



Clubs Australia

2017-18 Pre-Budget Submission

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Executive Summary

Clubs Australia welcomes the opportunity to provide a Pre-Budget submission for 2017-18. We hope that our submission will assist the Federal Government in its commitment to economic growth and boosting job creation and opportunities for Australians.

The following is an outline of the key points contained within our submission:

- Clubs Australia represents 6,413 clubs which are not-for-profit (NFP) entities and serve as social hubs for 13.2 million club memberships. Each year clubs pay \$2.6 billion in taxes, provide \$286 million in cash and in-kind donations to local charities, sporting teams and community groups, and make an annual social and economic contribution valued at \$13.3 billion.¹
- Clubs Australia would welcome the opportunity to explore the possibility of a partnership with the Federal Government in relation to the delivery of the youth jobs PaTH (Prepare-Trial-Hire) program and other employment generation programs. The Club Industry is a significant employer and supports 172,000 full time equivalent jobs (FTEs).² In 2015, 32 per cent of all jobs in the Industry were filled by people under the age of 25.³
- Clubs are strategically placed to deliver social services to their local communities, particularly in the areas of aged care and child care facilities in partnership with government.
- Club investment in social services takes some of the pressure off governments through providing retirement villages, nursing homes, independent living unit, memory care units, dementia wards, speech pathology, physiotherapy, oncology and infusion centre services. Clubs also provide affordable child care in areas that have traditionally been underserved by existing operators and do not attract investment from for-profit operators.
- These social services need to be expanded by ensuring that clubs are financially viable and robust to continue serving the community as not-for-profit entities. This can be achieved through creating a stable regulatory environment and providing financial assistance to the industry through sound public policy.
- Clubs are also integral in providing community infrastructure and assistance during times of natural disaster and can benefit from emergency services funding to continue to act as emergency evacuation centres and staging points. Government assistance is required for the installation of standalone generators, associated fuel tanks, sheds and water supplies to assist the community in the event of an emergency.

¹ KPMG 2015 National Club Census

² Ibid

³ Ibid

About Clubs Australia and the Club Industry

Clubs Australia is the national peak industry body representing the interests of Australia's 6,413 licensed clubs.

Clubs are NFP community based organisations whose central activity is to provide hospitality and infrastructure for members and the community. Clubs contribute to their local communities through employment and training, direct cash and in-kind social contributions and through the formation of social capital by mobilising volunteers and providing a diverse and affordable range of services, facilities and goods.

The 2015 KPMG Club Census demonstrated that across Australia, clubs provide an \$8.3 billion economic contribution and a \$5 billion social contribution.⁴ There are 13.2 million club memberships and 172,000 jobs are supported by clubs.⁵ \$4.3 billion was paid in salaries, wages and superannuation in 2015 and \$2.6 billion was contributed to various governments through taxation.⁶

⁴ KPMG 2015 National Club Census

⁵ Ibid

⁶ Ibid

Employment generation schemes and the Youth Jobs PaTH Program

The Club Industry is a significant employer and supports more than 172,000 full time equivalent (FTEs) jobs.⁷ Clubs are a significant employer of young Australians and provide opportunities for people to develop a career in the hospitality industry. In 2015, 32 per cent of jobs in the Industry were filled by people under the age of 25.⁸ 53 per cent of all club employees are women and in 2015 the total costs of salaries, wages and superannuation paid by clubs totalled more than \$4.3 billion, with an additional \$478 million dollars spent on contractors.⁹

Clubs Australia welcomes the Federal Government's commitment to employment generation, including through the Youth Jobs PaTH (Prepare-Trial-Hire) Program for young people announced in the 2016/17 Budget. We would welcome the opportunity to explore the possibility of a partnership with the Federal Government in relation to the delivery of the PaTH program and other employment programs. Hospitality is a unique industry that provides a career path to thousands of Australians located in rural, regional and urban Australia.

By partnering with clubs, the Federal Government could provide valuable work experience and employment opportunities for young people across Australia, whether as new employees, trainees and or apprentices. In this regard, the Industry has a solid track record working with state and territory governments for some time in delivering employment opportunities and other initiatives, including disability services and employment opportunities for refugees.

The DOOLEYS Lidcombe Catholic Club, which is located in western Sydney are providing employment pathways and support services to accommodate the increase in refugees seeking employment in the community. DOOLEYS in partnership with STARTTS and Training for Change are delivering the Asylum Seeker Employment Training Project which is designed to deliver facilitated workshops linked to employment issues for asylum seekers throughout the Auburn City Local Government area.

⁷ KPMG 2015 National Club Census

⁸ Ibid

⁹ Ibid

Delivery of Social Services (Aged Care and Child Care)

At a time when government budgets are constrained by changing demographics, increased demand, and shrinking revenue growth, new partnerships between not-for-profits should be considered to deliver affordable social services.

It is within this space that clubs are well positioned to deliver affordable access to social services. The Industry's extensive community networks, sizeable facilities, geographic footprint and capital expenditure programs ensures that clubs can help fill service gaps where the demand is most acute.

While many clubs are already engaged in the provision of social services, too many are put off by poor regulation and a tax system that fails to assist with the significant upfront costs of infrastructure development.

Aged Care

Clubs are strategically placed to deliver aged care facilities in partnership with government.

Demand for aged care facilities in Australia is set to increase substantially, as the number of people aged 65-84 is expected to double and the number of people aged 85 years or older is expected to quadruple by 2050.¹⁰

In 2014, *The McKell Institute* conducted independent research into the potential for clubs to engage more broadly in the social services sector. This research titled, '*Meeting the Shortfall: How clubs can provide affordable social services in our communities*' included the recommendations outlined in this submission.

Clubs as NFP entities have a long history of providing vital financial support in the social services sector within communities across the country. Many clubs are well placed to provide affordable access to aged care facilities given their existing links and connections to their communities. This is even more apparent in regional and disadvantaged areas across Australia.

A number of clubs have invested in retirement villages, nursing homes, independent living units, memory care units, dementia wards, speech pathology, physiotherapy, oncology and infusion centre services. These community facilities have near capacity occupancy rates and play a vital role in supporting the local hospital network. They ensure that elderly members of the community can remain living near their families and friends without the need to relocate, which can cause significant anxiety.

Toronto Diggers, a club located in Lake Macquarie New South Wales recently built a multidisciplinary medical centre adjacent to the club. More than 200 patients every day benefit from the medical services which include a general practice, pathology, physiotherapy, psychology, dietetics, podiatry and dental services.

¹⁰ Australia's ageing population, Intergenerational Report 2010, Australian Government

The McKell Institute has recommended that through tax reform, subsidies, government grants and other financial incentives in consultation with the State and Territory governments, clubs can achieve outcomes that further enhance the service delivery of aged care to the greatest number of Australians.

Child Care

The Productivity Commission in its 2014 review revealed that parents of one in six children were struggling to access child care services in their area. Over one half of parents indicated that a failure to secure child care was hindering their ability to meet work commitments.¹¹ Therefore an expansion of child care services would result in an increase in Australia's participation rate and provide a substantial economic windfall for the Australian economy.

The high price of child care is a significant negative impact on the ability of families to access child care services. In recent years, the Productivity Commission has recorded an increase in the number of families that are reporting difficulties with the affordability of child care.¹² In 2008, 22.5 per cent of children did not access the care required due to cost. By 2011, 24.5 per cent of children either could not attend any formal care, or could not attend the full care required by their parents.¹³

Given the fiscal constraints currently placed on Government to fund such improvements in affordability, the club industry is well positioned to assist in supplying child care facilities in areas where shortages exist. Similarly to the aged care sector, governments should consider partnering with the club industry to develop cost effective business models to assist in relieving some of the financial burdens inhibiting access to such services.

Clubs access to land, ability to leverage resources and provide service scale are factors that would assist in the provision of low cost child care services. These services could be delivered either through direct provision, or by partnering with other organisations in order to provide these services.

Almost half of all clubs are located in regional areas, making them potential providers for social services in areas that have traditionally been underserved by existing operators and do not attract investment from for-profit operators.

Greater access to child care services will result in an increase in the workforce participation rate, generated from an improvement a parent's ability to engage in employment and meet work commitments.

Further, Club-based child care centres would also be better situated, safer, and come with better parking than many existing centres where parents are sometimes forced to double-park on busy streets and must rush through the drop off.

Some clubs are already providing affordable, accessible aged care and childcare services in areas where they are desperately needed. For example, the Revesby Workers' Club in Western Sydney

¹¹ 'Parents of nearly one in six children are looking for a childcare place', *The Australian*, 29 January 2014

¹² Productivity Commission, Report on Government Services: *Volume B: Child care, education and training*, January 2014

¹³ Ibid

provides the *'Tree House Early Childhood Centre'*. The Centre has an enrolment waiting time of between 18 months and two years, such is the demand for child care in the area.

The Federal Government could encourage further investment into the child care sector by establishing a capital grants funding program to co-fund new investment. An incentive program could include an initiative by which Government matches a NFP provider's infrastructure expenditure dollar-for-dollar.

In addition, financial contributions to NFP Early Childhood Education providers should be tax deductible to bring them in line with donations by parents or others to non-government school building funds, which are deductible.

Emergency Services Funding

Clubs are integral pieces of community infrastructure during times of natural disaster and often act as emergency evacuation centres and staging points. It is vital that this contribution be formally recognised by setting up a fund that can be accessed by NFP entities that serve their communities in times of emergency.

Examples of clubs coming to the aid of their community in times of bushfires, flooding and tornados are that of the Springwood Sports Club, Dungog Memorial Bowls Club and the Cronulla Sutherland Leagues Club.

Springwood Sports Club set up an evacuation centre during bushfire emergencies in the Blue Mountains, with the club acting as a hub for emergency services workers for a week and the club's staff becoming makeshift organisers, medical assistants and counsellors. Meals and drinks were served to hundreds of community members which became a 24-hour operation for a number of days during the crisis.

Likewise, the Dungog Memorial Bowls Club became the communities lifeline during recent flooding that was declared a natural disaster zone and helped flood-weary residents get back on their feet.

Cronulla Sutherland Leagues Club became the evacuation centre following the Kurnell tornado in December 2015. Roofs were ripped off homes, power lines and debris littered the roads as 200 kilometre per hour winds tore the suburb in Sydney's south apart.

The installation of standalone generators, associated fuel tanks, water supplies and other community assets, which allow clubs to continue to operate in the event of power or water supplies being disrupted would greatly assist the community when they are facing natural disasters in the form of cyclones, flooding, bushfires and heatwaves around the country. However, these facilities are very expensive and many clubs would struggle to provide such amenities without additional government support.

Clubs Australia requests that a separate fund of \$10 million dollars per year, over each year in the forward estimates be made available to NFP entities, including clubs who act as emergency hubs for their communities during times of natural disaster. The new fund could run parallel to the Natural Disaster Relief and Recovery Arrangements (NDRRA) program that is currently offered by the Australian Government.

The new fund if implemented would allow NFP entities to apply to the Australian Government for capital improvements and upgrades to their existing infrastructure, if they have served their communities with distinction during times of natural disaster.

A fundamental requirement in order to apply and access funding would hinge on the NFP entity having experienced first-hand what their community requires in times of disaster. This would allow the NFP entity to assess what they have learnt from the experience of the natural disaster and apply for Federal Government funding to better equip themselves and future proof their community during another time of crisis.

This investment could be used to house people in emergency situations in the form of a shed attached to local clubs, where canned food, water and other essential supplies (bedding, linen) can be stored and quickly utilised in times of crisis. Other assistance could include improvements to clubs in the form of additional kitchen facilities or upgrades, which would allow clubs to be better prepared to assist large numbers of displaced people or emergency service personnel when disaster strikes.