

A New Tasmanian Community Grants Program

Discussion Paper

May 2009

Contents

- Introduction.....3**
- Background.....5**
 - The Community Support Levy5
 - Tasmanian Community Fund7
- A New Community Grants Program.....9**
 - Strategic Focus, Transparency and Accountability.....9
 - Flexibility and Responsiveness.....10
 - Operational Independence10
 - Maximisation of Economies of Scope and Scale.....10
- Setting the Strategic Direction11**
- Funding Arrangements13**
- Grant Administration.....15**
 - Distribution of Grants15
 - Grant Structure16
- Grant Decision Making.....17**
 - The Grant Body17
 - Accountability of Grants18
- Options – Models for a New Community Grants Program.....19**
- Transitional Arrangements22**
- Submissions and Comments23**

Introduction

The Community Support Levy and the Tasmanian Community Fund are the two major publicly funded grant schemes in Tasmania and together have an income of around \$10 million per year. The schemes were created independently of each other and had different drivers:

- the Community Support Levy to address community concerns about the potential indirect financial impact on clubs and other community organisations, and the impact of more widespread gambling accessibility at the time of the introduction of electronic gaming machines; and
- the Tasmanian Community Fund as part of the arrangements for appropriately using the financial benefit arising from the sale of the Trust Bank through the creation of an independent funding body to provide grants to worthwhile community projects.

The creation of each scheme was a specific means to an end, with each scheme addressing a particular issue at the time of its creation. This is further reflected in the different sources of funds for each scheme. The source of funds for the Tasmanian Community Fund is from the sale of a community asset, while the Community Support Levy is sourced from a percentage of revenue from electronic gaming machines and betting exchanges.

While the schemes may, in some instances, have a common client base, in reality there is only minor overlap. The sport and recreation sector, for example, has a separate and distinct client base.

The State Government announced in the 2008-09 Budget that it will build on the success and intent of the current schemes. Specifically, the Government announced that it intends to establish a more strategic and flexible funding program based on one single fund for the administration of community-based grants, with an independent body to manage the funding allocations program. This will necessitate a new arrangement and will not simply be based on any one current scheme subsuming another.

The objective of designing a new community-based grants program is to maximise efficiency, while maintaining high levels of transparency, accountability and ensuring responsiveness to community needs.

The strategic focus of a new community grants program will be optimised to support a broad range of community activities and to respond to the changing needs of the community.

The community should be able to assess for itself the performance of a community grants program against key performance measures and benchmarks. In this way, a new grants body will be held accountable for the outcomes achieved and the use of public funds.

The funding for a new community grants program will be sourced from the Community Support Levy (or part thereof) and the Tasmanian Community Fund.

A new community grants program will seek to:

- maximise value from the available level of public funding;
- maximise flexibility and responsiveness to community needs and avoid the potential for any funding overlap;
- ensure governance arrangements and accountability are of the highest standard; and
- maximise economies of scale through a common client base, wherever possible.

Importantly, this initiative does not seek to discredit the existing schemes operating under the Community Support Levy and the Tasmanian Community Fund. Rather, the focus is on the opportunity to create a new over-arching community grants program that may, for all intents and purposes, retain key features of some existing arrangements. Furthermore, there is substantial skill and experience relating to program design, delivery and assessment throughout various parts of government and it is not intended that this be lost in the translation to a new framework.

Treasury does not have a fixed or pre-determined model to which it is committed for the development of a new community grants program. Instead, this discussion paper has been prepared as a basis to engage stakeholders and the wider community in the development of an alternative model to support new and emerging community circumstances.

In particular, the discussion paper:

- provides a brief background to the original intent of the Community Support Levy and the Tasmanian Community Fund and their current operation;
- identifies contemporary characteristics that are indicative of a best practice community grants program;
- considers the rationale, and the means, for setting the strategic direction for a new community grants program;
- highlights funding options available to support a new community grants program;
- considers grant administration and grant decision making issues;
- presents options for the development of a new community grants program; and
- identifies transitional issues.

Treasury welcomes comment on the issues highlighted in this discussion paper, or on any other issues that stakeholders consider relevant to the establishment of a new community grants program. The feedback received through the consultation process will assist Treasury in framing the legislative model to underpin new arrangements.

Background

The Community Support Levy

The Community Support Levy commenced on 1 January 1997 and was introduced through the *Gaming Control Act 1993*.

Under subsection 151(1) of the Gaming Control Act, a gaming operator within a Tasmanian hotel or club must each month pay four per cent of gross profits from electronic gaming machine games into the Community Support Levy. Under subsection 151(3A), the Treasurer must add an amount equivalent to four per cent of the Tasmanian commission for betting exchanges each month. In 2007-08, \$4.7 million was paid into the Community Support Levy.

Under subsection 151(4) of the Gaming Control Act, the Treasurer must distribute the Community Support Levy as follows:

- 25 per cent for the benefit of sport and recreation clubs;
- 25 per cent for the benefit of charitable organisations; and
- 50 per cent for the provision of :
 - research into gambling;
 - services for the prevention of problem gambling;
 - treatment or rehabilitation of problem gamblers;
 - community education concerning gambling; and
 - other health services.

The Community Support Levy is primarily administered by the Departments of Health and Human Services, and Economic Development and Tourism (through Sport and Recreation Tasmania).

In respect of the 50 per cent allocation of the Community Support Levy, the Gambling Support Program within the Department of Health and Human Services is responsible for social policy development and program management in relation to State-wide problem gambling service delivery, gambling research, community education and harm minimisation strategies.

Gambling research also includes funding for an independent review of the social and economic impacts of gambling in Tasmania, as required to be undertaken every three years under the Gaming Control Act. Tasmania's financial contribution to the National Gambling Research Program is also funded from the Community Support Levy.

The Gambling Support Program administers the Charitable Organisations Grant Program, relating to the 25 per cent allocation of the Community Support Levy for the benefit of charitable organisations.

The Charitable Organisations Grant Program offers small grants (up to \$3 000) and large grants (up to \$10 000) and, since 2001, has channelled in excess of \$4.4 million into not-for-profit charitable organisations working specifically for the benefit and well-being of the Tasmanian community.

In addition, from 2001-02 to 2007-08, the Tasmanian Health and Wellbeing Fund provided financial support to communities to address public health issues relating to gambling.

Sport and Recreation Tasmania administer a Major Facilities Grant Program and a Minor Facilities Grant Program, relating to the 25 per cent allocation of the Community Support Levy. This is for the direct benefit of sport and recreation clubs. It reflects the original intention to address community concerns about the potential financial impact on sport and recreation clubs from the loss of lucky envelope monies from the introduction of electronic gaming machines. The program has become a major back stay in the support of smaller community based clubs.

In 2007-08, \$1.1 million was disbursed from the Community Support Levy for sport and recreation purposes. This represents more than one-third of State Government grant program funding for sport and recreation¹.

Funding provided under the Community Support Levy programs are required to be approved by the responsible Minister.

When the Community Support Levy commenced, the Treasurer directed the Tasmanian Gaming Commission to oversee the distribution of the funding by the Department of Health and Human Services and Sport and Recreation Tasmania. This was supported by a broad set of administrative arrangements, which included:

- the establishment of a trust fund for the collection and distribution of the levy; and
- the nomination of the Tasmanian Gaming Commission to be the body responsible for recommending to the Treasurer the allocation of grants, while utilising the experience and resources of the Department of Health and Human Services and Sport and Recreation Tasmania.

The role of the Tasmanian Gaming Commission in regard to the Community Support Levy is one of overview and it is not responsible for approving or monitoring individual projects, grant allocations or expenditure.

¹ Sport and Recreation Tasmania distributes around \$3 million to organisations through six grant programs (including the Major and Minor Facilities Grant Programs funded by the Community Support Levy).

The Tasmanian Gaming Commission does, however, provide the Treasurer with quarterly reports on the progress of expenditure against Community Support Levy budgets by the Department of Health and Human Services and Sport and Recreation Tasmania.

Tasmanian Community Fund

The Tasmanian Community Fund was established under the *Trust Bank Sale Act 1999*. In 2005, the Trust Bank Sale Act was repealed and replaced by the *Tasmanian Community Fund Act 2005* as stand-alone legislation governing the operations of the Tasmanian Community Fund.

The main tenets that underpinned the establishment of the Tasmanian Community Fund included:

- independence from the government of the day;
- funding certainty through a reserved-by-law appropriation; and
- accountability to Parliament through the tabling of an annual report.

The objective of the Tasmanian Community Fund is to enhance the wellbeing of Tasmanians and improve social, environmental and economic outcomes for the Tasmanian community by providing for grants to community organisations.

Under the Tasmanian Community Fund Act, the Treasurer must pay into the Fund an amount equal to the previous year's appropriation, indexed by the Consumer Price Index for Hobart. In 2008-09, the appropriation is \$5.3 million.

The functions of the Tasmanian Community Fund Board are to:

- provide grants for community purposes such as charitable, sporting or recreational, cultural and arts, educational, and religious purposes and any other community purpose approved by the Minister on the recommendation of the Board;
- manage the Fund by maximising the return earned on any money standing to the credit of the Fund; and
- conduct its operations in an efficient, effective and economical manner.

Under its Act, the Tasmanian Community Fund Board has the sole discretion to award grants. Since its establishment in 2000, the Board has approved more than \$38 million in grants for more than 1 000 projects in Tasmania.

The Tasmanian Community Fund has two general grant rounds each year; these are in February-March and July-August.

On occasion, the Tasmanian Community Fund has “*targeted funding rounds*” where the Board decides on targeted areas it considers to be in particular need. The Board consults with key community representatives to assist framing of its operations. While State Government priorities may be considered as part of the process of determining areas and projects requiring funding support, the Board is careful to avoid funding core government responsibilities.

The Board assesses each application on its merits and against other applications in that funding round. Consideration is given to ensuring funds are spread across the State and that a cross-section of community organisations and projects receive funding.

A New Community Grants Program

A contemporary community grants program, that represents best practice, will have certain fundamental characteristics to facilitate its effective operation.

These core characteristics are outlined in detail below and include:

- a strategic focus, transparency and accountability;
- flexibility and responsiveness;
- operational independence; and
- maximising economies of scale and scope.

In developing an optimal model for a new community grants program, it will be appropriate to consider the extent to which any model can effectively achieve each of the identified characteristics.

Strategic Focus, Transparency and Accountability

Best practice for the administration of publicly funded grants requires that the administering body has a clear understanding of performance expectations².

This could be achieved by the State Government providing input regarding the broad objectives of the new community grants program, whilst the program maintaining complete operational independence for grant decision making, through an independent grants body. In this way, there would be appropriate alignment between a new community grants program objectives and other whole-of-government priorities.

Parliament and the community should also have the opportunity to assess the effectiveness of a new community grants program, and the performance of the independent grants body in meeting the objectives set for the program.

The primary objective of the Community Support Levy programs and the Tasmanian Community Fund is to fund “worthwhile” community projects. This is a very broad objective. Determining the effectiveness and impact of the current schemes is difficult in the absence of more tightly specified strategic objectives and benchmarks.

Clear and targeted public objectives should be a key feature of a new community grants program ensuring that the State Government and the new grants body will be held accountable for the outcomes achieved and the use of public funds.

² *Treasury Best Practice Guide for the Administration of Grants*, Department of Treasury and Finance, February 2005, third edition, <http://www.treasury.tas.gov.au>.

Flexibility and Responsiveness

A well-designed grant program should be flexible and adaptable to changing circumstances and community needs. Responsiveness to funding priorities is a key element in achieving maximum value for money for the community from the use of public funds.

The current schemes for the distribution of grants provide minimal flexibility to the State Government in achieving policy objectives.

The legislative specification of separate funding silos and their relative funding shares in respect of the Community Support Levy has the potential to be a constraint on the flexibility and adaptability of the program. This remains so, notwithstanding that there is a high degree of flexibility to support individual projects within the current silos.

Similarly, when the Tasmanian Community Fund was established, consistent with the desire for the Fund to be independent, there was no requirement for the Board's priorities to be consistent with those of the State Government.

Further, the current variable funding of the Community Support Levy has the potential to impede long-term planning and decision making and the grant allocation process.

Operational Independence

Operational independence at the decision making level is critical to ensure the community is fully confident that the allocation of grants is carried out in an objective and transparent manner. This will require a new community grants program to have an independent grants body to manage the funding program.

Maximisation of Economies of Scope and Scale

A single grants administration, which seeks to utilise a common client base, wherever possible, is likely to achieve relatively lower administration costs. It is also likely to achieve a more optimal and efficient application of available funds, than multiple funds that effectively operate in parallel.

Capitalising on economies of scale may also provide a new grants body with opportunities to leverage other grant schemes. This may include, for instance, discussing partnerships with other national funding bodies to jointly fund certain community projects.

Key Discussion Areas:

- Are the core characteristics identified above reflective of a best practice community grants program? Are there any additional characteristics that should be taken into account?

Setting the Strategic Direction

The establishment of clear and targeted objectives is an integral element of a strong accountability regime to underpin a new community grants program. The effectiveness of a grants program cannot be readily determined in the absence of clear objectives and, where possible, appropriate benchmarks. Current grant programs employ these features in different ways, so the translation to a new framework would need to be achieved through improving these arrangements if possible – not diluting them.

If the only objective is to distribute funds to the community, the primary accountability measure is ensuring that the available funds have been distributed in accordance with legislative requirements.

The community should expect accountability for outcomes achieved from the use of public funds. A contemporary community grants program will, therefore, necessarily require the articulation of specific requirements and strategic objectives in guiding governance arrangements to assess its effectiveness.

Under a new community grants program, an independent grants body could be responsible for addressing the broad strategic objectives of the State Government, assisting in achieving appropriate policy outcomes, while ensuring the community is receiving good value from the use of public funds. After all, it is appropriate that the elected Government of the day set the broad priorities for the disbursement of grant funding, but with appropriate scrutiny.

Conceptually, the State Government's broad objectives could cover issues such as the determination of responsibilities and objectives for the independent grants body, high-level parameters for priority funding and a mechanism for reporting back to the State Government and the Tasmanian community.

One process that could be used to set the direction of the new community grants program, and provide an open and transparent process for the independent grants body to outline how it will meet these objectives, is through a Statement of Expectation/Statement of Intent (SOE/SOI). This model was recommended in a report of corporate governance arrangements of Australian statutory authorities and office holders, which was commissioned by the Australian Government in 2002³, and has been widely applied by the Australian Government.

Under SOE/SOI model, the Treasurer would be responsible for issuing a Statement of Expectation, which specifies the desired outcomes of a community grants program. The Statement of Expectation would be tabled in Parliament within a certain time period after its issue and be subject to periodic review.

The independent grants body would be required to respond publicly with a Statement of Intent, which outlines how it will meet the desired outcomes and objectives and would also contain its key performance measures. The Statement of Intent provides a mechanism to ensure the grants body demonstrates a clear understanding on

³ *Review of the Corporate Governance of Statutory Authorities and Office Holders*, Uhrig, J, Australian Government, 2003

expectations of performance and establishes the measures upon which it can be transparently assessed by the community.

The introduction of a SOE/SOI model would allow a new community grants program to be responsive to changing community needs, assisting in achieving policy directions and ensuring that public funds are providing maximum value to the community.

Parliament and the community would be able to judge separately the performance of the State Government in setting the strategic direction for the community grants program, as well as the performance of the independent grants body in delivering a community grants program that meets the stated strategic direction.

This process could be similar to the corporate governance arrangements in place for Government Business Enterprises and State-owned Companies. The ministerial charter of a Government Business Enterprises and, in the case of a State-owned Company the Shareholders' Statement of Expectations, provides a transparent and accountable avenue for the community to evaluate the performance of the business and promote responsible decision making by the respective boards.

In addition, the SOE/SOI model would be an effective way of providing a clear delineation in the role of the Treasurer from the role of the independent grants body.

Key Discussion Areas:

- Is the SOE/SOI model an appropriate mechanism for the State Government to provide the strategic direction for the new funding body? If not, what is an alternative model?
- If the SOE/SOI is favoured:
 - what is an appropriate term for the Statement of Expectation prior to its review?
 - should the Statement of Expectation include a direction as to what proportion of total available funds should be made to different sectors (for example, sport, recreation, charitable etc)?
 - should the Statement of Intent have the same duration as the Statement of Expectation or should it be annual?
 - what issues should be addressed in the governance instructions, or the Statement of Expectation, to provide the strategic direction to the independent grants body?
 - how often should the grants body be required to report against the Statement of Expectation and its Statement of Intent?
- What mechanisms for community engagement would be considered for the determination of the strategic priorities?

Funding Arrangements

As noted, the Community Support Levy and the Tasmanian Community Fund, together, have income of around \$10 million per annum.

While the funding for the Tasmanian Community Fund is fixed (through an annual appropriation, indexed), funding from the Community Support Levy is variable (subject to electronic gaming machine revenue and betting exchange commission).

The Gaming Control Act prescribes both funding silos and their respective funding shares. In contrast, the Tasmanian Community Fund describes very broad funding categories under which the Tasmanian Community Fund Board may issue grants as it considers appropriate. Although, as a matter of internal policy, the Tasmanian Community Fund Board has chosen to consult with a range of stakeholders in determining special funding rounds.

Legislative specifications on separate funding silos and their relative funding shares may pose a significant constraint on the flexibility and adaptability of a community grants program. Over time, it is possible that these funding allocations may no longer be consistent with community needs and expectations, or with State Government policy.

Having regard to the core characteristics identified as conducive to a contemporary community grants program, minimising specifications on funding may allow an independent grants body to be more flexible and responsive in addressing community concerns and funding priorities.

Nonetheless, for practical and policy-related reasons, there will be on-going specifications around funding. As a starting point, funding for gambling support services will not be reduced as a result of the development of a new community grants program.

That is, an amount equivalent to the current 50 per cent allocation under the Community Support Levy for gambling support services will be maintained. Gambling support services includes social policy development and program management in relation to state-wide problem gambling service delivery, community education, harm minimisation strategies and gambling related research.

This effectively leaves a new community grants program with a potential funding source from the remaining 50 per cent of the Community Support Levy (relating to charitable organisations and sport and recreation clubs) and the funds from the Tasmanian Community Fund.

Consideration of the core characteristics of a contemporary community grants program, identified earlier, will guide in the practicality of how these remaining funds can, or should, be consolidated.

There may be valid reasons why particular existing funding streams may not be suitable for consolidation under a new community grants program. For example, the current sport and recreation component of the Community Support Levy could be argued to have a distinct client base and target market, which may not readily allow synergy and capture of effective economies of scale and scope under a new community grants program.

Moreover, when evaluating the practicality of a streamlined administration under a new community grants program, the necessary technical and sector-specific expertise in the administration and management of grants must also be considered.

The potential funding arrangements will, to a large extent, be driven by the optimal model for a new community grants program. Options for a new community grants model are explored later within this discussion paper and will be further informed through the consultation process.

Key Discussion Areas:

- Is it appropriate to effectively quarantine the current 50 per cent allocation under the Community Support Levy to ensure that funding for gambling support services will not be reduced as a result of any reform?
- Are there alternative or additional means of ensuring that funding for gambling support services is maintained?
- What is the opportunity for a streamlined community grants program, which maximises economies of scale and scope?

Grant Administration

Distribution of Grants

The Community Support Levy is currently subject to variability, in terms of cash-flow, from a wide range of external influences, including State Government initiatives, industry regulation and reforms and community influences, because it is determined by gaming activity alone. The current variable funding arrangements of the Community Support Levy is therefore an important factor to consider in regard to long-term planning and may reduce the prospect of providing grant support to initiatives that may span several years. Nonetheless, it is recognised that the Tasmanian Health and Wellbeing Fund did span several years and allowed for multi-year funding.

Unlike the Community Support Levy, the Tasmanian Community Fund is not subject to cash-flow variability, as an annual appropriation is paid into the Fund that is indexed to maintain its real value. One of the advantages of this appropriation is that the Tasmanian Community Fund Board is able to develop long-term strategies, knowing in advance the level of funding it will receive over any given period.

A larger pool of potential income may reduce funding variability and may better enable the provision of long-term funding. It is longer-term funding, with suitable accountability provisions, which may allow sufficient time for communities to embed community development programs in a way that ensures their ongoing sustainability.

In addition to the provision of funding for specific community projects, there is also an issue regarding the provision of long-term funding certainty for organisations ongoing operational expenditure. Funding of this nature can ensure the ongoing viability of smaller community groups and organisations that, without the provision of funding of this nature, may otherwise cease to exist.

On the other hand, funding of operational costs from grant monies is not conducive to ensure the ongoing “self-initiative” viability of community groups, which is a main reason that the Tasmanian Community Fund has chosen not to fund these costs in the past. Furthermore, the provision of recurrent funding would, over time, reduce the grant funding pool available.

Support for capacity building projects may encourage the development of organisational capacity and self-sufficiency, rather than funding operational expenses. Building the capacity of a sector is an important aim of both the Tasmanian social inclusion strategy and the national social inclusion agenda.

Key Discussion Areas:

- What should be the maximum term for project funding and if it is to be greater than 12 months, how could this be managed with potential variability in available overall funds from year-to-year?
- If funding is provided for a project that has a duration of more than 12 months, should the funding recipient be subject to assessment criteria in order to allow the release of the next funding instalment?

- Should there be different eligibility criteria for specific project funding rounds?
- Should funding be provided to organisations for operational expenses?
- If funding is to be provided for operational expenses, should this type of funding only apply to particular sized organisations, or those with limited revenue raising capacity?

Grant Structure

At present, different grant category sizes apply under the Charitable Organisations Grant program, with small grants (up to \$3 000) and large grants (up to \$10 000). The Tasmanian Community Fund administers a small grants class (up to \$10 000) and large grants, which can range in excess of \$100 000.

Key Discussion Areas:

- Should a new community grants program include small project and large project grant rounds?
- If so, what should the set amounts be for small and large project grant rounds?
- Should there be some targeted project rounds that require an organisation to match the grant dollar for dollar?
- What should the grant structure be:
 - pure rolling, with applications permitted to be submitted at any time, with decisions made within a short period thereafter?
 - rolling, with quarterly decision making and announcements?
 - half-yearly, with two funding rounds per annum?
 - some other process?

Grant Decision Making

The Grant Body

Operational independence, through an independent board, that has operational independence to manage and approve a funding allocations program is reflective of a contemporary grants program. There will need to be a clear separation between the role of the State Government and an independent grants body.

Appropriate governance will require that any independent body administering a grants program has the necessary expertise to exercise its role with due diligence, care and skill.

Consistent with best practice guidelines for board appointments⁴, board members for an independent grants body should be appointed for a term of up to three years on a merit basis, with a maximum renewal term of nine years of continuous service.

In addition, it will be necessary to specify the functions of the new board. It is therefore important to consider issues such as whether the board should be provided with absolute discretion as to how to manage the monies of the fund, or whether governance arrangements should be prescriptive regarding such functions.

Key Discussion Areas:

- What is the optimal size of a board to manage a new community grants program?
- Is Ministerial appointment of board members appropriate and should there be a process for community input?
- Should specific qualifications and/or pre-requisites apply to board members to ensure that appropriate cross-section of members?

⁴ *Guidelines for Tasmanian Government Businesses: Board Appointments*, Department of Treasury and Finance, October 2008.

Accountability of Grants

The distribution of grants under the Tasmanian Community Fund and the Community Support Levy programs are subject to robust processes and procedural fairness.

Under a new community grants program, a new governing entity, or board, should be explicitly subject to the rules of natural justice and procedural fairness. This will require the board, or governing entity, when applying procedural fairness, to give notice of its intended course of action, and allow the applicant sufficient time and opportunity to provide any additional information or clarification.

This may also require the board, or governing entity, to provide reasons for its decisions, which will ensure community confidence regarding decisions made by the board. The practicality of this will need to be further assessed and balance the principles of effectiveness with efficiency in grant administration.

It will be appropriate that under a new community grants program, the governing entity, or board be required to produce an annual report. This is consistent with the core characteristic of transparency and accountability. Similar requirements to those applying to Tasmanian Community Fund may be appropriate. This includes reporting on operations during the financial year, an audited statement of the financial position of the fund and a statement of all grants made by the Tasmanian Community Fund Board during the financial year.

In addition, an assessment by the governing entity, or board, of the new community grants program in relation to its performance measures against the broad objectives set by the State Government (potentially under a SOE/SOI model) should also be publicly available. This may be included in annual reporting to Parliament.

In accordance with best practice principles for assessing board performance⁵, annual performance assessments of the governing entity, or board, should be required to ensure that the State Government and the community get the best from the board. The annual report will be required to be tabled in both Houses of Parliament, as well as being made available to the public.

Key Discussion Areas:

- In addition to reporting in relation to performance, financial position and disbursement of grants during a financial year, are there any other issues relevant for an annual report by an independent grants body to support a new community grants program?
- Should a new grants body provide detailed reasons for its decisions?

⁵ *Guidelines for Tasmanian Government Businesses: Assessing Board Performance*, Department of Treasury and Finance, October 2008.

Options – Models for a New Community Grants Program

There are a number of options for the implementation of a new community grants program. The conceptual merit and practicality of each option will be further informed through the consultation process in relation to this discussion paper. The options identified below have been framed within the context of seeking to maximise efficiency, while maintaining high levels of transparency and accountability. Each option is assessed in terms of its capacity to meet the core characteristics identified earlier as being conducive to a contemporary community grants program. None of these options should be read as dispensing with all, or any particular, working administrative components of existing grant delivery processes.

Option – One Size Fits All

This option would involve the consolidation of the funding from the Tasmanian Community Fund and the remaining 50 per cent allocation of the Community Support Levy (leaving the current 50 per cent allocation of the Community Support Levy for gambling support services to one side).

Under this option, the sport and recreation component and the charitable organisations component of the Community Support Levy would be combined into the one single community grants program with funding from the Tasmanian Community Fund. Administration would potentially be streamlined, within Treasury for example, to capture economies of scale and scope. This would require additional administrative resourcing to reflect the larger grant administration task.

A new independent board would be responsible for managing a new community grants program, potentially under a SOE/SOI model, in which it would be subject to broad strategic direction from the State Government, with operational independence to managing a funding allocations program. Transparency and performance assessment of the new entity would be achieved through performance reporting within the Statement of Intent and also through an annual reporting process. This would allow the community to judge for itself the performance of the State Government in setting broad strategic direction and the new grants entity in the achievement of specified outcomes.

While, simplistically, this option may appear to most fully capture economies of scale and scope and allow for enhanced governance arrangements, there may be a number of practical considerations. For example, the “one size fits all” approach may overly simplify the grant administration process and not give recognition to the different client base and target markets. Further, the expertise in assessing and managing grants within varying sectors may require further development of the existing skills.

Option – Segmented Approach

This option seeks to maximise the core characteristics of a contemporary community grants program, but recognising some of the practical constraints within the current grant scheme structure.

As noted, funding will be maintained for gambling support services through the 50 per cent allocation of the Community Support Levy, with program development and oversight for problem gambling to continue within the Department of Health and Human Services, through the Gambling Support Program. Treasury would continue to have a strategic role in terms of gambling research (such as the social and economic impact study and national gambling research) and harm minimisation measures (such as the gambling exclusions program).

There may also be an opportunity to provide greater funding surety for gambling support services to address the current variability of funding arising from the cash-flow under the Community Support Levy being linked to returns from electronic gaming machines and betting exchange commission.

Given its distinct client base and expertise and knowledge of the sport and recreation sector, it may be necessary to continue to operate a sport and recreation grant component under the Community Support Levy as a distinctive stream. This would allow Sport and Recreation Tasmania to continue to respond to needs, issues, recreational planning, marketing and client management within the sport and recreation sector.

For the remaining schemes, being the Tasmanian Community Fund and the 25 per cent allocation of the Community Support Levy relating to charitable organisations, there may be an opportunity to consolidate, given the commonality in sector and focus. This may offer greater economies of scale and scope and efficiency in the administration of grants and avoid the potential for any funding overlap or duplication.

In terms of strategic focus and accountability, it may be possible for the State Government (through the Treasurer) to provide a letter of expectation to the new independent grants body that would manage a new community grants program (that incorporated the 25 per cent allocation under the Community Support Levy and the Tasmanian Community Fund). Through a letter of expectation, the State Government could effectively outline its broad strategic objectives for the new fund, while the independent grants body would have operational independence to manage the funding allocations program.

Key performance measures could be developed in relation to the clear and targeted strategic objectives, which could then be publicly reported upon through an annual report or a Statement of Intent. This would allow the community to assess performance and value from the use of public funds.

The role of the Tasmanian Gaming Commission in relation to oversight and monitoring of the Community Support Levy may also require revision, depending on the segmented approach under this option. The Tasmanian Gaming Commission currently reports on a quarterly and annual basis to the Treasurer ensuring that:

- proposed budget allocations for the Department of Health and Human Services and Sport and Recreation Tasmania are in accordance with the Gaming Control Act;
- individual projects are consistent with the intent of the legislation; and
- proposed budgets accord with revenue estimates.

Key Discussion Areas:

- What is the preferred model for a new community grants program, having regard to the core characteristics identified for a contemporary grants program?
- What practical considerations should be considered in developing a new community grants program?

Transitional Arrangements

Regardless of the optimal model to support a new community grants program, there are likely to be transitional arrangements that will need to be addressed. Legislation is likely to be required to give effect to new funding and governance arrangements.

Transitional arrangements will be further informed through consultation on this discussion paper and determination of an optimal model to underpin a new community grants program.

Importantly, under any new arrangements, all not-for-profit organisations that are currently eligible under the existing grant schemes will be eligible to apply for funding under a new community grants program. While the objective of a new community grants program is to streamline the grants process and make it more efficient, it is anticipated that the administrative arrangements will remain substantially the same in terms of their requirements of applicants under the new arrangements.

All funding agreements in place, or funding rounds commenced, prior to the establishment of a new community grants program will not be affected by any new arrangements. It is recognised that a number of transitional arrangements will be necessary to ensure a smooth transition to new arrangements, once fully determined, through the completion of grant rounds and their final grant acquittal processes.

Key Discussion Areas:

- Are there any specific transitional issues that may require attention in moving to a new community grants program?

Submissions and Comments

Submissions and comments are invited on any of the issues raised in this discussion paper, or any other aspect relevant to the development of a new community grants program.

Written submissions and comments should be forwarded to:

The Secretary

Department of Treasury and Finance

GPO Box 147

Hobart 7001

Submissions can also be sent via email to: secretary@treasury.tas.gov.au

Submissions must be received by no later than 19 June 2009.