

14 September 2016

**Research Director**

Transportation and Utilities Committee  
Parliament House  
George Street  
Brisbane Qld 4000  
[TUC@parliament.qld.gov.au](mailto:TUC@parliament.qld.gov.au)

Dear **Research Director**,

**Re: Major Facilities and other Legislation Amendment Bill**

On behalf of our 1100 community clubs, I write to provide my full support for the Gaming Machine Act provisions and Keno Act provisions as outlined in the Major Facilities and other Legislation Amendment Bill. Specifically, I would like to address the gaming tax arrangements that currently apply to community clubs in Queensland, and the associated impact on community clubs' growth, employment and infrastructure planning into the future. I would also like to support the Keno Act changes to ensure Queensland Keno customers receive a larger share of the jackpots.

Clubs Queensland's position is that the proposed tax change is an absolute game changer for our community clubs right across the state. At present, the taxation requirements specific to community clubs in Queensland stymie the commercial viability for community clubs to either diversify via amalgamation and/or develop new Greenfield Site community club opportunities.

Firstly, this change would provide a level playing field and parity between hotels, casinos and community clubs, so that gaming taxation is levied per venue, rather than grouped as one entity, which is currently the case. Currently community clubs with more than one venue (i.e. managed under the same licence as amalgamated entities) are treated in their entirety (grouped) rather than per venue and thus gaming is taxed on consolidated net gaming revenue, as opposed to the large multi-national conglomerates (Coles and Woolworths), family owned hotel groups, and casinos which have their gaming tax levied on a per site tax scale, despite having the same owners. A change in this area will also bring the community clubs sector in line with various other Australian jurisdictions such as New South Wales, which are taxed in relation to gaming revenue on a per venue basis.

This taxation anomaly currently significantly impacts eighteen amalgamated club entities across Queensland, however we strongly believe that if this Bill is passed, there will be many more clubs choosing to expand their operations and develop new Greenfield sites in growth corridors across the State.

Positively it is anticipated the tax change will stimulate the provision of community club services across the State as exemplified by the recently proposed North Lakes Sports Club development, which will deliver 100 new construction jobs, another 100+ jobs ongoing and

\$25 million of investment in a growing region. It is also forecast that given this substantial development, the revenue and taxation generated by this one project, will negate any impacts for Treasury for the remainder of clubs affected by the change.

The main outcome of changing the current taxation treatment is twofold:

1. Remove the financial burden caused by grouping amalgamated entities, which will allow any additional operational surpluses to be invested back in the local community, and
2. Enabling community clubs to assist smaller struggling clubs from closing their doors, whilst also promoting the future growth and development of community clubs particularly in Greenfield sites.

**It is important to note that since 1997, there has not been a new community club built in Queensland and that an average of 13 community clubs close each year, with numbers recently rising to an alarming 17 per annum. It is therefore clear that the landscape has to change, as without change it is expected the annual closure rate to significantly increase to the detriment of many communities.**

We understand there is some concern regarding the perceived nature of “super clubs” – as experienced in NSW. It is important to note that community clubs here in Queensland are naturally limited by way of their gaming offer in terms of the number of clubs they can own with a gaming offer, i.e. the maximum number of gaming machines across multiple sites is 500 and the maximum number of machines at any one site is 300. Currently less than a dozen community clubs hold the maximum number of machines, indicating the industry is not expanding rapidly. Also it is important to note that over 50% of community clubs earn no revenue from gaming machines and of those clubs that do, just over 70% have less than 40 gaming machines. Further there is a state EGM limit (cap) for the number of gaming machines available to community clubs overall, limiting the ability for clubs to grow gaming exponentially.

Of note are the following industry statistics from our 2015 community club census, which highlight the importance of clubs in supporting the economic and social fabric right across Queensland.

- **employed 22,100 people (almost 9,000 regionally)**
- **had 2.4 million members across the state**
- **paid \$513 million in taxes**
- **contributed \$853 million in social contributions (approx \$770,000 per club), and**
- **contributed \$58 million in cash and in-kind donations, in addition to providing,**
  - **608 bowling greens**
  - **43 gyms and fitness centres**
  - **263 sporting fields**
  - **214 golf courses**
  - **3 swimming pools and aquatic centres**
  - **245 tennis courts**
  - **34 squash courts**
  - **417 billiard tables**
  - **955 meeting rooms**
  - **678 entertainment venues, and**
  - **389 accommodation places.**



Community clubs hold a unique and essential role in every part of Queensland. Their commitment to their members, serving their communities (young and old), and ensuring any surpluses derived are reinvested into local communities via community projects, provision of sporting facilities, infrastructure, legacy and more, is commendable and must be supported by legislative amendments that allow clubs to prosper.

Secondly, the community club industry also supports the amendments to the Keno Act 1996, to enable Keno to provide a pooled jackpot arrangement in Queensland so that Queenslanders can be included in all major jackpots right across the entire Eastern Seaboard. Keno is a low impact lottery game and has been a part of community clubs offer for decades. This is a natural progression for the Keno product as community clubs continue to look for new ways to attract patrons and ensure Queenslanders are part of larger and more regular jackpots. It is forecast that this change will also deliver over \$5 million in revenue to the Government as well as reinvigorate the Keno product given it is underperforming when compared to other jurisdictions.

We therefore respectfully ask for your support for these measures so that the community club industry here in Queensland remains relevant, viable, and a strong community contributor to the millions of members and visitors that annually benefit from what our community clubs provide.

In advance, I look forward to the committee's support of this Bill, as these changes will benefit communities across Queensland.

Of course, if you have any queries, please don't hesitate to make contact via e:

Warm regards,



**Doug Flockhart**  
Chief Executive Officer