



ClubGRANTS GUIDELINES

Gaming Machine Tax Act 2001

August 2020

CONTENTS

1	CLUBGRANTS GUIDELINES, CHAPTER 1 - OVERVIEW	4
2	CLUBGRANTS GUIDELINES, CHAPTER 2 - CATEGORY 1 & 2 EXPENDITURE	5
2.1	Category 1 Expenditure.....	5
2.1.1	Community welfare and social services.....	5
2.1.2	Community development.....	5
2.1.3	Community health services.....	6
2.1.4	Employment assistance activities.....	6
2.1.5	Treatment of expenditure ‘in kind’.....	6
2.1.6	ClubGRANTS Local Committee recommendations.....	6
2.2	Category 2 Expenditure.....	7
2.2.1	Tourism promotion.....	7
2.2.2	Treatment of expenditure ‘in kind’.....	7
2.2.3	Cultural activities, visual/performing arts.....	8
2.2.4	Capital upgrades for emergency situations.....	8
2.3	Expenditure generally.....	8
2.3.1	Political parties/industry organisations.....	8
2.3.2	Administration costs.....	9
2.3.3	Problem gambling counselling projects and services.....	9
2.3.4	Expenditure outside of New South Wales.....	9
2.3.5	Treatment of club bingo and charity housie.....	9
2.3.6	Expenditure to assist victims of interstate or international natural or other disasters.....	10
2.3.7	Expenditure on community care infrastructure.....	10
3	CLUBGRANTS GUIDELINES, CHAPTER 3 - CATEGORY 3 EXPENDITURE	12
3.1	ClubGRANTS funding.....	12
3.2	Payments from the ClubGRANTS Fund.....	12
3.3	ClubGRANTS grants process.....	12
3.4	Application Guidelines.....	13
3.5	Fund and grant management.....	13

4	CLUBGRANTS GUIDELINES, CHAPTER 4 - ACCOUNTABILITY & REPORTING.....	14
4.1	General principles	14
4.2	Reporting form	14
4.3	Other ClubGRANTS reporting requirements	15
4.3.1	Reports from benefiting organisations - expenditure up to & including \$7,500. 15	
4.3.2	Reports from benefiting organisations - expenditure over \$7,500.....	16
4.3.3	Contracts with benefiting organisations - expenditure over \$10,000	16
4.4	Joint funding of projects and pooled funding arrangements.....	16
4.5	Establishment of trusts	17
4.6	Notification to local committees of all Category 1 funding allocations.....	17
4.7	Examples of best practice.....	17
4.8	Special provisions for expenditure across Local Government Area (LGA) borders ..	17
4.9	Administration costs incurred by organisations providing administrative support to a local committee.....	18
4.10	Publicising approved projects	18
5	CLUBGRANTS GUIDELINES, CHAPTER 5 - CATEGORY 1 APPLICATION & FUNDING PROCESS.....	19
5.1	The application process.....	19
5.2	Advertising	19
5.3	Expenditure approvals by clubs	19
6	CLUBGRANTS GUIDELINES, CHAPTER 6 - LOCAL COMMITTEE PROCESS	20
6.1	The establishment of local committees	20
6.2	The membership of local committees.....	20
6.3	The key roles and responsibilities of clubs and local committees.....	21
6.3.1	Mandatory provision of information by clubs	21
6.3.2	Key roles of Local Committees	22
6.4	The operational procedures of local committees	23

1 CLUBGRANTS GUIDELINES, CHAPTER 1 - OVERVIEW

ClubGRANTS is designed to ensure that larger registered clubs in NSW contribute to the provision of front-line services to their local communities; and to ensure that the disadvantaged in the community are better positioned to benefit from the substantial contributions made by those clubs. ClubGRANTS also facilitates contributions by larger clubs towards infrastructure to support sporting, health and community activities.

The *Gaming Machine Tax Act 2001* outlines the legislative arrangements for the granting of a rebate of gaming machine tax levied on registered clubs. Under the Act, a tax rebate is made available to registered clubs of up to 1.85% of a club's gaming machine profits over \$1 million during a "tax year" (as defined in section 3(1) of the Act) provided that the Independent Liquor and Gaming Authority (the Authority) constituted under the *Gaming and Liquor Administration Act 2007* is satisfied that the required amount has been applied to expenditure on community development and support (refer to expenditure categories 1 and 2, as provided for in these guidelines).

Under the Act, a further 0.4% of a club's gaming machine profits over \$1 million during a "tax year" is paid into the ClubGRANTS Fund on behalf of the club to be used for large scale projects or services associated with sport, health or community infrastructure (refer to expenditure Category 3, as provided for in these guidelines).

The Act authorises the Minister to publish guidelines that determine what constitutes the application of profits and to define the terms for Category 1, 2 and 3 projects and services for ClubGRANTS purposes.

In these guidelines, the gaming machine tax rebate of 1.85% of gaming machine profits over \$1 million for Categories 1 and 2 is referred to as the "ClubGRANTS liability".

In the Act, a distinction is made between three classes of expenditure:

Category 1: Expenditure on specific community welfare and social services, community development, community health services and employment assistance activities.

Category 2: Expenditure on other community development and support services.

Category 3: Contributions by clubs to the ClubGRANTS Fund.

To qualify for the gaming machine tax rebate of 1.85%, clubs must allocate at least 0.75% of those funds over \$1 million to Category 1 purposes, with the remainder allocated to Category 2 purposes (maximum 1.1%). Excess Category 1 expenditure may be used to cover shortfalls in Category 2, but the reverse does not apply.

As a general rule, it is important that funding preference is not given to projects or services that can be readily assisted by an existing Government funding program.

2 CLUBGRANTS GUIDELINES, CHAPTER 2 - CATEGORY 1 & 2 EXPENDITURE

2.1 CATEGORY 1 EXPENDITURE

Eligible **Category 1 expenditure** is for projects and/or 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.

2.1.1 Community welfare and social services

- family support
- supported emergency or low cost accommodation
- counselling services
- child care and child protection
- aged, disability or youth services
- veteran welfare services
- services to victims of natural or other disasters¹
- volunteer emergency services, such as surf life-saving and rural fire services.

2.1.2 Community development

- neighbourhood centre activities
- community education programs
- youth drop-in facilities
- community transport services
- tenants' services
- state-wide or regional services developing social policies and providing advocacy for local community services.

¹ Note paragraph 2.3.4 of the guidelines states "Expenditure Outside of New South Wales" - Expenditure on community development and support outside NSW is only recognised if it is made to locally based activities that are of a genuine cross-border nature or to nationally operating organisations with a presence in NSW or expenditure in accordance with 2.3.6 of the Guidelines.

2.1.3 Community health services

- early childhood health
- child and family services
- community nursing
- therapy, including art therapy
- community mental health services
- health promotion initiatives
- drug and alcohol services
- palliative care/women's health/dental/ disability services
- Aboriginal and Torres Strait Islander health services
- home and community care services

Funding for buildings and equipment for in-patient care may be recognised as Category 1 expenditure in certain limited circumstances, so long as the expenditure is identified by the ClubGRANTS Local Committee to be of very considerable potential importance and value to the local community. Otherwise such grants will only be recognised as Category 2 expenditure. Funding for medical research is not eligible as Category 1 expenditure.

2.1.4 Employment assistance activities

- employment placement services
- group training
- employment advocacy
- community enterprises
- local job creation schemes

2.1.5 Treatment of expenditure 'in kind'

Category 1 expenditure 'in kind' provided to the community is acceptable provided that claims for such expenditure do not exceed market value, are properly documented and are eligible for Category 1 expenditure as defined in these guidelines. Expenditure 'in kind' is not acceptable if the organisation receiving the expenditure makes a comparable reciprocal 'in kind' contribution to the club. 'In kind' expenditure cannot exceed 20% of combined Category 1 and Category 2 ClubGRANTS expenditure.

However, clubs may apply to Liquor & Gaming NSW for exemptions to the 20% limit. Applications for exemptions must be accompanied by such information as may be required by Liquor & Gaming NSW.

2.1.6 ClubGRANTS Local Committee recommendations

It is recommended that clubs allocate a minimum of 75% of Category 1 funds in accordance with the Local Committee's recommendations.

2.2 CATEGORY 2 EXPENDITURE

Eligible **Category 2 expenditure** is that expenditure allocated to 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).

Category 2 expenditure can be allocated for professional sport purposes including National Rugby League with the exception of monetary payments to professional or semi professional sports persons and their coaches and managers.

There are a number of specific funding allocations that are disallowed under Category 2, as follows:

- professional entertainers and entertainment provided for club patrons and used for the purpose of directly promoting activities associated with the trading operations of the club;
- expenditure on a club's commercial activities or activities directly related to fulfilling its obligations under the legislative and licence requirements applying to its trading operations (for example, Occupational Health and Safety); and
- capital and related expenditure on club facilities where the project is primarily commercial in nature, or related to the upgrading or enhancement of gaming facilities, or when the facility is operated on a profit basis. However, this does not exclude funding for upgrading buildings, improving access to buildings, or upgrading communications technology or connections to utilities for club facilities, provided that the building or facility is not primarily commercial in nature, is not related to gaming and is not operated on a profit basis.

Despite the above, Category 2 funding may be allocated for establishing and/or improving a club's community care infrastructure or undertaking a capital upgrade to a club's core property or equipment in the circumstances described in paragraphs 2.2.4 and 2.3.7.

2.2.1 Tourism promotion

Category 2 expenditure on the promotion of tourism is acceptable provided that the expenditure is not specifically targeted to promoting the club.

2.2.2 Treatment of expenditure 'in kind'

Category 2 expenditure 'in kind' provided to the community is acceptable provided that claims for such expenditure do not exceed the market value, are properly documented and represent eligible expenditure as defined in these guidelines. Expenditure 'in kind' is not acceptable if the organisation receiving the expenditure makes a comparable reciprocal 'in kind' contribution to the club. As noted above, 'In kind' expenditure cannot exceed 20% of combined Category 1 and Category 2 ClubGRANTS expenditure.

2.2.3 Cultural activities, visual/performing arts

Category 2 expenditure may be provided for non-profit cultural activities, or non-profit visual and performing art activities and programs.

2.2.4 Capital upgrades for emergency situations

Capital expenditure on an upgrade that relates to a club's core property or equipment may be recognised as Category 2 expenditure provided that the primary purpose of the upgrade is to improve a local community's preparedness for, response to and/or recovery from an emergency. An emergency has the same meaning given by section 4 of the *State Emergency and Rescue Management Act 1989*.

Category 2 expenditure on a capital upgrade that would improve a club's capability or capacity to act as an evacuation centre is acceptable only if a Local Emergency Management Committee has endorsed the club as a potential emergency evacuation centre. These committees typically maintain a list of potential centres for each local government area as part of local emergency management plans established under the *State Emergency and Rescue Management Act 1989*.

Further, clubs must be able to demonstrate that proposed upgrades are consistent with, and do not duplicate, established emergency management arrangements and infrastructure in New South Wales. In the event of an emergency, existing arrangements in most cases provide local communities access to mobile catering, off-site commercial accommodation, backup power generators, and child friendly spaces/play equipment. This will depend on the location and type of emergency. Clubs should therefore consult their Local Emergency Management Committee before undertaking a proposed capital upgrade.

Examples of eligible capital upgrades

- Establishing backup power supplies, communications or other support capability necessary to set up a club as a potential emergency evacuation centre for a local community, where the Local Emergency Management Committee has confirmed that club's use for this purpose and the proposed upgrade is consistent with the role of an evacuation centre in an emergency.
- Expanding a dam on club property where the Local Emergency Management Committee advises that the expansion would improve the local community's capacity to respond to a bushfire.

2.3 EXPENDITURE GENERALLY

2.3.1 Political parties/industry organisations

ClubGRANTS funds may not be provided to any registered political parties, any political candidates, any political campaigns or to any industry organisations.

2.3.2 Administration costs

Category 1 or Category 2 expenditure may be provided for reasonable costs incurred in the provision of administrative support for the local committee. The maximum allowable amount of funding is limited to either \$1,000 per club or 10% of available combined Category 1 and Category 2 funds (whichever is lesser).

2.3.3 Problem gambling counselling projects and services²

ClubGRANTS funds may not be provided for problem gambling counselling services except in the following circumstances:

A registered club that is party to an existing contract with a counselling service that provides problem gambling counselling services to the club's patrons may make a claim under the ClubGRANTS Scheme for funds provided to that service.

The club can make a claim under the ClubGRANTS Scheme as follows:

- Until 31 August 2013, a registered club that is party to an existing contract can claim 60% of funds provided to the problem gambling counselling service.
- From 1 September 2013 to 31 August 2014, a registered club party to an existing contract can claim 40% of funds provided to the problem gambling counselling service.
- From 1 September 2014 onwards, a registered club that is party to an existing contract can claim 20% of funds provided to the problem gambling counselling service until the contract with the problem gambling counselling service expires.

Once an existing contract between a registered club and a problem gambling counselling service expires, a rebate can no longer be claimed for funds provided to that service.

An *existing contract* in paragraph 2.3.3 means a contract that a registered club has entered into with a problem gambling counselling service before 10 February 2012.

2.3.4 Expenditure outside of New South Wales

Expenditure on community development and support outside NSW is only recognised if it is made to locally based activities that are of a genuine cross-border nature or to nationally operating organisations with a presence in NSW or expenditure in accordance with 2.3.6 of the Guidelines.

2.3.5 Treatment of club bingo and charity housie

Club Bingo

Club Bingo is disallowable expenditure under Category 1 and Category 2, as it is conducted for the purpose of promoting a club's services.

² This provision commenced on 10 February 2012

Charity Housie

The market value of providing a venue, equipment or staff member for Charity Housie is allowable in-kind expenditure:

- under Category 1, provided the funds raised through Charity Housie are expended on activities or services covered by Category 1; or
- under Category 2, provided the funds raised through Charity Housie are expended on activities or services covered by Category 2.

Where a promoter of Charity Housie provides a club with an in-kind benefit to conduct Club Bingo, such as supplying personnel, the club must deduct the market value of this in-kind benefit from any in-kind benefit that the club provides to the charity.

For example, where a club provides a venue to conduct Charity Housie and the charity provides staff to conduct Club Bingo, the club must deduct the market value of the staff supplied from the market value of the venue provided to calculate the allowable in-kind expenditure.

2.3.6 Expenditure to assist victims of interstate or international natural or other disasters

Any registered club that qualifies for the gaming machine tax rebate under section 17 of the *Gaming Machine Tax Act 2001* may make a claim through ClubGRANTS for funds provided to any interstate or international natural or other disaster relief fund but only if the following conditions are met:

- (a) The Minister has advised the club industry that expenditure provided to victims of a particular interstate or international natural or other disaster is eligible expenditure and has identified the natural or other disaster relief fund the funds should be deposited into;
- (b) The amount claimed cannot exceed 10% of a registered club's total eligible Category 1 and Category 2 ClubGRANTS expenditure;
- (c) The total amount expended must be shared equally between Category 1 and Category 2 funding; and
- (d) The expenditure is deposited into the fund within 12 months of the natural or other disaster's occurrence.

2.3.7 Expenditure on community care infrastructure

Expenditure to establish and/or improve a club's community care infrastructure may be recognised as Category 1 and Category 2 expenditure.

Community care infrastructure includes:

- aged-care facilities
- facilities for people with a disability
- mental health facilities
- child-care facilities

Category 1 and Category 2 expenditure may not be allocated by a club for any expenditure associated with the ongoing operation of the club's community care infrastructure.

Despite paragraph 2.2, Category 2 expenditure may be allocated by a club to establish and/or improve a club's community care infrastructure if the facility is leased and operated by an accredited third party, whether on a not-for-profit or for profit basis.

3 CLUBGRANTS GUIDELINES, CHAPTER 3 - CATEGORY 3 EXPENDITURE

Category 3 expenditure is the portion of a registered club's gaming machine profits over \$1 million which is paid into the ClubGRANTS Fund to the NSW Government on behalf of the club to support and develop, by way of grants, large scale projects or services associated with sport, health or community infrastructure. The amount paid into the fund on behalf of each club is 0.4% of the club's gaming machine profits over \$1 million during a gaming machine tax year.

3.1 CLUBGRANTS FUNDING

ClubGRANTS funding can be provided for designing, building, upgrading, renewing, funding or acquiring land or property for projects and services that are within the categories of sport, health or community. Eligible streams for funding within the categories are determined by the Minister for each grant round and are published on the Liquor and Gaming NSW website.

Category 3 projects and services funded by ClubGRANTS cannot be funded under Category 1 or Category 2.

3.2 PAYMENTS FROM THE CLUBGRANTS FUND

The Minister approves funding for projects submitted as grants from the ClubGRANTS Fund for sport, health and community infrastructure. The Minister may approve payment from the ClubGRANTS Fund for reasonable costs incurred in administering and managing the fund.

3.3 CLUBGRANTS GRANTS PROCESS

The Minister delegates the operations of administering and processing grant applications to Liquor and Gaming NSW. To determine funding allocation on projects the Minister may call on:

- a) the expertise of an independent assessment panel, comprising assessors with subject matter expertise
- b) other government agencies with expertise in categories
- c) input from ClubsNSW
- d) and give consideration to projects and services which will benefit:
 - Aboriginal and Torres Strait Islander communities;

- regional and remote communities;
- disadvantaged communities; and
- culturally and linguistically diverse communities.

3.4 APPLICATION GUIDELINES

The Minister approves the eligibility, criteria and application dates for grant rounds under ClubGRANTS Category 3. The Minister also approves the title of grant rounds. Should the grant round title not include the term “ClubGRANTS or Category 3”, then ClubGRANTS must be acknowledged as the source of funding in the Application Guidelines and other related material.

Liquor and Gaming NSW is to arrange for Application Guidelines to be placed on the Liquor and Gaming NSW website

3.5 FUND AND GRANT MANAGEMENT

Liquor and Gaming NSW is responsible for operational management of the Fund, contract management of funded projects, acquittals and reporting.

4 CLUBGRANTS GUIDELINES, CHAPTER 4 - ACCOUNTABILITY & REPORTING

4.1 GENERAL PRINCIPLES

In allocating ClubGRANTS expenditure which is claimed to fall within categories 1 or 2, a club needs to:

- (a) ensure that it can satisfy the Authority that the activities funded fall within Category 1 or Category 2 as defined in the guidelines; that appropriate expenditure has been applied to Category 1 and Category 2 purposes; and that it has maintained appropriate records;
- (b) indicate whether the Category 1 activities funded by the club are in line with the local community service priorities identified by the local committee on the club's ClubGRANTS expenditure return to the Authority and report this to its local committee;
- (c) ensure that it has provided to the local committee details of any long term Category 1 funding commitments;
- (d) obtain a certificate of attendance from the local committee, and signed by the convenor of the local committee, and forward this to the Authority with the club's annual return;
- (e) follow the special provisions in section 4.5 relating to trusts and section 2.3.2 relating to benefiting organisations located outside NSW; and
- (f) satisfy the Authority that all relevant reports and statutory declarations have been sought from benefiting organisations.

4.2 REPORTING FORM

Each registered club claiming a tax reduction under the ClubGRANTS expenditure must satisfy the Authority that appropriate expenditure has been applied to Category 1 and Category 2 purposes.

A standard electronic form has been developed for reporting Category 1 and Category 2 expenditure. The form must be completed by qualifying clubs and submitted to the Authority within 7 days of the end of the tax year ie by 7 September of that year.

If a club's expenditure is less than the ClubGRANTS liability, the difference must be paid to the Office of State Revenue. The shortfall will be added to the August quarter tax assessment payable by direct debit on 21 September. If the amount expended is more than 1.85%, the difference may not be accumulated and used to offset shortfalls in future years' ClubGRANTS expenditure.

Clubs must ensure that successful applicants receive their funding before 31 August in

order for that expenditure to qualify for the current tax year. This means that cheques must be cleared, or cash advanced, before 31 August. The Authority will consider any funding received after this date to be part of the next tax year's ClubGRANTS expenditure allocations. This may mean that a club will need to make up the shortfalls in the current year's expenditure.

4.2.1 Temporary arrangements for 2019-2020 tax year (COVID-19 relief)

Clubs may opt-in to claim eligible Category 1 ClubGRANTS expenditure made between 1 September and 30 November 2020 (**Extended Eligible Expenditure**) against any shortfalls in tax assessments in their 2019-2020 tax assessment (**Temporary Arrangements**).

Clubs that decide to opt-in to the Temporary Arrangements must inform Liquor & Gaming NSW that they are doing so by 30 October 2020.

For clubs that opt-in to the Temporary Arrangements, Extended Eligible Expenditure will be used to offset any shortfalls in 2019-2020 tax assessments. Once the Extended Eligible Expenditure has covered the 2019-2020 tax assessment shortfall, all remaining Extended Eligible Expenditure will be allocated to the 2020-2021 tax assessment as usual.

Clubs that opt-in to the Extended Year must ensure that successful applicants receive funding before 30 November 2020 in order for that expenditure to qualify for the 2019-2020 tax year. This means that cheques must be cleared, or cash advanced, before 30 November 2020. The Authority will consider any funding received after this date to be part of the 2020-2021 tax year's ClubGRANTS expenditure allocations.

Clubs that have opted-in to the Temporary Arrangements must submit a return detailing their Extended Eligible Expenditure to Liquor & Gaming NSW by 14 December 2020.

The Temporary Arrangements do not apply to Category 2 expenditure.

4.3 OTHER CLUBGRANTS REPORTING REQUIREMENTS

ClubGRANTS qualifying clubs are also responsible for requesting reports from organisations receiving ClubGRANTS funding from a club as to the manner in which that funding was applied.

4.3.1 Reports from benefiting organisations - expenditure up to and including \$7,500

Clubs must request organisations receiving ClubGRANTS funds of up to and including \$7,500 to provide a report detailing the application of the ClubGRANTS funds. Where a previously funded project has not been completed within the current tax year, a progress report must be provided.

Where a benefiting organisation has received funding in line with the local committee's identification of local community service priorities, the club should request the benefiting organisation to supply a copy of a report on the project to the relevant local committee.

The type of report required depends on the level of funding. For cash amounts of less than \$500, a receipt will suffice. For in-kind funding valued at less than \$500 (such as free use of club meeting rooms), a letter of acknowledgement from the benefiting organisation or individual is required.

In the case of cash or in-kind expenditure for funding of between \$500 and \$7,500, a written report from the recipient as to the application of the funding is required.

If a report (or progress report) is not received from a benefiting organisation, no additional Category 1 funding should be considered, other than in exceptional circumstances.

4.3.2 Reports from benefiting organisations - expenditure over \$7,500

Where an individual ClubGRANTS funding grant exceeds \$7,500, the club must require the benefiting organisation to complete a statutory declaration detailing the application of the funds at the end of the project.

Where a project has not been completed within a tax year, a statutory declaration providing a progress report must be obtained by 31 August of the current year.

Where a benefiting organisation has received funding in line with the local committee's identification of local community service priorities, the club should provide a copy of the report (statutory declaration) to the relevant local committee.

Clubs and local committees (as appropriate) must consider the report (or progress report) before further Category 1 applications from the benefiting organisation are entertained.

4.3.3 Contracts with benefiting organisations - expenditure over \$10,000

Where an individual ClubGRANTS funding grant exceeds \$10,000, the club must enter into a formal contract with the benefiting organisation.

4.4 JOINT FUNDING OF PROJECTS AND POOLED FUNDING ARRANGEMENTS

The joint funding of projects is allowable where each individual club directly forwards its own contribution to a project to the benefiting organisation, keeps a record of its own direct contribution to the project, and receives reports and returns from the benefiting organisation confirming how the club's Category 1 allocation was applied.

However, if a number of clubs' ClubGRANTS Category 1 funds are pooled and allocations made from a central fund administered, for example, through a local committee, pooled funding is not eligible ClubGRANTS Category 1 expenditure. That is to say, clubs can still provide funds directly to a project or organisation that is in receipt of funds from other clubs as part of a joint funding project. However, the collective club funds for joint projects are not to be placed under the control of a third party, external to the club, purely for the purposes of distribution of those funds by that third party. This would not include the establishment of trusts.

4.5 ESTABLISHMENT OF TRUSTS

Club directors considering the establishment of a trust as a potential benefiting organisation need to carefully consider the administrative, financial and legal implications of doing so, and should seek professional advice. Ideally, trust proposals should be supported by the local committee.

Clubs should also ensure that ClubGRANTS allocations are spread, as far as possible, across a wide variety of activities.

As outlined previously, trusts involving pooled funding arrangements will not be recognised as eligible ClubGRANTS Category 1 expenditure. Neither Liquor & Gaming NSW, nor the Authority will assume responsibility for the control or administration of any trust or trust funds.

4.6 NOTIFICATION TO LOCAL COMMITTEES OF ALL CATEGORY 1 FUNDING ALLOCATIONS

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.

The information to be provided by each club must include the names of the funding recipients and the amount of funding for each Category 1 project, together with advice as to whether the club's Category 1 allocations were in line with the local community priorities identified by the local committee. Clubs must provide some evidence and/or written explanation to indicate how their Category 1 projects aligned with the local community service priorities identified by the local committee.

4.7 EXAMPLES OF BEST PRACTICE

Clubs must keep reports for at least five³ years in the event of later review either of the club or of the benefiting organisation by the Authority. The Authority retains the option of removing recognition for ClubGRANTS expenditure if the activity is subsequently found to be non-complying with these guidelines.

4.8 SPECIAL PROVISIONS FOR EXPENDITURE ACROSS LOCAL GOVERNMENT AREA (LGA) BORDERS

Expenditure on community development and support that involves projects or activities that involve more than one LGA is recognised for ClubGRANTS purposes.

Clubs that allocate ClubGRANTS funding to such projects and activities must be able to demonstrate that the project or activity offers a service or benefit to communities within their own LGA.

³ The requirement that registered clubs keep reports from benefiting organisations for five years instead of three commenced on 10 February 2012

4.9 ADMINISTRATION COSTS INCURRED BY ORGANISATIONS PROVIDING ADMINISTRATIVE SUPPORT TO A LOCAL COMMITTEE

Category 1 and Category 2 expenditure provided to reimburse organisations for reasonable costs incurred in the provision of administrative support for the local committee in their LGA is acceptable. The maximum allowable amount of funding is limited to either \$1,000 per club or 10% of available combined Category 1 and Category 2 funds (whichever is lesser). For ease of administration, any application for reimbursement of costs is to be made in the tax year following the year in which the costs were incurred.

In this context, administration support is taken to include the provision of goods, such as stationery and postage, the provision of services, such as staff to prepare for meetings or take minutes, or costs of local advertising of ClubGRANTS, but does not include such matters as equipment used at meetings or cost of room hire for meetings.

In order to qualify for this reimbursement, the organisation(s) providing the administrative support must apply in writing to the local committee for the relevant LGA, and provide such documentation to verify the claim as may be requested by the local committee. A statement must also be included in any media release issued by the local committee, noting that some ClubGRANTS funds have been utilised for costs to the organisation providing administrative support.

Once a local committee has determined that reimbursement is warranted, the costs should be spread equitably across all participating clubs in the LGA, and should not be funded from the Category 2 expenditure of a single club. The costs may also be allocated on a pro-rata basis if so agreed by the local committee.

4.10 PUBLICISING APPROVED PROJECTS

Clubs and benefiting organisations should make every attempt to publicise the programs, projects or services for which funding has been provided.

In addition, clubs should make every attempt to maintain on a publicly-accessible website, a list of all programs, projects or services for which funding has been provided in the current and previous gaming machine tax year. The list should be updated every six months.

The list should include, for every grant made:

- The name of the recipient
- The name of the program, project or service funded as set out in the ClubGRANTS annual return under the heading "Purpose of Recipients & Funds"
- The total amount of the grant
- Whether the expenditure was Category 1 or Category 2
- Whether the funding was in cash or in-kind

5 CLUBGRANTS GUIDELINES, CHAPTER 5 - CATEGORY 1 APPLICATION & FUNDING PROCESS

5.1 THE APPLICATION PROCESS

The gaming machine tax year commences on 1 September of each year. Accordingly, it is advised that applications for ClubGRANTS funding be called for no later than January of the following year.

It is customary for each local committee to set its own application closing date. Applicants should refer to the local committee list on the ClubsNSW website (www.clubsnsw.com.au) for the relevant deadlines.

Category 1 application forms can be obtained from local committees or from the ClubsNSW website. Category 1 application methods vary between local committees and applicants are advised to refer to the ClubsNSW website for details. Advice regarding eligible Category 1 expenditure is available from the Authority.

There is no Category 2 application form.

5.2 ADVERTISING

ClubsNSW will advertise in statewide and regional newspapers on an annual basis to invite Category 1 ClubGRANTS funding applications from community groups.

ClubsNSW may also advertise online, by radio or by way of other forms of print media to invite Category 1 ClubGRANTS funding applications from community groups.

Any such advertisement will carry words to the effect that ClubGRANTS is a shared State Government-Club Industry program, funded by a 1.85% gaming machine tax rebate provided by the State Government to those registered clubs with gaming machine profits in excess of \$1 million per annum.

5.3 EXPENDITURE APPROVALS BY CLUBS

Clubs and local committees must process applications for ClubGRANTS funding in a timely manner, and should ensure that letters of acknowledgment are sent to applicants promptly. Formal letters of offer should be made to successful organisations along with a request for a report to be forwarded to the club at the completion of the activity.

Unsuccessful applicants should also be notified.

6 CLUBGRANTS GUIDELINES, CHAPTER 6 - LOCAL COMMITTEE PROCESS

6.1 THE ESTABLISHMENT OF LOCAL COMMITTEES

ClubGRANTS, a State Government initiated scheme, should have a broad consultative and advisory process based on the establishment of locally appointed committees in which qualifying clubs and key community service agencies would participate.

Therefore, ClubGRANTS local committees must be established in each local government area (LGA) where the total ClubGRANTS Category 1 liability of local qualifying clubs is in excess of \$30,000 in the tax year.

Local committees may also be established in line with these guidelines in LGAs where the total ClubGRANTS Category 1 liability is less than \$30,000, if all parties concur. If a local committee is not formed, the Department of Family and Community Services and the Council of Social Service of New South Wales (NCOSS) must develop a listing of social expenditure priorities in that area and make these available to the relevant clubs, either directly or through ClubsNSW, for the purposes of determining priorities with respect to Category 1 funding of community development and support projects.

When considering ClubGRANTS applications for funding, registered clubs in areas where a local committee has not been established may wish to contact the Department of Family and Community Services, NCOSS or a local council for their advice on the suitability of specific applications in the context of the listed social expenditure priorities, or of the capabilities of the organisation proposing to undertake the activity for which funding is sought.

6.2 THE MEMBERSHIP OF LOCAL COMMITTEES

The core local committee membership in each LGA is to comprise of:

- (a) Representative/s of ClubGRANTS qualifying clubs;
- (b) Representative/s of the local council;
- (c) Representative/s of the Department of Family and Community Services;
- (d) Representative/s of NCOSS, or a major local or regional affiliate of NCOSS;
and
- (e) Representative/s of the local Aboriginal community where appropriate.

The club representatives must ensure that all local committee information is forwarded to the club/s they are representing.

The respective responsibilities of local committee members are as follows:

- qualifying clubs are the ClubGRANTS funding bodies;
- local councils provide local area governance, and provide local community service planning input;
- the Department of Family and Community Services is the lead government agency providing a community service planning, co-ordination, and delivery role across the State; and
- NCOSS, or its nominated local affiliate, represents local non-profit community organisations.

A local committee may invite representatives of other government or non-government organisations to participate in meetings.

The local council representative will be responsible for convening the first meeting of the local committee. If the council is unable to undertake this task, the Department of Family and Community Services would be expected to convene the meeting. A qualifying club will normally be a member of the local committee in the LGA in which the club is located. Where a club's catchment area and activities cover more than one LGA, it may seek advice from other relevant local committees and allocate funds to organisations in those other areas. A club is at liberty to seek representation on the local committee of a neighbouring LGA, possibly via the representative of another club in that LGA, where the first club's catchment area and activities cover more than one LGA.

6.3 THE KEY ROLES AND RESPONSIBILITIES OF CLUBS AND LOCAL COMMITTEES

6.3.1 Mandatory provision of information by clubs

Decisions about ClubGRANTS funding allocations are the responsibility of each club's board of directors. However, in all LGAs where it is required that a local committee be established, it is compulsory for all qualifying clubs in that LGA to participate in the local committee processes.

Clubs must advise the local committee of the URL of the webpage which contains their list of ClubGRANTS (see paragraph 4.10).

Where a club has not yet updated its website in accordance with paragraph 4.10, it is mandatory for clubs to disclose in writing to their local committee such information on their Category 1 grants, including those made in previous gaming machine tax years, should their local committee request this information. In addition, Liquor & Gaming NSW will place on its website an estimation of the funds available for the next gaming machine tax year for the relevant LGA as soon as possible after the end of each gaming machine tax year.

The information to be provided by each club must include advice on the funding recipients and amounts of funding for each Category 1 project, together with advice as to whether the club's Category 1 allocations in the previous year were in line with the local community priorities identified by the local committee. Clubs need to provide some evidence and/or written explanation to indicate how their Category 1 projects aligned with

the local community service priorities identified by the local committee.

Qualifying clubs with long-term or pre-existing Category 1 commitments to organisations must also provide information on these commitments to their local committee.

6.3.2 Key Roles of Local Committees

The key roles of local committees are to:

- (a) determine the proportion of Category 1 expenditure that should be allocated in accordance with the local committee's recommendations;
- (b) identify the community service priorities for Category 1 expenditure in their LGA based on evidence provided by local government social plans and the Department of Family and Community Services advice on regional and whole-of-government community service priorities;
- (c) advise qualifying clubs in their LGA of the identified community service priorities for Category 1 expenditure;
- (d) assess Category 1 applications received by the local committee as to whether they align with the identified community service priorities;
- (e) inform qualifying clubs in their LGA of the outcomes of the assessment of Category 1 applications;
- (f) in the case of Category 1 applications forwarded directly to a club without referral to the local committee and subsequently funded by that club, review the evidence received from clubs as to whether such applications align with the identified community service priorities and whether clubs are working in the spirit and intent of the guidelines so as to ensure that there is no duplication of funding, and that a club's funding priorities are based on what are known needs in the community;
- (g) if requested by any qualifying club/s, determine a priority listing of Category 1 applications received by the local committee to assist those clubs requiring additional information to determine which projects to fund;
- (h) obtain written reports from local qualifying clubs listing the Category 1 projects funded by them, together with evidence from clubs as to whether these aligned with the community service priorities identified by the local committee; and
- (i) provide each qualifying club with a certificate of attendance, signed by the local committee convenor, indicating their attendance or otherwise at local committee meetings, for forwarding with their annual return to the Authority at the end of the tax year.

Local committees are also required to:

- (a) organise local promotion of ClubGRANTS, in conjunction with state-wide and regional advertising of the Scheme by ClubsNSW;
- (b) encourage clubs to publicise and disseminate information on ClubGRANTS funded projects within the local community;
- (c) distribute standard application forms and take enquiries about ClubGRANTS

activities; and

- (d) discuss and review on an annual basis the operation and impacts of ClubGRANTS within the LGA.

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.

In identifying the local community service priorities for Category 1 expenditure, it is expected that local committees would identify a sufficiently broad range of local priorities to allow the funding of a wide range of local community service projects by clubs.

6.4 THE OPERATIONAL PROCEDURES OF LOCAL COMMITTEES

Local committees must provide a fair, transparent and consistent process for managing the local operations of ClubGRANTS, and provide a forum for qualifying clubs to discuss local committee advice and thereby avoid unnecessary duplication of grants.

Every local committee must operate in accordance with the following procedures:

- (a) Annually elect one of its members to chair the local committee.
- (b) Formally adopt rules and procedures for the conduct of local committee meetings, including a rule that the committee will meet on a frequency of:
 - (i) at least once a year if the local committee operates in a local government area where the total ClubGRANTS Category 1 liability of local qualifying clubs is \$50,000 or less in the tax year.
 - (ii) at least twice a year if the local committee operates in a local government area where the total ClubGRANTS Category 1 liability of local qualifying clubs exceeds \$50,000 in the tax year.
- (c) Local committee members must declare in writing any situation where they or their organisation have any direct or indirect conflict of interest with the priorities set for the local area or with any application for funding. Any member who has declared a conflict of interest must withdraw from the meeting during the discussion of any such matter.
- (d) Ensure adequate notice (at least 14 days) of local committee meetings is given to all local committee members, including all qualifying clubs.
- (e) Keep an accurate record of proceedings of local committee meetings.
- (f) Ensure sufficient resources are made available, by agreement between the parties, for effective implementation of local committee activities and functions.
- (g) Appoint an agency or organisation to provide administrative support and to receive and collate Category 1 applications submitted to the local committee.

A local committee may determine other rules and procedures for the conduct of local committee meetings.

A local committee may, if the Chairperson thinks fit, transact any of its business at a meeting at which members (or some members) participate by telephone, teleconferencing, email or by other means.