You may wish to contact the project proponent directly to let them know their project has been approved ahead of my letter arriving. My office will contact you in the future should media or event opportunities arise for this project.

I enclose details of the project for your information.

Yours sincerely

Michael McCormack
Michael McCormack

Enc



The Hon Michael McCormack MP

Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
Leader of The Nationals
Federal Member for Riverina

Ref: MS18-003152

04 FEB 2019

Mr Brian Fletcher
 Chief Executive Officer
 Penrith Rugby League Club Ltd
 Locked Bag 322
 PENRITH NSW 2751

Dear Mr Fletcher

I am pleased to advise you that I have approved funding of up to \$12 million (GST exclusive) under the Community Development Grants Programme to the Penrith Rugby League Club Ltd for the Western Sydney Community and Conference Centre project. This approval delivers on a 2013 election commitment.

I would ask that you keep the details of this letter confidential until an Agreement is signed.

Provision of funding is dependent on the preparation and execution by both parties of an Agreement that sets out the terms and conditions under which the funding is provided, and the settling of other details, including confirmation of final designs and costs.

You must enter into an Agreement within four weeks of the project being approved otherwise the offer of funding will be reviewed and may be withdrawn.

You will shortly be contacted by an officer from the Department of Infrastructure, Regional Development and Cities to discuss the Agreement.

You may wish to seek guidance from the Australian Taxation Office or your tax adviser on the impact of Community Development Grants funding on your organisation's taxation liabilities.

I have written to Senator the Hon Marise Payne, Senator for New South Wales, advising of the approval for the Western Sydney Community and Conference Centre project.

The Hon Michael McCormack MP

Parliament House Canberra | (02) 6277 7520 | minister.mccormack@infrastructure.gov.au
 Suite 2, 11-15 Fitzmaurice Street, Wagga Wagga NSW 2650 | michael.mccormack.mp@aph.gov.au

Released under FOI Act 1982 by Department of Infrastructure,
 Transport, Regional Development, Communications and the Arts

Should you arrange a project launch, sod-turn or an event at any stage, please contact the Department on eventbriefings@infrastructure.gov.au to arrange a suitable date.

Please provide notice of your event and three possible dates at least eight weeks prior to the earliest date, so I can do my best to make arrangements to attend your event. If I am unavailable, I will organise a representative to attend on behalf of the Australian Government and my Department will liaise directly with you.

I wish you every success with the Western Sydney Community and Conference Centre project.

Yours sincerely



Michael McCormack

Released under FOI Act 1982 by Department of Infrastructure,
Transport, Regional Development, Communications and the Arts

Attachment C

REQUIREMENTS OF THE PUBLIC GOVERNANCE, PERFORMANCE AND ACCOUNTABILITY ACT 2013, RULES, AND THE COMMONWEALTH GRANTS RULES AND GUIDELINES 2017.

Any decision by a Minister to approve expenditure of relevant money must be undertaken in a manner that is consistent with the requirements of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), Rules, and the Commonwealth Grants Rules and Guidelines 2017 (CGRGs).

The PGPA Act, Rules and CGRGs requirements relevant to the approval of funding for this proposed expenditure of relevant money under the Community Development Grants Programme are:

Requirements under the PGPA Act

Section 71(1) – Approval of proposed expenditure by you requires that you must not approve the proposed expenditure of relevant money unless you are satisfied, after making reasonable enquiries that the expenditure would be a “proper” use of relevant money. “Proper” when used in relation to the use or management of public resources means efficient, effective, economical and ethical use.

Section 71 (2a) requires where you agree with the Department’s recommendation to approve or not approve the expenditure of relevant money for this project, that you must record the terms of approval in writing as soon as practicable after giving your approval. This brief and any attachments, including annotations or conditions recorded by you on these documents, satisfies the requirements of Section 71 (2a) of the PGPA Act.

Section 71 (2b) requires that if you approve a proposed expenditure of relevant money, that you must comply with any other requirements prescribed by the Rules in relation to the approval.

Requirements under the CGRGs – Section 4 – Grants specific Processes and Requirements

The CGRGs contain a mandatory requirement that Entity Staff must provide written advice to you, where you exercise the role of an approver. These requirements are outlined under item 4.6 of the CGRGs and include:

- (a) That the proposed expenditure of relevant money for this project is for purposes of a “grant” as described in item 2.3 of the CGRGs;
- (b) That you are advised of any applicable requirements of the PGPA Act and Rules and the CGRGs relating to any ministerial reporting obligations, including the legal authority of the grant;
- (c) Outlining the application and selection process, including the selection criteria, that were used to select potential grants recipients; and
- (d) The merits of the proposed grant or grants relative to the grant guidelines and the key consideration of achieving value with relevant money.

In addition, item 4.11 of the CGRGs provides that where a Minister approves a proposed grant in his/her own electorate, the Minister must write to the Finance Minister advising of the details. For this purpose it is sufficient to provide the Finance Minister with a copy of correspondence to the grantee (except where the Minister has approved a grant which the relevant official has recommended be rejected).

These requirements are addressed under “Key Issues” in the covering brief.