



KEY RESULTS

- 1,535 clubs
- 5.5 million memberships
- \$5.4 billion in revenues
- \$1.1 billion in community support
- 43,300 employees
- 44,000 volunteers

The 2007 Socio-Economic Impact Study of Clubs in NSW

ClubsNSW has received the latest analysis by the Allen Consulting Group of the current size and shape of the NSW Club Movement. The analysis, titled *Socio-Economic Impact Study of Clubs in NSW (2007)* shows an industry facing significant challenges. The 2007 SEIS follows previous studies in 1999 and 2003.

Clubs throughout NSW, large and small, responded in detail to a questionnaire which analysed their performance and expectations in tax and capital expenditure, employment and training, membership demographics, volunteer levels, social contributions, assets, income and other key performance indicators.

The picture presented in the SEIS is striking. It shows a unique and growing contribution to NSW, economically and socially. On the other hand, it reveals the negative impact on clubs of a dramatic 30% increase in tax paid, mostly in the form of State gaming tax. Large clubs, which provide the majority of jobs and investment, have become less financially secure and are cutting back on staff and monetary contributions to professional sport to meet the tax burden.

2003-2007 Key Trends

Membership - clubs are increasingly relevant and popular with the people of NSW

- Total membership grew from 4.7 to 5.5 million, one for each adult in NSW.
- Membership growth of 15% outstripped population growth of 4%.
- Membership is affordable costing on average \$8 per annum.

Economic contribution – clubs play an important role in creating economic prosperity

- Total revenues grew by 4.1% per annum to \$5.4 billion.
- Capital expenditure and investment grew by 5.5% per annum to \$858 million.
- The total value of capital assets grew by 5% per annum to \$6.2 billion.
- Clubs plan to invest \$3.3 billion over the next three years.

Taxation – clubs pay their fair share of tax

- Total taxation paid by clubs increased from \$969 million to \$1.26 billion in 2007, an increase of nearly 30%.
- This was mainly due to increases in State gaming tax.

Employment and volunteers – clubs are major employers, but have reduced the size of their workforce

- Employment fell by 16% to 43,300 people as clubs reduced their work force in response to higher taxes.
- Total wages increased slightly to \$1.3 billion.
- The number of volunteers fell from 53,000 to 44,000, however the total hours contributed increased by 700,000 to 6.3 million.

Financial viability – the engine room of the Club Movement has been hit hard by higher taxes

- The average profitability of larger clubs (those with annual gaming revenue above \$5 million) fell significantly, to below 1999 levels.
- A third of these clubs are now non-profitable or only marginally profitable.
- These clubs earn 69% of all gaming revenues, hold 55% of total assets and employ 51% of the club workforce.
- Profitability will be further eroded by the total smoking ban (July 2007) and final increase in State gaming tax (September 2007).
- Diversification of operations away from gaming saw its share of total club revenue fall from 68% to 63%.

Supporting communities – clubs' social contribution is unique and growing

- The value of cash and in-kind support for community groups grew to \$108 million in 2007. However, support of professional sport, mainly rugby league, fell.
- According to the Allen Consulting Group, the dollar value of clubs' social contribution is \$1.1 billion per annum (note IPART using a different methodology valued the contribution at \$893 million).

Sporting facilities – clubs continue to underpin our sporting way of life

- 96% of clubs provide sporting facilities to their local community.
- Clubs provide 1,547 bowling greens, 366 golf courses, 81 gyms, 66 swimming pools and 163 sporting fields.
- In the next three years, clubs plan to spend nearly \$450 million on sporting infrastructure.

Future challenges – there are emerging issues that will affect clubs

- The full impact of smoking bans and increased State gaming tax has not yet been felt.
- The emergence of internet gambling and small bars will reduce the number of people attending clubs.
- Labour shortages will make it harder for clubs to employ and retain top staff.

Conclusion

The 2007 SEIS shows that clubs continue to play an important economic and social role in NSW. That role is valued by the people of NSW and club memberships are growing strongly. However, clubs face challenges created by Government decisions and the broader economic environment. There is a clear case for supporting clubs, given their capacity to contribute to the social and economic wellbeing of NSW. ClubsNSW will continue to press the case for clubs, using the detailed analysis in the 2007 SEIS.

ClubsNSW

ABN 61 724 302 100
Level 8, 51 Drutt Street, Sydney NSW 2000
p 02 9268 3000 f 02 9261 2506

www.clubsnsw.com.au