

2 May 2013

AUDITOR-GENERAL'S REPORT TO PARLIAMENT MANAGEMENT OF THE CLUBGRANTS SCHEME

INADEQUATE OVERSIGHT OF THE CLUBGRANTS SCHEME

The ClubGRANTS scheme gives tax rebates to clubs for supporting their local community. Since 2002, \$417 million of ClubGRANTS tax rebates have been given to clubs.

The scheme recognises the valuable role played by registered clubs in their local communities. However, the public must have confidence that the scheme is delivering genuine services to the community.

“This is government revenue foregone, but oversight of the ClubGRANTS scheme is not good enough to ensure this money is being spent properly”, said Mr Achterstraat.

There are three categories in this scheme.

“The biggest category of the scheme has minimal rules. Another category has rules but compliance is not monitored. And the committee that is supposed to oversight the third category of the scheme does not yet exist”, said Mr Achterstraat.

The governance arrangements of the scheme are complex. There are many stakeholders involved with various roles. Mr Achterstraat made a number of recommendations to improve oversight of the scheme and provide greater assurance that it is managed properly.

“The Office of Liquor, Gaming and Racing (OLGR) needs to improve the transparency of the ClubGRANTS scheme”, said Mr Achterstraat.

“The community wants to know how the money is spent. I am strongly recommending that OLGR ensures clubs publish on their websites details of how they spent the money”, added Mr Achterstraat.

“OLGR needs to improve the rebate approval process and establish a complaints mechanism to find out where the rules are not being followed”, said Mr Achterstraat. “It needs to strengthen the rules and monitor club compliance”, he added.

Clubs are entitled to a maximum of 2.25 per cent in tax rebates on gaming machine profits over \$1 million. In 2012, 472 registered clubs participated in the scheme.

“Despite the shortcomings in oversight, I was pleased to find that participation of all sectors of the community in the scheme is strong and there have been successful projects funded by the scheme” said Mr Achterstraat.

Mr Achterstraat concluded:

“Taxpayers have the right to know that clubs are using these rebates to benefit the community. OLGR needs to clarify the rules, pump-up the processes and monitor more”, said Mr Achterstraat.

Further information

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ClubGRANTS tax rebates in 2011-12

Category	Description	Tax rebate 2011-12 (\$m)
One	This is for projects to improve the living standards of low income and disadvantaged people.	\$21
Two	This is for other community development and support services not eligible under category one and for club's core activities.	\$31
Three	This category was introduced in 2011. It is a state-wide funding pool for large scale projects associated with sport, health and community infrastructure.	\$8

Some concerns raised by local committee members for category one

- Clubs give grants to the same charities every year
- Some grants are given based on club philosophy and not local priorities
- Funding by clubs is subjective and decisions can be influenced by lobbying from organisations seeking funding
- Some clubs know which projects they will be funding thus making local committee rankings redundant
- Double-dipping by funded organisations is possible, however is difficult to detect
- There is no transparency on how much funding is available to allocate towards category one projects.
- High ranked projects are not always funded
- Club representatives generally outnumber other representatives on the local committee thus influencing the ranking of suitable projects for funding.

Types of tax rebate claims submitted by clubs in 2011-12 for category two

Description	Total \$
To upgrade all golf machinery to ensure WHS compliance	311,899
To send two delegates to the 2013 State Congress in Coffs Harbour	7,196
Admin fee Community Development and Support Expenditure	400
Anzac Day coffee and lunches	400
Tourism	378
Tattoo expenses	2,100
Restoration of RSL cenotaph/ memorial	9,100
Counselling services	4,320
Problem gambling	920
Support local committees	40
Medical assistance	250
Subsidised taxi service for members – May 2012	2,346
Pool table/juke box	10