



RSL & SERVICES CLUBS

SUBMISSION TO

PRODUCTIVITY COMMISSION'S

**Public inquiry in to the contribution of
the not-for-profit sector**

May 2009

INTRODUCTION

The RSL & Services Clubs Association welcomes the opportunity to respond to this inquiry in to the contribution of the not-for-profit sector to the Australian community.

There have been considerable changes to this sector as it relates to the not for profit club industry in the past 10 years which has seen the operation of many club venues placed under severe financial stress resulting in either amalgamation or closure.

DEFINITIONS & BACKGROUND

There is some degree of confusion in the community about RSL clubs, RSL Sub-Branched, the RSL in general and the State Branch of the RSL in NSW. To that end we have included a definition/outline of the roles of the various organizations to facilitate the easy interpretation of this submission.

- The Returned & Soldiers League or RSL ("the League") - The RSL is fundamentally the national welfare organisation dedicated to the well-being, care, compensation and commemoration of serving and ex-service Defence Force members and their dependants, with an organisation based on some 1,327 Sub-Branched Australia wide.
- The State Branch of the RSL ("State Branch") – This is the New South Wales Branch of the League which is the state welfare organisation dedicated to the well-being, care, compensation and commemoration of serving and ex-service Defence Force members and their dependants. The State Branch is an organisation based on 421 Sub-Branched throughout New South Wales with a current membership of approximately 57,700.
- RSL Sub-Branched ("Sub-Branched") – Sub-Branched are independent not for profit organizations that support the welfare of returned defence force personnel. They are unincorporated and are managed by trustees/committees of their members. Sub-Branched were the original owners of many RSL and services club properties.
- The RSL & Services Clubs Association ("the Association") - the Association is a not-for-profit industry association that was formed to be a leading advocate representing the unique interests of the estimated 274 registered RSL, Ex-Services, Memorial, Legion or like Clubs in New South Wales. Among its main objectives is the protection and promotion of the ideals of the ANZAC spirit and heritage of member clubs
- RSL and services clubs - RSL and services clubs represent the origins of the club industry being some of the first to emerge following WW2 – many are now 50-60 years old. Registered clubs in NSW are generally a company limited by guarantee (required by legislation to be a not for profit with the obligations of a public company) or in a small number of cases a co-operative registered under

the NSW Co-Operatives Act. As such NSW clubs are heavily regulated and subject to a full company audit each year. The regulatory framework includes the Corporations Act, Registered Clubs Act, Liquor Act and Gaming Act.

Their principle objective is to uphold the Anzac traditions on which they were originally based. RSL & services clubs carry out significant patriotic, community, sporting and welfare activities in their local community.

BACKGROUND

The RSL & Services Clubs Association was formed in 2001 and commenced operations in February 2002 with some 22 member clubs. Since the Association's formation its membership has grown to more than 120 RSL and services clubs, with its member clubs having a combined membership of more than 1.2 million people and employing more than 5,000 people in full and part-time capacities. The Association is affiliated with ClubsNSW.

Some of the biggest and some of the smallest clubs in the country have the letters "RSL" in their title. Some RSL clubs include RSL Sub-Branched in their structures and some do not. Some RSL clubs are direct supporters of the League and some are not. The types of kindred clubs can range from ex-service to services, memorial or legion clubs.

There is a perception in the community that RSL and services clubs are huge revenue raisers for the League which they are not. However they do carry out significant veteran welfare activities at a local level in conjunction with their local sub-branch.

Licensed RSL and services clubs, by their nature, are first and foremost a social meeting place for many people and community groups. In fact many of our club members, including seniors, enjoy and rely on discounts on food and beverage and entertainment being provided in contemporary surroundings. By legislation, they are required to be not-for-profit entities.

The origin of RSL and services clubs is unique with the majority of NSW clubs formed as or from Sub-Branched as part of the RSL, or alternatively from groups of returned veterans to provide hospitality and comradeship for war veterans. There is an RSL or kindred club in almost every major town throughout the State and most started from meager beginnings, many on land granted by the Government of the day.

While many of the NSW clubs have now become separate identities the vast majority still provide a venue for local RSL Sub-Branched to meet and are supportive of RSL ideals and aspirations, particularly on commemorative days such as Anzac Day and Remembrance Day. Many of these clubs are still governed by a majority of ex-servicemen and women on their Boards.

In addition to now catering for much wider community participation, NSW RSL and services clubs continue to foster those original ideals of a venue for ex-diggers to meet up with their mates with whom they fought in overseas conflicts.

RSL clubs operate under respective state licensing laws hence there is significant difference state to state. Club membership invariably is a club matter and may not necessarily be related to League membership. Some clubs in some states, however, do defray or even pay RSL annual subscriptions for eligible club members. As mentioned earlier, the vast majority provide a venue for local RSL Sub-Branches to meet and are supportive of the Anzac traditions and provide considerable support by way of veteran welfare activities.

As a general rule, clubs are run for the benefit of club members, be they members of the League or not; and/or the local community. They are not-for-profit entities which have been granted the right by successive governments to operate community based gaming.

Virtually all NSW services clubs offer gaming and quite sophisticated amenities for members, such as food and beverage, entertainment, social sporting clubs, snooker facilities, ten pin bowling, gymnasiums, swimming pools and aged care in addition to gaming. Entry to a club is restricted by legislation to members and guests.

In a presentation to the National Conference of RSL and Services Clubs at Twin Towns Services Club in Coolangatta in July 2008, the Deputy Prime Minister, the Honourable Julia Gillard, in her opening remarks had this to say about RSL and services clubs:

"It's always terrific to be associated with Australia's services clubs. They provide great enjoyment and entertainment for millions of Australians and jobs for many thousands. Not only is every Australian welcome to join, all Australians can afford to join. And of course, they're run by and for their members to the benefit of past and present servicemen and women and their dependents – and the whole community.

This makes services clubs democratic places in every sense of the word – and an important part of Australia's culture and social fabric."

In NSW, changes to licensing laws over the years have resulted in management of RSL and services clubs being transferred to separate Registered Club Boards of Directors, which operate independently from Sub-Branches. In more than 80 percent of these clubs the constitutions require that the majority of directors on the licensed club Board must be a full Sub-Branch member.

Membership of an RSL Sub-Branch does not automatically confer right of entry to all RSL clubs. Admission to a club is governed by State licensing laws and most clubs welcome visitors who conform to club rules. In NSW, recent amendments to the Registered Clubs Act, confers 'Honorary Membership' status on current serving defence force members, on showing their defence force ID.

THE ENVIRONMENT IN WHICH OUR MEMBER CLUBS OPERATE

The industry has been faced with a range of legislative and competitive market forces over the past five years which have significantly changed the operating environment and there is no indication that these will abate in the foreseeable future. They are notably:

- ❖ Increases in gaming taxes in 2004 which saw the top marginal rate increase to 39.99% (including GST and Community Development Support Expenditure [CDSE]).
- ❖ April 2004 heralded the introduction of a raft of new corporate governance regulations that significantly increased the obligations of club Boards and top executives with inherent restrictions on the sale of club property.
- ❖ The Phase-in of smoking bans from January 2005 which ended on 2 July 2007 with the introduction of the full ban in licensed venues across the state. Venues suffered a downturn in gaming turnover of up to 15% on average. Gaming turnover for the eight month period to the end of February 2009 was still lagging 2.5% behind the same period to end of February 2007.
- ❖ Increases of up to 100% - and in some cases more - in electricity charges (as a result of the continuing drought). Regional based clubs have been particularly hard hit by the increases with many likely to pay around 60% more for their power, an essential component of their business
- ❖ Large corporations such as Woolworths and Coles continuing to enter Australian gaming (through hotel purchases) and liquor markets (currently some 52% of retail liquor sales are from these two companies). These changing market dynamics mean that Woolworths is also now one of the largest private owners of gaming machines in Australia with more than 10,000 gaming machines in its hotel venues.
- ❖ Revenue from new gaming technology – the internet and mobile phones – has resulted in a dramatic increase in competition for clubs in terms of community gaming.
- ❖ Major changes in July 2008 to the Liquor Act in NSW
- ❖ A major review and overhaul of the Gaming Machines Act in NSW which came in to force on 30 January 2009.
- ❖ A year of economic turmoil in 2008 which first saw rising interest rates and petrol prices impact heavily on clubs as members cut their discretionary spending. That was tempered somewhat in the latter half of the year, but the global and national economic climate is continuing to impact on venue revenues, placing subsequent pressure on employment in the industry.
- ❖ The continuing impact of the drought in regional areas and the impact of the equine influenza epidemic in late 2007.

These factors have dramatically changed the economic environment in which our member clubs operate placing increasing pressure on them to be more commercially oriented with a focus on reducing debt and restructuring operations in the face of tightening lending rules and security from lending institutions.

In NSW since the mid-1990s 266 clubs have either closed or amalgamated, of those:

- 28 are RSL and services clubs (23 since 2000)
 - 12 closures
 - 16 amalgamations

Additionally, since the start of 2008, 14 RSL or services clubs have advertised *Expressions of Interest* for amalgamation partners, while four others have closed. Canberra also lost its only 'RSL' club in November last year.

However, not all of these clubs have found amalgamation partners and are now restructuring their operations in an endeavour to recover their positions. There are also two recent instances of de-amalgamations because the financial burden of maintaining the amalgamated golf courses was becoming a financial drain on the RSL club's operations.

The result is that, for this particular sector of the club industry, one of Australia's iconic brands - 'RSL' - is slowly disappearing from the landscape as licensed clubs close. The consequence of this is that a town or suburb could lose its club amenities (which are a large part of the community infra-structure in rural areas) and in the case of an RSL or kindred club, it means a 'loss of home and facilities' for local Sub-Branches. Worse still, when a club of this nature closes in a country town the local community faces losing their Anzac traditions, ie. remembrance services/marches on Anzac Day and other commemorative events.

This high attrition rate of clubs is expected to not only continue, but to accelerate in the next five years through either closure or amalgamations, due to the regulatory, competitive or financial pressures placed on clubs within NSW.

However, the chances of clubs attracting an amalgamation partner in the current economic climate are exceedingly slim as it is often the case that clubs seeking amalgamations are carrying significant debt. This presents considerable risk to the so-called 'parent' club and often places it under considerable additional stress, as was the case with the recent de-amalgamations.

The main impediments to amalgamations are:

- Too costly for two smaller clubs - many don't proceed even when it is in their best interest. There are instances of smaller venues in country towns, which see amalgamations as a means of survival, but unable to afford the minimum \$50,000-\$60,000 cost of undertaking the amalgamation.

- Current economic climate making amalgamations less financially attractive to parent clubs due to the reduced cash flow of many of the larger clubs due to above stated pressures being imposed upon the NSW club industry
- The high cost of maintaining sporting facilities in regional areas (eg. Golf clubs) has forced several recent cases of de-amalgamations and sometimes the closure of the child club
- The negative connotation of the term 'amalgamation' which is in fact a 'takeover' involving a 'parent' and 'child' club.

There is an urgent need for the State Government to review and streamline the amalgamation process for clubs to reduce the associated costs, particularly for clubs in smaller country towns where the loss of, for instance, a golf club has a major impact on the area.

Specifically, Governments could consider:

- Specific legislation to allow for 'a merger' between two equal partners, as in the corporate world
- Support to streamline the amalgamation/merger process to reduce costs
 - Development of an MOU template to facilitate the 'amalgamation' process
 - Independent Panel of industry/government representatives to quickly 'sign off' on an amalgamation once two clubs agree to merge. The panel could make the decision based on a 'means test' that the best interests of the two clubs would be served by an amalgamation to assist the decision of members' meetings.
- Associations encouraging clubs to make a more strategic approach to amalgamations before their financial situation becomes unsustainable.
- More incentives to amalgamate/mergers – such as gaming tax offsets, no loss of gaming machines entitlements across LGAs, CDSE offsets. Tax offsets is particularly relevant in cases where the 'parent club' – exhibiting corporate social responsibility - is taking over the often considerable debt of the 'child' club.
- Where amalgamation is not appropriate the concept of management agreements between clubs should be promoted. There are a number of instances of where this has been successful.

SOCIAL CONTRIBUTION OF THE ASSOCIATION'S MEMBER CLUBS

The Registered Club Industry plays an important socio-economic role within the NSW economy and community but the increased financial pressures being faced by clubs are likely to result in heavily rationalized community contributions in coming years.

It is a generally accepted principle by Government and many members of the community that Registered Clubs play a vital role in providing sporting, social and recreational services, amenities and activities which are often considered "unviable or non-sustainable" if they were to be provided for on a true economic basis of return on cost.

It is also well documented that Registered Clubs assist and contribute to NSW community standards of living by allowing often free-of-charge or heavily subsidised use of their facilities for purposes of fund raising, community assistance and welfare organizations and education services (across all demographics). At times of national emergencies, clubs become a safe haven for residents such as we have seen in recent times of natural disasters.

The recent IPART Report in to the NSW club industry estimated that, based on the direct cash and in-kind contributions the value of clubs' contributions to social infrastructure in NSW in 2007 was \$ 811 million. This did not include the indirect or intangible contributions made by clubs which IPART said was difficult to quantify consistently and reliably, but is nevertheless important.

One major role and objective of RSL and services clubs is contributions to patriotic activities such as veteran welfare.

The 122 member clubs of the Association contributed around \$1.5 million annually (source latest audited Annual Report) supporting the RSL Sub-Branches and other veteran welfare activities. This includes provision of facilities such as veteran welfare officers, transport facilities, support of commemoration days, financial support for Legacy and War Widows Guild and other ex-service organisations.

In addition, the member clubs contribute on average an additional \$1.2 million for 'in-kind' facilities, including waiving of room hire for Sub-Branch activities, ANZAC Day commemoration dinners, administration and secretarial costs for Sub-Branches and kindred groups.

When extrapolated across the 274 clubs in the RSL and services clubs sector these costs could be as much as \$6 million annually.

The present role and ability of Clubs to provide this social welfare and supporting infrastructure – which could be labelled "intangible welfare" - has only been possible due to the legalization of gaming machines (1956) and the requirement that surplus profits cannot be distributed to members, they effectively must be used to underpin and support services and activities, such as social, recreation and sporting facilities. The club model is unique and deserves to be supported and preserved by governments.

In NSW the Club industry's role in the community has been traditionally underpinned (until 1997) by the advantage largely derived from the exclusive right to operate electronic gaming machines and other forms of approved gambling such as Keno and lotteries.

Coupled with the access to community gaming; the taxation concessions conferred by the principle of mutuality resulted in clubs enjoying a sustained Federal income tax differential over their commercial competitors, such as privately/publicly listed companies like hotels and casino's. The net affect of this tax differential is that clubs apply this 'profit' for purposes of their community/social roles which are in affect non-profitable, such as sporting amenities, subsidised food and beverage prices, cash donations and promotion of sport, etc. In the absence of this profit differential (Federal income tax differential), much of these activities would inherently lead to insolvency due to these activities being unprofitable and unsustainable on a commercial basis.

With the continuing increases in gaming taxes being imposed on NSW clubs (ie. the commercial gaming tax rates being progressively applied by the New South Wales Government to medium and large clubs throughout the state, the community, sporting and social activities traditionally supported by registered clubs are now becoming increasingly difficult to maintain as the profit differential (taxation) has been heavily eroded if not totally eliminated in many instances.

Registered clubs notionally still retain their federal income tax advantage over their commercial counterparts. However, the result of the large increases in state gaming taxes has been to largely erode/eliminate this Federal income tax advantage to a point where clubs cannot continue to subsidise elements of their club's operation and continue high levels of community assistance beyond their CDSE obligations.

Income Tax Assessment Act

In relation to the Income Tax Assessment Act there are two issues that impact on RSL & services clubs. These being:

- The tax treatment of amalgamating clubs
- The inequity that RSL & services clubs derive due to their ability to access the taxation exemption provisions in the Act

Income Tax Treatment of Amalgamating Clubs

With any amalgamation it is effectively the merging of two clubs. Basically members, staff, assets and liabilities are absorbed into the activities of the parent club, ie the members' equity in the child club is carried into the parent club

However, one of the outcomes of an amalgamation is the eventual wind up of the child club after the "business" of the child club has been absorbed into the parent club as a protection mechanism to ensure all the liabilities of the child club have been extinguished.

The issues at hand when clubs amalgamate are:

- The "child club" has often accumulated tax losses which are reflected in the increased level of liabilities of the child club which the parent club must accept and eventually pay off. However, because the child club's corporate structure is liquidated these tax losses are not available to the parent club to recoup and apply the funds to repaying the liabilities of the child club;
- The child club has over many decades built up an asset base which is absorbed by the parent club. However, the tax treatment on amalgamation is that the ATO will not allow the written down value of these assets to be carried forward and depreciated in future years, the carrying value of depreciable assets (for depreciation purposes) is limited to the value of the liabilities taken on by the parent club. In other words the cost base of the club is significantly reduced as are future tax deductions for depreciation.

This results in tax losses being lost and future tax deductions for depreciable plant and equipment dramatically reduced.

Income Tax Exemptions

Licensed clubs are either tax exempt sporting clubs or subject to taxation as mutual entities, whereas RSL Sub-branches are tax exempt due to the nature of their welfare or patriotic activities.

The Association believes that there is an inconsistency in application of tax exemption as it applies to many licensed RSL and services clubs which is in need of review.

For instance, golf and bowling clubs receive a tax exemption as a result of their support of sporting facilities. Bowling clubs generally may have two or three greens and their tax exemption is based on their primary purpose of providing bowling facilities for members.

Many RSL clubs have similar numbers of greens and in fact may provide the facilities for a significantly increased number of members but do not receive the benefit of tax exemption as the game of bowls is not their primary purpose.

Similarly, many RSL clubs, particularly in country areas, will often be the parent club in amalgamating with either/or both of the local bowling and golf clubs. While the activities of these 'child' clubs were previously tax exempt as individual sporting clubs, the tax exemption is lost when the amalgamation is completed.

As clubs come under increasing financial stress due to a combination of increased gaming taxes, smoking bans and general economic times there is an increasing number of clubs seeking an amalgamation partner, particularly the smaller golf and bowling clubs in country centres.

These current economic factors are making it more difficult for a parent club to save these smaller clubs through an amalgamation, as the problem is further compounded when the golf or bowls clubs lose their tax exempt status as part of the amalgamated group. In some cases it may well be the factor which precludes the amalgamation from proceeding at a time when it is in the best interest for the community to have these facilities retained.

Generally it is very difficult for RSL clubs to secure sporting club tax exemptions in their own right due to the fact that a RSL club's constitution will not have sporting activities as the club's principal objective. While RSL clubs generally include sporting objectives as ancillary objectives, it is not sufficient to obtain a sporting club tax exemption.

The Association believes this criteria is inequitable in that an RSL club will carry on significant sporting activities, often on a larger scale than tax exempt sporting clubs in the same area, but are denied a sporting club tax exemption.

Similarly, as mentioned previously, RSL clubs undertake significant welfare activities in relation to veteran welfare and additionally expend not insignificant funds in promoting and maintaining Australia's ANZAC heritage. However, RSL clubs do not receive an income tax exemption whereas Sub-branches do for similar activities.

The Association maintains that the Federal income tax legislation fails to adequately address the unique role of RSL clubs within Australia and therefore proposes that this should be recognized through a class of tax exemption based upon the patriotic and sporting roles RSL clubs perform in today's society.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is fast becoming a recognised partnership between wealth creators (business) and those institutions and NGOs that do not, nor have received main stream Government financial assistance. While Corporate Social Responsibility projects have been the norm in countries like the United States for some years they have only recently been recognized in Australia.

In many respects, the Community Development Support Expenditure (CDSE) scheme operating in NSW, since its inception, has been a remarkable success story in line with Corporate Social Responsibility objectives, mainly due to the direct benefit relationship that arises when the registered club has direct input to the organisations receiving the benefit.

In discussing corporate social responsibility the Association, through its member clubs, has embarked on two major projects which it believes provides immeasurable 'intangible welfare' benefits to their local communities. They also represent those patriotic activities which should be considered for tax exemption.

Kokoda Youth Leadership Challenge (KYLC)

The Association, through the KYLC Benevolent Fund, oversees the Kokoda Youth Leadership Challenge designed as a major community project to develop disadvantaged or wayward youth into the leaders of tomorrow. It is also aimed at fostering young people with leadership ability and more than 70 young men and women have already made the trek. Individual member clubs sponsor one or two young people from their local community at a cost of more than \$5,000 each.

The sixth and seventh Kokoda Youth Leadership Challenges leave in August and September 2009 with another 40 young men and women aged 16 to 23 tackling one of the world's toughest treks. This will take the total number of young people making the trek to more than 100 and an investment by our members clubs in their local youth of more than \$600,000.

The Association engaged Adventure Kokoda to lead the Challenge over the infamous Kokoda Track in New Guinea. Ex-Army Major and NSW Upper House MP, Charlie Lynn – a veteran of more than 50 crossings of the Track. Through his trekking company, *Adventure Kokoda*, Mr Lynn had for some years used the Kokoda Track as a lesson in leadership and teambuilding for many leading Australian companies, demonstrating to them the true spirit of Kokoda – *strength in adversity, courage and mateship* – and the program achieved powerful results. The program is now achieving the same results on our youth.

The leadership program – launched in 2005 is aimed primarily at young people at school and disadvantaged or unemployed young people in the community who are having difficulty in finding their way in society. It is also used to further encourage young people with natural leadership skills and is used by some clubs as a leadership incentive program for younger staff.

The Association Clubs see the project as providing a major contribution to the community by:

- ❖ Encouraging these young leaders to help motivate their peers to take a positive role in their community and, among other things, reduce youth crime rates;
- ❖ Creating a source of young leaders coming back into their ranks; and,
- ❖ Encouraging participants to work with local community leaders on a range of projects.

For clubs the program has the potential to build stronger ties with the community and local business while increasing their relevance with young people who will have the potential to be their future members and the 'custodians' of the Anzac and Kokoda traditions.

The leadership program aims to create a greater awareness of the sacrifices of the diggers on the Kokoda campaign among our young people to ensure the traditions live on. At the same time it instills in participants a strong sense of personal achievement

and a commitment to community service, enhances their personal development by providing an opportunity for them to experience the same conditions under which our diggers fought and hopefully transform them for future leadership roles back in the community.

Operation CARE

In mid-2006, the Association, the Returned & Services League of Australia and the Department of Defence joined forces to establish Operation CARE.

The Scheme provides up to one week's 'Rest and Recuperation' at sites throughout the country for selected Defence personnel and their immediate family, where the Defence member has been repatriated to Australia as a consequence of wounds received in overseas combat operations, namely in Iraq and Afghanistan.

The aim of Operation CARE is to assist wounded Defence personnel and their immediate family to recover from both the physical and mental scars incurred from combat, by providing them some quality time together in a relaxing and stress-free environment.

The project was initiated by member clubs of the RSL & Services Clubs Association which generously agreed to provide funding for the scheme in keeping with their objectives to support their ANZAC heritage. Lion Nathan Brewery supported the program through a donation of \$10,000 as part of its 2007 Anzac Day commemoration as has the RSL NSW State Branch United Returned Soldiers' Fund through the 2007/2008 ANZAC Day Badge Appeal's with amounts totaling \$60,000.

Australian Defence Force Chief, Air Chief Marshall Angus Houston, has stated the program will improve morale and retention of personnel and strengthen the relationship between veterans and current personnel.

"We hold our forebears in great regard and for them to be doing something like this for the young people who go out there today and serve is a huge step in the right direction and certainly adds to morale and hopefully will be another thing that supports the need to retain people in the ADF", he said.

The program provides these personnel with some respite so they can go away with the family and reflect on what has occurred prior to going back into active service. The wife of the first recipient of the program said that Operation CARE was just what they needed to help them reconnect again and give them the chance to relax.

"We were both really grateful for this weekend away and I think most of all, it was especially nice to think that the RSL and services clubs and the military cared enough to do this for us. It is things like this that really help with retention of people in the defence forces".

Operation CARE reinforces the importance of the relationship between the Australian Defence Force, the RSL community and the RSL and Services Clubs. So far 17 Defence

Force personnel have benefitted from the project and another seven are soon to become part of the scheme.

SUMMARY

RSL and services clubs, because of their history, offer a unique contribution to the fabric of the club industry. They are steeped in the traditions of the Anzac spirit which are central to Australian society, the values of which are continually referred to and used by people from all walks of life – from politicians to sporting teams.

There has also been a resurgence in these traditions in recent years, particularly among our younger generations, evidenced by the increasing numbers of them attending not only our national Anzac Day celebrations, but visiting Gallipoli and the Western Front or trekking Kokoda.

RSL and services clubs deserve to maintain that unique place in Australian society and culture. The major projects overseen by the Association and supported by its member clubs – the Kokoda Youth Leadership Challenge and Operation CARE – are two projects designed to foster those values of RSL and kindred clubs and ensure that the traditions live on in to the future.

The Association would therefore propose that this review consider:

- Recommend a review of tax exemption provisions to better reflect the patriotic and sporting roles RSL clubs and better recognize their unique role in today's society.
- Recognition by all Governments that community based gaming in not for profit clubs provides considerable benefits to Australians and a significant role in our economy, supporting local businesses. contributing to building social capital, providing direct cash and in-kind support for community groups & charities; providing key community support in areas that are not covered by traditional government support programmes, facilities for and promotion of sport at all levels; and an outlet and organising force for volunteering.
- Maintaining the tax differential between clubs and hotels on the basis that clubs are community-focused and not-for-profit, where hotels are run for the profit of their owners;
- Increased Government support for amalgamations to assist in the preservation of club facilities which could otherwise be lost due to economic conditions;

Representatives of the Association are available to speak further with the Productivity Commission in relation to issues raised in this submission.

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