

# Submission to the ClubGRANTS Review



NSW Council of Social Service

18 March 2024

[info@ncoss.org.au](mailto:info@ncoss.org.au)

Yirranma Place, Gadigal Country, Level 1, 262 Liverpool St, Darlinghurst NSW 2010

 **ncoss**  
NSW Council of Social Service

## Contents

|  |    |
|--|----|
| About NCOSS.....   | 3  |
| Acknowledgement of Country.....  | 3  |
| NCOSS Contacts.....  | 3  |
| Introduction .....   | 5  |
| Detailed recommendations.....  | 7  |
| NCOSS’ historic role in the ClubGRANTS Scheme.....                         | 9  |
| Response to discussion questions .....                                     | 11 |
| 1. The costs and benefits of arranging the Scheme as a tax concession..... | 11 |
| 2. The appropriateness of the Regulatory framework.....                    | 15 |
| 3. The effective administration of the Scheme.....                         | 17 |

## About NCOSS

NSW Council of Social Service (NCOSS) is the peak body for non-government organisations in the health and community services sector in NSW. NCOSS works to progress social justice and shape positive change toward a NSW free from inequality and disadvantage. We are an independent voice advocating for the wellbeing of NSW communities. At NCOSS, we believe that a diverse, well-resourced and knowledgeable social service sector is fundamental to reducing economic and social inequality.

## Acknowledgement of Country

NCOSS respectfully acknowledges the sovereign Custodians of Gadigal Country and pay our respects to Elders, past, present and emerging. We acknowledge the rich cultures, customs and continued survival of First Nations peoples on Gadigal Country, and on the many diverse First Nations lands and waters across NSW.

We acknowledge the spirit of the Uluru Statement from the Heart and accept the invitation to walk with First Nations peoples in a movement of the Australian people for a better future.

## NCOSS Contacts

NCOSS can be found at:

Yirranma Place, Gadigal Country, Level 1, 262 Liverpool St, Darlinghurst NSW 2010

phone: (02) 9211 2599

email: [info@ncoss.org.au](mailto:info@ncoss.org.au)

website: [www.ncoss.org.au](http://www.ncoss.org.au)

Facebook: [on.fb.me/ncoss](https://on.fb.me/ncoss)

X: [@ncoss](https://twitter.com/ncoss)

Published March 2024.

© NSW Council of Social Service (NCOSS)

This publication is copyright. Non-profit groups have permission to reproduce part of this publication as long as the original meaning is retained, and proper credit is given to the NSW Council of Social Service. All other persons and organisations wanting to reproduce material from this publication should obtain permission from NCOSS.



## Introduction

NCOSS welcomes the New South Wales Government's review of the ClubGRANTS Scheme (the Scheme) as part of its broader commitment to restoring integrity and public trust in government grants.

As outlined in the *Review of the ClubGRANTS Scheme – Discussion Paper*, the Scheme is designed to be a mechanism for distributing tax revenue derived from gaming machine profits to community development and support projects via registered clubs (clubs).

This means that funds used as part of ClubGRANTS are from tax revenue and should be considered public funds. Communities in NSW rightly expect that these funds are administered fairly, transparently and with the express purpose of delivering a social benefit to the people of NSW. As NCOSS has previously pointed out, the Scheme to date has been an abject failure in this regard.

NCOSS undertook a comprehensive review of its role in the ClubGRANTS Scheme in 2021, funded by the Office of Responsible Gambling, which found that the Scheme was not operating in the public interest. That review found that the process to award grants lacked transparency and accountability and as a result, disadvantaged communities were being denied access to much-needed services.

For this reason, NCOSS formally withdrew from the Scheme in 2021.

NCOSS has outlined detailed recommendations in response to the NSW Government review's Terms of Reference and discussion questions. Underpinning these recommendations are three core principles that must shape the overhaul of the Scheme:

### **1. Effective governance that enables community trust**

The lack of transparency, accountability and inherent conflicts of interest have undermined community trust in the Scheme. Significant reform is needed to set up a clear governance framework that addresses this. This would include design principles and operational processes that support the effective management of real and perceived conflicts of interest. This governance framework must include regular, independent and publicly available evaluation of the scheme.

### **2. A clear focus on those most in need**

The Scheme must rebalance its investment towards the people who are most in need. The eligibility criteria and total funding pool should be weighted toward projects and services that contribute to the welfare of low income and disadvantaged communities and support the broader social fabric of the local community. This should include a greater focus on the minimisation of gambling harm.

### 3. Local community control

There is significant public benefit in a locally administered small grants scheme, where decisions are made with local input in a relatively short timeframe. Most grants in the Scheme to community organisations are relatively small, amounting to a few thousand dollars. However, these grants make a real difference to the services those organisations can provide to people in need, able to respond to emerging local needs. The concept of a small grants scheme where decisions are made locally, based on known local need, is the key strength of the Scheme and worth preserving.

**Should these principles be adopted in comprehensively overhauling the Scheme, NCOSS would welcome the opportunity to play a formal role once again through the Local Committee process with adequate resourcing.**

The review of the ClubGRANTS scheme provides the NSW Government with an important opportunity to address the long-standing challenges of the scheme and replace it with a more equitable, locally administered program that supports harm minimisation and directs gaming machine profits back into communities from which they were derived.

## Detailed recommendations

NCOSS recommends the ClubGRANTS Scheme be comprehensively overhauled. Our key recommendations are as follows:

- 1) A clear set of objectives for the Scheme should be set out in the enabling legislation, including that the Scheme be operated in the public interest and for the benefit of disadvantaged individuals and communities in NSW, including those affected by gambling harm.
- 2) The NSW Government should consider expanding a revised scheme by:
  - a. Making it mandatory for all clubs to participate
  - b. Expanding the scope of the scheme to include pubs
  - c. Increasing the size of the contribution of the venues to 5% of gaming profits above \$1M
  - d. Widening the scheme to include gaming machine entitlement fees to further enhance the new scheme's ability to contribute to the welfare of low income and disadvantaged communities and support the broader social fabric of the local community.

Funds captured by the scheme should be paid directly to an independent NSW Government body and disbursed via independent Local Committees.

- 3) A locally administered small grants scheme should be kept, supported by a robust governance framework and clear eligibility criteria. Decision-making should rest with Local Committees made up of at least four and a maximum of seven local representatives with a process for managing real or perceived conflicts of interest.
- 4) Local Committees should include representatives from local councils, local health districts, lived experience experts and a representative of the community sector. Local clubs and pubs should have an opportunity to take part in Local Committees, however Club or Pub representation should be limited to one person on each Local Committee; and each member should have equal decision-making powers; and decisions should be made by majority. Local Committee members (or the organisations for which they work) should receive adequate compensation for performing their roles.
- 5) The Scheme should increase overall funding for community projects that deliver basic services for people on low incomes or who are significantly disadvantaged (as is the case for Category 1 grants under the current Scheme). Within the Scheme, 70% of available grant funding should be directed to these programs.
- 6) A second category of grants should be available to local organisations that bolster the social fabric of communities, such as sports, arts, or wellbeing programs. This category should account for 20% of available grant funding. Category 3 should be 10% of available

funds, which should be redirected to fund independent research into gambling harm and building the capacity of local academic research into gambling harm in NSW.

- 7) The total value of community grant funding distributed to each LGA should be based on an independently derived indices of disadvantage and the level gambling harm experienced
- 8) Clubs should no longer be allowed to make in-kind donations under the new arrangements; any such donations would be a decision for local clubs outside the revamped Scheme.
- 9) A transparent reporting regime should be set up to support accountability and enable evaluation of the overhauled Scheme. An annual publication of grants awarded under their Scheme, outlining their value and compliance with the eligibility criteria, would enhance trust in the Scheme and provide valuable data for government and community decision-making.
- 10) ClubGRANTS should be renamed to reflect the fact that the Scheme is a mechanism to distribute tax revenue derived from gaming machine profits, avoiding the risk of community members mistakenly perceiving the Scheme as a philanthropic initiative of the clubs themselves. This change would allow local clubs and ClubsNSW to set up a new ClubGRANTS scheme if they wished, which reflects the contribution they choose to make in supporting their local community.



## NCOSS' historic role in the ClubGRANTS Scheme

When the ClubGRANTS Scheme was first established in 1998 under the *Registered Clubs Act 1976*, it was envisaged that NCOSS would play a key role in assessing applications for Category 1 grants via individual Local Committees. NCOSS' agreement to be involved in this process was critical in the passage of its enabling legislation through NSW Parliament with the then Government assuring the Opposition and Cross Bench that NCOSS' involvement would "ensure that the maximum level of benefit to local communities is provided" from Category 1 grants.

NCOSS was one of the four core members of Local Committees along with local Councils, participating clubs in the LGA and what is now the Department of Communities & Justice (DCJ). The Guidelines also provide for Aboriginal Controlled Community Organisations (ACCOs) to be core members of Local Committees "where appropriate."

Critically, NCOSS had never been resourced to perform the role assigned under the Guidelines and our involvement in Local Committees had effectively been in name only. The report is available on our [website](#) and attached as Appendix A (submitted as a separate document).

In reviewing our role as a Local Committee member under the *Gaming Machine Tax Act 2001* and the ClubGRANTS Guidelines and examining how Local Committees functioned in practice, NCOSS concluded that the process lacked transparency and accountability. The NCOSS Board decided to withdraw NCOSS from involvement in the Scheme.

The key issues NCOSS found in our 2021 review of our role on Local Committees can be summarised as follows:

- 1. Clubs are the sole decision makers for Category 1 and 2 grant funding:** Under the current Scheme's Guidelines, Local Committees only have the power to set overly broad expenditure priorities for Category 1 grants. Local Committees have no decision-making authority with respect to Category 1 grants and no role in decisions about Category 2 grants.
- 2. The process lacks transparency and accountability:** Compliance with reporting requirements was patchy and lacked effective regulatory oversight. NCOSS' review found many examples of where Category 1 grants were made to projects where there was no clear connection to improving the living standards of people who are on low incomes or disadvantaged. Examples included orchid societies and kennel clubs. At the same time, anecdotal evidence was that local community organisations providing vital supports to domestic violence survivors or people experiencing homelessness were being knocked back.

- 3. Clubs can – and do – fund their own projects:** Under the current Scheme, clubs can make decisions in their interests or of other parties with whom they have commercial or other relationships. NCOSS shares community concerns that the Scheme entitles clubs to use grants (public funds) to fund their core activities, including making donations to teams in the National Rugby League.
  
- 4. Many Local Government Areas (LGA) had no Local Committee in place:** The Guidelines stipulate that there must be a Local Committee in every LGA where gaming machine profits from all clubs exceed \$30,000. NCOSS found that there were many LGAs meeting this threshold where there was no Local Committee in place.

NCOSS acknowledges that the NSW Government made changes to the ClubGRANTS Guidelines in 2023 to address some of the issues raised by NCOSS as an interim measure pending the outcome of this review process.

## Response to discussion questions

### 1. The costs and benefits of arranging the Scheme as a tax concession

#### 1.1 To what extent has the ClubGRANTS Scheme helped to improve the lives of disadvantaged in NSW communities? What type of benefits do these groups experience from the Scheme?

While the extent of the Scheme's benefits cannot be quantified in the absence of any evaluation program, where the Guidelines for Category 1 and 2 grants have been applied, the Scheme has certainly delivered benefits to disadvantaged people in NSW.

NCOSS remains a strong advocate for the NSW Government to properly resource local community services, so that organisations do not need to rely on ad hoc funding streams like ClubGRANTS to meet community needs. However, in the current environment, a locally administered small grants scheme is an important source of funding for grassroots community organisations and the communities with high concentrations of socio-economic disadvantage that they serve.

The Scheme should be better targeted at reducing disadvantage within a clear governance framework that is transparent and accountable. NCOSS recommends increasing the proportion of the Scheme that is directed to funding community projects that deliver basic services for people on low incomes or who are significantly disadvantaged. Within the Scheme, 70% of available grant funding should be directed to these programs.

The total value of community grant funding distributed to each LGA should be based on an independently derived indices of disadvantage and the level gambling harm experienced.

#### 1.2 To what extent do the benefits that communities experience, if any, differ between categories 1, 2, and 3 funding? Why?

NCOSS contends that Category 1 grants, which are intended to 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, deliver the most public benefit. The proportion of funding directed to this cohort should be increased.

Disadvantaged and excluded communities in NSW continue to be affected by the historic underfunding of community services, including homelessness and domestic and family violence services, and the Scheme is an important mechanism to help bridge the funding gap. Despite the vital role they play, Category 1 recipients who provide community welfare and social services are often reliant on small grant funding or community donations.

Category 2, which can currently include expenditure allocated to a club's core activities such as sport, golf course and professional sport purposes including the National Rugby League, provides comparatively less community benefit. However, as noted in the Discussion Paper, expenditure on Category 1 grants (4,940 grants valued at \$37.1m) was less than half that of Category 2 Grants (8,338 grants valued at \$83.6m) in 2022-23.

As previously noted, the Scheme should increase funding for community projects that deliver basic services for people on low incomes or who are significantly disadvantaged, as is the case for Category 1 grants under the current Scheme. Within the Scheme, 70% of available grant funding should be directed to these programs.

NCOSS recommends that a second category of grants should be available to local organisations that bolster the social fabric of communities, such as sports, arts, or wellbeing programs. This category should account for 20% of available grant funding, recognising the important role they play while supporting the overhauled Scheme's focus on improving the living standards of people who are on low incomes or disadvantaged.

Category 3 should be 10% of available funds, and be redirected to fund independent research into gambling harm and capacity building for local academic research into gambling harm in NSW.

### **1.3 What factors associated with the ClubGRANTS Scheme do you think could either strengthen or reduce any benefits that it delivers to NSW communities?**

Several factors associated with the Scheme as it currently stands reduce the benefits it delivers to NSW communities. The deficiencies with the current Scheme are outlined in detail in NCOSS' review, attached as Appendix A, and summarised below.

- Under the Guidelines, clubs are the sole decision-makers for Category 1 and 2 funding applications, and they are expressly allowed to fund their own core activities through the Scheme.
- Local Committees only have a role in the allocation of Category 1 grants, but this role extends only to providing broad input on priorities. Local Committees are not empowered to make decisions.
- In the absence of proper regulatory oversight, there is an inherent risk of non-compliance with eligibility criteria for Category 1 and 2 projects.
- Beyond allocation of a minimum 0.75 per cent of gaming machine profits over \$1M to Category 1, there are no other controls around the relative distribution of funding to Category 1 and 2 projects.

**1.4 Are you aware of any unintended effects, positive or negative, of the ClubGRANTS Scheme? If so, what are they?**

The process to award grants under the Scheme has lacked transparency and accountability and as a result, there have been several negative effects.

Firstly, and most importantly, disadvantaged and excluded communities have missed opportunities to fund much-needed services. NCOSS' 2021 review found many examples of where Category 1 grants were made to projects where there was no clear connection to improving the living standards of people who are on low incomes or disadvantaged – the fundamental objective of Category 1 grants.

At the same time, grant applications from local community organisations providing vital supports to domestic violence survivors or people experiencing homelessness were rejected. In the absence of any clear reporting regime, there is no way to quantify the impact of these decisions.

Secondly, the historic poor management of the Scheme has reduced trust and integrity in government grant programs. When NCOSS undertook our review, we heard a litany of stories from Local Committee members who put in hours of hard work – without being paid for it – assessing and ranking Category 1 applications, only to find that the clubs had already made decisions on who would be funded. The erosion of trust in this process extends beyond the committee members to charities and organisations who have applied for grants as well as, more broadly, communities themselves.

**1.5 Do the benefits of the ClubGRANTS Scheme outweigh the costs (in terms of forgone tax revenue)? Why or why not? What changes would you make to the ClubGRANTS Scheme, if any, to improve public 'value for money' or benefits to local communities?**

There is significant public benefit in a locally administered small grants scheme, where decisions are made with local input in a relatively short period of time. NCOSS recommends that ClubGRANTS be replaced with a more equitable, locally administered program that supports individuals and communities who are experiencing socio-economic disadvantage and should include investment in gambling harm minimisation.

Specific recommendations to improve the public 'value for money' and help local communities include:

- A clear set of objectives for the Scheme should be set out in the enabling legislation, including that the Scheme be operated in the public interest and for the benefit of disadvantaged individuals and communities in NSW, including those affected by gambling harm.

- The Scheme should increase funding for community projects that deliver basic services for people on low incomes or who are significantly disadvantaged (as is the case for Category 1 grants under the current Scheme). Within the Scheme, 70% of available grant funding should be directed to these programs.
- A locally administered small grants scheme should be kept, supported by a robust governance framework and clear eligibility criteria. Decision-making should rest with Local Committees made up of at least four local representatives with a process for managing real or perceived conflicts of interest.
- Local Committees should include representatives from local councils, local health districts, clubs, lived experience experts and a representative of the community sector. All Local Committee members should have equal decision-making powers and decisions should be made by majority.
- The total value of community grant funding allocated to each Local Government Area should be directly proportionate to the gaming machine profit derived from that community.

**1.6 How appropriate is the tax concession that clubs receive under the ClubGRANTS Scheme? How likely do you think it is that clubs would continue to fund local community services if the tax concession did not exist?**

NCOSS does not consider that a tax concession for clubs should remain an element of the Scheme. We note that the Scheme is a mechanism for distributing gaming machine profits with the express purpose of supporting disadvantaged individuals and communities in NSW, including those affected by gambling harm.

The Scheme exists to ensure a reasonable portion of gaming machine profit is redirected to community benefits, explicitly because gaming machines deliver well-documented social harms. It is not appropriate that clubs receive a tax concession for meeting their obligations in this regard.

We recommend that the NSW Government consider expanding a revised scheme by:

- a. Making it mandatory for all clubs to participate
- b. Expanding the scope of the scheme to include pubs
- c. Increasing the size of the contribution of the venues to 5% of gaming profits above \$1M
- d. Widening the scheme to include gaming machine entitlement fees to further enhance the new scheme's ability to contribute to the welfare of low income and disadvantaged communities and support the broader social fabric of the local community.

These funds should be paid directly to an independent NSW Government body, potentially the Office of Responsible Gaming, and disbursed via Local Committees.

NCOSS considers it likely that clubs will continue to fund local community services if the tax concession does not exist. This expectation is informed by the total value of ClubGRANTS, where a club's expenditure for the gaming machine tax year exceeded the available rebate (e.g. 2022-23 – both Category 1 and Category 2 expenditure was higher than the rebate amount). This is explained in the Discussion Paper itself (page 11):

*In practice, clubs often claim a rebate on an amount of Category 1 and 2 expenditure which exceeds the maximum available rebate under the Scheme of 1.85% of prescribed profits. In other words, some clubs spend more on grants than they get back.*

### **1.7 What other funding options are available to support local community programs and services in addition to, or instead of, the ClubGRANTS Scheme?**

Most local community programs and services rely on a patchwork of grants, including small grants, to deliver vital services. NCOSS remains a strong advocate for the NSW Government properly resourcing local, community services so they do not need to rely on a scheme like ClubGRANTS, or otherwise funded from pokies profits, to deliver services the community needs.

## **2. The appropriateness of the Regulatory framework**

### **2.1 To what extent do registered clubs in NSW have a responsibility to support frontline community programs and services in their local areas?**

NCOSS supports increased investment in gambling harm minimisation and efforts by both the NSW Government and clubs to offset the significant impacts of gaming machines on NSW communities. There is significant merit in allocating a percentage of gaming machine profits to support frontline community programs and services in areas of disadvantage.

Analysis by Wesley Mission shows that in the first six months of 2023, the people of NSW lost \$3.921 billion to gaming machines with the heaviest losses concentrated in some of the state's most disadvantaged communities. Beyond the impacts of these financial losses on lives and livelihoods, gambling has well documented negative impacts on families, physical and mental health and communities.

Administered fairly and equitably with appropriate governance in place, the Scheme has the potential to support a broader harm minimisation approach and direct funding back into communities.

### **2.2 The intent of Part 4 of the Act is not explicitly stated in any regulatory documents. For this review, intent has been defined as "rewarding clubs for applying a portion of**

**gaming machine profits to community development and support.” Does this definition align to your understanding of the intent? Why or why not? How well do you think the specific terms of Part 4 of the Act both reflect and support its intent? How could the terms of the Act be improved?**

The intent of the Scheme’s enabling legislation should be to support disadvantaged and excluded communities. A clear set of objectives for the Scheme should be set out in the enabling legislation, specifying that the Scheme be operated in the public interest and for the benefit of individuals and communities in NSW, including those affected by gambling harm.

The enabling legislation should explicitly acknowledge the Scheme as a means of distributing gaming machine profits within the context of broader gambling harm minimisation initiatives.

### **2.3 How well do the ClubGRANTS Guidelines align to and support Part 4 of the Act? How could the Guidelines be improved?**

The Guidelines have failed to establish an effective process to enable the implementation of the ClubGRANTS Scheme. See **Recommendations** (pages 7 and 8) for an overview of how the Guidelines could be improved.

### **2.4 How well do the Act and the ClubGRANTS Guidelines combine to support the fulfilment of the Scheme’s objectives? What features of these regulatory documents are least and most effective in supporting a successful grants scheme?**

NCOSS’ 2021 review of our role on Local Committees in the Scheme found that the current regulatory documents have contributed to a lack of transparency and accountability, and effectively sanctioned a process that is not in the public interest. The Guidelines bestow clubs with wholesale decision-making authority and expressly permit clubs to fund their own projects, without consultation with Local Committees and without any system of compliance in place to ensure projects meet the criteria for Category 1. Additionally, Category 2 grants may be used to fund any other project the club wishes to fund.

Despite being charged with providing a fair, transparent and consistent process for managing the local operations of ClubGRANTS, Local Committees only have the power to set overly broad expenditure priorities for Category 1 grants.

NCOSS recommends that both the Act and Guidelines are redrafted as part of a comprehensive overhaul of the Scheme. Empowering Local Committees to award local grants equitably and fairly for the benefit of disadvantaged individuals and communities in NSW should be the primary focus of the regulatory documents.



**2.5 Based on your understanding of the types of programs and services funded under each ClubGRANTS category, how closely would you say these align to the objectives of the Scheme?**

As previously stated, the Scheme should increase funding for community projects that deliver basic services for people on low incomes or who are significantly disadvantaged, as is the case for Category 1 grants under the current Scheme. Within the Scheme, 70% of available grant funding should be directed to these programs.

NCOSS recommends that a second category of grants should be available to local organisations that bolster the social fabric of communities, such as sports, arts, or wellbeing programs. This category should account for 20% of available grant funding, as this more accurately reflects the benefits of these programs relative to core community welfare and social services.

Category 3 should be 10% of available funds, and be redirected to fund independent research into gambling harm and capacity building for local academic research into gambling harm in NSW.

### **3 The effective administration of the Scheme**

**3.1 Do you think the governance arrangements help to ensure that ClubGRANTS are awarded in accordance with the Scheme's objectives? Why/why not?**

The governance arrangements for the Scheme have failed to ensure that public funds are used in a way that is consistent with the objective of maximising benefits to the community. Further, the current governance arrangements obscure transparency and a reasonable level of accountability.

**3.2 Would the Scheme operate more effectively if it was structured differently? For example, via a levy and administered by an independent body. Why/why not?**

NCOSS strongly supports a levy administered by an independent body to fund the Scheme. Subject to maintaining local decision-making in accordance with local expenditure priorities and ensuring timely distribution of funds to grant recipients, this would support proper accountability and reporting and improve trust in the integrity of the Scheme.

ClubGRANTS should be renamed to reflect the fact that the Scheme is a mechanism to distribute tax revenue derived from gaming machine profits, rather than a philanthropic initiative of the clubs themselves.

**3.3 Is it appropriate that the Minister is the final decision-maker for the allocation of Category 3 funding? Why/why not?**

NCOSS does not support ongoing Ministerial decision-making for Category 3 grants. NCOSS recommends that this category represent 10% of the overall available funds and should be used to fund independent research into gambling harm and build local academic capacity to continue this research. These decisions might be made by the Office of Responsible Gaming. To date, this category ultimately created mechanism to redistribute gaming machine profits from one LGA to another. The current process for ministerial discretion has ultimately resulted in a situation where gaming machine profits (i.e. community losses) from disadvantaged communities were used to fund infrastructure in communities less impacted by gambling harm.

### **3.4 Is it appropriate that registered clubs are the final decision-makers for the allocation of Category 1 and 2 funding? Why/why not?**

Decision-making should rest with Local Committees comprised of local representatives with a clear process for managing real or perceived conflicts of interest.

Local Committees should comprise representatives from local councils, local health districts, lived experience experts and a representative of the community sector. Local clubs and pubs should have an opportunity to participate in Local Committees, however all Local Committee members should have equal decision-making powers and decisions should be made by majority. Each Local Committee should have no more than one representative from clubs or pubs. Local Committee members (or the organisations for which they work) should receive adequate compensation for performing their roles.

Clubs should not have sole responsibility for deciding how public grant funding is distributed and they should not be allowed to override the Local Committee process.

### **3.5 Do local committees (where established) have enough influence in deciding how Category 1 funding is allocated? Why/why not?**

The current Guidelines do not sufficiently empower Local Committees to influence how Category 1 funding is allocated. Despite the intention that Local Committees support delivery of a fair, transparent and consistent process for managing the local operations of ClubGRANTS, in practice Local Committees only have the power to set overly broad expenditure priorities for Category 1 grants. Under the Guidelines, Local Committees have no decision-making authority for Category 1 grants, and they cannot veto a club's grant making decisions.

NCOSS notes that there was an amendment to the Guidelines in September 2023, which stipulated that 75% of the funds set aside by clubs for Category 1 grants should be used to fund projects recommended by the Local Committee. While this presents an improvement, NCOSS contends that all Local Committee members should have equal decision-making powers in awarding grants and decisions should be made by majority.

Based on the current legislative requirements of the Scheme, the responsible Minister should establish Guidelines that empower Local Committees to make local funding decisions and embed appropriate levels of transparency and accountability.

**3.6 Should clubs be permitted to provide ClubGRANTS funding to organisations not recommended by the local committees? Why/why not?**

As per our Recommendations outlined on pages 7 and 8, NCOSS considers that clubs should have an opportunity to participate in the Local Committee process via a single representative with equal decision-making powers to other Committee members. Clubs should not have sole responsibility for deciding how public grant funding is distributed and they should not be allowed to override the Local Committee process.

**3.7 Do the other key stakeholders listed above fulfil their roles and responsibilities under the ClubGRANTS Scheme? Why/why not?**

NCOSS' 2021 review of our involvement in the ClubGRANTS Scheme ultimately found that because our organisation had never been resourced to perform the role we were assigned under the Guidelines, our involvement in Local Committees had really been in name only.

Local Committee members (or the organisations for which they work) should be compensated for performing their roles. Meaningful participation in this process takes people away from other paid and unpaid roles and responsibilities.

**3.8 Is it appropriate that clubs are required to advertise publicly to invite and accept applications for Category 1 funding? Should the same requirement apply to Category 2 funding? Why/why not?**

NCOSS does not believe clubs should have a role in advertising applications for Category 1 or 2 grants. Given that the Scheme is a mechanism for distributing tax revenue derived from gaming machine profits to community development and support projects, it is appropriate that this process is advertised and administered independently of clubs themselves.

Further, as noted earlier, ClubGRANTS should be renamed to reflect the fact that it is not a philanthropic initiative of the clubs themselves.

**APPENDIX A (submitted as separate document)**