

**Submission  
No 65**

**SUPPORT FOR DROUGHT AFFECTED COMMUNITIES IN NEW SOUTH  
WALES**

**Organisation:** ClubsNSW

**Date Received:** 3 December 2019

## **ClubsNSW Submission**

### **Support for drought affected communities in NSW**

ClubsNSW thanks the Committee on Investment, Industry and Regional Development for the opportunity to comment on the Inquiry into support for drought affected communities in NSW.

#### **Summary**

The club industry is significantly impacted by the drought, with 703 clubs in drought-affected areas, employing 19,859 people<sup>1</sup> (see Appendix A).

Not-for-profit clubs play a vital role in providing community infrastructure and a place where people can come together to seek friendship, support, respite and a sense of belonging. In an era of increasing social isolation, clubs stand out as one of the few institutions that encourage, facilitate and nurture community connectedness. Clubs are a place on which drought-affected communities have come to depend.

It is this spirit of community support in times of crisis that has seen clubs from across NSW come forward to offer their assistance through various initiatives, drives and appeals to provide drought support.

For instance, clubs across NSW are participating in Litres for the Land, an initiative which transports waters to drought-affected farmers and communities who are doing it tough. More than one million litres of water have been transported under the scheme, enabling farmers and their families to shower and do laundry, among other things.

The NSW Government can incentivise Litres for the Land by making the participating clubs and organisations eligible for the Emergency Drought Transport Subsidy. This scheme provides a subsidy of up to \$40,000 to cover 50% of the freight costs of transporting fodder or water to drought-affected farms.

Moreover, strengthening clubs has a significant flow-on effect to regional areas by giving clubs greater scope to support community initiatives, create jobs and generate economic activity. Therefore, giving clubs tax and payments relief is an effective policy tool to invigorate community life and generate economic activity in drought-affected areas.

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<sup>1</sup> Department of Primary Industries, Combined Drought Indicators tool, September 2019.

To support communities in drought, ClubsNSW recommends:

- providing clubs in drought-affected areas with relief from the payment of *periodic liquor licence fees* for a period of three years;
- providing clubs in drought-affected areas with relief from the payment of payroll tax for a period of three years; and
- extending the eligibility criteria for the Emergency Drought Transport Subsidy so that it covers clubs and organisations that participate in Litres for the Land.

## Clubs are at the forefront of drought relief

As not-for-profit (NFP) organisations, clubs are driven by the interests of their members and, by extension, their communities.

Due to these drivers, when natural disasters strike clubs are always quick to provide financial and non-financial support to relief efforts.

Clubs across NSW contribute \$4,613,000 per year to emergency and disaster relief. This figure includes both cash and in-kind donations to support relief measures.<sup>2</sup>

There are countless examples of clubs in metropolitan and regional NSW providing or supporting relief measures during the current drought. These include:

- West Tamworth Leagues Club brought the local community together through country entertainment to show their support as part of the R U AWARE, WE CARE New England and Northwest Drought Appeal;
- at least 62 clubs donated to the Big Dry Drought Appeal, including Campsie RSL Group, Panthers Group and Dooleys Lidcombe Catholic Club, who donated a combined \$650,000 (see Appendix B for a list of these clubs).

Clubs have also provided crisis support to their communities during the recent and ongoing bushfires. For instance, in November 2019 several clubs on the Mid North Coast converted their facilities into evacuation centres or refuges, accommodating people where it was unsafe for them to remain at home.

In Taree, which featured widescale, out-of-control bushfires, Club Taree was activated as an emergency evacuation centre. The Club assisted community members for the duration of the fires, on some nights accommodating over 700 people. Club Taree also provided meals and other hospitality to evacuees free of charge.

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<sup>2</sup> KPMG, New South Wales Club Census 2011, April 2012, pp 69-70.

## Club North Haven's One Million Litre Promise

Club North Haven is a medium-sized club located in Port Macquarie-Hastings.

According to the Combined Drought Indicator (CDI) maintained by the NSW Department of Primary Industries, Club North Haven, along with the rest of the Port Macquarie-Hastings area, is in "intense drought", defined as follows:

"Ground cover is very low, soil moisture stores are exhausted and rainfall has been minimal over the past 6-12 months".

The CDI shows that in the parish of Camden Haven, where Club North Haven is located, the rainfall index is 0.2 (Range 0 to 100).

Club North Haven wanted to do something to help farmers and other residents doing it tough. Particularly, the Club wanted to get water to those in need.

Staff at the Club had the idea of giving financial support to cover the costs involved with transporting water to farmers in drought-affected communities. The recipients of the water deliveries were identified by community members, who would nominate farmers that were in need of assistance.

Club North Haven partnered with the Lion Nathan beverage company so that \$1 of every schooner of Lion beer sold at the Club would be directed to the initiative.

The Club has also partnered with local businesses to donate money directly to the transportation of potable water.

The recipients of the water include dairy farmers Carissa Wolfe and Karyn Cassar from Benmar Farm at Hanman Valley. Carissa and Karyn's farm has not had significant rain for almost two years.

The water deliveries are supporting farming activities such as feeding stock and cleaning equipment. The water is also giving farmers and their families water for drinking, doing laundry, washing the dishes and showering.

Club North Haven is pledging to deliver 1 million litres of water to farmers and residents in drought-affected communities. This equates to 70 truckloads of water for farmers doing it tough.

Club North Haven's initiative has inspired ClubsNSW and radio station 2GB to start Litres for the Land, a campaign for clubs and club industry suppliers to support the transportation of water to farmers and residents of drought-affected communities.

Funds raised through Litres for the Land are being donated to Team Rubicon Australia, a charity which deploys military veterans to support recovery work in disaster zones. Team Rubicon Australia is administering the scheme and deploying military veterans to drive water tankers to farms and other properties across NSW.

So far, over \$500,000 has been committed to Litres for the Land. The appeal aims to raise \$1 million and deliver over 50 million litres of water.

Clubs and organisations who donate money to Litres for the Land cannot currently apply for the Emergency Drought Transport Subsidy. This scheme provides a subsidy of up to \$40,000 to cover 50% of the freight costs of transporting fodder or water to drought-affected farms.

Currently, there are various eligibility restrictions for the Subsidy. For example, only farmers and registered primary producers can apply.

The NSW Government can incentivise the transportation of water to drought-affected communities by extending the eligibility criteria for the Emergency Drought Transport Subsidy, so that it covers clubs and organisations that participate in Litres for the Land.

## **Impact of the drought on clubs and their communities**

The drought is having a devastating impact on regional NSW and clubs have been hit hard alongside the rest of their communities. Given the centrality of clubs to their communities, the drought is undermining the capacity of clubs to continue their substantial contributions.

Clubs in regional NSW make an annual social contribution of \$466 million, which includes support for veteran welfare, disability services and junior sports.

Regional clubs also support the economies of their communities by employing 23,300 people and making an economic contribution valued at \$1.2 billion per year.<sup>3</sup>

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<sup>3</sup> The economic contribution made by clubs includes the flow-on effects of employing people and purchasing goods and services from other local businesses, including food, beverage, construction and business services.

The weakness experienced by clubs is straining their capacity to maintain these contributions. This is because support provided by clubs is highly responsive to their commercial performance:

- clubs make cash donations to their communities equating to 15.1% of their net profit;
- for every \$1 million of goods and services produced by clubs, 19.38 full-time equivalent (FTE) jobs and \$1.38 million of economic activity are created.<sup>4</sup>

## Walgett RSL Club

Walgett RSL is a small club in North West NSW. Walgett is in “intense drought” (according to the CDI) and subject to Level 5 water restrictions.

The Barwon and Namoi Rivers are traditionally Walgett’s main sources of water. However, in 2018, the rivers ceased flowing, forcing residents to use bore water, which has questionable safety due to high sodium levels.

The population of Walgett was 2,145 at the last census in August 2016, and there has been no measure of the population since the outbreak of the drought in mid-2017. Walgett RSL Club’s membership figures suggest there may be a population decline on foot. From 2015 to 2019, the Club’s membership declined 26%, from 1,150 to 848.

According to the Club’s CEO, Paul Clarke, the population decline is obvious without membership data, because he keeps seeing less and less familiar faces.

Walgett RSL uses its surplus funds to support community services. The Club donates \$14,000 per year to a number of organisations including the Walgett Hospital as well as senior and junior football teams. The Club also donates \$6,000 per year to the Walgett RSL Club Scholarship Program for local students to progress through school.

In 2018, Walgett RSL partnered with Castle Hill RSL Group, a club in Western Sydney, to donate \$15,000 worth of gift cards for farmers to use at the local supermarket.

The population decline and subdued economic environment have led to declines in the club’s revenue from \$3.5 million in 2011-12 to \$2.5 million in the 2018-19 year.

While the club turned a profit in the most recent year, the club was forced to significantly cut expenses to balance the budget, taking away from the Club’s capacity to make community donations and staff employees.

<sup>4</sup> Industry sector model, developed by a top-tier advisory firm; based on multipliers developed by Allen Consulting Group, Socio-Economic Impact Study of Clubs in NSW, 2007.



## Policy measures to support drought-affected communities

Paragraph (g) of the Inquiry's Terms of Reference seeks to explore "temporary relief from state taxes, charges and levies for drought affected businesses".

Given the social and economic centrality of clubs in drought-affected communities, ClubsNSW submits that providing relief to clubs will generate economic activity, community amenity and social connectedness in drought-affected areas.

As noted earlier, clubs use 15.1% of their net profit to provide direct cash support to their communities, and increasing club output has a significant flow-on effect to economic activity and employment.

Accordingly, providing tax and other relief to clubs is an effective policy tool to invigorate community life and generate economic activity in drought-affected areas.

To support communities affected by drought, ClubsNSW submits that clubs in drought-affected areas should be given relief from the payment of payroll tax and *periodic liquor licence fees* for a period of three years.<sup>5</sup>

ClubsNSW estimates that clubs in drought-affected areas pay \$4.2 million in liquor licence fees per year ('base fee' + 'trading hours fee'), equivalent to \$6,097 per club.

ClubsNSW estimates that clubs in regional NSW pay approximately \$14.6 million per year in payroll tax.

In addition to the economic benefits of tax and other relief described above, payroll tax relief will likely have a stronger and more direct benefit for jobs, as it would remove a cost involved with employing people.

The *Payroll Tax Act 2007* (NSW) already exempts certain NFP organisations.<sup>6</sup> Accordingly, providing payroll tax relief to NFP clubs would have some consistency with the principles underlying the legislative framework.

Delivering payroll tax and liquor licence fee relief will allow this money to be re-purposed to enable clubs to continue doing all they can to employ locals, pay suppliers and support their communities.

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<sup>5</sup> Periodic licence fees are payable under *Liquor Act 2007* (NSW) s 58A; annual fees range from \$543 to \$26,508, *Liquor Regulation 2018* (NSW) Division 2, Part 2.

<sup>6</sup> s 48.

Moreover, the NSW Government can incentivise the transportation of water to drought-affected communities. ClubsNSW recommends that the Government extend the eligibility criteria for the Emergency Drought Transport Subsidy so that it covers clubs and organisations that participate in Litres for the Land.

## Recommendations

In summary, ClubsNSW recommends:

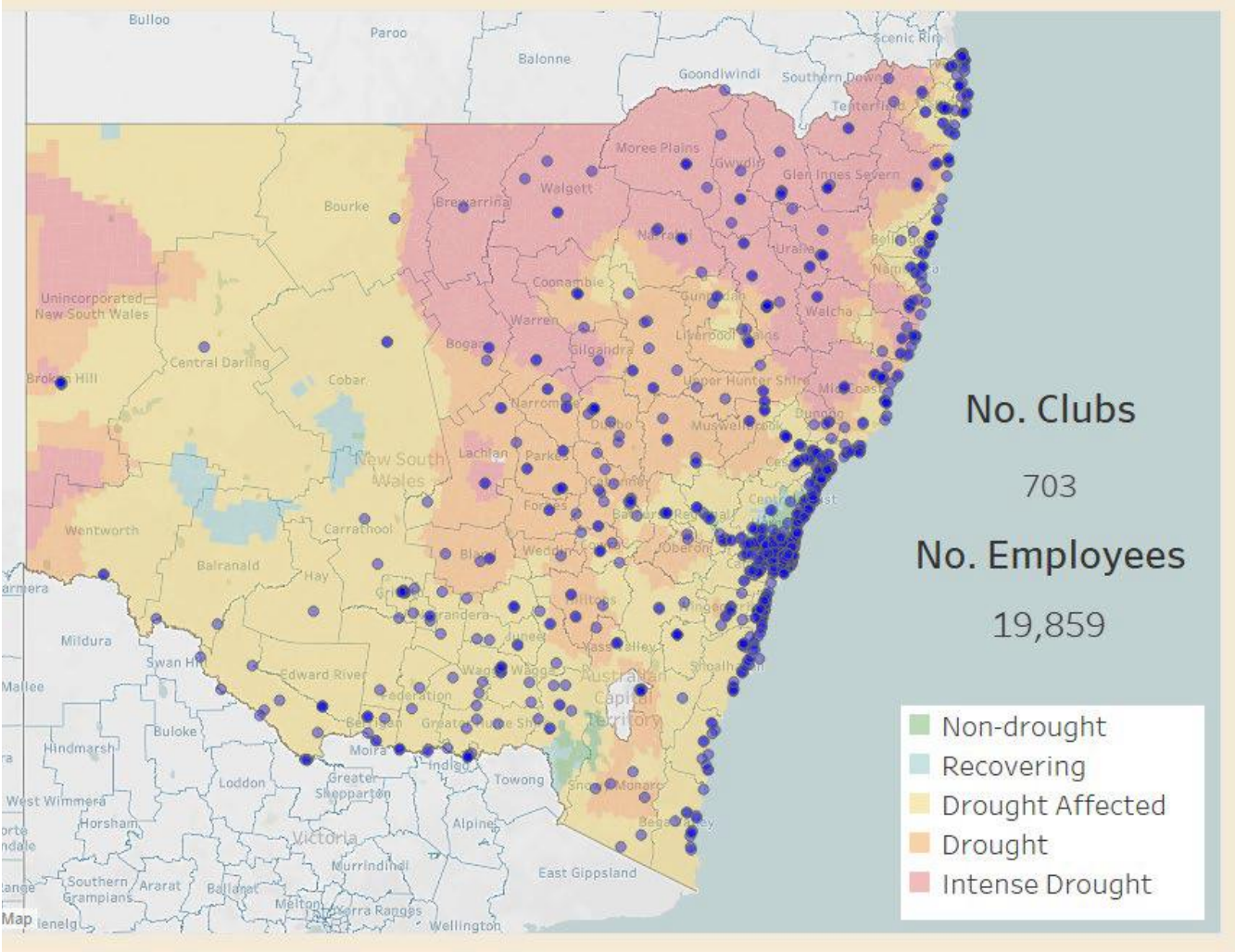
- providing clubs in drought-affected areas with relief from the payment of *periodic liquor licence fees* for a period of three years;
- providing clubs in drought-affected areas with relief from the payment of payroll tax for a period of three years; and
- extending the eligibility criteria for the Emergency Drought Transport Subsidy so that it covers clubs and organisations that participate in Litres for the Land.

ClubsNSW appreciates the opportunity to provide a submission to the Committee and looks forward to further consultation.

Should you wish to discuss further, please contact Josh Landis, Executive Manager of Public Affairs on [REDACTED] or by email at [REDACTED]



# Appendix A – Clubs in drought or drought-affected areas



Note: The information on the drought classification of areas is taken from the Combined Drought Indicator maintained by the NSW Department of Primary Industries.

## Appendix B – Clubs that donated to the Big Dry Drought Appeal

The Acres Club, Auburn Tennis Club, Austral Bowling Club, Ballina RSL, Bankstown Sports Bowls, Bathurst City Community Club, Birrong Sports, Bomaderry Bowling Club, BOWLO Sports and Leisure Yamba, Byron Bay Services Club, Casino Golf Club, Club Condell Park, Clarence Town Bowling Sport & Recreation Club, Club Burwood Group, Club Central Hurstville, Club Central Menai, Club Jervis Bay, Club Maitland City, Club Rivers, Club Taree, Coffs Ex-Services Group, Coledale RSL, Country Club Gledswood Hills, Dee Why RSL, Dubbo City Bowling Club, Dubbo Railway Bowling Club, Dubbo Golf Club, Dubbo RSL Memorial Club, Dunheved Golf Club, Earlwood Bardwell Park RSL, Fingal Bay Sports Club, Figtree RSL Bowling Club, Guyra Bowling & Recreation Club, Gilgandra Services Club, The Hills Club, Inverell East Bowling Club, Inverell RSM Club, Karuah RSL Club, Lakeside Golf Club Camden, Lennox Head Community Sports Club, Moree Services Club, Mullumbimby Ex-Services Club, Munmorah United Bowling Club, Muswellbrook and District Workers Club, Muswellbrook RSL Club, Macksville Ex-Services Club, Miranda RSL, Mollymook Bowling Club, Moorebank Sports Club, Murray Downs Golf & Country Club, Nambucca RSL Club, Narrabri RSL Club, Narrandera Ex Servicemen's Club, Nelson Bay Bowling Club, Nelson Bay Golf Club, North Tamworth Bowling Club, Nyngan RSL, Oberon RSL, Ocean Shores Country Club, Orange Ex Services Club, Richmond Club, Rooty Hill RSL, Smithfield RSL, Soldiers Point Bowling Club, South Tamworth Bowling Club, Stockton Bowling Club, Rooty Hill RSL, Stonecutters Ridge Golf Club, Tamworth City Bowling Club, Tamworth Golf Club, Tamworth Services Club, Tweed Heads Bowls Club, Wenty Leagues, Wests City, Wests League Club Campbelltown, Wests Mayfield, West New Lambton, Wests New Lambton Bowling Club, Wests Nelson Bay, Wests Cardiff, West Dubbo Bowling Club, Wests Diggers, Wests Illawarra, Wests Tennis Club, Woolgoolga Diggers.

