

Guiney, Ann-Marie (DCSI)

From: Gary [REDACTED]
Sent: Wednesday, 1 October 2014 10:53 PM
To: Bettison, Zoe (DCSI); DCSI:Minister Bettison
Cc: Jos.Mazel@dcsi.sa.gov.au; Wallace, Sue (DCSI)
Subject: CBSAsubmission.docx
Attachments: CBSAsubmission.docx

Dear Minister

Please find attached the CBSA Boards submission as to why the Board should be retained according to the five criteria outlined by the Premier. The Premier has also asked for further comment following his latest announcement and this is a response to that for your consideration.

We note we are listed for abolition should the house be able to pass the appropriate legislation but as we have not had a chance to speak to you in person about this, we unaware of what your preferences may be.

If you wish to discuss this further I and other board members are available.

Gary Storkey
Chair CBSA

**Representation
to Minister Hon Zoe Bettison MP on
The proposed abolition of the Board of the Charitable and Welfare Fund**

INTRODUCTION

The Charitable and Social Welfare Fund, known as Community Benefit South Australia was established in 1996 by an amendment to the *Gaming Machines Act 1992*. The Fund is among the most significant in the State to provide practical, one off project funding for the community services sector, supporting disadvantaged South Australian individuals, families and communities.

The Board (established by section 73B of the Act) was introduced with strong bipartisan support.

It comprises five people 'who have, between them, appropriate expertise in financial management and charitable or social welfare organisation administration'.

The Board structure adopted by the Act achieves efficient, impartial, economical expert administration for the Fund. The use of an expert independent Board secures transparent, accountable administration, at arm's length from government. It maintains the identity of the Fund; it protects the integrity of Fund processes and it fosters confidence among prospective applicants and the broader South Australian community.

Community grant-making is now increasingly complex and professionalised. The Board's consistent ability to show leadership and promote best practice underlines its strength.

RESPONDING TO THE FIVE CRITERIA:

1. Is the operation of the entity truly commercial in nature? e.g.:

Has there been a full delegation of powers (other than the power to direct) to the board i.e. power to appoint the chief executive, full control of strategy, power to acquire and dispose of assets, set prices and so on

Does the entity meet the standard definition of a public non-financial corporation or a public financial corporation noting that this in itself does not justify the retention of a board? *(Further detail on these entities can be found in the 2014-15 State Budget, Budget Paper 3, Chapter 5: Government businesses, page 87. The Budget Papers can be found online here: <http://statebudget.sa.gov.au/papers.html>)*

Solely responsible: The Board of Community Benefit SA is solely responsible for deciding the distribution of the Charitable and Social Welfare Fund. It is applied 'from time to time ... by the Treasurer, in accordance with the directions of a board' (*Gaming Machines Act 1992* S 73B(2)). The Board's decisions are transmitted to the Treasurer by the appropriate Minister.

The Minister appoints Board members but, under the clear terms of the Act, has no decision making power over allocations from the Fund.

2. Is there is a case for direct community or sectoral representation through a board? e.g.:

Is there evidence to prove that in terms of community engagement and representation the board or committee, in its current form and operations, is superior to all other options.

Balancing imperatives: The Board structure successfully balances the need for sector knowledge with the need for informed, impartial and accountable decision making. The Board pro-actively solicits community advice as well as applications for funding.

The Board has extensive expertise in social and community services, and provides a contemporary understanding of the issues and trends facing communities in activating their development goals. At the same time it also provides the appropriate external expertise now necessary for best practice in the increasingly complex, professionalised and diversified grant-making environment.

An excellent reputation: In the 18 years of its work to date, the Board has built an excellent reputation for deploying the important resource of the Fund to the best advantage to strengthen South Australian communities, respond to community need and advance current priorities. This has been acknowledged by the community services sector and by successive Ministers.

The Board is recognised for effective and efficient administration and decision making, fair and equitable funds distribution and for achieving positive outcomes through its funded projects.

Effective and efficient:

Over 90% of projects funded by the Board meet or exceed their contracted objectives. A full 40% of projects achieve value added outcomes. Funding is decided monthly, helping agencies progress their plans promptly and seize opportunities to prosper.

Fair and equitable:

95% of the projects funded are directed towards high priority special needs groups such as vulnerable families and children, Aboriginal and multicultural communities, refugees, rural communities and people with disabilities.

Achieving positive outcomes

The Board has ensured that Fund monies foster partnerships and complement the role of other funding programs and State Government community service programs: 30% of projects attract additional funding from community, government and private sectors at a ratio of \$1:\$2.30. The Board has also been in the forefront in fostering social innovation, community engagement and community strengthening initiatives. Importantly, it has

consistently advanced the objectives of the South Australian Strategic Plan and similar government priorities, without compromising its independence and autonomy.

3. Will the abolition of a board have a negative impact on business or community confidence? e.g.:

Negative community view of the transparency, impartiality and accountability of decision making.

Maintaining confidence through visibility and integrity: The establishment of an independent expert Board ensures decision making in respect of the Charitable and Social Welfare Fund is transparent, impartial and accountable. The Fund remains identifiable as a distinct entity, as originally created through bipartisan Parliamentary agreement. The work of the Board is visible and the Board's processes encourage engagement with the community. In these ways, the community generally and the large community of potential applicants in particular, remain confident that the Fund is allocated solely to the purposes for which it was created. Given the importance of this Fund to increasingly cash-strapped community organisations in the State, loss of confidence would be politically problematic and financially and administratively expensive.

4. Is there a significant legal or financial advantage in retaining the board? e.g.:

Avoiding conflict of interest or other major legal risk

Risk management: Providing the Board with sole responsibility for decision making over the disposal of Charitable and Social Welfare Fund monies manages the risk of partisan manipulation of grants. Placing the decisions at arm's length from Government and providing transparent process protects the fund against external interference and against any other conflicts of interest. This maintains confidence in the use of fund monies. It is noteworthy that no formal complaint has ever been entered in respect of Fund allocation during the entire period to date of the Board's work.

5. Is there some other compelling risk identified by the Minister associated with the abolition of a board?

In addition to losing transparent, effective, and accountable decision making that manages the risk of interference and conflict of interest and maintains public confidence in the Fund and the Government processes that support it, there are **two additional risks** connected with the abolition of this Board: .

Value for money: The cost (to the Fund, and therefore to the Government and the taxpayer) of the Board is minimal. Board members receive merely nominal payment for attendance. In exchange, Government and the taxpayer obtain independent expertise of a high order,

otherwise only accessible through costly consultancy. The structure maintains the integrity of the grantmaking process as well as the confidence of applicants and the wider community. The Board members create a capacity for Government to contribute significantly to the broader grantmaking community.

There has never been a substantive complaint about the Board. Successive Ministers have noted the high regard in which it is held by all stakeholders.

Independent Leadership: abolition of the Board would lose Government the opportunity to access, at minimal cost, the contributions of independent experts in the increasingly complex and professional world of community grant-making. It would then lose the capacity to lead in the emerging landscape of collaborative and dynamic funding. Such a retrograde step can only further disadvantage those already-disadvantaged South Australians for whose benefit the Fund exists.

Currently, when grant-making is undergoing major shifts and public funding is restricted, the imperative to achieve 'the most with the least' is especially clear. The Board has anticipated this environment through innovative grant programs and its strategic direction setting:

- Innovative partnership programs with Disability and Homelessness and the development of the three-year Special Youth Grants (2013-2016) indicate the Board's flexibility, responsiveness and focus on impact;
- Exploration of repayable grants, for some allocations ensuring a 'revolving fund' to optimise the benefits achievable;
- The Board's current strategic proposal to use a portion of its 2014– 2015 allocation for sector development is designed to position government funds to get maximum benefit from new opportunities constantly emerging as grantmaking evolves. New collaborations, (between Government, Trusts and Foundations, Philanthropists, Co-ops and Mutuals, commercial entities and other non-government grant providers); new vehicles for investment; better methods of impact evaluation and more nuanced measurements of need offer huge potential for achieving real impact;
- The Board's experience in strengthening communities, encouraging access and encouraging collaboration ensure it is ideally placed to advance place-based approaches, collective impact and a range of participatory strategies in the allocation of the Fund. The Board's work over years has reflected the importance of local strengths, local voices and local knowledge in identifying local needs and priorities.