

DRAFT SUBMISSION

Review of the NSW ClubGRANTS Scheme

March 2024





Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

OVERVIEW OF THE LOCAL GOVERNMENT SECTOR



Local government in NSW employs **55,000 people**



Local government in NSW is responsible for about **90% of the state's roads and bridges**



Local government in NSW looks after more than **\$177 billion** of community assets



NSW councils manage an estimated **4 million tonnes of waste** each year



Local government in NSW spends more than **\$2.2 billion** each year on caring for the environment



NSW councils own and manage more than **600 museums, galleries, theatres and art centres**



NSW has more than **350 council-run libraries** that attract tens of millions of visits each year



NSW has more than **400 public swimming and ocean pools**

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INTRODUCTION

Local Government NSW (LGNSW) is the peak body representing all 128 general purpose councils across the State as well as a number of other related entities. By providing advocacy, representation and support, LGNSW helps member councils deliver improved services and better outcomes to their local communities and facilitates the development of an effective community-based system of local government.

LGNSW welcomes the opportunity to provide feedback to the Review of the ClubGRANTS Scheme currently being undertaken by Liquor & Gaming NSW.

Local government is both a beneficiary and a participant in the ClubGRANTS scheme. As a sector, councils recognise the significant benefit the grant funds bring to communities right across the State, particularly in rural, regional and remote areas where other funding opportunities are limited.

As beneficiaries, councils appreciate that the ClubGRANTS scheme has funded numerous community events, facilities and initiatives that may otherwise go overlooked.

As a participant in the assessment process, via membership of the Local Committee for Category 1 grants, councils provide a strong, robust local perspective ensuring that recommendations are made that are in keeping with the priorities and needs of the local community.

The sector welcomes the opportunity to express our strong support for the retention of this local voice in the assessment of Category 1 grants. Further, LGNSW welcomes the opportunity to detail some broader overarching concerns with the current scheme in regards to consistency, governance and potential cost shifting onto local councils.

This submission is provided as a draft, pending endorsement by the LGNSW Board at its next meeting. We will advise of any amendments to the submission in due course.

BACKGROUND

Registered Clubs in NSW

Under the Registered Clubs Act 1976 (the Clubs Act), a club is established for social, literary, political, sporting or athletic purposes or for any other lawful purposes, and for the purpose of providing accommodation for its members and their guests. A club and its members can only derive profit, benefit or advantage from the ownership or occupation of the premises of the club in the form of interest or rent or occupation fees.

Historically clubs receive concessions and benefits from the NSW Government in recognition of the social benefits they provide to communities. Traditionally, clubs are a point of connection for members, offering a place to meet, socialise and connect. During emergencies and natural disasters they are often used as evacuation centres and play a pivotal role in communities during these times. This sense of connectivity and the provision of meeting space and social interaction are especially true in rural, regional and remote areas where other opportunities are limited and the potential for social isolation is especially prevalent.

Clubs are also a significant contributor to the NSW economy, providing employment for more than 40,000 people, including approximately 23,000 people in regional communities. Registered clubs also contribute to the local economy through their support of local businesses and services.

Registered clubs are also home to a significant number of electronic gaming machines. As of 31 August 2023, there were 72,694 gaming machine entitlements and 64,916 gaming machines held in 1,016 club premises in NSW. The total net profit of these gaming machines in the gaming machine tax year between 1 September 2022 to 31 August 2023 was \$4.6 billion¹.

The ClubGRANTS Scheme

The NSW ClubGRANTS Scheme was established in 1998 and was originally called the Community Development and Support Expenditure (CDSE) Scheme. Prior to that time, clubs provided support to communities under a welfare expenditure scheme.

¹ [ClubGRANTS Review Discussion Paper - December 2023 \(nsw.gov.au\)](#) page 5

The objective of the CDSE Scheme was to encourage larger registered clubs with profits over \$1 million to contribute financially and in-kind to locally based community programs and services. In return, clubs received a tax rebate equivalent to the amount spent on community development and support.

In 2008, the Independent Pricing and Regulatory Tribunal (IPART) reviewed the CDSE Scheme as part of a broader review of clubs' contribution to social infrastructure in NSW. IPART found that the CDSE was an effective means to support NSW communities and stakeholder feedback indicated it had widespread support. However, IPART also recommended that the governance mechanisms surrounding the scheme needed to be strengthened.

In 2011, the CDSE Scheme was transferred to Part 4 of the *Gaming Machines Tax Act 2001* and was renamed the ClubGRANTS Scheme. ClubGRANTS is designed to ensure that larger registered clubs in NSW contribute to the provision of frontline services to their local communities; and to ensure that disadvantaged and vulnerable groups in the local community are better positioned to benefit from the contributions made by those clubs. In addition, via Category 3 allocations, ClubGRANTS also facilitates contributions by larger clubs towards infrastructure to support sporting, health and community activities.

Under the ClubGRANTS Scheme, eligible clubs can get a tax rebate of up to 2.25% on gaming machine profits over \$1 million, in exchange for financial contributions under the Scheme. There are three categories which vary in their purpose, application and administration.

Category 1

- Clubs can choose to take part allocating 0.75% of their gaming machine profits over \$1 million. Category 1 grants fund projects and services that contribute to the welfare and broader social fabric of the local community and are aimed at improving the living standards of low income and disadvantaged people. Recipients must apply for Category 1 grants. Recipients are determined by individual clubs in accordance with the Guidelines and funding is provided by individual clubs directly to successful applicants. In Local Government Areas where the ClubGRANTS funding exceeds \$30,000, a Local Committee must be convened for the purposes of identifying local community service priorities, assessing grant applications and making recommendations to the registered Club/s.

Category 2

- Clubs can choose to take part allocating 1.1% of their gaming machine profits over \$1 million. Category 2 grants fund community development and support activities and projects not listed under Category 1 and expenditure allocated to a club's core activities (such as sport, returned servicemen's league/veteran welfare, golf course and bowling green maintenance, including for wages paid to staff to carry out the maintenance). Funding is allocated by individual clubs in accordance with the Guidelines and there are no application requirements.

Category 3

- Clubs *must* take part and contribute 0.4% of their profits over \$1 million. Category 3 grants fund large scale community infrastructure projects or services for sport and recreation facilities, arts and cultural infrastructure, as well as projects that assist communities with essential infrastructure and disaster readiness. Grants are allocated from the Fund through competitive, publicly advertised grant rounds administered by the Office of Responsible Gambling (ORG). Grant applications are assessed by ORG and recommendations on recipients are made to the Minister for Gaming and Racing. Grants are approved by the Minister in accordance with Section 17A of the Act.

In 2022/23 more than 9,000 grants totalling over \$120 million were provided by clubs under the Scheme for Categories 1 and 2 and 98 grants totalling \$12.2 million were provided under Category 3². In that same reporting year, 502 clubs were eligible to participate in the Scheme. Of these clubs, 451 participated in Categories 1, 2 and 3, and 51 clubs participated in Category 3 only.

The 2024 Review

In July 2023, Premier Chris Minns MP announced a review of the NSW ClubGRANTS Scheme. The review is consistent with the requirements of [the NSW Treasury Evaluation Policy and Guidelines](#) (TPG22-22) which state that initiatives must be evaluated and reviewed regularly to ensure they are meeting intended outcomes and providing a social benefit to the people of NSW.

² [ClubGRANTS Review Discussion Paper - December 2023 \(nsw.gov.au\)](#) page 6

The [Terms of Reference of the Review](#) are as follows:

The Review will include examination of:

• **The costs and benefits of arranging the Scheme as a tax concession:**

- whether the Scheme provides benefit to the people of NSW (as per TPG22-22)
- whether the tax concession given to clubs under the Scheme provides value for money
- whether the tax concession is effective in the context of other forms of concessions provided to clubs
- whether there are alternatives for funding community programs that are more cost effective or provide greater benefits to the people of NSW.

• **The appropriateness of the Regulatory framework:**

- whether the intent of Part 4 of the Gaming Machine Tax Act 2001 (Act) remains valid
- whether the Scheme's objectives listed in the ClubGRANTS Guidelines, align to, and achieve the intent of the Act
- whether the regulatory framework is effective in achieving the Scheme's objectives.

• **The effective administration of the Scheme:**

- whether the Scheme's current administration arrangements achieve the objectives listed in the ClubGRANTS Guidelines
- whether the Scheme's current administration complies with modern standards for grants programs, including the NSW Grants Administration Guide, relevant standards, codes, and best practice grants administration, including the principles of transparency, accountability and probity.

A [Discussion Paper](#) was subsequently prepared and LGNSW welcomes the opportunity to provide a submission on behalf of our members.

LGNSW is pleased to see that the Review is being undertaken concurrently with the work of the Independent Panel on Gaming Reform and that members of the panel will be consulted as part of this review. LGNSW supports the work of the Independent Panel as it endeavours to implement a range of harm minimisation measures, particularly in regards to the rollout of cashless gaming machines.

POSITIONS OF LGNSW

Direct Community Benefits

The local government sector recognises the wide range of community groups, initiatives and projects that directly benefit from the ClubGRANTS scheme. Indeed, there are many councils across the state who choose to take part in the scheme as applicants and subsequently as beneficiaries. It is acknowledged that many of the projects that receive funding through the scheme, provide significant service and assistance to the local community and that without the ClubGRANTS funding, these groups may be looking to local councils for support or may need to cease their service delivery. The projects receiving funding under Category 1 and 2 in the 2022-2023 gaming machine tax year covered a wide range of community services including:

- Home and community care
- Healthcare and health promotion
- Sport
- Education
- Aged, disability and youth services
- Veteran welfare
- Family support
- Childcare / child protection
- Counselling services
- Victims of natural disasters
- Volunteer emergency services
- Neighbourhood centres
- Community transport
- Community education
- Tenant services
- Community nursing
- Drug and alcohol
- Cultural activities
- Community activities
- Employment services
- Group training
- Gambling harm reduction
- Medical research
- Community enterprises
- Club facilities

The projects receiving funding under Category 3 included:

- Sport and Recreation Infrastructure
- Community Infrastructure
- Arts and Culture Infrastructure
- Disaster Readiness Infrastructure

The support of these projects is consistent with the objectives and sentiment of many of the Position Statements as outlined in the current LGNSW [Policy Platform](#).

Further, these projects would seek to advance many of the LGNSW [Advocacy Priorities](#) including

- Resilience to Natural Disasters,
- Roads and Infrastructure,
- Stronger Communities, and
- Rural, Regional and Community Health.

It has been noted by many councils that various local sporting, cultural and community groups rely heavily on the financial support provided by the ClubGRANTS scheme, particularly in rural, regional and remote communities. LGNSW would not support any move that would jeopardise the future financial sustainability of those organisations.

LGNSW has received feedback from one council suggesting that if the tax concession on ClubGRANTS funding is removed, Clubs will be required to make a non-deductible donation to the various sporting teams they support. With many clubs under their own financial stress, the result may be that sporting teams will not receive the financial support from Clubs they have come to rely on. LGNSW does not have a formal position on the matter of tax concessions for registered Clubs and we recognise there is a diversity of views across the local government sector. However, it is important to councils that any reforms do not result in detrimental financial sustainability impacts on local community and sporting organisations that presently rely on funding through the ClubGRANTS scheme.

Under this Review, any move that would see a reduction in funding to these community groups would need to be offset by other funding - for instance, any disincentive for clubs to provide funding could be replaced by a direct community grant funding stream.

Recommendation 1

- Any removal of tax concessions that may disincentivise clubs from funding local community groups should be offset by other direct community grant funding opportunities to ensure that local groups and projects are not left financially worse off, particularly for rural, regional and remote areas.

Category 1 Grants - Maintaining a local voice

Under Section 6 of the current [ClubGRANTS Guidelines](#) (September 2023), it is noted that **local committees** must be established in each local government area (LGA) where the total ClubGRANTS Category 1 liability of local qualifying clubs exceeds \$30,000 in the tax year.

Further, it is noted at section 6.2 of those Guidelines that the core local committee membership in each LGA is to comprise of “...(b) Representative/s of the local council” and that the local council representative will be responsible for convening the first meeting of the local committee.

Councils take this role extremely seriously, drawing on their unique role to provide a hyper-local perspective on the needs, priorities and opportunities for their communities.

According to section 6.5.2 of the Guidelines, these local committees have a range of responsibilities including:

- (b) identify the community service priorities for Category 1 expenditure in their LGA
- (c) advise qualifying clubs in their LGA of the identified community service priorities for Category 1 expenditure
- (d) assess Category 1 applications
- (e) inform qualifying clubs in their LGA of the outcomes of the assessment of Category 1 applications

LGNSW welcomes the changes to the guidelines introduced in September 2023 which aimed to ensure funding decisions are driven by local priorities. The inclusion of local councils in this process is integral – local government sits at the frontline of community service delivery and they are best placed to advise on the various needs, priorities and opportunities facing their local residents and ratepayers.

LGNSW would be concerned by any move away from using local committees to assess and advise on funding allocations for Category 1 grants. There has been speculation within the local government sector that there may be moves towards using centralised boards to put the money into consolidated state revenue for subsequent distribution. LGNSW strongly opposes any such move and maintains that Category 1 grants require local assessment and recommendations.

Indeed, the need for local council involvement in this process was endorsed at the LGNSW Annual Conference in 2023 via the following resolution:

Resolution 51 – Broken Hill City Council:

That Local Government NSW:

1. Supports that the administration and delivery of the ClubGRANTS scheme (Category 1) remains local and not be amended so that the funds are paid into consolidated State revenue, with no local control on how the funds are donated.
2. Writes to the Premier of NSW, Minister for Liquor and Gaming, NSW Opposition Leader, and Shadow Minister for Liquor and Racing stating that Local Government NSW supports ClubGRANTS (Category 1) remaining under local LGA control.
3. Urges the State Government to implement cashless poker machines with harm reduction features.

LGNSW opposes any move towards the establishment of centralised boards for the identification of priorities or the assessment of applications for Category 1 Grants. Councils must retain a seat at the table in the assessment of these much needed community funds.

Recommendation 2

- That the administration and delivery of the ClubGRANTS scheme (Category 1) remains local. The ClubGRANTS scheme must not be amended so that the funds are paid into consolidated State revenue, with no local control on how the funds are donated.

Concerns – Lack of Authority or Influence of Local Committees

While LGNSW supports the retention of local committees in the administration and assessment of Category 1 grants, it has been noted that the influence this committee has over final allocations varies markedly amongst different LGAs. The guidelines state that local committees are to identify priorities and assess applications against those priorities but it also makes it clear that the ultimate decision on allocations is up to the eligible clubs – a sentiment often expressed verbally by club representatives at meetings of the local committee.

Section 6.3.2 of the guidelines state that the local committee can determine a “priority listing of applications” but only “...if requested by any qualifying club’s...” (point (h)).

Further, the guidelines explicitly state that:

“Local committees are not authorised to veto or disallow Category 1 applications for funding. Local committees are authorised to assess and provide advice as to whether applications align with the identified local community service priorities and, where requested by qualifying club/s, to develop a priority listing of those applications to assist those clubs requiring additional information in order to determine which projects to fund.” (page 23)

It is pleasing to see that the current Guidelines clearly state at Section 2.1.6 that:

“Clubs must not allocate less than 75% of Category 1 funds in accordance with the local committee’s recommendations.”

However, the Guidelines then go on to detail the steps that a club can take if they chose not to meet that minimum requirement. Further, this stipulation still allows for 25% of funding to not align with the local committee’s recommendations.

There are consistent reports from some LGAs of clubs failing to engage with or meaningfully participate in their local committees, or even attempt to meet the modest obligations the Guidelines impose on them. There have been instances where Council staff as convenor of the local committee is not advised of the size of the Category 1 grant pool in their LGA or where clubs have not even attempted to report back to the local committee as to how Category 1 grants were eventually allocated. The Guidelines state at 4.6 that each club must advise its local committee in writing at the beginning of each tax year of their Category 1 funding allocations made in the previous tax year. That stipulation is welcome but, like most of the guidelines in general, is difficult to monitor and enforce.

Further at 4.10 the Guidelines state that clubs “should” make every attempt to publicise the funded projects but there is no obligation for them to do so. The guidelines suggest that clubs “should” maintain, on a publicly -accessible website, a list of all successful recipients but the reality is that most clubs rely instead on the obligation for ClubsNSW to publish an annual state-wide list. While this measure is welcome, it does not allow for ease of calculating whether 75% of funding was allocated to recommended projects in a specific area.

Further, there have also been instances where access to the ClubGRANTS Online portal, provided by ClubsNSW, has been denied to the convener and instead they have been provided with a manually produced spreadsheet summarising the data from the portal. Some councils have reported that the move towards the ClubGRANTS Online portal, provided by ClubsNSW, has made the assessment process less transparent and more difficult.

LGNSW would welcome the Guidelines being amended to strengthen the role of the local committee, to empower the role of convener and to mandate a minimum adherence to the recommendations of the local committee.

Recommendation 3

- Update the Guidelines to
 - (a) strengthen the role and influence of the local committee on the final grant allocations for Category 1;
 - (b) include a mandatory requirement for eligible clubs to report back to their local committee within a reasonable timeframe on total quantum of funding and how it was eventually allocated;
 - (c) prescribe a consequence in the event that a club does not comply with Guideline 4.6;
 - (d) mandate that each club must make their list of recipients publicly available detailing the amount awarded to each recipient;
 - (e) prescribe the data and information that the local committee must be provided with;
 - (f) ensure the council representative, as convener, has access to all data and information required to support the committee, including access to the ClubGRANTS Online portal.

Concerns - Consistency

The lack of consistency in how the ClubGRANTS scheme in general is promoted, administered and reported on across the State is of concern as it could potentially lead to irregularities. For instance, in some LGAs the eligible clubs choose to combine for an LGA-wide assessment process; in other LGAs each individual club manages their own separate round. This can – and has – led to numerous duplicate applications as local organisations apply to several local clubs for the same (or very similar) projects. This can result in organisations sometimes receiving funding from several clubs for the same project. This is allowed under the current guidelines.

In regards to the interactions between eligible clubs and their local committees, as mentioned above there are inconsistencies in how they engage with those committees and how they report back to them. There are inconsistencies between LGAs in how assessments are made and allocations determined. These inconsistencies could be minimised by streamlining and simplifying the grant administration, and LGNSW notes the suggestion of establishing an independent body.

However, as noted in the discussion paper, there are already a number of different Government bodies involved in the ClubGRANTS scheme including:

- the Independent Liquor and Gaming Authority
- the Office of Responsible Gambling
- Liquor & Gaming NSW
- Revenue NSW
- Minister for Gaming and Racing

The establishment of yet another government body may add to the already significant administrative burden of the scheme rather than alleviate it. A more efficient measure may be to clearly outline mandatory standards and processes in the guidelines and to use an existing government body to enforce them.

Recommendation 4

- Update the Guidelines to
 - (a) provide mandatory standards and processes for the promotion, administration and reporting on grant allocations to ensure consistency across the State.
 - (b) empower one of the existing Government bodies already involved in the ClubGRANTS Scheme to provide an enforcement role to ensure compliance with the ClubGRANTS Guidelines.

Concerns – Transparency and Accountability

Given the inconsistencies in the implementation of the ClubGRANTS scheme, there is concern that this State Government funding (by way of foregone tax revenue) is administered in a manner that is not currently bound by best practice grants administration nor by NSW Government grants requirements (such as the [Grants Administration Guide](#)). Councils are acutely aware of the need for strict adherence to notions of accountability and transparency in the allocation of government funds and therefore many express surprise at the lack of regulation and control regarding the allocation of State funds under the ClubGRANTS scheme.

This lack of accountability in the scheme is acknowledged in the Discussion Paper with the following statements³:

“... approximately 40% of grants are advertised as “ClubGRANTS funds” even though they were not accepted as part of the Scheme. This is due to a variety of factors including clubs spending more money on grants than the tax concession they are eligible for, or **clubs giving grants that are ineligible under the Guidelines.**”

³ [ClubGRANTS Review Discussion Paper - December 2023 \(nsw.gov.au\)](#) page 22

“There is no requirement for clubs or recipients of funds from Categories 1 and 2 to demonstrate that funds were effective or put to the purpose for which they applied. This means that funds could continually be given to organisations even though they demonstrate limited or poor outcomes from the funding.”

“There is no requirement for clubs to administer funds to organisations or programs recommended by Local Committees. Clubs can ignore Local Committee recommendations and give Category 1 grants to any organisation or program.”

The lack of regulation and control over the provision of grants has also led in some instances to a feeling of allocation processes being pre-determined with “usual suspects” repeatedly receiving grant funding on an annual “sponsorship” arrangement. For some councils, this has compounded a feeling that eligible Clubs see the funds as “their money” to bestow on local groups rather than it actually being State Government funding by way of foregone tax revenue. Further, the perception or reality that particular clubs have “favourite recipients” makes it extremely difficult for new community projects to attract ClubGRANTS funding, regardless of how worthy or valid their cause.

Further, the lack of transparency in processes can put the local committee convenor in an awkward position. Part of their role is to advise the Regulator when a Club is not complying with the Guidelines but the very nature of the process means the convenor is often not privy to all the facts and circumstances and therefore cannot be sure if compliance is occurring or not.

While the establishment of an independent body to oversee the entire process may have merit, again, a more efficient measure may be to provide clear and mandatory processes in the ClubGRANTS Guidelines and to enforce adherence to the NSW [Grants Administration Guide](#) (Guide).

That Guide requires that grants must be demonstrated as providing value for money, meet their objectives, and adopt key principles of transparency, accountability and probity. The Guide provides mandatory requirements and recommends best practice principles to be adopted by NSW Government agencies with responsibilities related to grants. Compliance with the Guide is most appropriate given that the ClubGRANTS funds are essentially State Government money.

Recommendation 5

- Update the ClubGRANTS Guidelines to
 - (a) mandate that clubs comply with the NSW [Grants Administration Guide](#) to ensure transparency, accountability and probity of the ClubGRANTS process.
 - (b) strengthen the role of local committee convenor to enable them to have confidence in the compliance (or otherwise) of eligible clubs
 - (c) prescribe a minimum percentage of funding under Category 1 grants that must be allocated to a new, unique group or project each year (ie to a group that has not previously received funding from that particular club). Prescribe a process whereby a club can provide comment or reasons to the Regulator when such a provision cannot be made.

Concerns – Cost Shifting

Councils take their role on the Category 1 Local Committees extremely seriously and staff dedicate many hours of work to the administration and assessment processes. As determined by the ClubGRANTS Guidelines, it is council representatives that are to convene the first meeting of the local committee, again absorbing time and skills from council resources.

According to the ClubGRANTS Guidelines, members of the Local Committee are expected to undertake a range of administrative functions including:

- Determine the proportion of funding that should be allocated to their recommendations;
- Identify community service priorities;
- Advise qualifying clubs of the identified community service priorities;
- Assess Category 1 applications;
- Inform the Office of Responsible Gambling of any changes in membership;
- Provide a list of prioritised applicants (if requested by the club);
- Obtain written reports from local qualifying clubs listing the funded projects;
- Provide qualifying clubs with a certificate of attendance;
- Provide the Authority information about non-compliance of a registered club claiming a tax reduction;
- Organise a local promotion of the ClubGRANTS scheme;
- Encourage clubs to publicise and disseminate information on ClubGRANTS funded projects;
- Distribute standard application forms and take enquiries about ClubGRANTS activities; and
- Discuss and review on an annual basis the operation and impacts of ClubGRANTS within the LGA.

This is a significant body of work that often demands hundreds of hours depending on the size of an LGA or the volume of applications.

LGNSW has long highlighted the issue of cost shifting to the local government sector whereby local councils are increasingly being expected to carry out the tasks or responsibilities that should rest with other spheres of government. The significant work involved in the administration and implementation of the ClubGRANTS scheme is an example of this very practice.

The significant body of work involved in being part of a local committee acts as a disincentive for involvement by other community stakeholders which further affects administration, accountability and effectiveness of the scheme.

Although the ClubGRANTS Guidelines do provide for a small reimbursement of administrative costs (Section 4.9), participants report that seeking reimbursement for their time and input is not straight forward. The process is ad hoc and inconsistent with some councils reporting they do receive reimbursement while other councils who similarly commit substantial staff to the scheme receive no reimbursement despite repeated requests.

It is unreasonable to expect council officers to spend many hours assessing applications without being reimbursed for their time and unreasonable to provide local committee support with the cost being covered by ratepayers when the scheme has such a large funding pool.

LGNSW would welcome the introduction of a better mechanism in the ClubGrants scheme for the reimbursement of administrative costs to parties that are involved in the implementation of the scheme.

Recommendation 6

- Update the ClubGRANTS Guidelines to include an appropriate mechanism whereby stakeholders involved in the administration and implementation of the scheme are provided with appropriate reimbursement for time, skills and other resources provided.

Concerns – Future participation by local organisations

Some councils are reporting a growing tendency for local charities and not-for-profit organisations to withdraw from the ClubGRANTS scheme because of an unwillingness to be associated with gaming revenue. As more community organisations take what they believe to be an ethical stance on ClubGRANTS, this puts further pressure on other community grants programs but in particular on council grant programs which are unable to fund this increased demand.

The reason that some groups are choosing to not take part in the ClubGRANTS scheme is in part due to the misconception that it is “Club money” being bestowed on them, rather than viewing it as “State Government Money” being allocated. This misconception is often compounded by promotion of the scheme which is heavily branded by ClubsNSW, as well as the processes surrounding the announcement and presentation of allocated funds – often at an event heavily branded by the local club and usually at their venue. This significant promotion of the registered club in the absence of any other mention of the funds being State Government revenue, exacerbates the discomfort that some groups are feeling or the community pressure and criticism that they experience.

Recommendation #7

- Ensure that all promotion of the NSW ClubGRANTS scheme emphasises that the funds being allocated are State Government money. This can be done by way of ensuring that NSW Government branding is included on all material and that presentation events are conducted in neutral settings such as community halls and council or civic buildings.

CONCLUSION

LGNSW acknowledges the significant financial benefit the NSW ClubGRANTS scheme provides to communities right across the State. For regional, rural and remote communities in particular, the scheme provides a vital source of funding for local sporting, cultural and community groups that would otherwise struggle to continue in providing their essential services.

It is noted that in the 2022/2023 gaming machine tax year, \$120.7 million was allocated to community groups under Category 1 and 2 and only \$71.9 million was provided to clubs in tax concessions. This difference of nearly \$50 million indicates that some clubs spent more on grants than they got back in concessions. Those funds went to a range of service providers and helped contribute to the diverse needs of our communities, particularly in rural, regional and remote areas of the state.

LGNSW would oppose any moves that would jeopardise the provision of funding to local communities or that would seek to have funds placed in consolidated state revenue rather than allocated locally.

From a governance perspective, LGNSW would welcome any measures aimed at improving the transparency and accountability frameworks around the ClubGRANTS scheme, particularly those that will enhance consistency and lead to a streamlined process across the State.

Further, LGNSW would like to see local councils reimbursed for the considerable provision of ratepayer resources to the administration and implementation of the ClubGRANTS scheme.

Finally, LGNSW believes the community could benefit from a greater emphasis on the fact that funds being allocated via the ClubGRANTS scheme are in fact State Revenue rather than the private funds of individual clubs.



LGNSW thanks you for the opportunity to provide this submission and would welcome the opportunity to assist with further information during this review to ensure the views of local government are considered.

To discuss this submission further, please contact LGNSW Manager Public Affairs, Bronwen Regan at Bronwen.regan@lgnsw.org.au or on 9242 4057

SUMMARY OF RECOMMENDATIONS

Recommendation 1

- Any removal of tax concessions that may disincentivise clubs from funding local community groups should be offset by other direct community grant funding opportunities to ensure that local groups and projects are not left financially worse off, particularly for rural, regional and remote areas.

Recommendation 2

- That the administration and delivery of the ClubGRANTS scheme (Category 1) remains local. The ClubGRANTS scheme must not be amended so that the funds are paid into consolidated State revenue, with no local control on how the funds are donated.

Recommendation 3

- Update the Guidelines to
 - (a) strengthen the role and influence of the local committee on the final grant allocations for Category 1;
 - (b) include a mandatory requirement for eligible clubs to report back to their local committee within a reasonable timeframe on total quantum of funding and how it was eventually allocated;
 - (c) prescribe a consequence in the event that a club does not comply with Guideline 4.6;
 - (d) mandate that each club must make their list of recipients publicly available detailing the amount awarded to each recipient;
 - (e) detail the data and information that the local committee must be provided with;
 - (f) ensure the council representative, as convener, has access to all data and information required to support the committee, including access to the ClubGRANTS Online portal.

Recommendation 4

- Update the Guidelines to
 - (c) provide mandatory standards and processes for the promotion, administration and reporting on grant allocations to ensure consistency across the State.
 - (d) empower one of the existing Government bodies already involved in the ClubGRANTS Scheme to provide an enforcement role to ensure compliance with the ClubGRANTS Guidelines.

Recommendation 5

- Update the ClubGRANTS Guidelines to
 - (d) mandate that clubs comply with the NSW [Grants Administration Guide](#) to ensure transparency, accountability and probity of the ClubGRANTS process.
 - (e) strengthen the role of local committee convener to enable them to have confidence in the compliance (or otherwise) of eligible clubs
 - (f) prescribe a minimum percentage of funding under Category 1 grants that must be allocated to a new, unique group or project each year (ie to a group that has not previously received funding from that particular club). Prescribe a process whereby a club can provide comment or reasons to the Regulator when such a provision cannot be made.

Recommendation 6

- Update the ClubGRANTS Guidelines to include an appropriate mechanism whereby stakeholders involved in the administration and implementation of the scheme are provided with appropriate reimbursement for time, skills and other resources provided.

Recommendation 7

- Ensure that all promotion of the NSW ClubGRANTS scheme emphasises that the funds being allocated are State Government money. This can be done by way of ensuring that NSW Government branding is included on all material and that presentation events are conducted in neutral settings such as community halls and council or civic buildings.