

“Recognising and Protection the Role of Clubs in NSW”

**Address by Barry O’Farrell MP, NSW Leader of Opposition,
to the ClubsNSW Annual Conference, 12 October 2008**

Thank you for the opportunity to speak at your annual conference.

I note that, once again, the conference is being held north of the NSW border – on the Gold Coast – because you have outgrown Tweed Heads’ convention space.

I am very pleased to lend my support to your campaign to expand NSW! If nothing else, incorporating the Gold Coast might improve NSW’s chances in the State of Origin – something that, on recent form, would be welcome!

And, it’s not just rugby league where NSW needs real improvement and real change.

For 13 years, what was once the ‘Premier’ State of Australia has been declining. The quality of life of our citizens – including your club members – has been allowed to diminish and drift away – whether from poor public transport, a crumbling health system, or the lack of infrastructure development.

At the same time, a rotten, corrupt, incompetent State Labor Government has eroded the public’s faith in government itself. Last week’s headlines around the Wollongong ICAC inquiry were shameful.

And a month ago, Michael Costa blew the whistle on more than a decade of financial mismanagement by Labor.

Despite record, windfall revenues, despite promises of fiscal responsibility, all we have to show for it is a tripling of State debt over the past three years to \$42 billion – or some \$6000 for every man, woman and child in NSW.

Now Labor’s latest leader is openly canvassing options such as higher taxes and infrastructure project cutbacks. Once again, the community is expected to pay for Labor’s incompetence and mismanagement.

I don’t need to tell the NSW Club movement about paying for Labor’s mistakes.

You know better than me that NSW clubs are in greater financial danger than ever and that amalgamations are occurring at the highest rate ever.

It is important to make that point because we need to confront problems head-on, including the failure of Government policy, if we are to solve them.

As you know all too well, a significant factor affecting clubs is the crippling taxation regime imposed by Labor on gaming revenues. It started in the 2004 Budget and was increased just last month.

The statistics are very telling.

For the 12 months ending in May 2004, gaming revenue for NSW clubs were \$3.17

billion. For the same period, four years later (ie year ending May 2008), clubs' gaming revenue was again \$3.17 billion.

But while in 2004 the tax paid by clubs totalled \$435 million, by May 2008 this had jumped 40% to \$607 million. The same amount of revenue four years apart, but \$172 million more in tax paid by clubs.

You know at an individual club level – when your staff and fellow directors look at monthly income and costs – what a 40% increase in expenses would mean: a threat to the very viability of your club.

So, as Labor's financial mismanagement has dug a black hole of debt for the State, we can rightly ask the question – 'where has all the money gone?' Whether from stamp duty, land tax or taxes on clubs...'where has all the money gone?'

This additional squeeze on clubs could not have come at a worse time. Changes to smoking laws – an inevitable change – are estimated to have contributed to a further reduction in clubs' overall turnover of between 23% to 30%.

A number of clubs situated on Crown land have also suffered a significant escalation in rents - some up to 1000%. Yet many of these clubs are providing community facilities such as golf courses and bowling greens that are unlikely to exist without them.

And to all this, you can add the increases in mortgage interest rates and petrol prices that have further dampened consumer confidence and club patronage.

To say the very least, these are difficult times – made worse by a State Government seemingly insensitive to the role of the club movement of NSW.

Whether through funding junior sport or initiatives for older citizens, our 1500 clubs are 'do-ers' that roll up their sleeves and contribute in practical ways to our communities.

For decades, clubs have shown the kind of social responsibility – of putting in and giving back – that many of Australia's largest corporations have only recently begun to understand and embrace.

Indeed, the Independent Pricing and Regulatory Tribunal has calculated that the 1500 clubs in NSW collectively create some \$811 million worth of social value and benefits for our communities.

Last year, clubs gave \$108 million in cash or in-kind support to community groups. As numbers go, they are big – but let's not forget that what they really mean is better lives and better communities.

All around our State kids are playing sport and staying healthier thanks to the club movement – whether it's Camden Falcons soccer, Cooma Stallions rugby league or Terrigal Matcham junior cricket.

Then there are the less visible but equally vital services and programs that clubs are involved with. Last week, George Souris and I had the opportunity to visit the Bankstown Sports Club, a club that does much to support care for the local elderly.

I want to assure you that the NSW Liberal/Nationals Coalition recognise and strongly appreciate the social value of the club movement.

Many of you will recall the Coalition's Memorandum of Understanding – signed at a Clubs NSW Annual Conference before the last election – which would have seen clubs paying significantly lower tax than under Labor's existing regime.

That Memorandum was achieved by listening to clubs, understanding your problems and working with you to try and resolve issues you faced.

Today, I want to outline two ways in which the NSW Coalition will be taking up the fight to try and solve some of the problems confronting the clubs movement, a movement that employs some 43,000 people across our State.

First, many of you will be aware of the recent Court decision involving Dubbo RSL and outdoor smoking areas.

While the decision directly related to Dubbo RSL, it has implications for an estimated 450 clubs – as well as many pubs – across the State who believed they had done the right thing, but who may now be caught by the 'redefining' of the regulations.

As you know, clubs spent some \$450 million to create new outdoor smoking areas to ensure compliance with the State Labor Government's regulations. You did so in good faith and based on the best professional advice from architects, lawyers and some government bodies themselves.

You relied on government regulations to determine the definition of the so-called 75/25 rule.

But, rather than taking a cooperative position and helping everyone achieve a mutually supported result, my feedback is that NSW Health steadfastly refused to give opinions or be involved in any way with the industry in the implementation of the regulations.

NSW Health limited its role to commencing prosecutions after the renovations were completed.

It's an unacceptable 'command and control' attitude on the part of government. Better results – including improved health outcomes – could have been achieved by agencies guiding individuals and organisations to become compliant.

Now, having spent \$450 million already to originally comply, it's estimated clubs may face a further cost of up to \$70 million to meet the new standards set by the Court's judgement.

For my colleagues and I, this simply fails any test of basic fairness. It's difficult to see what social or health purpose is served. It's just another cost burden flowing from another State Labor bungle.

Accordingly, when Parliament resumes later this month, the NSW Liberal/Nationals Coalition intends to introduce legislation to address the problem. It will validate or make legal all outdoor smoking areas that had been created – in accordance with Labor's rules – before the Court's judgement was handed down.

Any renovations at DA stage at the date of the judgement - or planned for the future - will have to meet the new, Court determined standards.

The Liberal/Nationals approach will protect clubs that acted in good faith in complying with the regulations from the additional costs that would have applied if they were forced to make further changes to buildings.

Secondly, we propose to take up the fight on Crown land rent increases.

Given the other costs imposed on clubs by the Government, including the record tax take, and in recognition of clubs' roles within our communities, my colleagues and I believe any rent increases for Crown lands used by clubs should be restricted to movement in the consumer price index.

On both these counts – protecting clubs and the industry from re-renovation costs and exorbitant Crown rent rises – the Coalition will appeal to our colleagues on the Government benches. We will seek support from all MPs who claim to support their local clubs.

I expect opposition to these announcements.

It's the fashion in some circles to simply be "anti-club". Many of that fashion have never set foot in a club – and most have certainly not bothered to look at clubs' social contribution.

The words of GK Chesterton ring true: "Fallacies do not cease to be fallacies because they become fashions."

The fact is that, rather than the fallacy or fashion, clubs are a unique and crucial part of the sporting lifestyle, cultural, social, economic and general way of life of NSW. We should help and salute them – not denigrate and destroy them.

I have been privileged over my 13 years in Parliament to meet some remarkable individuals in your clubs – patrons, staff and directors. I have never needed convincing of your importance to people across NSW.

I am committed to working with you over the next two and half years to ensure you get a fair deal from government. I am determined to deliver it as Premier after 2011.

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