

**Bill introduced on motion by Mr George Souris.**

**Agreement in Principle**

**Mr GEORGE SOURIS** (Upper Hunter—Minister for Tourism, Major Events, Hospitality and Racing, and Minister for the Arts) [10.10 a.m.]: I move:

That this bill be now agreed to in principle.

In October last year the New South Wales Liberals and Nationals signed a memorandum of understanding with ClubsNSW. The title of that agreement was Strong Clubs Stronger Communities, which very clearly points to the future that the New South Wales Liberal-Nationals Government wants for clubs and communities across this State. The memorandum of understanding contains a range of commitments to help secure the long-term financial viability and sustainability of New South Wales clubs and allow them to strengthen their economic and social contribution to the State and the communities they service. The bill implements two important commitments relating to reduced gaming machine taxation rates and the expanded and renamed Community Development and Support Expenditure Scheme, now called ClubGRANTS.

Other commitments relate to the establishment, amalgamation and de-amalgamation of registered clubs as well as gambling policy, industry sustainability accountability provisions in the Registered Clubs Act clubs on Crown land and workers compensation insurance. The bill provides for a reduction in gaming machine taxation rates commencing from 1 September 2011, which is the start of the 2011-12 gaming machine taxation year. The amendments to gaming machine taxation in this bill will benefit registered clubs by approximately \$300 million over a four year period to 2015. This is made up of more than \$200 million resulting from the tax rate changes and a further \$90 million associated with the ClubGRANTS Scheme, which I will discuss shortly. This is an important contribution to the sustainability of the club industry and an expansion of club's role in the community.

The New South Wales Liberal-Nationals Government believes that clubs themselves are best placed to determine how this money, which is derived from club revenue, should be spent in local communities. This new ClubGRANTS Scheme more accurately reflects the origin of contributions made under the scheme. It will assist club members and the wider community to have a greater understanding of the origin of funds provided for development and support purposes. The original Community Development and Support Expenditure Scheme was established in 1998. Its purpose was to encourage larger registered clubs in New South Wales with gaming machine profits over \$1 million to contribute financially or in-kind to locally based community programs and services. In return, clubs received a tax rebate of up to 1.5 per cent of their gaming machine profits over \$1 million. This is provided that an equivalent amount has been applied to approved expenditure on community development and support. Approximately one third of all New South Wales registered clubs participate in this voluntary scheme.

Last financial year clubs allocated more than \$63 million to various community projects and services, including aged disability youth and volunteer emergency services. This was \$25.3 million more than eligible clubs were required to contribute, and this reflects the generosity of the club industry. The original scheme provided for two categories of expenditure as outlined in guidelines made under the Act. Category 1 expenditure relates to specific community welfare and social services community development, community health services and employment assistance activities. Category 2 expenditure relates to other community development and services. This bill will increase the total tax rebate that may be claimed by clubs under the scheme from 1.5 per cent to 1.85 per cent of gaming machine profits over \$1 million. It is proposed that the minimum rebate for category 1 expenditure will remain at the current rate of 0.75 per cent while the maximum rebate for category 2 expenditure will be increased from 0.75 per cent to 1.1 per cent. This increase will facilitate changes to category 2 expenditure allowing clubs to claim contributions to club core activities as well as professional sport, including the National Rugby League, that are not player-related payments.

The bill provides also for a further 0.4 per cent of a club's gaming machine profits over \$1 million to be paid into a new ClubGRANTS fund. This new statewide funding pool is for large scale projects associated with sport, health and community infrastructure. This will be known as category 3 under the scheme's guidelines. Clubs will make a minimum contribution of 0.4 per cent of their profits in excess of \$1 million to this new category. Together the effect of these amendments is that amounts equalling 2.25 per cent of registered clubs' profits over \$1 million in every tax year are available as community support expenditure through the ClubGRANTS Scheme.

These amounts will be taken from the tax that would otherwise be payable and transferred by the Government on behalf of clubs into the fund each year. This will relieve clubs of the cost of making separate funding payments. Among other things the statewide funding pool will enable communities in local government areas that have no participating ClubGRANTS clubs to also benefit from the club sector's contributions. Based on current machine profits clubs' contribution to this funding pool will amount to more than \$10 million annually. The Minister administering the Registered Clubs Act will be responsible for approving any expenditure payable from the statewide fund. The club sector will be consulted when decisions are made on individual funding applications pertaining to this fund. As is currently required under the Gaming Machines Tax Act, guidelines will be published to assist clubs in determining what constitutes the application of profits to community development and support under the ClubGRANTS Scheme.

In addition to defining the terms for category 1 and 2 projects and services the guidelines will also define the terms for the new category 3 projects and services. The guidelines as they will apply to category 3 will be settled in consultation with ClubsNSW. Those guidelines are being developed and will be tabled in the Parliament once finalised. The proposed expansion of the range of projects and services that clubs can contribute funds towards under the

ClubGRANTS Scheme will ultimately have a positive flow-on effect to the club and the broader community. Some of these projects may otherwise be in need of public funding or perhaps they would not be possible without the opportunities that will be provided by the new ClubGRANTS Scheme.

The club industry in this State has a long and proud history of community support in a wide range of areas. Clubs are strong supporters of community sporting social and charitable organisations. They make donations to assist with health and community care especially for the elderly. Clubs foster community spirit and provide vital socialising facilities often for people who have little other recreational opportunities. This is particularly important in regional and rural areas of New South Wales where access to facilities may be more limited because of distance and smaller populations. The Liberal-Nationals Government believes that making clubs stronger also strengthens the resilience and vitality of all communities. The bill will help to achieve that commendable goal. According to ClubsNSW modelling completed by KPMG, every dollar of tax relief given to clubs can create \$2 worth of benefits to New South Wales. The ClubsNSW modelling shows that tax relief will help to boost the social contribution of clubs by \$272 million and gross State product by \$261 million through to 2015, and it will help to create an extra 2,000 jobs each year.

The Liberal-Nationals Government is in no doubt about the importance of securing the future of clubs. This is especially important in regional and rural communities of New South Wales. Registered clubs are often one of the largest employers in country towns. Be it full-time, part-time, casual, apprentice or trainee positions, the wide range and significant number of employment opportunities provided by clubs is vital to the growth and prosperity of local economies. Every job saved in a registered club through the assistance provided by this bill will result in more money being spent in local businesses and more people choosing to live and raise their family in regional areas. The Liberal-Nationals Government recognises the substantial and unique economic and social contribution clubs make to the State. Not only does this bill confirm our support for the club industry, it also demonstrates that this Government believes that clubs deserve more than broken promises. They deserve real action that will deliver real and tangible benefits.

The bill will assist clubs to continue their good work in enriching the lives of members and their guests as well as helping the many thousands of people who rely on or benefit from the club industry. As I noted earlier this bill forms part of a wider package of reforms under the memorandum of understanding between the Liberal-Nationals Government and ClubsNSW. Other reforms in the memorandum of understanding that are not included in this bill are being developed so they can be introduced into the Parliament shortly. The Government looks forward to continuing its constructive relationship with the registered club industry in this State when implementing those memorandum of understanding commitments so that the industry can grow and prosper to the mutual benefit of all the people of New South Wales. I commend the bill to the House.

**Debate adjourned on motion by Mr Nick Lalich and set down as an order of the day for a future day.**