Executive Summary

Clubs are unique in the NFP sector when it comes to government revenue and assessments, as clubs do not rely upon external grants or donations, but undertake substantial commercial activity to remain self-sustaining. The revenue from clubs is believed to account for around 20 per cent of the entire NFP sector's non-government income. Many clubs generate surpluses to finance the encouragement of sport, through buying and maintaining infrastructure to funding uniforms for junior teams.

Division 50-45 of the *Income Tax Assessment Act 1997* allows for certain sporting clubs to be exempt from income taxation, although proving eligibility is not easy. A careful assessment is needed to be undertaken in regard to all of a club's activities, including non-sporting, before a decision can be made whether the clubs was "established for the encouragement of a game or sport" and fulfils the criteria outlined in *Taxation Ruling TR97/22*.

Clubs Australia believes that revenue agencies currently take too narrow an interpretation of tax legislation and the prevailing case law when reviewing clubs which self-assess as being eligible for income tax exempt status. Clubs' entity structure – a product of state legislative and regulatory history – their activities in generating revenue from gaming, and their contributions to non-sporting altruistic pursuits work against eligibility, despite the fact that clubs are established to fulfil the type of altruistic endeavours that the Government is seeking to protect. Clubs Australia believes this reform provides the opportunity for Government to address this issue.

Clubs Australia is concerned that the proposed reforms may inadvertently capture income tax exempt sporting clubs. These clubs may be penalised by becoming taxable on a proportion of their income, even though previous Government advice has been that clubs are tax compliant and do not undermine competitive neutrality principles.

Clubs Australia proposes that instead of a two step process to determine if an entity is eligible for income tax concessions, and then determines what proportion of the income is taxable and what proportion is exempt, it would be preferable for the Government to focus on providing clearer criteria for an entity's tax exemption eligibility – one which reflected its policy outcomes – and then, if eligible, continue to exempt its entire income.

The Government's Proposal

Clubs Australia thanks the Treasury for the opportunity to comment on the Government's proposed changes to income tax concessions for the not-for-profit (NFP) sector. Our submission addresses issues that could be faced by some of our members should the proposals discussed in the consultation paper "Better targeting of not-for-profit tax concessions" be applied to clubs, particularly clubs established for the encouragement of a game or sport.

Clubs Australia understands that the purpose of the consultation is to inform Government in improving the design of income taxation concessions for the NFP sector to ensure resources are directed towards defined altruistic purposes. These altruistic purposes include, *inter alia*, community services and the encouragement of sports.

The consultation paper advises that the purpose of the current review is to ensure that there is no risk to government revenue, and that the principle of competitive neutrality is not undermined by the misuse of taxation concessions. Additionally, the paper claims that the Government is seeking to minimise the threat of lost community assets through unnecessary commercial risk.

There have been a number of Federal Government reviews of clubs in the context of charities and the NFP sector, including the 2001 Inquiry into the Definition of Charities and Related Organisations, the 2009 Henry Report into Australia's future tax system and the 2010 Productivity Commission Report into the Contribution of the Not-for-Profit Sector.

Clubs Australia understands that the findings of these reports conclude that there is currently no identified risk from the club industry which would cause the Government concern. The reviews found no evidence that competitive neutrality had been undermined by the NFP sector. Clubs Australia is advised by the Australian Taxation Office (ATO) that review projects it has undertaken have not identified systemic risks to government revenue, and that the industry is generally compliant. Minor issues that are identified have been resolved through an educative approach.

Clubs Australia wants to ensure that at the end of the consultation, any Government decision does not undermine the future financial viability of clubs, protects the principle of mutuality, and ensures that clubs can afford to continue to engage in significant commercial activity given the substantial costs clubs undertake in order to provide large scale sporting infrastructure and other community benefits.

In order to determine the appropriate tax concessions, the consultation paper is proposing a two step process:

- determining if a taxable entity is eligible, in principle, for income tax exemptions under Division 50 of the *Income Taxation Assessment Act*; and

- determining what proportion of the entity's commercial income is directed towards the altruistic endeavour(s), with the retained earnings being taxable.

This new process raises the possible consequence of having clubs that currently qualify for income tax exemption through Division 50 of the *Income Taxation Assessment Act* no longer having their entire income tax exempted, but rather facing the burden of a second step in determining what proportion of their income was directly attributable to the encouragement of a sport. If the proposal is implemented, it would see these sports clubs taxed on profits that were previously correctly regarded as exempt, and therefore penalised. These sports clubs are different from charities, and should be carved out from any implemented reforms as there is no risk to revenue.

Clubs Australia believes that a more equitable solution for the Government would be to have clear instructions to the ATO about which clubs should qualify for income taxation exemption status, without the need for further examination about what proportion of the income is eligible. The second test imposes an onerous administrative burden on clubs and focuses attention on clubs' activities rather than their altruistic purpose. It also fails to recognise that the accumulation of capital (retained earnings) is usually a necessity, either because a club wants to purchase sporting infrastructure that costs more than their income in a single tax year, or to reinvest in upgrading or maintaining assets which produce income. The retention of earnings by clubs need not undermine their altruistic purpose and in many instances those retained profits are necessary for the club to carry out its purpose.

Clubs Australia believes that currently, many clubs that are established for the purpose of encouraging sport are failing to qualify for income tax exemption when being assessed by the ATO. Clubs Australia believes that the ATO is incorrectly disqualifying clubs for three reasons:

- separate entity theory;
- social versus sporting purpose; and
- non-sporting altruistic purposes.

These issues are examined below.

Clubs Australia recommends that the Government uses this opportunity to reform how revenue agencies assess the eligibility of clubs for income taxation exemption and in the absence of evidence that clubs are undermining competitive neutrality or generating a risk to government revenue, recognise that taxing a proportion of their income (retained earnings) does, in fact, undermine the policy intent to ensure clubs can make a proper contribution in providing sporting and other altruistic services to the community.

The role of clubs in the Australian community

Clubs Australia represents Australia's 4000 licensed clubs, with around 10 million club memberships. Clubs are not-for-profit community based organisations which provide infrastructure and services for their members and the community. Clubs contribute to their local communities, through employment and training, direct cash and in-kind social contributions and through the formation of social capital by mobilising volunteers and providing a diverse and affordable range of services, facilities and goods.

Clubs are unique in the NFP sector as they do not rely upon external grants or donations to sustain their operations and are highly accountable due to the legislative requirements for the provision of food, beverage and entertainment services. Clubs undertake substantial commercial activity to remain self-sustaining. The revenue from clubs is believed to account for around 20 per cent of the entire NFP sector's non-government income.

The level and type of community service that the Club Movement provides is evolving to meet emerging societal challenges like the housing of our growing aged population, the shortage of affordable child care services and indigenous issues in some regional and more remote communities. Clubs Australia estimates conservatively that the Club Movement makes a direct national social contribution of more than $1.2 billion annually. This is in addition to the more than $7 billion dollars in revenue generated by clubs annually nationwide.

Australia's clubs mobilise more than 100,000 volunteers. Volunteering contributes to social capital in two main ways. First, it provides significant benefit to the volunteers themselves by increasing their sense of belonging and contributing to their community, by facilitating new friendships, and by developing and maintaining skills. And secondly, there is the value of the work contributed by the volunteers. Clubs act as an important catalyst and organising force for people to find causes to which they can devote themselves. In New South Wales alone, the Allen Consulting Group calculated volunteer time contributed by clubs as 6.3 million hours in 2007. In Queensland, volunteer input to the maintenance of sporting fields, coaching of teams and the attendance to administrative functions, was valued at $103.97 million of labour input, and equating to 2,998 full time equivalent jobs. In 2008, 4.83 million hours were provided by volunteers within the club sector.

Over 90 per cent of Australian clubs provide sports facilities to members, including 1621 bowling greens, 338 golf courses, 102 gyms and 325 sporting fields in New South Wales alone. In many rural and regional areas, clubs provide the only sporting infrastructure available in the town. It is estimated that Queensland clubs generated 51.64 million active hours in participation in social and organised sports and leisure activities in 2008. Clubs also provide members with access to recreational facilities such as golf courses and bowling greens at rates which are usually considerably less than commercial prices. In addition to the sense of community created by professional sporting teams, participation in non-

professional sport has an important role in promoting community unity and improving the physical health of participants.

Historically, local governments played a role in providing sporting and community infrastructure and with councils responsible for capital improvements and ground maintenance. These days it is more common for the council to be charging clubs commercial rent on Crown Land and leaving it to clubs to use gaming revenue to pay for any maintenance or improvements.

Current taxation arrangements

Unlike other NFPs, clubs pay a range of Commonwealth and state and territory government taxes and charges, including gaming machine tax, goods and services tax, payroll tax and fringe benefits tax. It is estimated that Australian clubs pay more than $2 billion in state, territory and federal taxes each year.

In general, clubs are regarded as companies for income tax purposes and their income is subject to the prevailing company tax rate of 30 per cent. However, there are certain exceptions. Division 50-45 of the *Income Tax Assessment Act* as further governed by the Commissioner of Taxation in *Tax Ruling TR97/22 'Income tax: exempt sporting clubs'* allows for certain sporting clubs to be exempt from income taxation. Division 50-10 of the *Income Tax Assessment Act* nominally offers the same exemption to community service clubs, though very few, if any, clubs have utilised this clause. These exemptions are generally given or reassessed on an annual basis and clubs must meet the criteria each year in order to receive the exemption. Clubs that meet the criteria are exempt from income tax, regardless of the source of income. The incentive provided through the sporting club tax arrangement has achieved its goal of building and maintaining sporting infrastructure and encouraging community participation.

Income tax exemption allows clubs to support a range of sporting activities, from construction and maintenance of sporting fields to direct and in-kind support for sporting teams of all grades. This activity by clubs alleviates governments of the need to allocate the significant sums of money required to provide sport to the community, encourages volunteerism through clubs, ensures support is realised locally throughout the country and, through increased sporting participation helps reduce the incidence of obesity and other health risks. Governments of all persuasions have recognised the benefits that have flowed to the Australian community through Olympic, professional and amateur sporting achievement that would never have occurred but for the opportunities provided by not-for-profit sporting clubs.

The ATO currently demands that clubs satisfy the following three tests in order to gain the income tax exemption:

- the club cannot be carried on for the purpose of profit or gain to its individual members;
- the club must be carried on for the encouragement of a game or sport. That encouragement must be the club's main purpose; and
- the club must have a physical presence in Australia and pursue its objectives principally in Australia or is located outside Australia and is exempt from income tax in its country of residence.

For the second criteria, proving eligibility to the ATO is not easy. A careful assessment is needed to be undertaken in regard to all of a club's activities, including non-sporting, before a decision can be made whether 'encouraging sport' is the club's main purpose. A club which sought to undertake large, non-sporting expenditure (altruistic or otherwise) would also face a challenge to prove that its main purpose remained the encouragement of sport.

In determining if a taxable entity's main purpose is the encouragement of sport, the Australian Taxation Office has published a set of criteria it considers highly persuasive or relevant, although this criteria or approach has never been endorsed by the courts. These are little more than a collection of particular features of cases where claims for exemption have succeeded or failed. The following features are taken from *Taxation Ruling TR 97/22*, paragraphs 15 and 16.

Highly persuasive features

- The club conducts activities directly related to a game or sport.
- The sporting activities encouraged by the sporting club are very extensive.
- The club uses a significant proportion of its surplus funds in encouraging its game or sport.
- The club's constituent documents emphasise that the club's main purpose is to encourage a game or sport.

Relevant but less persuasive features

- A high level of participation by members in the sport or game encouraged by the club.
- The members of the committee are predominantly participants in or concerned with the encouragement of the game or sport.
- Voting rights in the club vest only in members involved in encouraging the game or sport, whether by personal participation or by encouraging participation by others.
- The club promotes itself to patrons and the public as one encouraging the game or sport.

Many clubs established for the purposes of encouraging sport provide substantial additional activities for their members, including entertainment, dining, gaming and accommodation. Typically, these activities pay for the clubs' sporting activities. The ATO has held that unless these activities are secondary, incidental or ancillary to encouraging sport, the income tax exemption will not apply.

Clubs Australia believes that clubs, especially larger clubs, can be denied the income tax exemption by the ATO purely because of their scale, irrespective of the extent of their undertakings or encouragement of sport. Clubs Australia believes that the social activity should be regarded as a means to the ultimate purpose – the promotion of sport – which requires significant social activity to generate the funds necessary to achieve its purpose.

Separate entity theory

The structure of clubs established for encouraging sport is one where there can be a separate legal entity which holds a liquor and/or gaming licence from the entity or entities established directly to manage the encouragement of sport or the participation of sporting teams. This structure reflects historical legislative and administrative requirements of state and territory governments.

For example, in Queensland, the legislative intent of the *Liquor Act 1912* was to make provisions to separate club entities holding a liquor licence from sports clubs which included and engaged with minors. As a result of these provisions, clubs in Queensland effectively split into two entities, the 'licensed' club component and the **'**community' club component, which functioned to provide services including those to minors. Although this provision has now been repealed, clubs across Queensland have continued to operate as dual entities, as amalgamation would require significant financial costs in the transfer of liquor licenses and stamp duties.

In practice, licensed clubs have been established to generate the significant income necessary to promote or encourage sport, as well as overseeing the governance of related sporting teams. Considerable resources are often dedicated within these licensed clubs to provide a social experience to its members which generates this income and to attracting members beyond those who directly participate in, or even follow, sport.

Clubs Australia believes that the ATO is using the separate entity status to argue that the main purpose of many licensed clubs is to provide social amenities to its members and that the related sporting club entities (which produce little income themselves) are those that have been established to promote sport.

Clubs Australia believes the High Court decision in *Commissioner of Taxation v Word Investments Ltd* resolved this issue for charities and the decision is also relevant to clubs. The majority judgment found that an institution may be charitable even if it does not engage in charitable activities, beyond generating profits from a commercial activity that is

directed to a charitable institution. The fact that Word Investments (a commercial entity that provided funeral services) was a separate legal entity to the religious charity – Wycliffe Bible Translators – did not undermine its claim that its purpose was charitable and therefore was entitled to income taxation exemption status. It did not matter that Word Investments did not undertake any religious instruction itself. Indeed, Word Investments was established expressly to gain the best income it could on invested monies for its charitable purpose.

Just as Word Investments used its commercial activities to generate profits for a charitable organisation that advanced religious purposes, clubs rely on their commercial activities to generate profits to encourage sport by, *inter alia*, donating these profits to professional, amateur and junior teams which may be separate legal entities. The clubs themselves should not need to encourage sport directly (although in practice most do), but rather generate the income that funds the encouragement of sport.

The High Court has found that entity structure is not the proper basis by which to determine income tax exemption status. Therefore, Clubs Australia argues that the legal entity structure for licensed clubs should not be a factor in considering their income tax exemption status and that there should be no change to current law and policy on the entity structure of clubs in each jurisdiction which is appropriately administered by state or territory law. It would be an unfair result if federal taxation law penalised clubs for adopting a specific entity structure to ensure they were compliant with state regulations.

Social versus sporting purpose

Where a club has been established for the purposes of encouraging sport, but which also provides significant social activities for its members and guests, including gaming activities, this has led to debate about the issue of whether the main purpose of the club is sporting or social.

The Full Court of the Federal Court confirmed in *Cronulla Sutherland Leagues Club v Commissioner of Taxation* ("*Cronulla*") that to be validly treated as income tax exempt, a club must have as its main object or purpose the encouragement of a game or sport, which is a question of fact. Even if a club had a secondary purpose, this does not disqualify the exemption. In a majority judgment, the Court found that although the club conducted its affairs to maximise encouragement of the sport of rugby league by providing most of the football club's income and sporting infrastructure, and was under the control of persons interested in promoting the sport, the main purpose of the club was the provision of social amenities to its members. The judges took note that annual revenue was from poker machines, bar trading and other forms of entertainment.

Clubs Australia believes the judgment of the High Court in *Commissioner of Taxation v Word Investments Ltd* ("*Word Investments*") altered the criteria used to assess tax exemption

applicability. The High Court found that an institution may be charitable even if it does not engage in charitable activities, beyond generating profits from a commercial activity that is directed to a charitable institution.

While the ATO has stated its belief that *Word Investments* does not disrupt the *Cronulla* decision, the approach of the High Court ruling was similar to the approach made in the judgment of the dissenting ruling of Foster J in the Full Court of the Federal Court in *Cronulla*. In *Cronulla*, Foster J found:

> ...a clear legislative intention to encourage the establishment of clubs for the broad purposes so set forth by granting them immunity from taxation in respect of such part of their revenues as would otherwise be taxable. [By contrast, a] similar result could, no doubt, have been achieved by making provision for their expenditure for such purposes to be an allowable deduction... Be that as it may, the legislative policy is so clear that in my view the court should be astute to avoid adopting a construction of the section which would mitigate against that policy.

There is nothing in the legislation which prescribes the meaning of encouragement, and it could be direct or indirect, including through the provision of financial or in-kind support. In *Word Investments*, the High Court found that the purpose of an entity can be found in the consequences of its activities, not in examination of the activities in and of themselves. That is, an entity can be deemed charitable if the consequence of its activities, including commercial activities, is charitable. There is no sound reason why the same would not be true of the purpose and consequence of activities of a club established to encourage a game or a sport which also had significant social activities which generated substantial income.

The Federal Court in *Word Investments* found that the key issue in determining the main purpose of an entity for tax exemption purposes is to assess the true character or nature of the entity by reference to its objects, purposes and activities. It is an integrated, holistic inquiry directed to whether a body of facts and circumstances satisfies a legal category or conception. Similarly, the Federal Court in *Cronulla* found the material facts and circumstances which should be examined to characterise the main purpose of the relevant body include its constitution, its activities, its history and its control.

Clubs cannot fulfil their purpose of providing sporting infrastructure and opportunities through lamington drives and meat raffles. To say that the level of annual turnover on commercial activity will have a bearing on the question of whether the commercial activity really is ancillary (and therefore eligible for income tax exemption status) misunderstands that clubs are designed to be self-sustainable and that the provision of tax exemption status should be judged on the merits of the purpose behind the activity, not the volume of income it generates. Indeed, it is the larger clubs that are more able to support large-scale sport such as sporting fields and swimming pools. If the ATO targets large clubs purely because of their scale of operation, it may have the unintended consequence of discouraging those clubs from providing such non-profitable activities.

Non-sporting altruistic purposes

Clubs that are established to encourage a game or a sport which distribute funds to other altruistic or charitable purposes should not have this action undermine their qualification for income tax exemption. Currently, the ATO believes that if clubs contribute to both sporting and broader community purposes, then the club cannot claim to be established for the main purpose of encouraging sport and is therefore not tax exempt. This is a perverse outcome given that if the club provided for one or the other altruistic purpose, it might have been eligible for the exemption under either Division 50-45 (the encouragement of sport) or Division 50-10 (providing community service benefits).

Clubs Australia believes this approach creates an inconsistent policy intent that providing funds for non-sporting altruistic purposes would undermine their possible tax exemption status *in toto*, and discourage clubs from contributing to government priority causes. Therefore donations from a Leagues Club, for example, to health or education institutions (that may not be a Deductible Gift Recipient) should not undermine its claim that its main purpose is for the encouragement of sport.

In the same vein, some larger clubs are now providing aged care services and child care facilities in their venues. The Richmond Club in outer Sydney is a prime example of the involvement of clubs in aged care and senior's living. It has become the biggest supporter of aged care living in the region without government support. This club does not receive income taxation exemptions, but could deliver better outcomes if it did.

Mingara Recreation Club has responded to the increasing suicide rate in its area with the establishment of the Central Coast Suicide Prevention Network. Mingara's Sports and Community Manager was a founding member of the network. The network works with a variety of other community representatives to address suicide on the Central Coast. Thanks to Mingara's support, Wesley Mission now runs a similar program in Port Macquarie. Clearly this expenditure is not considered to be encouraging sport, and works against the club in its assessment of its income tax status. Indeed, the ATO has recently denied income tax exemption for Mingara, perhaps the most active sporting club in Australia.

Many clubs have invested in non-sporting but important community facilities, typically without government support, to provide infrastructure at affordable prices which would not otherwise exist. The maintenance of such facilities often costs clubs millions of dollars and spares taxpayers from this burden.

Further, it is in the interest of all parties for clubs to be encouraged to diversify their revenue away from gaming. This is an expensive and risky undertaking. If diversification also increases the likelihood that clubs will lose their tax exempt status, it will discourage such decision making.

Clubs Australia submits that the Government should seek a policy outcome that allows clubs established to encourage sport to use some of their earnings from commercial activities to go towards altruistic, non-sporting endeavours, such as the provision of aged or child care services. Although these do not further the encouragement of sport, they serve a broader purpose which is consistent with the community expectations of clubs and are often not otherwise deductable for income tax purposes. This could be achieved by amending the scope of Division 50-45 of the *Income Tax Assessment Act* or allowing expenditure by clubs that falls within other categories covered by Division 50 of the *Income Tax Assessment Act* to be excluded from consideration in determining whether the club was established for the purpose of encouraging sport.

Competitive Neutrality

NFPs are not the only entities to receive concessional tax rates that might be affected by strict application of the competitive neutrality principle. Small businesses in most jurisdictions are eligible for an exemption from payroll tax that competing medium and large sized businesses cannot claim. Clubs Australia believes the structure of NFPs means they trade at a commercial disadvantage compared with for-profit (FP) entities and that, combined with their obligation to advance the social good, justifies the tax concessions to which NFPs are entitled.

It is worth noting that both the Henry Review and the Productivity Commission's report into the not-for-profit sector both found that income tax concessions for the NFP sector do not generally violate the principle of competitive neutrality where NFPs operate in commercial markets, even after examining the implications of the *Word Investments* judgment. The Productivity Commission found that NFPs have greater difficulty than commercial entities in accessing credit for investment and that the income tax exemptions help to level the playing field.

In the case of NFP entities, the objective of profit maximisation is to invest in social and charitable activities while, in the case of FP entities, the objective of profit maximisation is to remunerate owners to the greatest extent possible. Both NFP and FP entities act to maximise their output (profits) for a given level of inputs (costs). How that output is treated by taxation authorities should not dilute the profit maximisation objective.

As a consequence, the output-based tax exemptions granted to clubs would not be expected to distort resource allocation or reduce competition. For example, it is quite evident that tax concessions to clubs on gambling revenue do not reduce the cost of purchasing or operating gambling machines.

Indeed, this is contrary to the financial challenges that many clubs are currently facing, such as reluctance by banks to lend to the industry. With declining cash earnings and the current economic conditions, clubs have a reduced capacity to reinvest. Over time, this leads to

deteriorating facilities and clubs losing their market appeal, thereby exacerbating declining trading performance. With an increasing number of clubs experiencing financial decline and the industry seen as having an uncertain future, banks are either reluctant to lend to the industry or will do so with onerous and restrictive covenants.

Clubs Australia submits that clubs face enormous challenges to diversify their operations and that the tax position of clubs does not directly alleviate this challenge.

Retained earnings

Nothing in the Government's proposal should seek to create a situation where entities must expend all profit from commercial activity within a taxable year on its charitable or altruistic purposes in order to keep their income tax exemptions. For example, a club established for the encouragement of sport may decide that it wants to purchase sporting infrastructure of significant cost, e.g. football fields. To do so may require saving profits from commercial activity over a number of tax years in order to purchase and develop land. Clubs should not be disadvantaged financially because they have earmarked and retained profit for these purposes. The Government could consider assessing the use of retained capital, for tax purposes, in the year of its expenditure rather than its accrual.

Similarly, the Government should not create a situation which does not allow for an entity to make investments or upgrades in the capital assets used to generate income. The majority judgment in *Word Investments* found that the power of an entity to retain profits does not negate its charitable purpose, and does not create an alternative purpose. It is merely a power, the exercise of which may delay the moment when assets are applied to charitable purposes, and may even increase the chance that more assets will eventually be applied.

It is also worth noting in Victoria, clubs have recently become liable for substantial capital payments to purchase gaming machine entitlements in 2012. These entitlements were sold at auction, and clubs priced their bidding based on the current income taxation arrangements. For most clubs the capital outlay will be over a number of years. Any changes to the taxation arrangements should not create disadvantages for clubs that may undermine their ability to meet these or other debt payments.

Conclusion

Clubs Australia understands the Government's intention that it does not want to allow income tax exemptions to be abused when the earnings made by the NFP sector are not earmarked for altruistic activities. However, seeking to alter the structure and legal arrangements of the NFP sector appears to be a bureaucratic and indirect solution. Clubs Australia submits that a preferred approach would be:

- to clarify the rules relating to eligibility for NFP entities which would seek to claim income tax exemption status;
- to ensure clubs are not unfairly penalised by the ATO based on the size of their income, as opposed to the purpose for which it is generated;
- to leave the legal entity structure of clubs unchanged;
- to ensure clubs that encourage sport do not find themselves ineligible for tax exemption because of significant spending in non-sporting altruistic endeavours (especially those that would otherwise be tax exempt); and
- to continue to exempt all income for eligible entities, including retained earnings, as this is essential for re-investment in income generating assets and in large scale altruistic investments, such as sports fields.