

MS21-002000



Australian Government

Department of Infrastructure, Transport,
Regional Development and Communications

To: The Hon Barnaby Joyce MP (for decision)
 cc: Mr Simon Atkinson, Secretary
 cc: Dr Rachel Bacon, Deputy Secretary
 cc: Ms Julia Pickworth, First Assistant Secretary

COMMUNITY DEVELOPMENT GRANTS – REDEVELOPMENT OF WHITE CITY, PADDINGTON, NSW (2020 GOVERNMENT COMMITMENT)

Action required by: 12 October 2021

Recommendations:

1. That you **approve** the grantee's proposed change of name for the project from Hakoah at White City Sporting Complex Redevelopment project to Redevelopment of White City to better reflect the broader community benefit being provided by the project.

Approved / Not Approved

2. That, for the purposes of section 71 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), you **agree** with the Department of Infrastructure, Transport, Regional Development and Communications' assessment at **Attachment A** that expenditure of relevant money as a grant for funding of up to \$7,500,000 (GST exclusive) from the Community Development Grants Programme to the Hakoah Club Limited for the Redevelopment of White City project would be a proper use of relevant money.

Agreed / Not Agreed

3. That you **approve** the expenditure of relevant money as a grant for funding of up to \$7,500,000 (GST exclusive) from the Community Development Grants Programme to the Hakoah Club Limited for the Redevelopment of White City project, subject to the Department imposing the risk treatment/s identified at **Attachment A** and any conditions requested by you in writing.

Approved / Not Approved

4. That you **sign** the attached letters to the grantee and Mr Dave Sharma MP, Member for Wentworth, advising of your decision at **Attachment B**.

Signed / Not Signed

Date: 29-9-21

The Hon Barnaby Joyce MP

Comments:

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Key Points:

Date the project was committed and by whom	<p>The project is a 2020 Government commitment. A joint media release by the then Deputy Prime Minister, the Hon Michael McCormack MP and Member for Riverina, and Mr Dave Sharma MP, Member for Wentworth, on 21 March 2021 states that the Hakoah Club will receive \$7.5 million for the Hakoah at White City sporting complex redevelopment in Sydney, to deliver new sporting facilities and a community hub.</p> <p>Official correspondence on 28 April 2021 from the then Deputy Prime Minister, the Hon Michael McCormack MP and Member for Riverina, to the grantee, Hakoah Club Ltd, confirms the \$7.5 million commitment towards the Hakoah at White City Sporting Complex Redevelopment project.</p> <p>The grantee has proposed a change of name for the project to Redevelopment of White City to reflect the broader community benefit being provided by the project.</p>
Brief project description	The project will redevelop Sydney's White City tennis complex into a new community and sports hub. The redevelopment will include a new Hakoah Club building, a new synthetic playing field, grandstand, indoor multi-use courts, indoor and outdoor pools, parking, and conservation of the southern grandstand as a health and wellness facility.
Project timeline	The project is expected to commence in September 2021 and be completed by June 2023.
Value with relevant money?	Yes
Sensitivities	Yes, refer to <u>Attachment A</u>
Are there any identified risks?	<p>Yes, as detailed in the Risk Analysis Summary Table at <u>Attachment A</u></p> <ul style="list-style-type: none"> • final costs have not been confirmed • final designs have not been confirmed • partner funding has not been confirmed • formal land lease arrangements are not in place
Can these risks be managed?	<p>Yes, through treatments in the Agreement, as detailed in the Risk Analysis Summary Table at <u>Attachment A</u></p> <ul style="list-style-type: none"> • confirmation of final cost estimates • confirmation of final designs • confirmation of partner funding • confirmation of lease arrangements
GST	The grantee is registered for GST. The project GST inclusive amount is \$8,250,000.

Stakeholder Implications:

Following your approval, the Department will commence negotiation of an Agreement with the Hakoah Club Limited for the Redevelopment of White City project.

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MS21-002000

Name: Meghan Hibbert
Position: Assistant Secretary
Branch: Regional Programs Branch
Division: Regional Development, Local
Government and Regional Recovery
Ph: s22(1)(a)(ii)
Date: 23 September 2021

Contact Officer: s22(1)(a)(ii)
Section: Regional Programs Branch
Ph: s22(1)(a)(ii)

Attachments

- A: Assessment of project proposal and grantee organisation
- B: Letters advising of your decision
- C: Public Governance, Performance and Accountability Act 2013, Commonwealth Grants Rules and Guidelines 2017 requirements.

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Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

Attachment A

ASSESSMENT OF COMMUNITY DEVELOPMENT GRANTS PROJECT

Project ID: CDG1616

Project Title: Redevelopment of White City

Project Description: The project will redevelop Sydney's White City tennis complex into a new community and sports hub. The redevelopment will include a new Hakoah Club building, a new synthetic playing field, grandstand, indoor multi-use courts, indoor and outdoor pools, parking, and conservation of the southern grandstand as a health and wellness facility.

Grantee/Organisation Name: Hakoah Club Limited

Grantee/Organisation Type: Company

Project Location: 30 Alma Street, Paddington, NSW

Primary Electorate: Wentworth

Total Cash Project Value: \$60,531,315 (GST exclusive)

Funding Cash Commitment: \$7,500,000 (GST exclusive)

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	7,500,000	Sought	Cash	12%
NSW Office of Sport	7,500,000	Sought	Cash	12%
Hakoah Club Limited	s47G(1)(a)	Confirmed	Cash	s47G(1)(a)
Hakoah Club Limited – through fundraising campaign		Sought	Cash	
Total	60,531,315		Cash	100%

Project Cost Estimates Breakdown

Item	Cost (\$)	Cash/In-kind
Project execution costs, including external consultancy, procurement finalisation	s47G(1)(a)	Cash
Playing field and infrastructure		Cash
Club building		Cash
Southern Grandstand building (gym)		Cash
Aquatic		Cash
Parking		Cash
Civil works		Cash
Preliminaries, builders margin, design, heritage, authority fees, levies and contingency		Cash
Substation, landscaping, initial fit-out inclusions		Cash
Additional FF&E, escalations, roadworks, disposal		Cash

Other project costs, including development management, project management, and contingency	s47G(1)(a)	Cash
Total	60,531,315	Cash

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Sensitivities

The project has been the subject of some community concern particularly regarding the broader community benefit to be provided by the project, the size of the development, the impact on the local environment and the impact of a hospitality venue within the neighbourhood.

Project Assessment ¹

A value for relevant money assessment of the project has been undertaken against the equally weighted criteria:

- project benefits
- project viability and sustainability, and
- funding grantee viability.

The Department considers the project aligns with the Outcome of the Community Development Grants (CDG) Programme and fully meets the programme appraisal criteria.

Value with Relevant Money

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

- the project meets the criteria of the CDG Programme
- the project meets the intent of the Government's announcement, and
- project costs and benefits are reasonable.

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

Risk Statement

The key areas of risk that have been analysed are:

- project risk including if the project is for the purchase or leasing of land or buildings, involves complex intellectual property rights and if the grantee is located outside of Australia
- project scope, complexity and the grantee's ability to deliver the project
- project outcomes and the grantee's ability to sustain the project and measure project outcomes
- project funding and cost, and
- previous grant management experience of the grantee and their ability to manage grant funds.

Based on the information provided by the grantee and inquiries undertaken during the assessment, the Department considers the grantee 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 is able to sustain the project into the future. There is nothing that suggests funding is in danger of being misused or misappropriated.

However, the Department considers there are risks to the project. These risks can be mitigated through treatments in the Agreement (see table on following page).

¹ A full project assessment has been recorded in the project file and is available if required.

Risk Analysis Summary Table²

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 costs have not been confirmed; • final designs have not been confirmed; • partner funding has not been confirmed; • formal land lease arrangements are not in place. 	The grantee will be required to provide evidence prior to the relevant milestone payment being made: <ul style="list-style-type: none"> • confirmation of final cost estimates; • confirmation of final designs; • confirmation of partner funding; • confirmation of lease arrangements.
	Project Sustainability	No Concerns Identified		
	Technology	No Concerns Identified		
	Other	No Concerns Identified		
Grantee Viability	Management of Grant Funds	No Concerns Identified		
	Grantee's Financial Position	No Concerns Identified		
	Corporate and Personnel	No Concerns Identified		
	Other	No Concerns Identified		

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 \$7,500,000 (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 of relevant money.

² A full project assessment has been recorded in the project file and is available if required.



The Hon Barnaby Joyce MP

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

Ref: MS21-002000

29 SEP 2021

Mr Dave Sharma MP
Member for Wentworth
PO Box 545
EDGECLIFF NSW 2027

Dear Mr Sharma

I am writing to advise that I have approved funding of up to \$7,500,000 (GST exclusive) under the Community Development Grants Programme to the Hakoah Club Limited for the Redevelopment of White City project. This funding approval delivers on a 2020 Australian Government commitment in your electorate.

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 cost estimates, final designs, partner funding, and lease arrangements.

The Community Development Grants Programme is administered by the Department of Infrastructure, Transport, Regional Development and Communications which will contact Hakoah Club Limited shortly to discuss the details of the Agreement.

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


Barnaby Joyce MP

Enc.

Community Development Grants Programme – Approved Project

Project ID: CDG1616

Project Title: Redevelopment of White City

Project Description: The project will redevelop Sydney's White City tennis complex into a new community and sports hub. The redevelopment will include a new Hakoah Club building, a new synthetic playing field, grandstand, indoor multi-use courts, indoor and outdoor pools, parking, and conservation of the southern grandstand as a health and wellness facility.

Grantee/Organisation Name: Hakoah Club Limited

Grantee/Organisation Type: Company

Project Location: 30 Alma Street, Paddington, NSW

Primary Electorate: Wentworth

Total Cash Project Value: \$60,531,315 (GST exclusive)

Funding Cash Commitment: \$7,500,000 (GST exclusive)

Project Contacts:

Name:	s47F
Position:	President
Phone:	s47F
Email:	s47F
Name:	s47F
Position:	Project Director
Phone:	s47F
Email:	s47F



The Hon Barnaby Joyce MP

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

Ref: MS21-002000

29 SEP 2021

s47F

President
Hakoah Club Limited

s47F

Dear

s47F

s47F

I am pleased to advise you that I have approved funding of up to \$7,500,000 (GST exclusive) under the Community Development Grants Programme to the Hakoah Club Limited for the Redevelopment of White City project. This approval delivers on a 2020 Australian Government commitment.

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

Provision of funding is dependent on the preparation and execution by both parties of a Funding Agreement that sets out the terms and conditions under which the funding is provided, and the settling of other details, including confirmation of final cost estimates, final designs, partner funding, and lease arrangements. You will shortly be contacted by an officer from the Department of Infrastructure, Transport, Regional Development and Communications to discuss the Funding Agreement.


Please be aware you must enter into a Funding Agreement within four weeks of the project being approved otherwise the offer of funding will be reviewed and may be withdrawn. 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 Mr Dave Sharma MP, Member for Wentworth, advising of the approval for the Redevelopment of White City.

Your Funding Agreement outlines your obligations regarding acknowledgement and publicity for this project. Should you hold an event to celebrate a milestone for your project, please contact the Department via the project officer you normally deal with I would appreciate it if you could provide three non-parliamentary sitting dates for your event at least eight weeks prior to the earliest date, so I can do my best to make arrangements to attend. 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 Redevelopment of White City project.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'BJ', with a stylized flourish extending from the end.

Barnaby Joyce MP

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 Points” in the covering brief.