The Australian State Sports Federations Alliance (ASSFA) is made up of the sport industry peak bodies from the five Australian mainland States and the ACT.

Collectively, ASSFA represents over 600 State Sport and Recreation Associations and other organisations involved in the Sport and Recreation Industry as well as a number of corporate members that have direct links to community sport and active recreation. Through this extensive network of members in each jurisdiction, ASSFA has links to some 6 million Australians involved in organised physical activity.

The Alliance collaborates on key issues, recommends and promotes strategies for change on issues affecting community sport from a national perspective.

Charitable Status for Community Sport

ASSFA welcomes the consultation on the statutory definition of charity. The Alliance has been active in calling for reform to the taxation concessions applicable to sport and recreation. Previously the group has submitted policy proposals on taxation rebates for the cost of junior sport participation fees and in 2008, made a submission to the Future of Sport in Australia consultation seeking, amongst other items, deductible gift recipient status for community sport.

Deductible Gift Recipient Status for Community Sport

Under current tax ruling, community sport organisations are not eligible for tax deductibility status. This ineligibility has significant negative impact on Not For Profit (NFP) sport organisations in a range of ways.

Obviously, the primary impact lies in the inability of community sport organisations to directly attract valuable philanthropic dollars which could provide significant assistance to NFP organisations. In addition, however, there are a number of other less obvious impacts. By way of example, like any other organisation, NFP sport and active recreation clubs and associations require legal, financial and governance assistance on a range of matters. Like other NFP groups, these organisations have very limited financial resources and, as such, do not have funding available to pay for the professional assistance required.

In recognition of the support NFP groups require, some excellent pro-bono programs have been developed to provide much needed support for NFP groups. Unfortunately most of these programs require the organisation to have charitable status to receive support, thereby excluding access for NFP community sport organisations. The current tax system does not encourage philanthropic dollars to be raised for community sport.

In 2002, the UK Government changed legislation to allow tax-deductible status to ‘community amateur sports clubs’ and clubs that promote ‘healthy sport’. Feedback indicates this change has had a genuinely positive effect on increasing support given to these organisations by both the philanthropic sector as well as individuals.

Having sport and recreation recognised within the statutory definition of charity will allow bona-fide NFP community sport organisations to apply for tax deductible status which would support this sector and the vital role it plays in community development.
Key Themes on the Statutory Definition of Charity

vicsport as a member organisation of ASSFA has also completed a submission to the statutory definition of charity consultation. A number of key points made in the submissions are reiterated by ASSFA.

Dominant Purpose

There are a number of significant issues in relation to including ‘exclusive charitable purpose’ into the statutory definition of charity. Given the difficulties that NFP organisations face in raising sufficient funds in order to continue their work in supporting communities, organisations are forced into the situation of having to undertake commercial operations in order to fund their activities. If the term ‘exclusively charitable’ is included in the definition it will preclude the ability for many organisations to undertake commercial activity to support their operations.

The dominant purpose test should be revised to ‘one or more purposes that are charitable’ as distinct from being ‘exclusively charitable’ as proposed. By including ‘one or more purposes that are charitable’ sporting organisations would be afforded a broader opportunity for recognition.

Public Benefit Test

Tax Ruling 2011/D2 is not considered to be a comprehensive assessment of the significant public benefits derived from community sport and active recreation and should not be relied upon to define the term ‘for the public benefit’. The ruling states that “social, recreational or sporting activity is not charitable, even if motivated by charitable sentiments or results in a benefit to the community”. This blanket statement is not accurate and does not properly account for the wide range of benefits the community sport and recreation sector provides.

Tax Ruling 2011 D/2 outlines that the raising of public money to construct squash courts within a school was deemed to be charitable, given the dominant charitable purpose of the school is education however the interpretation of the ruling would mean that a community based squash club seeking to raise public funds to construct squash courts (utilising deductible gift recipient status) would not be charitable even though it provides significant public benefit- i.e health and well being of participants, training of official and referees (education) or offering participation programs for people with a disability.

A broader and more considered view of ‘public benefit’ is required other than that provided in TR 2011/D2.

Charitable Purposes

The draft Charities Bill of 2003 lists a number of charitable purposes that are highly relevant to sport and active recreation; they are the Advancement of Health and the Advancement of Social and Community Welfare. It is within these charitable purposes that the significant contribution community sport and active recreation makes to the health and well being of our communities needs to be clearly recognised and established.

Advancement of Health

In Australia, we are fully aware of the threat our rapidly increasing incidence rates of lifestyle related diseases such as diabetes, cardiovascular disease, overweight and obesity pose to the health of our nation. The scope of the issue can be seen in all ages in our community. Between 1985 and 1995 the number of overweight 7–15 year olds almost doubled. The
numbers of obese children has more than tripled. At the current rate, it is predicted that 65 per cent of young Australians will be overweight or obese by 2020.

Being physically active can also improve mental wellbeing. Physical activity has been reported to help reduce anxiety; active people also report feeling less stressed or nervous. Physical exercise helps to counteract the withdrawal, inactivity and feelings of hopelessness that are a feature of depression as well as the duration and intensity of depressive episodes. Moods such as tension, fatigue and anger are all positively affected by exercise and exercising can improve the way people perceive their physical condition, athletic abilities and body image.

Of these direct financial costs, the Federal Government is estimated to bear some $1.4 billion. It remains a dilemma for health practitioners why such a high financial and personal cost is tolerated in our community and by our governments when these illnesses and disease are preventable. Funding and support of strategies aimed at improving lifestyle and reducing risk factors is clearly an eminent approach and the community based sport and recreation organisations are key players in delivering these programs. Including sport and recreation as a defined public benefit under the Advancement of Health charitable purpose will demonstrate that the government is prepared to take a longer-term strategic approach to preventative health strategies.

Advancement of Social and Community Welfare

In regards to the charitable purpose of the Advancement of Social and Community Welfare, the links between participation in sport and social and political trust and levels of social engagement are strong. The contribution sport makes to the community is recognised internationally. One-time United Nations Secretary-General Kofi Annan articulated the multi faceted influence sport can have. He spoke of its universal values and ability to bridge social, cultural and religious divides. He went on to describe the contribution to personal development and growth and its value to the wellbeing of whole communities and countries.

Of particular importance is the fact organised sport is a feature of the lives of many thousands of young people growing up in Australia. Involvement in sport and active recreation offers young people opportunities to form lasting friendships and learn social values and organisational skills that will serve them well in other areas of their lives.

Sport and active recreation activities are also well recognised as being vital elements of rural community structure. For many regional communities, local sporting events provide a rare opportunity for locals to gather, or in the case of larger events against regional rivals, for neighbouring townships to interact.

Community-based sporting organisations provide the structures for addressing many of the social issues facing Australia. Issues such as racial vilification, equity, diversity, access for people with a disability, Indigenous Australians, new arrivals, cultural and linguistically diverse populations, older aged participants and young people for example are all being addressed by community clubs, organisations and associations in a positive manner.

Community sport and active recreation provides many opportunities for members of our society to meet, interact, develop and grow. Young people, people from culturally and linguistically diverse backgrounds and indigenous Australians face additional challenges in their developmental pathway that makes them vulnerable to social and structural disconnection. In these cases sport and recreation can provide an increased range of opportunities to connect with the community.

Summary

The vital role the sport and active recreation sector plays in promoting healthy and vibrant communities needs to be better understood and more widely recognised by governments. Sport and active recreation plays a much broader role than just providing physical activity opportunities. It weaves the social fabric on which our communities are built, promotes health and wellbeing, reduces the economic impact of lifestyle related diseases (which alone demand significant proportions of the State and Federal health budgets). Community sport and active recreation requires greater recognition and support from all levels of government, including recognising sport and recreation within the statutory definition of charity.
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