

Joint Committee of Public Accounts and Audit
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science, Energy and Resources
Hearing into Administration of Government Grants
28 February 2020

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Ineligible application

REFERENCE: Question on Notice (Hansard, 28 February 2020, Page number)

QUESTION No.: PAA - 13

1. The Department states that two ineligible applicants, including Nolan Meats, took up this opportunity. Who was the other applicant?
 - a. Was it also a business?
 - b. Was it also an RTO?
 - c. Did the Minister or Ministerial Panel express any interest in this applicant? Or just in Nolan Meats?
2. The Infrastructure Department states the Industry Grants Hub reconsidered both ineligible applicants and did not change their assessments. Why not?
3. Has Nolan Meats ever offered training to anyone other than their own staff? Did they disclose this?
4. Noting the RJIP Guidelines clearly state information can be provided to Parliamentary Committees, please provide copies of Nolan Meats' submissions and the Industry Grants Hub assessments.
5. The Infrastructure Department's response states some dates but not all and it's important to fill in some missing dates:
 - a. On what date was the Nolan Meats applications received?
 - b. Was Nolan Meats was assessed as ineligible on 21 August?
 - c. On what date was Nolan Meats offered an opportunity to submit a case as to why it shouldn't be considered ineligible? Did it submit its case in writing? If so, please provide a copy? Did it note that the RJIP Guidelines clearly state "we cannot waive the eligibility criteria under any circumstances"?
 - d. On what date did Nolan Meats respond? Was this in writing? If so, please provide a copy?
 - e. When did the Industry Grants Hub re-affirm its original assessment that Nolan Meats was not eligible?
 - f. When did the Industry Grants Hub advise Nolan Meats that it retained its original assessment that they were ineligible? Was this in writing? Can you please provide a copy?
6. Can the Department provide the same dates (as listed for Question 5) and copies of correspondence from the Department for the other 11 ineligible applicants? [If they weren't successful, it's ok to redact names etc.]

7. When was the list of Wide Bay Burnett applicants first provided to Minister McVeigh or his office by the Department?
 - a. Was it provided to all panel members at this time? Or just to Minister McVeigh?
 - b. If not, when did the other panel members receive it? Was it from the Minister or the Department?
8. Please confirm if the list of applicants went to Minister McVeigh before or after the Industry Hub received the second round of advice from Nolan Meats and assessed this as ineligible?
9. On what date did Minister McVeigh or his office advise the Department that the Ministerial Panel had a strong preference to fund Nolan Meats? Was this in writing? Can you provide a copy?
 - a. How did the Department respond?
10. Can the Department confirm that the other members of the Wide Bay Burnett Ministerial Panel were Senator McKenzie, Senator McGrath, both of whom are now on the backbench and the now Deputy Prime Minister, the Member for Riverina?
11. Can the Department confirm that it was in fact the whole Panel, including the now Deputy Prime Minister, that had the strong preference for the ineligible business, Nolan Meats, to be funded?
12. Is there any correspondence between the Department and Minister McVeigh indicating that he or a member of the Ministerial Panel expressed strong interest about any of the other 11 ineligible applicants? If so, please provide.
13. Can the Department confirm that the Funding recommendations brief was provided to the Ministerial Panel on 5 February 2018?
14. Can the Department confirm that it wasn't until 7 February 2018 that the Department provided advice on the detail of the four applications that were ineligible due to their RTO status? What is the reason for this delay?
15. Can the Deputy Prime Minister confirm that same day the Ministerial Panel, without the then Cabinet Minister McVeigh, met and decided to recommend to Cabinet that Nolan Meats be awarded funding?
16. Can the Department confirm that the next day Minister McVeigh's office advised the Department that Nolan Meats should be included in the a list of recommended applicants for funding?
17. Can the Deputy Prime Minister confirm if Minister McVeigh participated in any of the Ministerial Panel's discussions about the Wide Bay Burnett applications?
18. Why did the Department provide advice on the four applications ineligible due to their RTO status? Were they all in Wide Bay Burnett?
19. What other information was in that briefing on the four RTOs? Can you provide a copy, even without the names of the other three RTOs?
20. Did the Department undertake any analysis of businesses that were disadvantaged by the unambiguous language in the RJIP Guidelines that RTOs were ineligible to apply?

- a. If so, was that provided to the Ministerial Panel?
21. Can the Deputy Prime Minister confirm when Minister McVeigh disclosed his conflict of interest to the Ministerial Panel? Was it before or after his office told the Department that the Ministerial Panel had a strong interest in funding the project?
22. Please provide a copy of the guidance to Ministers regarding conflict of interest.
23. As Department has indicated the approval date and grant term on the GrantsConnect website for the Nolan Meats grant is incorrect, can the Department confirm when this will be corrected?
 - a. How many of the other RJIP grants have incorrect details on the GrantsConnect website?
 - b. If any are incorrect, please provide correct details.
24. Did Nolan Meats start work before the project was approved for funding?
25. At the same time as Nolan Meats was applying for funding under the RJIP, it announced the completion of a \$20 million freezing and distribution centre at its Gympie factory. The media coverage included reference to future plans to expand the processing side of the business. The expansion was opened by Llew O'Brien MP. Merit criterion 3a and 3d state the Department needed to consider the likelihood of the project going ahead without grant funding. Did the Department undertake any analysis to satisfy criteria 3a and 3d?
26. As at 4 March 2020, how much has been provided to Nolan Meats and how many FTE jobs have been created?
27. Is the Department confident Nolan Meats will complete the project by required completion date of 30 June 2020?
28. Based on departmental records it reviewed in undertaking the Audit, can the ANAO advise:
 - a. who was the final decision maker on RJIP grants?
 - b. if any records indicated that anyone other than the Ministerial Panel was the final decision maker on RJIP grants?
 - c. If any records indicated that Cabinet was the final decision maker on RJIP grants?
29. Given the assertion by the Department that all matters relating to the Panel were cabinet-in-confidence, why do the RJIP Guidelines not mention the Cabinet and clearly state "The Ministerial Panel decides which applications are successful"?

ANSWER

Questions 1a, 1b, 2-6, 23-27 will be answered by the Department of Industry, Science, Energy and Resources.

Questions 1c, 7-22, and 29 will be answered by the Department of Infrastructure, Transport, Regional Development and Communications.

Question 28 will be answered by the ANAO.

1. (a) (b) The second applicant who provided an additional business case was a tertiary education institution (PAA – 7 refers).
2. The Department of Industry, Science, Energy and Resources considered the business cases submitted by both ineligible applicants however both remained ineligible under the Regional Jobs and Investment Package Guidelines.
3. Nolan Meats identified in their application that the organisation's Registered Training Organisation status is 'exclusively for the training of internal team members' (PAA – 8 refers).
4. Please refer to **Attachment A** that includes a copy of Nolan Meats' application, noting that it is not standard practice to release applications to the public. Assessment documents formed part of Cabinet deliberations. It is a longstanding practice not to disclose information about the operation and business of the Cabinet, as to do so could potentially reveal the deliberations of the Cabinet, which are confidential.
5. Relevant information on the Nolan Meats application is provided in the table below:

| Question | Response |
|-----------------------------------|---|
| (a) Application received | 15 August 2017 |
| (b) Date assessed as ineligible | 21 August 2017 |
| (c & d) Additional Business Case | Nolan Meats was offered the opportunity to submit a case on 17 October 2017. Nolan Meats submitted a case in writing on 20 October 2017. The opportunity did not state 'we cannot waive the eligibility criteria under any circumstances'. The additional business case is at Attachment B . |
| (e & f) Reaffirming ineligibility | The application proceeded to merit assessment on 5 October 2017 and it was determined to be ineligible. Nolan Meats was not provided any further correspondence regarding the assessment of its eligibility. Refer PAA-10 |

6. Dates listed in Question 5 are provided in the below table for the other ineligible applicants.

| Applicant | Application received | Date assessed as ineligible | Written correspondence # | Additional business case received | Final notification date |
|-----------|----------------------|-----------------------------|--------------------------|-----------------------------------|-------------------------|
| 1 | 31 Jul 2017 | 9 Oct 2017 | No | No | 2 Feb 2018 |
| 2 | 31 Jul 2017 | 15 Aug 2017 | No | No | 20 Mar 2018 |
| 3 | 31 Jul 2017 | 23 Aug 2017 | No | No | 21 Feb 2018 |
| 4 | 2 Aug 2017 | 28 Sep 2017 | Yes | No | 21 Feb 2018 |
| 5 | 12 Aug 2017 | 27 Sep 2017 | No | No | 22 Feb 2018 |
| 6 | 14 Aug 2017 | 23 Aug 2017 | No | No | 20 Mar 2018 |
| 7 | 15 Aug 2017 | 9 Sep 2017 | No | Yes | 20 Mar 2018 |
| 8 | 18 Oct 2017 | 20 Oct 2017 | No | No | 15 Mar 2018 |
| 9 | 19 Oct 2017 | 26 Oct 2017 | No | No | 28 Feb 2018 |
| 10 | 19 Oct 2017 | 26 Oct 2017 | No | No | 28 Feb 2018 |
| 11 | 15 Nov 2017 | 21 Nov 2017 | No | No | 13 Apr 2018 |

The ANAO report confirms ineligible applicants were given the opportunity to submit a case to support why they should not be considered ineligible. Initially this contact was made by phone to discuss their ineligibility

assessment and determine whether there was interest in submitting a business case. Not all applicants received written correspondence. Please refer to **Attachment C** for the written correspondence with the ineligible applicant.

23. The department is in the process of correcting the dates on GrantsConnect for Regional Jobs and Investment Packages grants. The updates will be completed as soon as possible. There are 231 grants in total that require an update to their approval date:
 - 74 need to be changed from 15/12/2017 to 18/12/2017
 - 67 need to be changed from 8/2/2018 to 20/3/2018
 - 2 need to be changed from 27/2/2018 to 30/3/2018
 - 30 need to be changed from 15/12/2017 to 19/4/2018
 - 58 need to be changed from 6/3/2018 to 19/4/2018
24. No.
25. The department completed a merit assessment on Nolan Meats' application and other supporting documents such as accountant's declaration, which included assessment against criteria 3a and 3d. The application met merit criteria 3.
26. As at 4 March 2020, Nolan Meats had been provided with payments in accordance with the grant agreement. Total grant funding is \$4,979,706. As the project is ongoing, we are unable to confirm how many jobs have been created as a result of the project.
27. There is currently no indication from Nolan Meats that the project won't be completed by 30 June 2020.