



Clubs Australia

Clubs Australia Submission Treasury Laws Amendment (2021 Measures No.1) Bill 2021

Clubs Australia welcomes the opportunity to provide feedback on the Treasury Laws Amendment (2021 Measures No.1) Bill 2021 (the Bill).

Clubs Australia represents 6,440 not-for-profit licensed and registered clubs, of which more than 1,000 are public companies limited by guarantee (PCLG clubs) and thereby governed by the provisions on meetings in the *Corporations Act 2001*.

In summary, Clubs Australia:

- Supports measures in the Bill which will enable PCLG clubs to distribute notices electronically where the club holds an electronic address for the member, but the member has not expressly nominated or opted-in to the electronic address being used to distribute meeting notices.

These changes will result in regulatory savings of more than \$9 million per year for the sector, almost 27,500 extra staff hours, and will save more than 41 million pieces of paper.

- Proposes changes to the requirement for a company to give all members a notice seeking their election to receive a hard copy notice pursuant to proposed s 253RA (an s 253RA notice). Clubs Australia recommends removing the requirement for the company to give the s 253RA notice to a person within 2 months from them becoming a member or after the commencement day (in the case of existing members), per se. Instead, companies should simply be prohibited from sending documents electronically if the recipient:
 - has not nominated an electronic address, and
 - was not sent an s 253RA notice.

Making these changes will ensure that PCLG clubs do not incur the one-off postage cost of sending stand-alone notices to all their existing members, and can instead combine the s 253RA notice with other documents (e.g. when the company next posts documents to members). The changes will also remove the obsolete requirement for a club to send a notice to a person who has already nominated an electronic address.

The existing legislation imposes unnecessary costs on clubs

Clubs are relatively unique in that members are also the primary customers.

Accordingly, clubs typically collect their email address and/or mobile number at the time the person applies for membership, for marketing, communications and membership purposes.

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Despite clubs holding the email address or mobile number for the majority of their members, the club cannot send an electronic meeting notice to the address unless, at the time the person applied for membership, the club requested they “nominate” or “opt in” to receive, or access, the notice electronically pursuant to s 249J(3) of the Corporations Act.

Clubs Australia estimates that only 10% of club members have opted-in to receive electronic notices.

Due to this effective limitation, clubs are required to send paper meeting notices to all or most of their members by post.

There are significant monetary and environmental costs of sending paper notices. To demonstrate the burden on clubs, it is noted that the largest club, Mounties Group, has approximately 145,000 members

By enabling PCLG clubs to send meeting notices using electronic means, in accordance with proposed s 253RA of the Bill, Clubs Australia estimates regulatory savings of more than \$9 million per year and almost 27,500 staff hours. The changes will also save more than 41 million pieces of paper per year which will support a more environmentally sustainable future for club communications. Importantly, these cost savings will free up funds for the industry's recovery from COVID-19.

Minimising transition costs

As discussed earlier, clubs incur substantial costs posting meeting notices. For larger clubs, the cost of notifying members by hard copy exceeds \$100,000 per meeting.

Accordingly, sending all club members the s 253RA notice in the proposed period of two months after commencement – as required by proposed s 1679B – will be time consuming and costly for PCLG clubs.

These transition costs can be minimised, while retaining member control of their preference, by simply prohibiting companies from sending documents electronically if the recipient:

- has not nominated an electronic address, and
- was not sent an s 253RA notice.

This option will ensure that the offence is appropriately aligned to circumstances where a company breaches a member's rights, such as by failing to send the members the s 253RA notice and subsequently emails the AGM notice to members. Conversely, a member's rights are not breached if they fail to receive the s 253RA notice, per se. Moreover, sending a member the s 253RA notice more than 2 months after commencement does not impact the member's rights if the company does not send a meeting notice in that period.

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In addition, as drafted the Bill would require companies to send a member the s 253RA notice even if the member has nominated an electronic address or means, pursuant to subsection 249J(3) of the Corporations Act.

Clubs Australia's proposed changes would minimise transition costs by preventing clubs from wasting postage expenses on a stand-alone notice.

Conclusion

Clubs Australia appreciates the opportunity to provide feedback and looks forward to further consultation. Should you wish to discuss this submission further, please contact Simon Sawday, Manager of Policy and Government, on [REDACTED], or by email at [REDACTED].

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