

31 January 2025

By email: prebudgetsubmissions@treasury.gov.au

Dear Assistant Minister,

Clubs Australia welcomes the opportunity to provide a 2025-26 Commonwealth Pre-Budget submission.

Clubs Australia represents over 5,000 clubs across Australia that employ more than 140,000 people. Clubs are not-for-profit, member-owned organisations that provide social, sporting and recreational amenities to their members and the wider community. The clubs industry has its own award, the Registered and Licensed Clubs Award 2020, reflecting the unique nature of clubs.

Licensed and registered clubs exist to further their core purposes, which commonly includes promoting sporting activities, and supporting veteran welfare, and enriching local communities through social, cultural and charitable initiatives. Clubs conduct a range of commercial activities – such as serving food and alcohol – to generate funds that support their core purpose.

Clubs support their communities by subsidising access to sporting facilities and donating money to charities like veteran welfare and disability support. The value of this support is \$5 billion annually. To demonstrate the flow-on impact of any tax and regulatory savings, NSW clubs make cash contributions to charities and community groups comprising 16% of their net profit.

To support clubs in delivering these benefits, Clubs Australia recommends that the Government:

1. Provide relief to clubs and their patrons by freezing the excise rate on all liquor for 12 months.
2. Provide practical support and guidance for clubs to navigate increasing regulatory and reporting obligations, ensuring clubs can comply without excessive administrative costs.
3. Work with State and Territory Governments to reduce the burden of payroll tax.
4. Develop a tiered incentive system to encourage employers to take on more apprentices and trainees, with priority going to small clubs, regional clubs and key cohorts.
5. Provide financial assistance for clubs to improve their facilities for people living with a disability.
6. Eliminate the different interchange fees being charged by financial institutions, particularly to small clubs, by reducing or removing interchange benchmarks for all debit card payment types.
7. Not restrict businesses from applying a surcharge to recoup fees incurred through payment processing.

To discuss this submission further, please contact Simon Sawday, Director of Government Affairs, on [REDACTED]

Yours sincerely,

Simon Sawday
Director of Government Affairs

A. Alcohol Excise

Alcohol excise rates are indexed twice per year to CPI, which has resulted in significant increases in the cost of liquor over time, and particularly during the recent high-inflation period.

Australia now has the third highest liquor excise in the world, with the rate indexed twice a year and total alcohol excise projected to rise 15.4% from 2024/25 to 2027/28.

These higher costs are in addition to other inflationary effects on input costs, such as rising prices for grain and hops.

The ever-increasing rate forces clubs either to pass on the expense to patrons by increasing the cost of beverages or absorbing the additional costs themselves. Since clubs are not-for-profit, absorbing the excise increases reduces a club's ability to maintain its economic and social community contributions.

Clubs Australia recommends the government consider a twelve-month freeze on the excise duty rates for all liquor to support clubs and their patrons with inflationary pressure.

- 1. Clubs Australia recommends that the Government provide relief to clubs and their patrons by freezing the excise rate on all liquor for 12 months.**

B. Regulatory requirements

Clubs across Australia play a vital role in their communities, providing important social, sporting and hospitality services. However, rising cost-of-living pressures are having a noticeable impact on club operations, with many reporting lower patronage as households tighten their budgets.

This decline in discretionary spending is coupled with increasing costs for clubs, including higher fuel and transport costs for goods, rising labour and material expenses for venue maintenance and renovations, and growing regulatory and reporting requirements.

Clubs are working to absorb these cost increases rather than pass them on to members and patrons, recognising the vital role they play in providing affordable hospitality and community services. However, at the same time, clubs are being asked to meet an increasing number of regulatory and reporting obligations at both the Commonwealth and state and territory levels. Requirements related to AML/CTF, liquor licensing, gaming compliance, workplace relations, sustainability reporting, and financial disclosures continue to expand, adding to the administrative and financial strain already experienced by clubs.

While these measures may serve important public interest objectives, it is also important that new and existing requirements do not create unnecessary complexity or duplication, particularly in the current economic climate. A more coordinated and practical approach to regulation – one that acknowledges cost-of-living pressures and the financial constraints facing clubs – would help ensure clubs can continue to operate sustainably and with certainty.

- 2. Clubs Australia recommends providing practical support and guidance for clubs to navigate increasing regulatory and reporting obligations, ensuring clubs can comply without excessive administrative costs**

C. Uniform Payroll Tax Regime

Payroll tax is a significant cost burden on clubs across Australia, all of which operate as not-for-profit organisations focused on reinvesting in their communities. The complexity of payroll tax – varying rates, thresholds, and exemptions across states and territories – creates an unnecessary administrative challenge for clubs.

As community-focused venues, clubs prioritise keeping costs low for members and patrons while also providing employment opportunities. However, payroll tax increases operational costs and limits the ability of clubs to invest in staff, upgrade facilities, and support local community initiatives.

A more coordinated approach between the Commonwealth and state and territory governments is needed to simplify payroll tax administration for clubs. In the longer term, reducing reliance on payroll tax would ease financial pressure on clubs, supporting them to continue contributing to local communities while maintaining employment levels.

3. Clubs Australia recommends that the Commonwealth Government work with State and Territory Governments to reduce the burden of payroll tax.

D. Skills and Migration

As large, not-for-profit employers, clubs offer a safe and inclusive environment for work experience, traineeships, and apprenticeship opportunities.

Clubs are passionate about developing skilled workers and investing in training and career progression. Many clubs offer work experience opportunities to school-aged students, helping them build valuable skills with the potential to transition to long-term employment within the sector.

Clubs Australia welcomes the Commonwealth Government's introduction of the Skills in Demand visa, which replaces the Temporary Skills Shortage (TSS) visa and provides a more tailored approach to skilled migration, offering a clearer pathway to residency. There are further opportunities to support clubs in employing apprentices and trainees, particularly among key cohorts like individuals with disability, women, First Nations people, and those in regional areas.

Currently, these groups face barriers in accessing and completing apprenticeships, which contributes to lower participation and retention rates. Clubs have experienced challenges in engaging with these cohorts, with limitations on their ability to expand training opportunities.

To address these challenges, we propose a tiered incentive system to encourage clubs to employ more apprentices and trainees. This system should provide greater financial and practical support to small and regional clubs and would also assist in increasing participation among underrepresented cohorts, ensuring that clubs remain strong pathways for workforce development in their communities.

4. Clubs Australia recommends developing a tiered incentive system to encourage employers to take on more apprentices and trainees, with priority going to small clubs, regional clubs and key cohorts.

E. Disability Access Support

Clubs provide a safe and inclusive environment for people living with disability, offering various programs and activities, accommodating reasonable adjustment requests for employees, and surpassing the standard requirements for physical accessibility in venues.

Clubs are dedicated to removing barriers to participation, increasing involvement, and improving the experience for people with a disability visiting their premises. For example, Hornsby RSL hosts augmented bowling games during select times for seniors and people with a disability.

Many venues are interested in upgrading their facilities to accommodate individuals with disability, but the associated capital expenditure is prohibitive. With 18 per cent of the Australian population experiencing disabilities, the presence of facilities that can effectively cater to and assist this demographic is imperative.

Clubs Australia supports the introduction of tailored grants or interest free loans to support venues with capital works projects, such as the creation of sensory stimulating spaces, installation of assistive technology, and upgrades to address sound absorption or diffusion to enhance facilities for individuals with disability in centrally located community hubs.

5. Clubs Australia recommends providing financial assistance for clubs to improve their facilities for people living with a disability.

F. Merchant Fees

Clubs accept cash and credit/debit cards for most of their services unless the law requires a specific payment method.

Interchange fees are paid by a club's payment service provider to a customer's card issuer when a card payment is made. Clubs Australia supports lowering or removing interchange benchmarks (to the extent that lower fees should lead to lower card payment costs for clubs).

Small clubs already operate in a significantly challenging economic environment and the current system is not proportionate. In its current operation, interchange fees and other merchant costs have a greater impact on small clubs. These clubs generally face higher card acceptance costs where they cannot negotiate a cheaper rate due to various factors, including a lack of scale.

Moreover, clubs should not be expected to absorb all merchant card payment fees and payment costs if the Government bans debit card surcharges. Surcharging is essential for clubs, particularly small ones, to recoup the cost of accepting card payments where reasonable to do so. Many clubs cannot absorb these costs in the current environment so they pass them on to consumers.

Clubs Australia also expresses its support for the Fee-Free Digital campaign.

6. Clubs Australia recommends eliminating the different interchange fees being charged by financial institutions, particularly to small clubs, by reducing or removing interchange benchmarks for all debit card payment types.

7. Clubs Australia recommends that businesses will not be restricted from applying a surcharge to recoup fees incurred through payment processing.