



**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. **s 34(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. 
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: s 47F

Contact Officer: s 47E  
Section: Community Development Grants  
Ph: s 47E

**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

## 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	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$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:**

s 34(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)*.

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**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:**

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## 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.

## **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.





**The Hon Michael McCormack MP**

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**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.

**s 34(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

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



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:

## 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?	Yes, as detailed in the Risk Analysis Summary Table at <b><u>Attachment A</u></b> , the following risks have been identified: <ul style="list-style-type: none"><li>• final designs have not been confirmed, and</li><li>• final costs have not been confirmed.</li></ul>
Can these risks be managed?	Yes, as detailed in the Risk Analysis Summary Table at <b><u>Attachment A</u></b> , the following mitigation strategies will be required in the Agreement: <ul style="list-style-type: none"><li>• confirmation of final designs, and</li><li>• confirmation of final costs.</li></ul>
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: s 47F  
14/12/2018

Contact Officer: s 47E  
Community Development Grants  
s 47E

### **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



**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**

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

**Subject to third party consultation and review**

Subject to third party consultation and review

  
Michael McCormack



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**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.