



CLUBS AUSTRALIA SUBMISSION EXPOSURE DRAFT: SMALL BUSINESS ENERGY INCENTIVE

Clubs Australia welcomes the opportunity to comment on the exposure draft legislation to introduce the Small Business Energy Incentive.

Clubs Australia represents 6,000 licensed clubs that employ more than 140,000 people. Clubs are not-for-profit, member-owned organisations whose central activity is to provide sporting and recreation infrastructure to their members and the wider community.

The club industry has been proactive in supporting emissions-reduction in their operations, accelerating electrification and promoting sustainability. Clubs are adopting a range of energy-efficient practices, including smart energy management programs, voltage optimisation technology, solar photovoltaic systems, and electric vehicle charging stations. Adopting these practices is a strategic priority and central to future development and capital expenditure plans.

Energy prices significantly impact the budgets of individual clubs, with some exceeding \$1 million in annual expenditure on energy-related bills.

The Small Business Energy Incentive is an encouraging measure to support clubs to reduce energy emissions and costs. Clubs Australia supports the initiative and believes there are further opportunities to help clubs maximise their energy cost savings potential.

SUMMARY OF RECOMMENDATIONS

Clubs Australia supports the small business energy incentive and further recommends:

- Expanding the eligible assets and expenditure criteria to include solar panels, electric vehicle supply equipment, and capital works
- Raising the cap on the bonus deduction to \$100,000

CASE STUDY: EXISTING ENERGY EFFICIENT PROGRAMS IN REGISTERED CLUBS

Hornsby RSL Club has invested in an energy monitoring system, LED lights, a solar heat management coating system, and 250 solar panels generating over 850Mwh of energy.

Casino Returned Servicemen's Memorial Club has contributed to improving sustainability by installing two electric vehicle charging stations at their premises.

The Murray Downs Golf and Country Club Group has adopted environmentally friendly practices, including purchasing solar panels and energy efficient equipment.

EXPANDING THE ELIGIBLE ASSETS AND EXPENDITURE CRITERIA

The draft legislation excludes certain types of assets and expenditure from the bonus deduction.

Clubs Australia believes electric vehicle (EV) supply equipment should be eligible. Clubs commonly have parking facilities on site and have a strong regional and rural presence, giving the industry an important role in increasing the availability of EV chargers.

Moreover, solar panels do not qualify as they have the predominant purpose of generating electricity. However, other assets which utilise electricity are eligible.

While solar panels primarily produce electricity, they play an important role in reducing greenhouse gas emissions, improving air quality and mitigating climate change.¹ As rooftop solar growth has declined, there should be greater opportunities to encourage solar installation.

Clubs are increasingly interested in installing solar to supplement or replace existing energy supply, but many cannot meet the significant upfront cost. Incorporating solar panels as an eligible cost would support a broader range of venues transitioning to renewable energy.

Additionally, Clubs Australia proposes including capital works as permissible expenditure. This would assist clubs to invest in energy-efficient infrastructure upgrades, including insulation, roofing, lighting, and management systems.

Clubs Australia recommends expanding eligibility to electric vehicle supply equipment, solar panels and capital works

RAISING THE BONUS DEDUCTION CAP

Lifting the current bonus deduction cap of \$20,000 would further incentivise medium sized clubs to improve energy efficiency. Medium sized clubs with \$10-50 million in annual revenue are well positioned to support emissions-reductions given their larger scale of operations.

Raising the cap to \$100,000 would incentivise significant expenditure into greener energy. For every dollar provided in tax relief, there would be a 500 per cent return in spending on the electrification of assets and improvements to energy efficiency.²

Increasing the cap would support larger clubs to invest their time toward larger projects that positively impact their members and the community.

Clubs Australia recommends raising the cap on the bonus deduction to \$100,000

¹ Clean Energy Council. 2023. 'Clean Energy Australia Report 2023'. pp. 1-76

² The tax incentive would yield 5% as every dollar spent by the government attracts \$5 of private investment ((5/1)*100=500%)



Clubs Australia

CONTACT INFORMATION

Clubs Australia appreciates the opportunity to provide a submission. For further information, please contact Simon Sawday, Executive Manager of Policy and Government, on 0451 661 475 or ssawday@clubsaustralia.com.au.