



Auditor-General for Australia



16 April 2020

Senator Anthony Chisholm
Chair
Senate Select Committee on Administration of Sports Grants
By email: sportsgrants.sen@aph.gov.au

Dear Senator Chisholm

Select Committee on Administration of Sports Grants

As requested in your letter of 13 March 2020, attached are further particulars of exchanges between 3 April and 11 April 2019 relating to the identification of which projects were being approved for funding in the third round of the Community Sport Infrastructure Grants (CSIG) program.

Yours sincerely

Grant Hehir
Auditor-General

Attachment: Further particulars of exchanges between 3 April and 11 April 2019 relating to projects to be successful in the third CSIG funding round

1. The Ministerial Briefing for Round 3 was submitted by Sport Australia at 11:05am on Wednesday 3 April 2019. This involved Sport Australia emailing the briefing package to the Department of Health for entry into the Parliamentary Document Management System (PDMS) as Sport Australia does not have direct access to PDMS. The Minister's Office was copied into this email and so first received the briefing package at 11:05am on 3 April 2019. The briefing package was also assigned to the Minister's Office in PDMS at 5:33pm on 3 April 2019.
2. The briefing package comprised a covering briefing and two attachments. In the covering briefing, Sport Australia recommended that the Minister approve funding for 245 applications identified in Attachment A to the briefing. Attachment B to the briefing identified the remaining applications that had not been awarded funding in the first two rounds that Sport Australia was not recommending for Round 3 funding.
3. The Minister's signature on the briefing is dated 4 April 2019 (the earliest version of the signed briefing located by the ANAO was scanned by an administrative staff member in the Minister's Office at 8:27am on Thursday 11 April 2019). Annotations to the brief record that the Minister did not approve the 245 projects recommended by Sport Australia. Specifically:
 - a) the recommendation from Sport Australia had been that the Minister: 'Approve the attached list of 245 round three Community Sport Infrastructure grants recommended by Sport Australia (Attachment A); whereas
 - b) the signed briefing circled 'Agreed' against this recommendation but handwritten edits changed the recommendation to: 'Approve the attached list of round three Community Sport Infrastructure grants Approved by Minister'.
4. While the Minister also recorded that she 'Agreed' to the Sport Australia recommendation that she record the reasons for any funding decisions that differed from Sport Australia's recommendations, no reasons were recorded.
5. Department of Health records identify that on 4 April 2019, the Departmental Secretary sought advice from her officers on the status of the Minister's approval of the briefing and the implications if the caretaker period was to commence before funding decisions were made. The following interactions within the Department were recorded:
 - a) at 2:54pm, an urgent response to the Secretary's query was requested by the Acting Deputy Secretary's Executive Assistant from the Office for Sport;
 - b) at 7:00pm, a senior official recorded that the Minister's Office was 'aware of the deadlines and was making this a priority to ensure that it would be signed before the caretaker period commences.' The Department identified that, if the briefing was not signed before the caretaker period commenced then the Minister should consult with the Opposition before making a decision;
 - c) at 7:27pm, a senior official recorded that she was in Adelaide with the Minister the following day and could raise this matter with the Minister then.
6. The status of the Round 3 approvals was raised at Senate Estimates on 5 and 10 April 2019:
 - a) on 5 April 2019, Sport Australia (with the Department of Health also in attendance) informed the Community Affairs Legislation Committee that, to its knowledge, the round three decisions had not yet been made;¹ and

¹ *Hansard*, Community Affairs Legislation Committee, 5 April 2019, pp. 60-61.

- b) on 10 April 2019, Sport Australia (with the Department of Health also in attendance) informed the Community Affairs Legislation Committee that funding decisions had not yet been made.²
7. The ANAO identified two versions of the Minister's Office spreadsheet current as at 4 April 2019. Both of these documents were called 'Copy of Copy of Copy of ROUND # UPDATE.xlsx'. Specifically:
- a) Version 1 was created on 29 March 2019. The Senior Adviser in the Minister's Office had emailed this spreadsheet from her Department of Health email account to that email account as well as to her Department of Infrastructure email account at 7:44pm on 29 March 2019.³ On 8 April 2019 at 10.27am this version was emailed by the Senior Adviser in the Minister's Office to her personal Gmail account and the official email account of another staff member⁴;
- b) Version 2 was created on 3 April 2019. The Senior Adviser in the Minister's Office emailed this version to a Departmental Liaison Officer in the Minister's Office at 12.16pm on 3 April 2019 (one hour and eleven minutes after Sport Australia had submitted the Round 3 approval briefing). It was emailed within the Minister's Office again on 10 April 2019. On both dates it identified 220 applications as being approved for funding.
8. Comparing the two versions, one project originally marked as successful in version 1 was removed and two were added in version 2 (these two remained on the list and were funded under round three).
9. The next version of the spreadsheet identified in our audit work was the one attached to the letter dated 10 April 2019 from the Minister to the Prime Minister.⁵
10. Attached to the 10 April 2019 letter were printouts of two worksheets within the spreadsheet – the list of 220 projects to be approved for Round 3 funding (titled 'COPY PMO.pdf') and the worksheet with the summary tables of distribution by state, political party and electorate (titled 'COPY PMO overview.pdf'). Compared to the prior substantive version circulated within the Minister's Office on 3 and 10 April 2019: one project was added to those being approved with a grant value of \$500,000; and one project was removed with a grant value of \$500,000.
11. At 12:45pm on 10 April 2019 the Prime Minister's Office emailed the Minister's Office asking that one of the 220 projects be removed from the list of those being approved and substituted with another project. Both applications had sought a grant of \$500,000. The proposed substitution was raised in a number of emails between the Prime Minister's Office and the Minister's Office on 10 April and 11 April 2019. The project the Prime Minister's Office requested be removed was located in the 'Target' electorate of Kennedy with the substitute project for the Hawthorn Malvern Hockey Centre located in the electorate of Kooyong.
12. The Minister's Office informed the Prime Minister's Office that it did not intend to remove the Kennedy project as it was 'a very important one for the region' and 'the Minister is due to visit Kennedy with the LNP candidate' who had been 'pushing' for the project. The Minister's Office's position changed following an email at 12:52am on 11 April 2019 from the Prime Minister's Office, advising that the

² *Hansard*, Community Affairs Legislation Committee, 5 April 2019, p. 104

³ Testimony to the ANAO by the Senior Adviser was that she would send the spreadsheet to her Department of Infrastructure email account as that department had provided her with a lap top that could be used to edit the spreadsheet whereas the Department of Health had provided her with an iPad.

⁴ Testimony to the ANAO by the Senior Adviser was that she would email the spreadsheet to this other staff members' email account so that she could print it.

⁵ On 26 Mar 2019 the Prime Minister's Office had advised the Minister's Office that it was expected that the Minister would write to the Prime Minister to seek 'authority' on the approved projects and inform him of the 'roll out plan'.

Kennedy project had already been funded through another grants program.⁶ The Minister's Office's responded at 7:13am on 11 April 2019 advising that the requested substitution would be made and an updated spreadsheet circulated. There was no explanation recorded as to how the project in Kooyong had been identified by the Prime Minister's Office as the substitute approval, and the Minister's Office did not request any such explanation or put forward any alternatives (such as, for example, the grant to a project in the electorate of Denison that had been removed in the 10 April 2019 version). The Kooyong project had not been identified by the Minister's Office as being approved in any of the earlier listings for the third round.

13. At 8:27am on 11 April 2019 the Minister's Office created a pdf of the briefing the Minister had signed with a date of 4 April 2019. There was no list of approved projects attached to the scanned briefing, which was immediately forwarded by an administrative staff member to the Minister's Senior Adviser.
14. At 8:46am on 11 April 2019 the signed briefing dated 4 April 2019 and a pdf version of the updated spreadsheet giving effect to the substitution (titled 'COPY PMO v.1.pdf' that was created at 8:43am on 11 April 2019) was provided to Sport Australia.⁷ The 'COPY PMO v.1.pdf' version was also provided to the Prime Minister's Office at 8:47am.
15. At 8.54am on 11 April 2019 the Prime Minister's Office asked to be provided with the spreadsheet in Excel form rather than as a pdf. The reasons given for this were: 'We need to be able to cross check against our list and also be able to pull individual projects out to coordinate announcements and material from CCHQ.' The Minister's Office agreed to do this but the next version provided at 11:48am on 11 April 2019 was the same pdf, which led to a further request from the Prime Minister's Office at 12:02pm. The Minister's Office's 12:04pm response again agreed to provide the spreadsheet in Excel form and further advised that 'there are a couple of mistakes which we are fixing- we were just missing a couple of additional projects'. Subsequent emails from the Minister's Office to the Prime Minister's Office (at 12:35pm) and Sport Australia (at 12:43pm) stated that there were 'some errors' in the 'COPY PMO v.1.pdf' version sent that morning.
16. The final version of the spreadsheet was attached to a 12:35pm email to the Prime Minister's Office and a 12:43pm email to Sport Australia. It was titled 'Copy of MO Spreadsheet - 3.4.19.xlsx'.
17. The ANAO's analysis is that a total of 11 changes were made between the 'COPY PMO v.1.pdf' sent to Sport Australia at 8:46am on 11 April 2019 (and at 8:47am to the Prime Minister's Office) and the 'Copy of MO Spreadsheet - 3.4.19.xlsx' sent to Sport Australia at 12:43pm on 11 April 2019 (and at 12:35pm to the Prime Minister's Office) with a net increase of \$2,767,071 to the amount of grant funding being approved:
 - a) One grant of \$500,000 was removed from the list of applications being approved. This grant had only been added to the list of approvals on 10 April 2019.
 - b) The grant amount for the Shire of Coolgardie was reduced by \$212,177. This was one of the four amended applications. It had been included as being approved in the 29 March 2019, 10 April 2019 and 8:46am 11 April 2019 versions but for the original application amount of \$500,000 rather than the amended application amount of \$287,823;

⁶ The Member for Kennedy had announced via social media on 4 April 2019 that the project was receiving \$3 million in Federal funding and GrantConnect identifies that \$3 million in grant funding is coming from the Community Development Grants program.

⁷ Advice from the Minister's Office to the Prime Minister's Office at 11:46pm on Wednesday 10 April 2019 had been that 'The Minister has signed off on all the projects – we will send the brief to Sport Australia tomorrow. We wanted to wait until after estimates before sending.'

- c) Katanning Country Club's amended application for \$248,048 was approved. The recorded itinerary⁸ for Minister's visit to Katanning in Western Australia on 10 April 2019 had included from 10.15am to 10.45am 'Film video – proposed funding announcement (Community Sporting Infrastructure)' at the Katanning Country Club.
- d) Wangaratta Rural City Council's amended application for \$500,000 was approved. The original application had sought \$174,500.
- e) Maroondah City Council's amended application for \$500,000 for the Cheong Park Pavilion Upgrade was approved. The original application had sought \$100,000 for four light towers at Cheong Park and had been recommended for funding in the first round by Sport Australia (with a score of 82) but was not approved. The local Member had announced on social media on 18 February 2019 that the project was receiving Australian Government funding.
- f) Yeppoon Swans AFL Club's new application for \$146,200 was approved. The Minister had visited the Club on 5 February 2019.
- g) Shire of Strathbogie's new application for \$350,000 was approved.
- h) Pennant Hills AFL Club's new application for \$500,000 was approved. The Minister had visited the Club on 13 December 2018.
- i) Yarra Ranges Shire Council's new application for \$500,000 was approved for funding.
- j) Westbury Bowling Club submitted a new application for \$232,000 and was approved for a grant of \$235,000. The Minister had visited the Club on 2 February 2019.
- k) A \$500,000 grant to the Grange Thistle Soccer Club was added. This was not a new or amended application. A grant to this project had been included in the versions of the spreadsheet circulated within the Minister's Office on 29 March 2019 and 8 April 2019; and 3 and 10 April 2019. On 9 April 2019 at 1:23pm the Prime Minister's Office had provided the Minister's Office with a copy of a 9 April 2019 Media Release from the Local Member that included a statement that 'the Federal Government will provide funding of \$500,000 to improve the sports facilities at Grange-Thistle Soccer Club located at Lanham Park in Grange.' The Prime Minister's Office advised the Minister's Office was that this project would be funded through the Community Development Grants program and so it was removed from the list attached to the Minister's 10 April 2019 letter to the Prime Minister. At 9:10pm on 11 April 2019 the Prime Minister's Office asked the Minister's Office to confirm that this project would be included in the list of grants being approved in the third round of CSIG and so it was re-included in the final version of the spreadsheet as being approved for funding.

⁸ The itinerary document was created by the Chief of Staff to the Hon Mia Davies MLA (Leader of the Nationals WA) on 9 April 2019.



SELECT COMMITTEE ON ADMINISTRATION OF SPORTS GRANTS

13 March 2020

Mr Grant Hehir
Auditor-General for Australia
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Mr Hehir

RE: SENATE SELECT COMMITTEE ON ADMINISTRATION OF SPORTS GRANTS

I draw your attention to the media statement by Senator Bridget McKenzie on 5 March 2020 regarding her role in the allocation of grants in round three of the Community Sport Infrastructure Program.

Senator McKenzie states that she “did not make any changes or annotations” to her decision brief, including attachments, after 4 April 2019.

Yet I note the Australian National Audit Office (ANAO) has told the Senate Finance and Public Administration Legislation Committee that:

- emails were exchanged between Senator McKenzie’s office and the Prime Minister’s office on 10 and 11 April 2019 “sorting out what the final list of approved projects would look like” for round three of the program;
- there was a direct request by the Prime Minister’s office to remove one project and add one project which was reflected in the attachment to the decision brief sent by Senator McKenzie’s office to Sport Australia at 8.46am on 11 April 2019; and
- a second email from Senator McKenzie’s office with further changes to the attachment to the decision brief was sent to Sport Australia at 12.43pm on 11 April 2019 after it had been provided to the Prime Minister’s office.

It will be necessary for the Select Committee on Administration of Sports Grants to carefully examine the role played by Senator McKenzie and others in the final allocation of grants.

I would be grateful if the ANAO would agree to provide the committee with further particulars of identified exchanges between Ministers, staff engaged under the *Members of Parliament Staff Act 1984* and officers of the Australian Public Service between 3 and 11 April 2019 related to the allocation of grants in round three of the Community Sport Infrastructure Program.

Yours sincerely

Senator Anthony Chisholm
Committee Chair