

18<sup>th</sup> February 2020

## **Submission to the Inquiry into the Sports Grant Program**

I appreciate the support the government has given to community sport infrastructure and participation, including with the Sports Grant Program. However, the recent controversy around the politicisation and mismanagement of grants, revealed by the Auditor-General, has raised concerns about the program. There are also concerns about the members of Parliament involved and whether they acted properly. I hope that this inquiry can examine whether the program was being operated in the public interest, or whether there was any wrongdoing. Furthermore, they should also see whether there are any lessons for improving the delivery of public grants (whether for community sports infrastructure or other programs).

### **Community Sport**

Sport is a strong part of the Australian culture. We are proud of the sporting prowess and achievements of our athletes, from school sport up to the Olympic Games.

There are many benefits for playing sport, including for exercise and keeping healthy. It gives people an opportunity to make friendships and connect with the community. It can bring people together from various backgrounds, bound by a common appreciation for the game. It also gives many people a sense of fulfilment and achievement. As Sport Australia writes, sport programs help communities be “healthy, active and connected.”<sup>1</sup> However, there are various barriers to sport with some venues being “under-utilised due to poor lighting, disrepair or inadequate facilities.”<sup>2</sup> There are problems for “people with a disability” and “girls and women” having adequate facilities, such as accessibility ramps or suitable change rooms, to participate in sport.<sup>3</sup> Hence there is a clear need for public funding to modernise sport facilities and meet community needs.

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<sup>1</sup> Australian Sports Commission 2018, ii.

<sup>2</sup> Australian Sports Commission 2018, ii.

<sup>3</sup> Australian Sports Commission 2018, ii.

**Program**

Accordingly, the Commonwealth government created the Community Sport Infrastructure Grant Program. The program aimed to ensure that more Australians can enjoy community sport with “quality sporting facilities.”<sup>4</sup> The aims of the program included promoting participation amongst “women and girls, multicultural communities and people of all abilities.”<sup>5</sup> The program was administered by the Australian Sports Commission (ASC), commonly known as Sport Australia, with “final approval” for grants given by the Minister for Sport Senator Bridget McKenzie.<sup>6</sup> The Minister was identified as the “funding decision-maker.”<sup>7</sup> The program concluded with 684 grants approved by the Minister for Sport receiving \$100 million between December 2018 and April 2019.

The published criterion to assess applicants included “community participation,” “community need” and “project design and delivery.”<sup>8</sup> Sport Australia scored eligible projects out of 100, with the highest scoring being recommended to the Minister.<sup>9</sup> However, the Auditor-General found that the grants awarded were “not informed by an appropriate assessment process and sound advice.”<sup>10</sup> The projects funded by the Minister were not the “most meritorious” according to “published program guidelines.”<sup>11</sup> It is concerning that the projects recommended by Sport Australia do not align entirely with those receiving approval by the Minister. While 300 projects benefited from the Minister’s intervention, this came with the opportunity cost of 294 programs (generally higher in merit) missing out on funding. I have constructed a summary table below based on the information available to me.<sup>12</sup> The reasons for the Minister departing from Sport Australia’s advice needs to be carefully examined.

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<sup>4</sup> Auditor-General 2019, 7.

<sup>5</sup> Australian Sports Commission 2018, 2.

<sup>6</sup> Australian Sports Commission 2018, 1, 10.

<sup>7</sup> Auditor-General 2019, 24.

<sup>8</sup> Australian Sports Commission 2018, 6; Auditor-General 2020, 33-35.

<sup>9</sup> Auditor-General 2019, 33.

<sup>10</sup> Auditor-General 2019, 6.

<sup>11</sup> Auditor-General 2019, 6.

<sup>12</sup> See breakdown of grants, Auditor-General 2020, 35.

**Figure 1: Sports Grant Program Applications**

Projects and total requested funding	<b>Recommended</b>	<b>Not recommended</b>
<b>Approved</b>	384 projects: \$51.4 million	300 projects: \$48.6 million
<b>Not approved</b>	294 projects: \$48.9 million	1078 projects: \$247.7 million

**Ministerial discretion**

There can be legitimate reasons for the Minister to be involved in decision making process. Members of Parliament are elected by and accountable to the people in a way that bureaucrats are not. They have an interest in making sure that grants are being delivered properly and meeting policy aims. Under the program guidelines, the Minister had some discretion to refer to “other factors,” namely where there were “emerging issues” or “priorities that have not been met,” that might require certain projects.<sup>13</sup> Encouraging greater female or disabled participation in sport, for example, could be a legitimate reason to fund one project over another. However, it was not clear what the reasoning behind the Minister’s decisions were. This is particularly true where programs shared the same details or focus (such as two clubs applying for female changing facilities, for example).<sup>14</sup> There were seven projects that were rejected despite scoring 90 or above, including a skating park at 98 and a recreational centre at 94.<sup>15</sup>

According to the Auditor-General, all projects given funds were technically eligible according to the application guidelines.<sup>16</sup> A positive aspect is that “program guidelines were well structured” and contained “clear assessment criteria with transparent weightings.”<sup>17</sup> However, the grant

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<sup>13</sup> Australian Sports Commission 2018, 10.

<sup>14</sup> Auditor-General 2019, 51.

<sup>15</sup> Auditor-General 2019, 51.

<sup>16</sup> Auditor-General 2019, 9; see eligibility criteria, Australian Sports Commission 2018, 4-5. I have heard that the Auditor-General has since testified before this inquiry that many of the approved projects had become ineligible between the application and receiving funding. This could include projects beginning or even completing construction. This raises more concerns about the government’s management of the program, despite their repeated insistence that all funded programs were eligible.

<sup>17</sup> Auditor-General 2019, 8.

allocation does not seem to have followed these guidelines. The Minister considered factors that were not included or even inconsistent with the guidelines, including the electorate location of projects.<sup>18</sup> There was a documented approach by the Minister's Office directing grants toward marginal electorates held by or targeted by the Coalition government ahead of the 2019 Federal Election.<sup>19</sup> Such electorates were more successful in receiving grants than others.<sup>20</sup> Indeed, the program audit was requested by the Shadow Attorney-General Hon. Mark Dreyfus into a grant in the independent seat of Mayo, which was strongly contested by the Coalition.<sup>21</sup> The reasoning behind grant allocations seemed to be to bolster support for the government in key electorates. The program has thus been accused of "pork-barrelling," where funding is not delivered according for overall public interest but for partisan benefit. Supporting the government's election campaign at the expense of meritorious programs does not cohere with Australian democratic values. While some groups would have originally been happy at receiving funding from the Minister, their joy may have since become bitter with the news that other community sporting groups missed out.

I believe Australians would support funding delivered to the programs that can deliver the greatest benefit (or meet the greatest need), regardless of the location. Indeed, there are benefits to improved sporting facilities beyond the immediate area (including people travelling for tourism or tournaments). Political considerations are furthest from the mind of Australians when they are playing community sport. It is unfortunate that the apparent partisan handling of grants has soured the reputation of what was, at heart, a good program supporting greater participation in community sport. Furthermore, the lack of transparency was simply unfair to the participants involved, with Sport Australia being "unable to communicate the full and actual reasons for ... rejection."<sup>22</sup> The government has not given a clear explanation of why some programs were funded and not others. While unsuccessful applicants may have been disappointed but still trusted the decision, they now have good reason to be angry at being passed over. Many community groups spend a considerable amount of time carefully developing grant applications,

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<sup>18</sup> Auditor-General 2019, 8.

<sup>19</sup> Auditor-General 2019, 11.

<sup>20</sup> Auditor-General 2019, 11.

<sup>21</sup> Auditor-General 2019, 7.

<sup>22</sup> Auditor-General 2019, 52.

only to be disappointed when they failed to receive funding (even where their applications were meritorious). The program did not foresee the high level of demand from the community.<sup>23</sup> The Auditor-General considered there should have been a “staged application process,” with expressions of interest followed by full applications of a shortlist.<sup>24</sup> This would have at least saved them time. Moreover, given the high demand and competitive nature of the program, this should have underscored the need for a fair distribution of grants on merit.

### **Better policy**

The Sports Grant Program was a great idea to promote modernise sporting infrastructure and promote sport participation. Unfortunately, the seemingly partisan nature of the grant allocation has brought the program into disrepute. There is much anger and dismay about how grants were made and the lack of transparency around them. Accordingly, there needs to be an honest and clear explanation. As our elected representatives, Ministers may have legitimate reasons for making decisions contrary to public service advice. However, they should always be transparent about why they are making those decisions. The government has not made clear what their decision-making process was, namely why they would award funding to projects ranked as less meritorious than others. If there were good reasons behind the decisions, these should be made clear. However, the Minister and others involved should be prepared to accept full accountability for where failed to live up to community standards.

There are lessons that can be learnt from this saga. Grants should always be delivered for the public interest, presumably involving the projects that are considered most meritorious. Anticorruption watchdog Transparency International has called for “mechanisms to ensure that service delivery and public resource allocation” are based on the “overall public good.”<sup>25</sup> The Auditor-General also recommends developing a “consistent framework” where the “minister decides upon the award of grant funding.”<sup>26</sup> People should trust grant allocations will be based on merit rather than living in a politically important electorate. Ensuring there is a transparent and impartial process in public funding is critical to regaining public confidence.

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<sup>23</sup> Auditor-General 2019, 9.

<sup>24</sup> Auditor-General 2019, 22.

<sup>25</sup> Transparency International 2020, 5

<sup>26</sup> Auditor-General 2019, 7.

Benjamin Cronshaw

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Thank you for considering my submission.

Kind Regards,

Benjamin Cronshaw.

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