



Victorian Commission for Gambling and Liquor Regulation

Frequently asked questions

Community benefit statements

Important information about lodging a community benefit statement

A gaming venue with a club or racing club licence which receives gaming machine revenue in a financial year must lodge an audited Community Benefit Statement (CBS) with the Victorian Commission for Gambling and Liquor Regulation (VCGLR) by the following 30 September. Please note that the VCGLR cannot give an extension of time to lodge a CBS after the due date.

Claims for the CBS need to comply with the Ministerial Order made on 22 June 2012 which can be found on the VCGLR website at vcglr.vic.gov.au.

Club and racing clubs are able to show how gaming proceeds help contribute to their wider local communities through the CBS. Clubs must show that they gave the equivalent of at least 8 $\frac{1}{3}$ per cent of the venue's gaming revenue to approved community purposes or activities. A club may include contributions to the community from revenue other than gaming. If an audited CBS shows that a venue gave less than the required community benefit contribution, the club must pay an amount equal to the difference between the required 8 $\frac{1}{3}$ per cent community benefit contributions and the benefit stated in the statement.

Clubs that do not lodge an audited CBS by the deadline of 30 September will be taxed at the higher pub venue rate until the audited CBS is lodged. The VCGLR can also take disciplinary action against a club for not complying with the *Gambling Regulation Act 2003* (the Act).

Clubs should collect and record information they need to complete the CBS so that together with their auditors they can ensure the validity and accuracy of the benefits they claim to have provided. Although names of beneficiaries are not required, it would be beneficial if clubs provide a description of the type of community purpose or activity claimed.

Clubs provide a wide range of community benefits. If you are uncertain what you can claim in the CBS as a benefit you can:

Write to: Victorian Commission for Gambling and Liquor Regulation
GPO Box 1988
MELBOURNE VIC 3001

Email: contact@vcglr.vic.gov.au

Telephone: 1300 182 457

General information

1. When and why was a new Ministerial Order made?

A new Ministerial Order in relation to community benefit statements was made on 22 June 2012 and came into effect on 1 July 2012.

The previous order was made in 2008 before the new venue operator model that commenced on 16 August 2012 was settled.

2. What changes have been made by this new Ministerial Order?

The most significant change to the order is the inclusion of a new part, being 'Part 2', specifying activities that do not constitute a community benefit.

Part 2 includes five items which cannot be claimed as a community benefit:

- The acquisition of gaming machine entitlements (including any associated financing costs)
- The acquisition of gambling equipment (including any associated financing costs) including but not limited to gaming machines, lucky envelope vending machines and any equipment required to facilitate the conduct or provision of bingo, lotteries, wagering, betting or keno
- The promotion of any form of gambling, including promotions in the gaming machine area and in any other area of the venue in which gambling is offered
- The provision of management services to the venue operator that are ancillary to the venue's gambling services, including all aspects of the management of gambling activities and customer loyalty programs
- The provision of Class A or Class C activities or purposes to, or for the benefit of, another venue operator or its employees or members

Part 2 is not an exhaustive list of activities or purposes that do not constitute community benefit. Other activities or purposes that do not constitute community benefit are listed in the Explanatory Notes of the Ministerial Order.

3. What are the recognised community benefits in general terms?

The Ministerial Order published 22 June 2012 defines a community purpose or activity and what can be claimed as a benefit in the CBS. Clubs are encouraged to show how they contribute directly to their local communities and share the benefit of lower taxation on their gaming revenue.

There are three class items: A, B and C.

Class A items include gifts, donations and sponsorships for activities such as:

- services to help the aged
- housing help for the disadvantaged
- health services
- and efforts to relieve poverty.

Class B items are expenses, such as capital expenditure, financing, retained earnings and employment costs.

Class C items are miscellaneous activities including the reimbursement of expenses incurred by volunteers.

A club can claim the full amount for items in Classes A and C because they have a direct benefit to the community. Class B items, which provide an indirect community benefit, may be claimed but not in full. A club may claim for a Class B item an amount equal to the proportion of the club's total non-gaming revenue sources.

4. Who must submit a CBS?

The legislation requires that all club venue operators that received any gaming machine revenue during the year must submit a CBS. If you have not received any gaming machine revenue during the financial year, you are not required to submit a CBS. In addition, please note that if a venue operator has more than one venue, a separate CBS is required for each venue.

5. Is a venue operator with a pub licence required to submit a CBS?

No. There was a change to the Act, which took effect in 2007, which means that venue operators with a pub licence are no longer required to lodge a CBS.

6. When and how must a CBS be lodged?
- The CBS covering any financial year (1 July to 30 June) must be submitted on or before the following 30 September.
- Clubs must submit their CBS on the approved VCGLR form, either electronically or on paper. It is up to clubs to collect information about their contributions and keep records for their auditors to be satisfied that the community benefits claimed are valid.
- Space will be provided for details on contributions/records for those making an electronic lodgement via the VCGLR website. If completing a hard copy of the statement, details must be provided in attachment schedules/sheets. A printable version of the form is available from the VCGLR.
- The Act states venues that do not lodge an audited CBS in time will be taxed at the higher pub rate until the CBS is lodged. The VCGLR may also take disciplinary action against the club for contravening the Act by failing to lodge an audited CBS by 30 September. Disciplinary action may also be taken against a club for failing to provide details as required in the approved CBS form.
7. If I am unable to lodge my CBS by the due date, can I request an extension of time?
- No. The VCGLR cannot approve a request for an extension of time to lodge a CBS. You must lodge your CBS by 30 September each year.
8. What happens if my club's CBS is lodged after the due date of 30 September?
- Clubs that do not lodge an audited CBS by the deadline of 30 September will be taxed at the higher pub venue rate. This higher tax rate is payable from the deadline until the audited CBS is lodged. The VCGLR can also take disciplinary action against a club for not complying with the Act. In addition, there may be a fine of up to 60 penalty units where a CBS is lodged after the due date of 30 September.
9. What happens if my club makes less than the required 8½ per cent contribution?
- Clubs must show that they gave the equivalent of at least 8½ per cent of the venue's gaming revenue to approved community purposes or activities. If an audited CBS shows that a venue gave less than the required community benefit contribution, the club must pay an amount equal to the difference between the required 8½ per cent community benefit contributions and the benefit stated in the CBS. For example, if the CBS indicates that only the equivalent of 5 per cent of the venue's gaming revenue went to community benefits, the club will have to pay the difference. This is equivalent to 3½ per cent of the venue's gaming revenue payable for the period covered by the CBS.
10. What happens to a CBS after it is lodged?
- All information on the CBS will be published on the VCGLR's website as it is received. In addition, it will be reviewed and you may be contacted where required details are not given, or if the claim does not meet the definition of 'community purposes'.
- VCGLR also conducts audits each year of a random sample of statements submitted as a part of its ongoing monitoring of industry compliance with CBS requirements.

11. How is the 8½ per cent of gaming revenue calculated? Is it based on the net gaming revenue or only the club's share of the revenue?
- Clubs are required to show that they contribute the equivalent of at least 8½ per cent of the venue's gaming revenue as a community benefit each financial year. For example, if the venue's gaming revenue is \$3,000,000 for the financial year, the club must demonstrate that \$249,900, being 8½ per cent of the venue's gaming revenue, has contributed to community purposes or activities.
- Gaming revenue is the total daily net cash balances of all gaming machines at the venue during the financial year.
12. What is meant by gaming revenue for the financial year?
- This is the total of the daily net cash balances for the financial year of all gaming machines at the venue. The daily net cash balance is defined as the total amount wagered on a day less both of the following:
- the sum of all prizes paid from that amount (other than prizes paid from a jackpot special prize pool)
 - the sum of amounts determined as prescribed for payment in respect of the total amount bet on a jackpot special prize pool.
13. Is revenue from Club Keno included as gaming revenue?
- No, gaming revenue means the total daily net cash balances of all gaming machines at an approved venue during the financial year. It does not include Club Keno revenue.
14. Can all of a venue operator's revenue be included in a CBS?
- As stated in the Act, club and racing club venues must lodge a CBS to show their contributions to community purposes from gaming revenue. Clubs must show that they give at least the equivalent of 8½ per cent of their gaming revenue to community purposes or activities, as determined in the Ministerial Order. A club may include contributions to the community from revenue other than gaming.
15. I am a venue operator with five venues. We incur group expenses that are not paid directly by individual venues but which otherwise can be claimable as community benefits. Can these 'head office' expenses be claimed as community benefits and if they can, how are the amounts allocated to each of the five venues?
- Venue operators can adopt any practical or sensible method of allotment of 'head office' expenditure against their venues, such as pro rata allotment. Remember that the amount claimed as a community benefit under Class B must be in the same proportion as non-gaming revenue to the club's total revenue.

Class A purposes and activities: Direct community benefits

Clubs may claim up to 100 per cent of direct gifts, donations and sponsorships, including cash, goods and services to another person (i.e. other than to the club itself). A person includes an individual or an organisation resident in Victoria.

Claims for direct community benefits under Class A do not include activities conducted on a commercial basis or for profit, and may not include a gift, donation or subsidy of alcohol.

Donations, gifts and sponsorships (Class A[a])

16. The Ministerial Order seems to say that benefits provided to sporting or recreational clubs that have a venue operator's licence cannot be claimed as community benefits.
- The Ministerial Order excludes benefits provided to any club or association that holds a venue operator's licence. This simply acts to prevent venue operators from making donations to other venue operators. In other words, the exclusion applies to benefits provided to other sporting or recreational clubs or associations with a venue operator's licence, not to sporting or recreational purposes generally.
17. I have donated used dining tables and chairs from the gaming venue to a local charity. Can I claim any amount for the value of these goods?
- Venues can claim a community benefit for this donation provided that the items have not been claimed previously. The amount of the benefit is the written-down (book) value or market value of the goods donated. Please note that if the purchase of the dining tables and chairs has already been claimed in a previous CBS, it may not be claimed again.
18. Are we able to claim donations made to affiliate members? Can a member of a club ever be classed as separate from the club for the purposes of a charitable donation?
- Any donations, gifts or sponsorships claimed under Class A(a) must be made to another person other than the club itself. The other person can be an individual or incorporated body and could be an individual member of a club.
- For example, the club can claim a cash donation to a club member whose house has been destroyed by fire under Class A(a)(ix). This type of claim applies to any member of the club, regardless of whether they are a full member or an affiliate member.
19. What is an example of an activity claimable under Class A (a)(xi) for 'cultural diversity and community harmony' purposes?
- A claim under Class A(a)(xi) could include an activity or event that has raised awareness and understanding of cultural background or brought together different cultural groups. This could include a cultural awareness day or festival; cultural dance classes or artistic performance and language classes.
20. What information do I need to provide about the recipients of donations, gifts, sponsorships or goods that are to be counted as community benefits?
- You do not need to identify in CBS the recipients of donations, gifts, sponsorships or goods and in particular, individual recipients are not to be identified for privacy reasons. However, you must keep sufficient records to identify recipients if specifically requested by the VCGLR. Clubs are encouraged to include in their CBS enough description to clearly show the type of community benefit given.

Sporting facilities (Class A[b])

This covers claims for the cost of providing and maintaining sporting facilities for use by club members. This would include the cost of a racing club maintaining a racetrack and a football club its football stadium. Where the cost of providing sporting facilities is claimed, a claim cannot also be made for a subsidy under paragraph (c) of Class A.

21. Our club is planning a major redevelopment of its premises costing \$300,000. Half of this money is being provided through a Commonwealth Government grant and the other half by the club. How much can the club claim as a community benefit?

The club is only able to claim its contribution to the redevelopment, not funding provided by other organizations and authorities. In this instance, the club's contribution will be \$150,000.

If the redevelopment relates to providing and maintaining sporting facilities for use by club members, a claim can be made under Class A(b). This will mean that all of the \$150,000 can be claimed. If the redevelopment relates to other facilities, a claim can be made under Class B(a).

Remember that the amount claimed as a community benefit under Class B must be in the same proportion as non-gaming revenue to the club's total revenue.

Subsidised goods and services (Class A[c])

This would also include goods or services provided to club members and non-members at no cost or at less than commercial rates. The use of club facilities such as meeting and function rooms by community groups at a discounted rate is claimable under paragraph (c)

22. What are examples of subsidised activities claimable under Class A(c)?

Activities that provide direct benefits to the community can be claimed, e.g. half price meals for seniors.

The amount that can be claimed is the difference between the commercial selling price and the lower selling price that the club offers to members or guests. The commercial selling price is the price that normally applies in your geographic area. For example, for a \$7 meal, which normally has a commercial price of \$10, the \$3 can be claimed as the community benefit.

Other expenses (such as advertising and printing costs) for conducting a promotion cannot be claimed as a community benefit under Class A. The cost of serving alcohol at a subsidised price is not claimable at all as a community benefit.

23. Can the reduced rate sub-lease of the venue's kitchen be claimed as a community benefit?

If a club sub-leases its kitchen at a reduced rate and this results in meals being provided to members and their guests at reduced rates, the difference to the commercial letting rate may be claimed as a community benefit. A claim under Class A(c) can be made if meals are effectively subsidised to members and their guests because the club's kitchen is sub-leased at a reduced price. Claims of a subsidy for the provision of alcohol, however, are not allowable as a community benefit.

Note that only the difference between the reduced sub-lease of the kitchen and its commercial letting rate, or the reduced price of meals, may be claimed but not both.

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| <p>24. Under what category is an activity such as a family fun day for a local community group claimable?</p> | <p>A family fun day for people other than the club's members is classified as a purpose or activity under Class A(a)(xi) or (xii), depending on whether the event supports a charitable or cultural purpose or group, or a sporting purpose or club. If the family fun day is run only for the purpose of the club's own members, a claim could be made under Class A(c). As it provides a direct community benefit, the club may claim up to 100 per cent of the amount in its CBS. Remember that, under the new Ministerial Order, a gift or donation of alcohol is not claimable as a community benefit.</p> |
| <p>25. What records could help the club to claim a family fun day as a community benefit?</p> | <p>Clubs should keep records of expenses for a family fun day. This could include staff costs (provided that staff were hired specifically for the day), marquee hire, providing food, drink (except alcohol), activities and entertainment; and insurance costs. Good record keeping helps to support a valid claim.</p> |
| <p>26. Can the cost of providing soft drinks to designated drivers be claimed as a community benefit?</p> | <p>Yes, the provision of free soft drinks to designated drivers is considered to be a direct community benefit and 100 per cent of the costs of the soft drinks may be claimed under Class A(c).</p> |
| <p>27. Are promotional activities claimable under this category of subsidised goods and services?</p> | <p>Promotional activities that are unconditional and provide direct benefits to the community may be claimed, e.g. half-price meals for seniors.</p> |
| <p>28. Can we claim promotional activities such as 'Shop A Dockets' that offer 2 meals for the price of 1?</p> | <p>No. This promotional activity is conducted on a commercial basis or for profit and cannot be claimed as a community benefit. (Refer to Note 2 of the Explanatory Notes of the Ministerial Order).</p> |

Voluntary services (Class A[d])

The amount of the benefit that can be claimed for the voluntary services is \$20 per hour. The recipients of voluntary services do not need to be identified in CBS and in particular, individual recipients are not to be identified for privacy reasons. However, sufficient records must be kept to identify recipients if specifically requested by the VCGLR. Clubs are requested to provide a description the type of community purpose or activity supported by the volunteer services.

29. A volunteer at an RSL Sub Branch sells poppies for Remembrance Day and tokens for ANZAC Day with 25 per cent of the proceeds going to benefit the local sub branch. The other 75 per cent of proceeds must be remitted into the Victorian RSL Branch's General Appeals Fund under the provisions of the Veterans Act ultimately to be spent on the welfare of veterans and their dependants who are not necessarily RSL members. Essentially the RSL sub branch is acting in this instance as an agent for the Victorian RSL state branch and must pass on 75 per cent of the funds they raise selling poppies and tokens to the state branch. Can 75 per cent of the volunteer hours spent selling poppies and tokens thus be claimed as a community benefit under Class A(d)?
- Yes – 75 per cent of the volunteer hours are claimable in this instance by the RSL sub branch. Note that where an RSL sub branch claims volunteer hours for this purpose the associated 75 per cent payment into the Victorian RSL branch's General Appeals Fund cannot be claimed under Class A(e). Only one or the other may be claimed.
- The RSL sub branch may also claim for the expenditure of the 25 per cent of funds it retains from the appeal. These funds are required to be spent on purposes as defined by section 23 of the *Veterans Act 2005* for the welfare and support of veterans and their dependants. Claims of this kind could be made under Class A(e).
- Reimbursement of expenses incurred by volunteers in selling poppies or ANZAC Day pins may also be claimed under Class C(b).
30. The president of our club is also a member of the school council of the local primary school. Can the volunteer hours he spends at school council meetings be claimed as a community benefit under Class A(d)?
- No. Being involved in another club or organization is something the president has chosen to do in his own time and does not relate to his role at the club. Therefore, the time spent at school council meetings cannot be claimed.
31. Our soccer club provides volunteer linesmen to assist the paid referee at their junior team's home games. This benefits both our team and the opposing team. Can 50 per cent of the volunteer hours be claimed as a community benefit under Class A(d)?
- No. As the voluntary services are provided for the club itself, they cannot be claimed (in whole or in part) as a community benefit.

32. My club is a football club – we need the services of approximately twenty volunteers at every home game for various duties. Can these volunteer hours be claimed for games held against other clubs who do not have electronic gaming machines? If so, can we claim 50 per cent or 100 per cent?

No. The voluntary services are provided for the club itself and cannot be claimed (whole or in part) as a community benefit.

33. Our club conducts the local community Christmas Carols which is attended by both club members and non-members. Is the club able to make a claim under Class A(d) for all of the volunteer services provided by club members in constructing the stage area, arranging the seating, directing car parking and serving refreshments to those in attendance? Or can the club claim only a proportion of the volunteer services equal to the proportion of non-members in attendance?

The conduct of the local community Christmas Carols is a community service provided by the club and not directly related to its role or purposes as a club. Therefore, the voluntary services used in this activity are claimable under A(d). The club could also make a claim under Class A(c). If the community Christmas Carols were conducted only for club members, the club could make a claim under Class A(c), but not for volunteer hours.

34. My RSL club arranges the town's ANZAC Day commemoration activities each year. This involves a large number of volunteer hours organizing barriers for the march, seating for invalid and aged persons at the ceremony and serving tea and coffee to those attending. Can these volunteer services be claimed under Class A(d)?

Yes, arranging an ANZAC Day ceremony is considered to be a benefit to all of the community, not just the club itself. Accordingly, the volunteer hours in organizing the event can be claimed as a community benefit under Class A(d). The maximum amount that can be claimed for volunteer services is \$20 per hour.

35. Local high school and primary school kids are taught at, and by members of, a local bowling club. Volunteer hours are claimable in this case as a direct community benefit. What about if the activity is paid for by a government grant, however?

This depends on whether or not the club members are being paid with the grant money. If they are being paid, a proportion of their hours can be claimed under Class B(e). If they are not being paid and are truly volunteers, then their volunteer hours can be claimed under Class A(d).

36. My bowls club arranges for some of our senior members to provide coaching to junior members on a voluntary basis. Can these volunteer hours be claimed as a community benefit under Class A(d)?
- No, as the volunteer hours benefit the club only, rather than the broader community.
37. Is my club able to claim the volunteer hours of a volunteer coordinator?
- Yes, these hours are claimable where the voluntary work being coordinated directly benefits the community.
38. Where a golf club is open to the public as well as to its members, can volunteer hours spent in helping to maintain the golf course (eg. working bees) be claimed under Class A(d)?
- No, these hours may not be claimed, as the working bee is being run for the benefit of the club, regardless of whether or not some members of the public also use the grounds on occasion.
39. Our football club holds a working bee each year to tidy up the terraces and repair the grandstand at our oval. Can the time given by club members at the working bee be claimed as a community benefit under Class A(d)?
- No. The volunteer services provided by club members at this working bee are provided to benefit the club itself and cannot be claimed under Class A(d). If club members attend a working bee to benefit another organization, such as mowing the lawns and planting shrubs in the gardens at a local nursing home, the volunteer hours could be claimed under Class A(d).

RSL welfare services (Class A[e])

Claims under this category can only be made by a club which is a sub-branch of the RSL Australia (Victorian Branch).

40. In relation to RSL clubs, can a claim be made under Class A(e) for volunteer hours spent in planning and assessing welfare cases or only for the hours in delivery of the service?
- Generally speaking, the provision of welfare only rather than the planning of the provision of welfare can be claimed on a club's CBS. However, in cases where planning time is the provision of welfare—such as when RSL volunteers assist an elderly person in making a welfare claim—these hours may be claimed by a club under class A(e).
41. My club is a Workers and Services Club which provides office space and meeting rooms to the local RSL sub-branch at no charge. Can we claim support and services which are provided to ex-service personnel under Class A(e)?
- No, a claim under Class A(e) can only be made where the club that holds the venue operator's licence is a sub-branch of the RSL. In this instance, your club could claim the subsidized cost of providing offices and meeting rooms to the RSL sub-branch under Class A(c). It could also claim any donations, gifts or sponsorships made to the RSL sub-branch under Class A(a)(x).

42. Under what category can an RSL sub-branch claim the costs of employing a welfare officer?

An RSL sub-branch may claim the costs of employing a welfare officer under Class A(e) or Class B(e).

Class B purposes and activities: Indirect community benefits

Clubs may claim the amount equivalent to the proportion of revenue made from non-gaming sources to the club's total revenue. For example, where 70 per cent of a club's total revenue comes from its share of gaming revenue, the remaining 30 per cent of revenue will come from other sources such as member's fees, meals, bar trade and room hire. When claiming the cost of an activity under Class B, the club can claim only 30 per cent of the cost as a community benefit.

Capital expenditure (Class B[a])

Any capital expenditure related to gambling cannot be claimed.

43. My club would like to buy a bus to be used for the dual purpose of transporting elderly and disabled residents in the town to the local shopping centre during the day as well as transporting gaming patrons to and from the club during the evening. Are we able to claim the purchase of the bus?

Yes. If capital expenditure can be shown to benefit the community, even if it is not used for this purpose all of the time, then it may be claimed under Class B(a).

Remember that the amount claimed as a community benefit under Class B must be in the same proportion as non-gaming revenue to the club's total revenue.

44. Can the cost of the fit-out of the new bistro be claimed as a community benefit?

Yes, this can be claimed either under Class B(a) or (d) as a community benefit. If the cost of the fit-out is claimed, a claim cannot also be made for financing costs. Claims can only be made where the plant and equipment cost more than \$10,000, and in the same proportion as non-gaming revenue to the club's total revenue.

For example, if the new bistro fit-out cost \$20,000 and 75 per cent of the club's total revenue comes from gaming, \$5,000 (25 per cent) of the cost of the fit-out can be claimed as a community benefit under Class B(d).

45. Can the cost of a new golf cart purchased for \$8,000 be claimed as a community benefit?

No, as the golf cart cost less than \$10,000 it cannot be claimed as a community benefit. However, multiples of the same items purchased at the same time (eg. five golf carts at \$8,000 each, totalling \$40,000 may be claimed under Class B). Remember that the amount claimed as a community benefit under Class B must be in the same proportion as non-gaming revenue to the club's total revenue. For example, where 50 per cent of the venue's revenue comes from gaming, only 50 per cent of \$40,000 (i.e. \$20,000) can be claimed.

46. Can my club claim the construction of a smoking room as a capital improvement?

Yes. Buildings, plant and equipment can be claimed if they have been paid for by a club as a community benefit under Class B(a), unless it has a value of less than \$10,000. The cost of constructing a smoking room can be claimed if the value is \$10,000 or more. See also Q48 below.

Remember that the amount claimed as a community benefit under Class B must be in the same proportion as non-gaming revenue to the club's total revenue

47. My club has just spent \$85,000 on two new smoking areas. One of these is off the bistro and the other room is off the gaming area. Can both be claimed?

Yes, as long as the smoking area that is off the gaming area is able to be accessed by all patrons and is not only for the use of gaming patrons.

48. Our club is planning a major redevelopment of its premises costing \$300,000. Half of this money is being provided through a Commonwealth Government grant and the other half by the club. How much can the club claim as a community benefit?

The club is only able to claim its own contribution to the redevelopment, not funding provided by other organisations and authorities. In this instance, the club's contribution will be \$150,000.

If the redevelopment relates to providing and maintaining sporting facilities for use by club members, a claim can be made under Class A(b). This will mean that all of the \$150,000 can be claimed. If the redevelopment relates to other facilities, a claim can be made under Class B(a).

Remember that the amount claimed as a community benefit under Class B must be in the same proportion as non-gaming revenue to the club's total revenue.

Financing costs (Class B[b])

Financing costs cannot be claimed for gaming equipment or capital expenditure relating to any form of gambling.

49. Can financing costs be claimed as a community benefit?

Financing costs (including principal and interest) can be claimed under Class B(b). If financing costs are claimed, a claim cannot be also made in relation to the items financed. For example, a claim can be made under Class B(b) for the cost of financing a building loan of \$200,000, for the amount equal to the proportion of non-gaming revenue to the club's total revenue. If the club's gaming revenue is 60 per cent of the venue's total revenue, \$80,000 being 40 per cent of financing costs can be claimed. A claim cannot then be made for the building costs under Class B(a) or (d) or other category.

50. Our club has obtained a loan to meet the instalment payments for gaming machine entitlements and to purchase gaming machines. Can the financing costs be claimed as a community benefit?

No. Part 2(a) & (b) of the Ministerial Order states that financing costs for gaming machine entitlements and gaming equipment are purposes that do not constitute community purposes.

51. Is it true that I can claim only the capital expenditure or the finance over the life of the loan?

Yes. Only one or the other may be claimed as a community benefit. Financing costs (including principal and interest) can be claimed under Class B(b). However, if financing costs are claimed, a claim cannot also be made in relation to the item(s) financed. For example, where a claim is made under Class B(b) for the cost of financing a building loan, a claim cannot also be made for the building costs under Class B(a) in the following year when the building is completed.

Remember that the amount claimed as a community benefit under Class B must be in the same proportion as non-gaming revenue to the club's total revenue.

Retained earnings (Class B[c])

Retained earnings may be claimed in the year in which they were earned. If retained earnings are claimed, a claim cannot also be made when those funds are spent.

52. Are retained earnings claimable as a community benefit?

Retained earnings can be claimed for the amount equal to the proportion of non-gaming revenue to the club's total revenue. For example, where 90 per cent of the venue's revenue comes from gaming and it has \$100,000 earnings in the financial year, \$10,000 (10 per cent) can be claimed as a community benefit.

53. Can you claim only a proportion of your retained earnings in a year in order to get over the 8½ per cent threshold?

Yes, a club may choose to claim only a percentage of the retained earnings it has accumulated in the past year under Class B(c). Retained earnings may only be claimed during the year in which they were earned. Remember that the amount claimed as a community benefit under Class B must be in the same proportion as non-gaming revenue to the club's total revenue.

54. Our football club has decided to set aside \$50,000 in retained earnings for each of the next four years to fund a major refurbishment of the oval. The club derives 50 per cent of its revenue from gaming so it can claim only 50 per cent of the \$50,000 under Class B(c). Over the four years, this equates to \$100,000 that can be claimed as a community benefit. However, if our club decides to claim the cost of this refurbishment in the year it takes place rather than claim the retained earnings each year, we can claim the full \$200,000 under Class A(b). Why is this so?

Individual clubs will need to decide the path of action which best suits them in determining when to claim the community benefit. If a club is able to meet the requirement of 8½ per cent in the years leading up to a major upgrade of its sporting facilities, then it may decide to wait until the year the works are undertaken to make the claim for the community benefit.

Your club can discuss this matter with your accountant to decide its best course of action.

Buildings, plant and equipment (Class B[d])

Plant or equipment for the purpose of any form of gambling, or for use in the gaming area of a venue, cannot be claimed as a community benefit.

55. Can the cost of the fit-out of the new bistro be claimed as a community benefit?
- Yes, this can be claimed either under Class B(a) or (d) as a community benefit. If the cost of the fit-out is claimed, a claim cannot also be made for financing costs.
- For example, if the new bistro fit-out cost \$20,000 and 75 per cent of the club's total revenue comes from gaming, \$5,000 (25 per cent) of the cost of the fit-out can be claimed as a community benefit under Class B(d).
56. If a new building has gaming and non-gaming areas, how is the amount of the community benefit to be calculated?
- No claim can be made for the cost of construction or fit-out of the gaming machine area. A claim for the non-gaming area could be made. Remember that the amount claimed as a community benefit under Class B must be in the same proportion as non-gaming revenue to the club's total revenue.
- For example: total building cost equals \$1,000,000 of which 70 per cent (or \$700,000) relates to the gaming room and 30 per cent (or \$300,000) relates to non-gaming areas. The venue obtains 20 per cent of its revenue from non-gaming sources. It can therefore claim this proportion of the cost of the non-gaming area, which amounts to \$60,000 (i.e. 20 per cent of \$300,000).
57. Can I claim the depreciation of any assets?
- No, depreciation of an asset is not a cash payment and cannot be claimed.

Operating costs including employment (Class B[e])

Employment costs can only be claimed for persons whose main job is in Victoria.

58. Do operating costs include employment expenses?
- Yes, the costs of employing gaming, bar and bistro staff are claimable as employment expenses. Employment costs include wages and salaries plus all on-costs such as superannuation and other entitlements, and benefits to employees that attract fringe benefits tax
- Claims must be in an amount equal to the venue's non-gaming revenue in proportion to its total revenue. For example, if 60 per cent of the venue's total revenue comes from gaming, only 40 per cent of employment expenses can be claimed.
59. What about management fees paid to a person or company engaged to provide services under a management contract?
- No, if the management services provided are fully ancillary to the venue's gambling services, including all aspects of the management of gambling activities and customer loyalty programs.
60. Are PAYG withholding amounts included as community benefits?
- All wages paid to management and staff, including the PAYG component, can be claimed as community benefits.
61. Are provisions for annual and long service leave included as community benefits?
- No, provisions for annual and long service leave are not cash payments and cannot be claimed.

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| 62. Can Workcover expenses be included as community benefits? | Yes, all salary-related costs, except for payroll tax and fringe benefits tax, can be claimed as community benefits. |
| 63. Under what category can an RSL sub-branch claim the costs of employing a welfare officer? | An RSL sub-branch may claim the costs of employing a welfare officer under Class A(e) or Class B(e). |

Class C purposes and activities: Miscellaneous

Clubs may claim up to 100 per cent of the amount applied to providing the activities or purposes declared under Class C as community benefits.

Responsible gambling (Class C[a])

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| 64. Can I claim the cost of the development and implementation of the venue's Responsible Gambling Code of Conduct? | No, the provision of responsible gambling measures required by law is not claimable as a community benefit. Additional responsible gambling measures claimable under Class C(a) must be distinct from any responsible gambling measures required by law, not simply an extension of those already required. |
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Volunteer expenses (Class C[b])

Individual volunteer claimants are not to be identified for privacy reasons. However, sufficient records must be kept to identify claimants if specifically requested by the VCGLR. Clubs are requested to provide a description of the type of community purpose or activity supported by the volunteers.

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| 65. Our club reimburses volunteers for their petrol costs incurred during their volunteering. May this cost be claimed under Class C(b)? | Yes, reimbursing volunteers for their petrol may be claimed under Class C(b). |
| 66. Our club pays an honorarium to committee members for attending meetings and official functions. Can the cost of the honorariums be claimed under Class C(b)? | No, an honorarium to a committee member is not considered to be an expense incurred by a volunteer. The cost of the honorariums can be claimed as an operating expense under Class B(e).

Remember that the amount claimed as a community benefit under Class B must be in the same proportion as non-gaming revenue to the club's total revenue. |

CBS audit (Class C[c])

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| 67. Can I claim the cost of preparing a CBS and the cost of having it audited as a community benefit? | Yes, both the costs of preparation of the CBS and the costs of having it audited can be claimed under Class C(c), up to a maximum of \$3,000. |
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68. Who may audit a CBS?

A CBS must be audited by an independent person who is:

- (a) a registered company auditor
or
- (b) a firm of registered company auditors
or
- (c) a person who is a member of CPA Australia or the Institute of Chartered Accountants in Australia or the Institute of Public Accountants
or
- (d) if the venue is an incorporated association, a person approved by the Registrar of Incorporated Associations under section 99(5) of the *Associations Incorporation Reform Act 2012* to audit financial statements.

The audit report of the independent auditor must be attached to your CBS.

Your attention is drawn to all applicable auditing standards, in particular Australian Auditing Standard AUS802: 'The Audit Report on Financial Information Other than a General Purpose Financial Report' and Statement of Auditing Practice AUP 32 'Audit Independence'.

This form requires the club to certify that the CBS has been audited with respect to sections 3.6.9(2)(a) and (b) of the Act (that is, whether or not the community benefit contribution is less than, equal to, or greater than 8⅓ per cent of the venue's gaming revenue for the financial year).

69. I was contacted by the VCGLR's auditor because I went well over the 8⅓ per cent threshold in my last CBS, which was signed off by an auditor. Am I best off stopping once the 8⅓ per cent threshold is reached, or should I keep going and fill out the entire form with all relevant information?

A club should fill in all appropriate details and be as comprehensive as possible on the CBS form. Clubs may also include community benefit expenditure from non-gaming revenue in the CBS. This an opportunity to show the work that clubs and club members have done for the wider local community over the past year.

70. A local city council has approved the installation of five new gaming machines at the North of Eden Community Club, on the condition that a percentage of the profits be handed back to council for distribution to the community. The equivalent of $8\frac{1}{3}$ per cent of the gaming revenue from the five additional machines (about \$15,000 a year) will be paid to a separate Community Trust Fund to be administered by the council. The funds will be used for local welfare and community projects at the discretion of the council. Can this amount be claimed as a community benefit in the club's CBS?

A club could claim the money administered by a council where such an arrangement is made. This is subject to the proviso that the club could satisfy its auditors (and the VCGLR) that the funds have been spent on the items allowed for in the Ministerial Order.

71. Can I include the GST paid by the club on claimable items?

Yes, GST incurred by a club may be claimed (i.e. included as part of claimable expenditure) when a club is not GST exempt. If a club is GST exempt, however – i.e. is able to claim back from the Australian Taxation Office all amounts of GST paid/incurred for purchases – GST may not be claimed as a community benefit.

This publication avoids the use of legal language. Information about the law may have been summarised or expressed in general statements. This information should not be relied upon as a substitute for professional legal advice or reference to the actual legislation. Authorised by the Victorian Government.