The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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**Inherent limitations**

This report has been prepared as outlined in Appendix A to this report. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by the respondents to the Club Census 2011 and the Registered Clubs Association of New South Wales’ (ClubsNSW) personnel consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

**Third party reliance**

This report has been prepared at the request of ClubsNSW in accordance with the terms of an agreement between ClubsNSW and KPMG dated 22 March 2011. Other than our responsibility to ClubsNSW, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party’s sole responsibility.

**Forecasting disclaimer**

The projections and forecasts that appear in this report are based on assumptions about circumstances and events that have not yet transpired and are therefore subject to variations that may arise as a result of future occurrences. As a result, KPMG do not provide any warranty that these projections or forecasts will be achieved.

Any economic projections or forecasts in this report rely on economic inputs that are subject to unavoidable statistical variation. They also rely on economic parameters that are subject to unavoidable statistical variation.

While all care has been taken to account for statistical variation, care should be taken whenever considering, using or relying on this information.

Any estimates or projections will only take into account information available to KPMG up to the date of the deliverable and so findings may be affected by new information. Events may have occurred since this report was prepared, which may impact on it and its findings.
Executive summary

Industry at a glance

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of registered club venues in NSW</td>
<td>1,471</td>
</tr>
<tr>
<td>Change in number of clubs since 2007</td>
<td>Decrease by 4.2%</td>
</tr>
<tr>
<td>Number of members of registered clubs in NSW</td>
<td>5.7 million</td>
</tr>
<tr>
<td>Change in number of members since 2007</td>
<td>Increase by 3.6%</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$5.0 billion</td>
</tr>
<tr>
<td>Average EGM revenue as a proportion of total revenue</td>
<td>61.7%</td>
</tr>
<tr>
<td>Cumulative EBITDA</td>
<td>$720 million</td>
</tr>
<tr>
<td>Total taxes paid</td>
<td>$1.4 billion</td>
</tr>
<tr>
<td>Proportion of clubs with financial viability risk indicators</td>
<td>64.0%</td>
</tr>
<tr>
<td>Total value of assets</td>
<td>$10.7 billion</td>
</tr>
<tr>
<td>Number of people directly employed</td>
<td>41,400</td>
</tr>
<tr>
<td>Economic contribution</td>
<td>$3.2 billion</td>
</tr>
<tr>
<td>Contribution to NSW Gross State Product</td>
<td>0.7%</td>
</tr>
<tr>
<td>Total social contribution</td>
<td>$1.2 billion</td>
</tr>
</tbody>
</table>

Key findings

A highly fragmented and diverse industry

The NSW registered club industry is highly fragmented, comprising almost 1,500 individual venues spread across every region of the state. Clubs are independently managed which leads to high levels of diversity within the sector. They also tend to be competitive amongst themselves, leading to low levels of coordination and cooperation amongst participants within the industry.

Whilst clubs share a common not-for-profit, members’ led business model and operate under the same regulatory regime, they are highly varied in their purposes. Types of clubs include bowling clubs (which comprise 471 venues), sporting and recreation clubs (265 venues), returned servicemen clubs (290 venues), golf clubs (231 venues) and league and football clubs (76 venues).

Registered clubs are also diverse in respect of their size. The handful of largest clubs have more than 100,000 members and generate annual revenues of more than $60 million per annum. These clubs often provide a diverse range of products and services to their membership and local communities ranging from traditional hospitality and gaming services to aged care and gymnasiums. Large clubs are also increasingly venturing into more commercial activities such as property development.

On the other hand, the smallest registered clubs in the state are often registered to provide their membership with a venue for social interaction and/or to provide facilities
such as bowling greens or golf courses. Several clubs in NSW operate with less than 50 members and produce revenues of less than $20,000 per year.

Registered clubs are also geographically disparate, with 43% of venues located in regional areas.

**A significant contributor to the NSW economy**

Registered clubs make a considerable contribution to the NSW economy. In 2011, the industry generated combined revenues of approximately $5.0 billion (2007: $4.9b) from their diverse operations. From these revenues the industry generated combined Earnings before Interest, Income Tax, Depreciation and Amortisation (EBITDA) of approximately $720 million. Additionally, in 2011, registered clubs paid $1.4 billion in taxes to revenue authorities.

The industry is also a large employer in both metropolitan and regional locations. In 2011, registered clubs in NSW are estimated to have employed approximately 41,300 people across a variety of roles. Of these, more than 20,000 are located in rural and regional NSW, providing jobs in areas with limited employment prospects. Clubs also provide significant levels of training to employees, spending more than $11 million on formal staff development during the same year.

Registered clubs also invest heavily in capital assets. Estimated total capital expenditure by all NSW registered clubs in 2011 was $660 million. This was spent across a variety of areas including building construction and renovation, acquisition of plant and equipment and development of community assets (such as sport and recreational facilities).

It is estimated that the total contribution of registered clubs in NSW to value added (i.e. the value of production less the value of intermediate goods used in production) was $3.2 billion in 2011. This equates to 0.7% of NSW Gross State Product.

**A substantial contributor to the social fabric of NSW**

Registered clubs provide many varied social benefits to NSW. In addition to a sense of belonging for members through socialisation with like-minded people, registered clubs provide more tangible benefits to the community through the provision of subsidised infrastructure and facilities, cash and in-kind support to charities and other altruistic activities and volunteering.

A large number of sporting facilities are provided by registered clubs in NSW. Based on the results of Club Census 2011, it is estimated that more than 719 registered clubs provide bowling greens, 353 offer golf courses, 100 provide tennis facilities and 96 provide sporting fields for use by members and the local community. These assets are spread across metropolitan and regional NSW and are often provided below cost.

Registered clubs also provide a range of other facilities. These include meeting rooms (1,106 clubs), entertainment venues (996 clubs), accommodation (76 clubs) and playgrounds (279 clubs). Again, these assets are often provided at below cost.

In 2011, it is estimated that registered clubs contributed more than $100 million in cash and in-kind support to their communities. This support was provided to a range of activities and charitable ventures including professional and amateur sport (54%), community organisations (12%) and health and welfare agencies (12%).

---

1 Refer to footnote 11 for further details regarding the 2007 comparison
Registered clubs are also highly effective in mustering volunteers in order to assist in both their operation and the provision of services to members and the community. The industry is managed by almost 11,000 directors, who are mostly engaged on a voluntary and unpaid basis. The industry also uses more than 26,000 volunteers in the provision of sporting assistance (including junior sport coaching, refereeing and management). In total, almost 50,000 volunteers are sourced and utilised by the industry.

Based on an approach adopted by the NSW Independent Pricing and Regulatory Tribunal (IPART) in 2008, it is estimated that the value of the social contribution of registered clubs from these activities totalled $1.2 billion in 2011.

**Continued reliance on gaming machine revenues**

The industry continues to be highly reliant on electronic gaming machines (EGM) for the majority of its revenues and profits. In 2011, it is estimated that approximately 61.7% of the industry’s revenues were derived from gaming machines.

However, the level of reliance is not uniform across all club size categories. The following table summarises the level of gaming reliance for clubs of different sizes:

<table>
<thead>
<tr>
<th>EGM revenue by club size</th>
<th>$0-$200k</th>
<th>&gt;$200k-$1m</th>
<th>&gt;$1m-$5m</th>
<th>&gt;$5m-$10m</th>
<th>&gt;$10m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliance on EGM revenues</td>
<td>10.1%</td>
<td>35.4%</td>
<td>56.8%</td>
<td>67.5%</td>
<td>74.4%</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

As shown above, there is a positive correlation between reliance on EGM revenues and the value of EGM revenues.

Notwithstanding this ongoing reliance, there is some evidence that the industry has sought to expand its revenues from other business segments over the past four years. The contribution of catering activities to clubs’ total revenues increased by 1.3% compared with 2007 as a result of an increased focus on food offerings. In addition, the proportion of revenue derived from other diversified sources increased by 3.1% over the same period.

**Impact of indoor smoking bans on gaming machine revenues**

The introduction of a complete indoor smoking ban in NSW venues in July 2007 had a significant impact on gaming machine revenues. In total, EGM revenues declined by 10.6% in the year subsequent to the ban. Given the high levels of reliance on gaming, this reduction had a major impact on the financial performance and viability of a large number of clubs.

In response to the ban, clubs made a number of changes to their operations in an attempt to maintain their financial performance. These included:

- A focus on cost efficiencies, particularly in respect of employee benefits (which is the industry’s largest single cost, accounting for over 24% of total expenses in 2011). As a result, the industry shed approximately 4% of its workforce between 2007 and 2011 and shifted a larger proportion of staff to more flexible employment arrangements (including part-time and casual employment). The industry also reduced cash donations over the same period;
• An increased focus on non-gaming facilities, including catering operations and diversified activities; and

• The introduction of outdoor gaming facilities at some venues which allowed patrons to play gaming machines while smoking tobacco.

The majority of these actions were only available for larger clubs who had greater capacity to reduce operating costs and invest in new business ventures and outdoor gaming facilities. As result, while EGM revenues at these clubs recovered, revenues at small and mid-size clubs have remained lower than prior to the introduction of the smoking bans.

This is shown by the following chart which tracks the movement in EGM revenues for clubs of different sizes from July 2007:

**Movement in EGM revenue by club size since August 2007 (base = 1)**

![Chart showing movement in EGM revenue by club size]

Source: New South Wales Office of Liquor, Gaming and Racing (OLGR) 2011

**Financial viability issues face many clubs**

A number of registered clubs in NSW face uncertainty in respect of their long-term financial viability.

In their 2008 report on the industry, IPART recommended a number of measures that should be monitored by clubs in assessing their long term financial viability. One of these measures relates the ratio of a clubs EBITDA to revenue (commonly termed as “EBITDA %”). The tribunal suggested a series of ranges which could be used to assess the financial viability of clubs. The application of these ranges to the NSW registered club industry’s financial performance as revealed by *Club Census 2011* is shown below:
Financial viability of clubs

As shown above, there appears to be a marked correlation between the financial viability of clubs and their size (as reflected by their EGM revenues). As clubs increase in size, the proportion of clubs in either financial distress or serious financial distress reduces.

As an example, based on the results of Club Census 2011, 59% of clubs with EGM revenues of less than $1 million appear to be in some form of financial distress. This compares with 14% of clubs in the largest EGM revenue category. This highlights the need for clubs that are either in, or at risk of, financial distress to re-evaluate their existing business models to ensure their future viability.

The cycle of continuous investment to continue

Continuous investment in club facilities is critical to remaining competitive in a society faced with an increasing diversity of entertainment and recreation options.

In 2011, registered clubs made investments in capital expenditure (i.e. new buildings, refurbishments, plant & equipment etc.) of approximately $660 million.

Approximately 72% of registered clubs are expecting to reinvest in their club facilities over the next three years, which is largely unchanged from 2007. Interestingly, the intention to reinvest continues to decline in registered clubs with EGM revenues of less than $200,000. Since 2007, there has been a 6% decline in the proportion of these clubs expecting to reinvest in their facility over the next three years. This is in contrast to the largest club categories, with similar proportions expecting to invest in their club facilities as reflected in the 2007 survey.

Importantly, the value of expected investment in club facilities over the next three years is 28% less than that stated in 2007. This is attributed to the major investments expected by registered clubs in 2007 in anticipation of the introduction of indoor smoking bans, together with increased the impact of regulatory uncertainty in 2011. In particular, the planned introduction of mandatory pre-commitment technology in all gaming machines by 2014 resulted in many registered clubs deferring capital expenditure plans given the unknown impacts this technology may have on club revenues.
An uncertain outlook

In general, registered clubs in NSW reported a negative overall outlook for the industry, with 45% of respondents expecting conditions to deteriorate over the course of the next 12 months. This contrasts with 31% of clubs who expected an improvement in conditions.

Notwithstanding this challenging outlook, registered clubs in NSW plan to invest a total of $2.5 billion in club and sporting facilities over the next three years.

While this represents a decrease in planned expenditure since 2007, it nevertheless shows that clubs in NSW continue to refurbish facilities for the benefit of their members, given that the majority of this spending is intended to be spent on developing clubs’ principal operating premises. Sporting facilities are also a significant area of investment, with clubs intending to invest $450 million over the next three years on sporting facilities.

Resistance to consolidation

As part of Club Census 2011, clubs were asked a series of hypothetical questions in respect of their responses to deteriorations in revenues of between 10% and 30%. The majority of respondents indicated that increases in pricing or reduction in staffing and capital investment would be their most likely response.

Interestingly, less than 13% of respondents listed amalgamation or closure of club operations as being a response to the change if revenues decreased by 10% to 20%. This contrasts with IPART’s recommendation that clubs actively consider amalgamation or rationalisation as a response to changing industry conditions.

This demonstrates a continuing level of resistance within the industry to consolidation in the face of previously discussed financial viability concerns within large parts of the industry.

Club Census 2011 methodology

This report draws heavily on primary research conducted by KPMG as part of Club Census 2011. KPMG was engaged to examine the economic and social contribution of registered clubs in New South Wales (NSW), and this examination relied upon data obtained from NSW clubs during the course of Club Census 2011. All 1,471 clubs who were registered with the OLGR as at May 2011 were invited to participate. Further details of the structure and methodology of Club Census 2011 can be found at Appendices A and D.
1. Introduction

1.1 Overview

1.1.1 Context of this report

KPMG was engaged to examine the economic and social contribution of registered clubs in New South Wales (NSW). This examination relied upon data obtained from NSW clubs during the course of Club Census 2011.

This report summarises the results of this study. It has been prepared on a similar basis to three previous reports produced by the Allen Consulting Group (ACG) which examined the NSW registered clubs industry in 1999\(^2\), 2003\(^3\) and 2007\(^4\). Accordingly, its results are directly comparable to those presented in these earlier studies.

Since the time of the previous report, a number of developments have occurred which have impacted clubs in NSW. These include:

- The phased introduction of indoor smoking restrictions which were completed in July 2007;
- Several changes in gaming machine tax rates over the period under consideration;
- Several significant changes to the Registered Clubs Act and other state legislation, including:
  - The introduction of temporary seven day memberships;
  - The removal of limits on the number of members able to join a single registered club;
  - The deletion of provisions relating to the forfeiture of gaming machine entitlements upon amalgamation;
  - Changes to the Community Development and Support Expenditure (CDSE) scheme; and
  - The introduction of provisions which allow for the de-amalgamation of club venues.
- The impact of the “Global Financial Crisis” – which followed the collapse of Lehmann Brothers in September 2008 – on the broader economic environment;
- Changes in key economic indicators including economic growth, inflation, interest rates and unemployment; and
- The proposed introduction of a number of changes to gaming machine regulations by the Australian Government, including
  - The introduction of a mandatory pre-commitment regime for all electronic gaming machines;
  - The introduction of dynamic warnings on all gaming machines; and
  - The introduction of a $250 daily withdrawal limit on all Automatic Teller Machines (ATMs) located in gaming venues across Australia.

\(^2\) Allen Consulting Group, 2000
\(^3\) Allen Consulting Group, 2004
\(^4\) Allen Consulting Group, 2008
Note that subsequent to the conclusion of Club Census 2011, the Australian Government abandoned the proposed policy in respect of mandatory pre-commitment.

Further information in respect of these changes and their impact of the NSW registered clubs sector can be found at section 2.3.2 of this report.

1.1.2 Objectives of the study

The overall objective of this study is to provide a robust platform of knowledge in respect of registered clubs in NSW, with particular reference to their economic and social contribution.

Specific objectives agreed with ClubsNSW under terms of reference for this project include to:

• Summarise the demographic profile of registered club members in NSW in 2011 and consider how and why this may have changed since the time of previous studies;
• Examine the financial performance and financial position of registered clubs in NSW and comment on their viability;
• Estimate the economic contribution of registered clubs in NSW and quantify the impact of the industry on key economic indicators including Gross State Product (GSP) and employment;
• Profile the social contribution of registered clubs in NSW and estimate the value of services provided by registered clubs in the state;
• Comment on the outlook for the industry and examine the overall level of confidence amongst club managers. Consider the impact of this outlook on decisions made by registered clubs in the future including in respect of investment, employment and their ongoing operation.

Further information in respect of the validity of the information included in this report, together with the conduct of Club Census 2011 is included at Appendices A and B.
2. Profile of the industry

2.1 Key findings

- Registered clubs can trace their origins to 1905 when the first sporting and business clubs were registered in NSW. The industry has since expanded and now consists of more than 1,450 venues.

- The legalisation of gaming machines in 1956 provided the industry with a significant source of revenue, allowing registered clubs to invest in improved facilities for members.

- Since the time of the last report in 2007, there have been a number of significant changes in the business and regulatory environment which have impacted on the operations of registered clubs. These include the introduction of indoor smoking bans, changes in gaming machine tax rates and the proposed introduction of gaming reforms, including mandatory pre-commitment by players (which was subsequently abandoned by the Australian Government).

- The number of registered clubs in the NSW industry has contracted by approximately 4.2% since 2007.

- The industry is highly fragmented, with a significant variety of clubs operating throughout the state. These include bowling, golf, and other sporting clubs, RSL and service clubs, league clubs and community clubs.

- There is also significant variety in the size of clubs. The largest club according to membership (an amalgamated leagues club) has more than 110,000 members, whereas the smallest (a bowling club) consists of just 26 members.

- The industry has a cumulative membership of 5.7 million people. This has increased from 5.5 million (3.6%) since 2007.

- The industry has clubs operating in all regions across the state.

2.2 Defining clubs

Registered clubs are not-for-profit organisations that provide lifestyle and community-focused goods and services to members and their local communities. These are provided through a democratic, member led business model which is focused on the provision of recreational services to the benefit of the clubs’ members. Often these activities are cross-subsidised through profitable electronic gaming operations.

For the purposes of this report, “Registered Clubs” are defined as any venue or organisation which holds a club licence under the terms of the Liquor Act. Each venue within an amalgamated group was considered separately when reporting data and extrapolating results. There were approximately 90 amalgamated groups, which comprise two or more venues.
2.3 Evolution of the industry

2.3.1 Early development of the clubs sector in NSW

The origins of registered clubs in NSW can be traced back to 1905, when the first licensed clubs were approved for trading in the state. Under the original Liquor Act, the number of registered clubs was capped at 85 and consisted principally of small, exclusive sporting and business clubs.

In 1946, the Liquor Act was amended to lift the cap in the number of registered clubs to 350. The increase in the cap reflected a growing demand for local clubs within the broader community. As a result of this, together with further liberalisation in liquor laws which loosened restrictions on the establishment of registered clubs, the industry experienced significant and rapid growth.

By 1950, the number of registered clubs had reached the 350 cap. This followed the rapid registration of numerous Service Clubs which were established in response to the growing demand for social interaction from servicemen who had returned from the Second World War.

Growth in registered clubs was also fuelled by the growing popularity of lawn bowls during the first half of the 20th Century.

Following a Royal Commission into liquor laws in NSW which was held between 1951 and 1954, the Licensing Court was given the power to grant licences above the 350 cap. In order to be granted registration by the Court, applicants were required to demonstrate the need for the club within the community, and ensure that appropriate amenities were available to members.

Within three years of this change in regulation, the number of registered clubs in NSW increased from 350 to 932.

Before 1956, gaming machines had been introduced into some clubs, but it was not until May 1956 that their operation was legalised following considerable community debate. Gaming machines provided a significant source of profits to the rapidly growing industry, allowing registered clubs to invest in expanded facilities for members and their local communities.
The growth of the industry is summarised at Figure 2.1 below:

**Figure 2.1: Growth in the registered clubs industry**

Since the last socio-economic impact report was released in February 2008, there have been a number of developments which have impacted the registered clubs industry in NSW.

These are presented in the following timeline:

**Figure 2.2: Developments affecting the NSW registered clubs industry**

Source: IPART 2008, p.27; ClubsNSW; KPMG analysis

Source: ClubsNSW; KPMG Analysis
Additional information in respect of the key developments highlighted above is outlined as follows:

**Indoor smoking restrictions**

NSW Registered clubs together with hotels and the Sydney casino were subject to the phased introduction of indoor smoking bans from 2005.

Whilst all indoor venues became completely smoke free on 2 July 2007, tobacco smoking is permitted in certain outdoor areas in accordance with the provisions of the *Smoke-Free Environment Regulation*. As a result, a number of clubs have constructed extensive outdoor facilities (including outdoor gaming areas) which allow patrons to continue smoking whilst utilising facilities provided by clubs.

The changes saw a significant reduction in revenues from gaming machines, with revenue reducing by 10.6% from $3.2 billion to $2.9 billion in the first full-year of application. Since this time, gaming has substantially recovered in nominal terms, with clubs recording gaming machine revenues of $3.1 billion in the 12 months to November 2011. It is noted that in real terms (i.e. adjusted for inflation) EGM revenues remain well below levels generated prior to the introduction of indoor smoking bans.

These movements are summarised at figure 2.3 below:

**Figure 2.3: Moving annual EGM revenue (all club venues)**

Source: OLGR 2011a

**Independent Pricing and Regulatory Tribunal Report**

In July 2008, the NSW Independent Pricing and Regulatory Tribunal (IPART) released its report reviewing the NSW registered club industry. The report found that clubs made a significant social and economic contribution to the state and recommended that they continue to be supported by government policy.

The report contained 69 recommendations designed to improve clubs’ financial performance and long term viability.

Many of the recommendations contained within the report formed the basis of reforms outlined in the Memorandum of Understanding signed between ClubsNSW and the NSW Liberal and National Parties (see subsequent point below).

**First tranche of amendments to registered clubs legislation**

In June 2009, it was announced that the *Registered Clubs Act* would be amended to reflect a number of recommendations made by IPART.
The *Liquor and Registered Clubs Legislation Amendment Act* allowed clubs to issue seven day temporary memberships, remove limits on the number of members a club can have and to allow clubs to operate commercial catering operations off premises.

**Changes in gaming machine tax rates**

On 10 October 2010, a Memorandum of Understanding was signed between ClubsNSW and the NSW Liberal and National Parties. The agreement outlined the club related policies of a future Coalition government, and contained provisions designed to amend EGM tax rates, streamline the amalgamation process and facilitate de-amalgamations, strengthen governance arrangements and improve the Community Support and Development Expenditure (CDSE) scheme.

Following the election of the Coalition in May 2011, the *Gaming Machine Tax Amendment Act* was passed by the NSW parliament, implementing reduced gaming machine tax rates for clubs (which are estimated to total more than $300 million over the first four years of their application5).

The changes in EGM tax rates which were effective from 1 September 2011 were as follows:

**Table 2.1: Changes in gaming machine tax rates**

<table>
<thead>
<tr>
<th>Annual EGM revenue band</th>
<th>Sep 2007 – Aug 2011(2)</th>
<th>From 1 Sep 2011(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nil - $200,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$200,000 - $1 million (for clubs with revenue &lt; $1 million)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$200,000 - $1 million (for clubs with revenue &gt; $1 million)</td>
<td>10.00%</td>
<td>10.00%</td>
</tr>
<tr>
<td>$1 million - $5 million (1)</td>
<td>19.50%</td>
<td>18.05%</td>
</tr>
<tr>
<td>$5 million - $10 million</td>
<td>24.50%</td>
<td>22.55%</td>
</tr>
<tr>
<td>$10 million - $20 million</td>
<td>27.50%</td>
<td>24.55%</td>
</tr>
<tr>
<td>&gt; $20 million</td>
<td>29.40%</td>
<td>26.55%</td>
</tr>
</tbody>
</table>

Notes  
(1) Effective rate is graduated for clubs between $1 million and $1.8 million  
(2) Excludes GST and CDSE contributions  
(3) Excludes GST and ClubGRANTS Category 1 and 2 contributions  
Source: OLGR 2012

In addition, ClubGRANTS (formerly CDSE scheme) has been reconfigured to increase the tax rebate for registered clubs from 1.5% to 2.25% of gaming machine profits over $1 million.

**Second tranche of amendments to registered clubs legislation**

In November 2011, further amendments were made to the *Registered Clubs Act*, the *Liquor Act* and the *Gaming Machines Act*. An amendment to the *Gaming Machines Act* resulted in the deletion of the provision relating to gaming machine forfeitures for clubs undergoing the amalgamation process. The legislative change was in line with recommendations stemming from the IPART Report, which found that forfeiture requirements were a significant disincentive for clubs to amalgamate and establish new premises.

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5 New South Wales Parliamentary Debates, 2011

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The legislation also further facilitated the de-amalgamation process by enabling a club licence to be transferred to another club, thereby enabling core property to be negotiated by private treaty and exempting de-amalgamating clubs from local impact assessment requirements.

The legislation also contained a commitment to implement the key governance recommendations of the IPART Report. These include mandatory director training, allowing board appointments and implementing a triennial rule for board elections.

**Productivity Commission Report on Gambling**

On the 23 June 2010, the Australian Government released the Final Report of the Productivity Commission’s Public Inquiry into Gambling. The report contained a number of recommendations including partial voluntary pre-commitment by 2013, limits on ATM access, liberalisation of the online gambling environment and a trial of a mandatory pre-commitment.

In its original response to the Report, the Government rejected the recommendation to liberalise the online gambling environment, maintaining the prohibitions on online gambling outlined in the *Interactive Gambling Act*.

**Agreement between the Prime Minister and Mr Andrew Wilkie MP**

Following an inconclusive election result, in September 2010 the Prime Minister entered into an agreement with Mr Andrew Wilkie MP, the newly elected Federal Member for Denison.

In exchange for Mr Wilkie’s commitment to support the minority government, the Prime Minister provided assurances to implement a number of reforms in relation to gaming machines, including:

- The introduction of a mandatory pre-commitment regime for all electronic gaming machines by 2014;
- The introduction of dynamic warnings on all gaming machines; and
- The introduction of $250 daily withdrawal limits on ATMs located in gaming venues.

In response, a number of organisations including ClubsNSW, launched a significant advertising and public awareness campaign in opposition to the proposals.

**Release of revised proposed regulations on gaming**

On the 21 January 2012, the Prime Minister announced that the terms of the agreement with Mr Wilkie – particularly in respect of mandatory pre-commitment – would not be met.

**Future regulatory challenges**

Future regulatory challenges that may impact registered clubs include carbon tax legislation, the proposed reform of not-for-profit company income tax exemptions, and potential changes to alcohol point of sale warning signs.

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6 Productivity Commission, 2010
7 Agreement between The Hon Julia Gillard and Mr Andrew Wilkie, 2010.
8 Wilkie, Andrew MP, Federal Member for Denison, 2011.
2.4 Club characteristics

2.4.1 Number and type

In July 2011, there were approximately 1,471 registered clubs in NSW, down from 1,535 in 2007. This 4.2% decline continues a trend noted in the previous report, and is attributable to a combination club closures and ongoing rationalisation.

Of the 1,471 registered clubs in NSW, 219 are part of an amalgamated group. This is generally where a "parent" club controls the operations and future direction of its "subsidiary" clubs. When the clubs within an amalgamated group are considered to be one club only, the total number of clubs in NSW was 1,343.

There is a significant variety of registered clubs in NSW. These range from sporting and service clubs, to community and cultural/religious clubs. Figure 2.4 summarises the types of clubs registered in NSW:

**Figure 2.4: Types of clubs in NSW**

![Types of clubs in NSW](image)

As shown above, bowling clubs are the most populous, with 471 registered in NSW in 2011. These are followed by RSL/Service clubs which total 290 and Sporting/Recreation clubs, which comprise 265 venues.

Combined, these three categories account for 70% (2007:73%) of all club venues in the state.

2.4.2 Size of clubs

In addition to types, there is also significant variability in terms of the size of clubs in NSW.

The most common way of defining clubs according to their size is with reference to their total annual EGM revenues. Figure 2.5 summarises the size of clubs in NSW according to their annual EGM revenues:
Approximately 677 clubs in NSW generated EGM revenues of less than $200,000 per annum. There were 66 clubs in 2011 that generated EGM revenues of greater than $10 million.

Of the 1,471 clubs registered in NSW in 2011, 677 generated annual EGM revenues of less than $200,000. These were followed by 351 clubs that generated EGM revenues of between $200,000 and $1 million, and 302 clubs that generated between $1 million and $5 million. At the top end of the market, there were 75 clubs that generated EGM revenues of between $5 million and $10 million, and 66 that were above this level.

There is significant variability between the average sizes of club types when categorised according to their EGM revenues. Figure 2.6 presents the portions of total clubs in each revenue category according to their club type:

Source: Club Census 2011; KPMG analysis
As shown above, League/Football and RSL/Services clubs represent the greatest proportion of the largest size categories of clubs, accounting for 65% of venues generating greater than $5.0 million in annual EGM Revenues.

Bowling and golf clubs on the other hand represent the greatest number of smaller clubs according to annual EGM revenues.

This trend is similar to the position reflected in the 2007 Report.

### 2.4.3 Membership

Registered club membership in NSW has increased from 5.5 million in 2007 to 5.7 million in 2011, representing growth of 3.6% from 2007. This reflects an average growth of 0.9% per annum.

Changes in membership are reflected in Figure 2.7 shown below:

**Figure 2.7: Total cumulative membership of registered clubs in NSW**

Source: Club Census 2011; KPMG analysis

Growth in total membership numbers has continued to slow over the past four years and is now below the annual NSW population growth rate of 1.4% over the same period.

Given that there are approximately 5.4 million people aged 18 and over in NSW\(^9\), there is more than one club membership per adult person in NSW. This may indicate that a number of individuals currently hold membership of more than one registered club, or may be due to a number of out-of-state residents being members of NSW registered clubs.

In terms of gender, clubs have a majority male membership base (55%) with females comprising 45% of overall club members.

There is significant variability in the size of clubs’ membership bases. Of the clubs surveyed for this report, the smallest club – a bowling club – reported having 26

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\(^9\) Australian Bureau of Statistics, 2011a
members. The largest on the other hand – an amalgamated leagues club – reported having 110,134 members.

Of the clubs that responded to Club Census 2011, the average number of members was approximately 8,000 during 2011 (2007: 6,000). The average number of members across all clubs is NSW is approximately 3,800 (2007:4,000).

2.4.3 Geographic spread

Registered clubs operate throughout NSW. Although there are a large number of clubs that operate in metropolitan areas, there is also a significant number of smaller clubs located in regional and rural locations.

Figure 2.9 summarises the distribution of registered clubs across the various regions of NSW:

**Figure 2.9: Spread of clubs across NSW regions**

Registered clubs operate throughout all regions of NSW.

The Sydney region, whilst having the greatest number of clubs (607) has the lowest number of clubs per 10,000 people in the state (1.4). This signifies that that the metropolitan clubs tend to have larger membership bases as a reflection of the population in the region. Consequently, the clubs tend to be larger in size, as reflected by 77% of clubs which have greater than $10 million in EGM revenue being located in the Sydney region.

Clubs in the Central West, Murray, Murrumbidgee, Far West and Northern regions of NSW have a similar number of clubs per 10,000 people (ranging from 4.3 to 4.7). Clubs in these regions tend to have smaller membership bases, and are more likely to have less than $200,000 in EGM revenue. The North Western region had the highest number of clubs per 10,000 people (6.3), and reflects that clubs in rural regions are a dominant part of the community as alternative venues for entertainment for patrons are limited.
Clubs in the South Eastern, Illawarra, Hunter, Richmond/Tweed and Mid North Coast regions also had a similar figure for clubs per 10,000 people (ranging from 2.5 to 3). This reflects the increased population in these regions, and more options for entertainment and leisure activities being available due to more tourism options in these regions compared to further inland, which directly compete with registered clubs.

*Figure 2.10: Split of clubs between regional and metropolitan locations*

Approximately 43% of clubs in NSW are located in regional areas. Clubs in regional locations tend to be smaller in terms of EGM revenue than in metropolitan locations. Further comparisons between regional and metropolitan clubs are found in Chapter 5.
3. Financial performance

3.1 Key findings

- Clubs generated cumulative total revenues of $5.0 billion during 2011. Of this amount, 44.9% was generated by clubs with greater than $10 million in annual EGM revenues.
- Gaming was the single largest contributor to club revenues during 2011. Overall reliance on gaming was approximately 61.7%, down 1.5% since the last survey was conducted in 2007.
- This decline in the reliance on gaming was attributed to an increase in income from outside traditional club operations. The contribution of these activities to revenue rose from 2.9% in 2007 to 6.0% in 2011.
- The industry experienced a 10.6% reduction in EGM revenue in the 12 months following the introduction of indoor smoking bans in July 2007. Whilst overall EGM revenues have since increased, the recovery has not been evenly spread with the largest clubs experiencing high growth and many smaller venues remaining below pre-smoking ban levels.
- This factor was a key contributor to high levels of financial distress within the industry. Approximately 59% of clubs with EGM revenues below $200,000 per annum appear to be in some form of financial distress.
- Overall, 64% of the industry is at risk of financial distress according to definitions recommended by IPART.
- In 2011, registered clubs paid $1.4 billion in taxes to revenue authorities.

3.2 Revenue

3.2.1 Defining revenue

For the purpose of this report, revenue is defined as the gross inflow of economic benefits that arises from the normal activities of the registered club.\(^\text{10}\)

Registered clubs generate their revenue from a variety of sources including sale of goods (such as food and beverages) and provision of services (such as gaming, entertainment and rent of facilities). Clubs also generate income from members via annual membership fees.

3.2.2 Revenue generated by the NSW registered clubs industry

Based on the results of Club Census 2011, registered clubs in NSW generated total revenues of $5.0 billion during 2011 (2007: $4.9 billion\(^\text{11}\)).

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\(^\text{10}\) Note that revenue is quoted exclusive of GST.

\(^\text{11}\) The revenue figure quoted in the Allen Consulting Group report Socio-Economic Impact Study of Clubs in NSW (2007) included GST. This figure has been revised to allow for a comparison to be made to the 2011 revenue figure on a like-for-like basis.
Figure 3.1 summarises the gross revenue generated by the different sizes of registered clubs:

**Figure 3.1: Gross revenue by club size**

![Graph showing gross revenue by club size](image)

Source: Club Census 2011; KPMG analysis

The largest clubs (i.e. those with greater than $10 million in gaming machine revenues) generated the most aggregate income, contributing 44.9% of total revenue produced by the industry in 2011. These were followed by those clubs with EGM revenues of between $1 million and $5 million who collectively produced 23.9% of the industry’s total revenue.

### 3.2.3 Sources of club revenue

As noted previously, clubs generate revenues from a variety of activities. Sources of this revenue for the overall industry are summarised below in Table 3.1:

| Source: Club Census 2011; KPMG analysis |

The industry remains heavily reliant on gaming machines, which contributed 61.7% of revenues in 2011.

**Table 3.1: Sources of revenue**

| Source: Club Census 2011; KPMG analysis |

- **Membership**: 1.4% in 2003, 3.2% in 2007, 1.8% in 2011. Change since 2007: (1.4%).
- **Food**: 7.0% in 2003, 7.0% in 2007, 8.3% in 2011. Change since 2007: 1.3%.
- **Beverage**: 14.8% in 2003, 16.6% in 2007, 16.1% in 2011. Change since 2007: (0.5%).
- **Rental income**: 0.8% in 2003, 1.1% in 2007, 1.2% in 2011. Change since 2007: 0.1%.
- **Gaming machines**: 68.4% in 2003, 63.2% in 2007, 61.7% in 2011. Change since 2007: (1.5%).
- **Other gaming**: 1.9% in 2003, 2.2% in 2007, 1.1% in 2011. Change since 2007: (1.1%).
- **Sports**: 1.3% in 2003, 2.0% in 2007, 2.0% in 2011. Change since 2007: -.
- **Ancillary business**: 1.4% in 2003, 1.8% in 2007, 1.8% in 2011. Change since 2007: -.
- **Other**: 3.1% in 2003, 2.9% in 2007, 6.0% in 2011. Change since 2007: 3.1%.
Sources of revenue for clubs of different sizes are summarised at Table 3.2 below:

Table 3.2: Sources of revenue by club size (2011)

<table>
<thead>
<tr>
<th>Sources of revenue</th>
<th>$0-$200k</th>
<th>&gt;$200k-$1m</th>
<th>&gt;$1m-$5m</th>
<th>&gt;$5m-$10m</th>
<th>&gt;$10m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>12.7%</td>
<td>4.6%</td>
<td>1.2%</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Food</td>
<td>5.9%</td>
<td>6.5%</td>
<td>8.5%</td>
<td>9.1%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Beverage</td>
<td>27.1%</td>
<td>35.7%</td>
<td>22.3%</td>
<td>14.9%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Rental income</td>
<td>2.4%</td>
<td>2.4%</td>
<td>0.9%</td>
<td>1.3%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>10.1%</td>
<td>35.4%</td>
<td>56.8%</td>
<td>67.5%</td>
<td>74.4%</td>
</tr>
<tr>
<td>Other gaming</td>
<td>0.5%</td>
<td>2.2%</td>
<td>1.7%</td>
<td>1.2%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Sports</td>
<td>7.7%</td>
<td>4.0%</td>
<td>1.3%</td>
<td>0.4%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Ancillary business</td>
<td>2.0%</td>
<td>1.9%</td>
<td>1.4%</td>
<td>1.7%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Other</td>
<td>31.6%</td>
<td>7.3%</td>
<td>5.9%</td>
<td>3.3%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

Gaming machines
As shown at Table 3.2, the overall industry continues to be reliant on gaming machines for the majority of its income.

On average, clubs generated 61.7% of their total revenues from gaming machines in 2011, ranging from 10.1% for the smallest clubs to 74.4% for the largest clubs with greater than $10 million of EGM revenue. Whilst 1.5% lower than recorded during the previous study conducted in 2007, gaming remains by far the largest single contributor to revenue and profitability for the majority of clubs in NSW.

The decline in reliance on gaming is partially attributable to the significant decline in gaming revenues which occurred following the introduction of a total ban on smoking in indoor venues in mid-2007, and its related effects on clubs in NSW. This trend is summarised in Figure 3.2 which presents the moving annual EGM revenue in NSW between February 2006 and November 2011.
After reaching an all-time high of $3.2 billion during the year ended 30 June 2007, the introduction of indoor smoking bans on 2 July 2007 resulted in an overall 10.6% reduction in gaming machine turnover during the year ended 30 June 2008. The relatively high profit margins contributed by gaming meant that this decline had a significant impact on the profitability of a large number of clubs during the first year of introduction.

Since this time, overall EGM revenues have substantially recovered in nominal terms, with state-wide EGM revenue for clubs increasing by 4.4% and 4.2% during FY09 and FY11 respectively. EGM revenue for the 12 months ended November 2011 was $3.1 billion. It is noted that in real terms (i.e. adjusted for inflation since February 2007) EGM revenue for the 12 months ended November 2011 was $2.7 billion, approximately $500 million below levels generated prior to the introduction of indoor smoking bans.

The partial recovery in EGM revenues however has not been evenly spread across the industry. Figure 3.3 summarises the movement in EGM revenues for clubs of different sizes since the introduction of indoor smoking bans. In order to aid comparison between the categories, moving annual EGM revenues in August 2007 have been set to 1 for all size categories.

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**Figure 3.2: Moving annual EGM revenue (state-wide, all venues)**

![Graph showing moving annual EGM revenue](image)

Notes: Real moving annual EGM revenue as reflected above is calculated by adjusting nominal moving annual EGM revenue by changes in the quarterly consumer price index from February 2007

Source: OLGR, 2011; RBA, 2012; KPMG Analysis

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12 OLGR, 2011
Figure 3.3: Movement in EGM revenue by club size since August 2007 (base = 1)

Source: OLGR 2011; KPMG Analysis

The key observations from this chart include the following:

- Following the introduction of the total indoor smoking ban, the majority of club categories saw immediate reductions in EGM revenues.
- For the two largest club categories, EGM revenues have since recovered and are now approximately 6% above their July 2007 levels.
- For clubs with annual EGM revenues between $200,000 and $5 million, the deterioration in the contribution of gaming machines has continued. EGM revenues for these clubs were between 82% and 88% of their July 2007 levels. This may be because clubs of these sizes did not have the financial capacity to introduce the changes made by larger clubs (e.g. outdoor gaming facilities).
- Interestingly, the smallest clubs (i.e. those with less than $200,000 in EGM revenues) have experienced moderate growth in gaming throughout the period. These venues are typically not reliant on gaming income (10.1% of their 2011 revenues), with many being bowling and golf clubs who continued to attract patronage notwithstanding the introduction of indoor smoking bans.

In addition to indoor smoking bans, other changes in regulation, such as changes in gaming machine taxes and the proposed introduction of gaming reforms (including a mandatory pre-commitment regime) by the Australian Government served to increase the regulatory risk associated with EGM revenues. This encouraged a number of clubs to focus on growing revenues from other sources by way of diversification (see subsequent point below).

This expansion of diversified revenues may have further reduced the industry’s overall reliance on gaming over the period.

**Beverage sales**

Beverage sales as a proportion of total revenue remained consistent compared with the previous survey, contributing 16.1% of industry turnover in 2011, down from 16.6% in the previous period.

**Catering**

Clubs generated an increase in the contribution of food sales to total revenues, with catering income increasing from 7.0% to 8.3% of total club revenue.
This increase followed the introduction of expanded catering facilities by a number of larger club venues during the period. A number of clubs also changed their catering arrangements from being outsourced to being internally operated over the same period. This resulted in an increase in catering income for the industry.

Several clubs have also attributed the increase to an improvement in the appeal of club catering venues following the introduction of a total indoor smoking ban in July 2007. The change also resulted in a number of clubs introducing expanded outdoor recreation facilities, including outdoor dining areas. It is noted that such outdoor dining areas must be smoke-free by 2015.

**Membership fees**

The proportion of revenues derived from membership fees declined from 3.2% to 1.8% over the four years to 2011. This followed a number of clubs not passing on membership fee increases over the period in order to attract more members to their venues.

**Other sources**

The proportion of revenues generated from other sources increased significantly during the period from 2.9% to 4.8%.

Other income includes revenues from diversified activities including accommodation, gymnasiums, other recreation facilities, commercial rental arrangements and even aged care facilities. This growth reflects an increase in the degree of revenue diversification over the period.

### 3.3 Expenditure

Clubs in NSW incur a variety of expenses from their operating activities.

Based on the results of *Club Census 2011*, registered clubs in NSW incurred total expenses of $4.7 billion during 2011. Figure 3.4 summarises the gross expenditure incurred by the different sizes of registered clubs during 2011:

**Figure 3.4: Gross expenditure by club size**

![Figure 3.4: Gross expenditure by club size](image)

Source: *Club Census 2011; KPMG analysis*
Sources of this expenditure are summarised below in Table 3.3 below:

### Table 3.3: Sources of expenditure

<table>
<thead>
<tr>
<th>Percentage of total expenditure</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of goods sold - food</td>
<td>4.3%</td>
</tr>
<tr>
<td>Cost of goods sold - beverages</td>
<td>8.3%</td>
</tr>
<tr>
<td>Cost of goods sold - other</td>
<td>1.5%</td>
</tr>
<tr>
<td>Gaming machine licences and taxes</td>
<td>15.7%</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>24.4%</td>
</tr>
<tr>
<td>Operating lease rental costs</td>
<td>0.9%</td>
</tr>
<tr>
<td>Cash grants/ donations</td>
<td>2.2%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>9.9%</td>
</tr>
<tr>
<td>Interest</td>
<td>1.7%</td>
</tr>
<tr>
<td>Other</td>
<td>31.1%</td>
</tr>
</tbody>
</table>

*Source: Club Census 2011; KPMG analysis*

As shown above, excluding “other expenses”, the largest single contributor of costs to clubs is employee benefits which represent 24.4% of the industry’s total cost base. This is followed by gaming machine taxes which comprises 15.7% of total costs.

“Other expenses” include administration, property and general expenses incurred in a club’s day-to-day operations.

Note that further information in respect of employee benefits expenses is included at section 5.2. Information in respect of tax and interest expenses incurred by NSW registered clubs is also included at sections 3.5 and 4.4 respectively.

### 3.4 Profitability

The profitability of clubs is generally gauged through examining Earnings before Interest, Income Tax, Depreciation and Amortisation (EBITDA). EBITDA provides an indication of the operating cash flows of the industry, being the cash generated by clubs before payment of financing costs or capital expenditure.

Based on data collected through *Club Census 2011*, it is estimated that the NSW registered clubs industry generated cumulative EBITDA of approximately $720 million in 2011. This EBITDA is utilised by registered clubs towards making debt payments (both interest and principal), making income tax payments, and investing in capital improvements.
The composition of this amount according to the club size is shown below at Figure 3.5 below:

**Figure 3.5: Cumulative EBITDA by club size**

![Graph showing cumulative EBITDA by club size]

As shown above, the largest clubs contribute approximately 55% of EBITDA for the industry. The smallest clubs (i.e. those with less than $200k in EGM revenues) contribute 2% of industry profits.

On average, the largest-sized clubs (i.e. those with EGM revenues greater than $10 million per annum) generated EBITDA in 2011 of $5.8 million. The smallest clubs generated average EBITDA of just $39,000 in 2011.

Further information in respect of the implications of profitability on the financial viability of registered clubs can be found at section 3.6.

### 3.5 Taxation

#### 3.5.1 Sources of taxation

Taxation represents a significant portion of the total expenditure incurred by registered clubs in NSW. Clubs are subject to a range of taxes levied by the various levels of government. These include:

- Federal Government taxes, including:
  - Company income tax;
  - Goods and services tax (GST);
  - Fringe benefits tax (FBT);
- State Government taxes, including
  - Gaming machine taxes;
  - Payroll tax;
  - Stamp duties on property transfers;
- Various local government rates and levies.
In addition, clubs remit employment income taxes to the Australian Taxation Office on behalf of employees. Note that these amounts form part of employee benefits paid by clubs, and accordingly have not been included as taxes for the purposes of this section.

In 2011, clubs paid approximately $1.4 billion in taxes. This comprises the following:

**Figure 3.6: Taxes paid by clubs**

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>$0-$200k</th>
<th>&gt;$200k-$1m</th>
<th>&gt;$1m-$5m</th>
<th>&gt;$5m-$10m</th>
<th>&gt;$10m</th>
</tr>
</thead>
<tbody>
<tr>
<td>State govt gaming machine taxes</td>
<td>29</td>
<td>80</td>
<td>119</td>
<td>110</td>
<td>536</td>
</tr>
<tr>
<td>GST</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>34</td>
</tr>
<tr>
<td>Other state government taxes</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Payroll tax</td>
<td>1</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council rates and taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: GST based on 10% of club revenues*

*Source: Club Census 2011; KPMG analysis*

Excluding GST, gaming machine taxes represents the largest form of taxation for clubs with greater than $1 million in EGM revenues. This is consistent with both increased reliance on EGM revenues for these categories of clubs (as shown at section 3.2.3) and progressive increases in gaming machine tax rates (as detailed below at section 3.5.3).

For the two smallest categories of clubs (who have less reliance on EGM revenues and are subject to lower rates of gaming machine tax), the most significant forms of taxation are council rates and taxes, income tax and payroll tax.

### 3.5.3 Gaming machine taxes

Gaming machine taxes represents the largest single form of taxation levied on the NSW registered clubs industry.

Gaming machine taxes are levied based on a progressive tax scale depending on the level of turnover at an individual registered club venue. Gaming machine taxes that applied during the period under consideration are summarised below:
Table 3.4: Gaming machine tax rates

<table>
<thead>
<tr>
<th>Annual EGM revenue band</th>
<th>Sep 2007 – Aug 2011(2)</th>
<th>From 1 Sep 2011(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nil - $200,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$200,000 - $1 million (for clubs with revenue &lt; $1 million)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$200,000 - $1 million (for clubs with revenue &gt; $1 million)</td>
<td>10.00% 10.00%</td>
<td></td>
</tr>
<tr>
<td>$1 million - $5 million (1)</td>
<td>19.50% 18.05%</td>
<td></td>
</tr>
<tr>
<td>$5 million - $10 million</td>
<td>24.50% 22.55%</td>
<td></td>
</tr>
<tr>
<td>$10 million - $20 million</td>
<td>27.50% 24.55%</td>
<td></td>
</tr>
<tr>
<td>&gt; $20 million</td>
<td>29.40% 26.55%</td>
<td></td>
</tr>
</tbody>
</table>

Notes: (1) Effective rate is graduated for clubs between $1 million and $1.8 million
(2) Excludes GST and CDSE contributions
(3) Excludes GST and ClubGRANTS Category 1 and 2 contributions
Source: OLGR 2012

3.5.2 Company income taxes

The majority of registered clubs in NSW are incorporated under the Corporations Act and are treated as companies for income tax purposes. As a result, in 2011 the majority of taxable income of clubs was taxed at the prevailing company tax rate of 30%. In 2011, Clubs in NSW paid approximately $18.9 million in income tax.

Note that clubs are subject to a number of concessions and exemptions which serve to reduce the taxable income of clubs. The two main forms of these exemptions are as follows:

Sporting club exemption
Under the Income Tax Assessment Act, registered clubs which are established for the purpose of encouraging sport are exempt from income tax.

Figure 3.7 summarises the proportion of clubs for which this exception applies:

Figure 3.7: Taxable status

Source: Club Census 2011; KPMG analysis
**Principle of mutuality**

The mutuality principle is a legal principle established by case law based on the proposition that a taxpayer cannot derive income from itself. The principle provides that where a number of persons contribute to a common fund created and controlled by them for a common purpose, any surplus arising from the use of that fund for the common purpose is not income.

As a result of this principle, clubs are not taxed on income produced from their members. The principle also means that clubs cannot deduct expenses incurred in respect of the provision of products and services to their membership.

Clubs are instead taxed on profits which are derived from providing services to third parties. This includes income derived from visitors to the clubs premises and proceeds from non-core commercial activities (e.g. Rent, investment income etc.).

The following chart summarises the non-membership percentage applied to core activities at clubs:

**Figure 3.8: Visitors’ percentage**

On average, in 2011 non-exempt clubs in NSW were subject to income tax on 20.67% of their core operating income as a result of the mutuality principle.

### 3.6 Financial viability

#### 3.6.1 Background

In the club industry, a club is generally considered to be financially viable if it can generate sufficient funds from its operating activities to enable it to cover the costs of providing services to its membership and local community. The club must also be able to meet its financial obligations and have the financial capability to reinvest in facilities in order to remain relevant and competitive.

The financial viability of clubs is a key consideration when examining the sustainability of the industry’s economic and social contribution.

In their 2008 report, IPART performed a detailed examination of the financial viability of the industry by looking at clubs’ earnings and expenditures. It also considered the indicators of an individual club’s financial viability and signs of financial distress, and
examined how clubs’ viability varied by size. In addition it considered the reasons why some clubs were prospering while others were declining.

IPART’s key findings in respect of financial viability included:

- Most clubs are heavily dependent on gaming machine revenue
- Individual clubs were prospering or declining for a variety of reasons, including:
  - Access to volunteer labour;
  - The skills and effectiveness of its Board and management teams;
  - Competition within the local community both from other clubs and alternate forms of entertainment; and
  - Demographic and social changes within their local communities.

3.6.2 Assessing the financial viability of registered clubs

IPART proposed a series of profitability measures which could be assessed in examining the financial viability of individual clubs. These were:

- EBITDA %
- EBITDARD %
- Operating cash flows/working capital deficiency
- Operating cash flows/borrowings
- Capital expenditure/operating cash flows

In recommending their use, IPART emphasised that on their own, each measure does not provide a definitive picture of a club’s financial viability. Hence each measure needs to be considered together with other measures, in order to paint a complete picture of a club’s financial viability.

The above measures were calculated for the registered clubs industry based on the data submitted by participants in Club Census 2011. The following summarises the results of this analysis:

3.6.3 EBITDA %

EBITDA % is calculated as follows:

\[
EBITDA \% = \frac{\text{Earnings before interest, income tax, depreciation and amortisation}}{\text{Total revenue}}
\]
The financial viability range proposed by IPART in their report are summarised below at Table 3.5:

**Table 3.5: EBITDA % as an indicator of financial distress**

<table>
<thead>
<tr>
<th>EBITDA %</th>
<th>Financial condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 25.0%</td>
<td><strong>Business flourishing:</strong> Ability to reinvest and reinvent as required</td>
</tr>
<tr>
<td>15.0% - 25.0%</td>
<td><strong>Solid financial position:</strong> Needs to critically evaluate capital purchases</td>
</tr>
<tr>
<td>10.0% - 15.0%</td>
<td><strong>Stable financial position:</strong> Sufficient cash flow to maintain current business operations. May find it difficult to reinvest and reinvent as required.</td>
</tr>
<tr>
<td>5.0% - 10.0%</td>
<td><strong>Financial distress:</strong> Changes required to ensure viability</td>
</tr>
<tr>
<td>Below 5.0%</td>
<td><strong>Serious financial distress:</strong> Serious questions as to whether club can continue as a going concern</td>
</tr>
</tbody>
</table>

*Source: IPART 2008, p.124*

The following chart summarises the proportion of clubs in each size category that are within these ranges:

**Figure 3.9: Financial viability of clubs**

As shown above, there appears to be a marked correlation between the overall level of financial viability of clubs and their size (as reflected by their levels of EGM revenues). As clubs increase in size, the proportion of clubs in either financial distress or serious financial distress reduces.

As an example, based on the results of *Club Census 2011*, 59% of clubs with EGM revenues of less than $1 million appear to be in some form of financial distress. This compares with 14% of clubs in the largest EGM revenue category.
3.6.4 EBITDARD %

In addition to the above EBITDA % determination of financial viability, IPART also proposed EBITDARD % as an effective means of identifying clubs that may be at risk of becoming financially distressed.

EBITDARD % introduces two additional items into the EBITDA % above – rent expense and donations expense – and is calculated as follows:

\[
\text{EBITDARD} \% = \frac{\text{Earnings before interest, income tax, depreciation, amortisation, rent and donations}}{\text{Total revenue}}
\]

IPART estimated that the average EBITDARD % for the NSW registered clubs industry was approximately 14%. On this basis it considered that clubs which generated an EBITDARD % below 15% should be considered at risk of being in financial distress. In recommending this threshold, the Tribunal noted that the 15% threshold is likely to capture clubs that are not necessarily in financial distress, but may be under performing.

Figure 3.10 summarises the number of clubs that are generating EBITDARD % of below 15% and therefore are at risk of financial distress using IPART’s recommendation.

![Figure 3.10: Clubs at risk of financial distress](chart)

As shown above, 64% of the industry generated an EBITDARD % of below 15% and therefore could be considered either in or at risk of financial distress.

This represents a significant risk to the ongoing operation and sustainability of the registered clubs industry in NSW.
3.6.5 Operating cash flows / working capital deficiency

**Table 3.6: Financial viability measures**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flows / working capital deficiency</td>
<td>Measures the club’s prima facie ability to fund any working capital deficiency through operating cash flows</td>
</tr>
</tbody>
</table>

Source: IPART 2008, p.92

Working capital deficiencies occur where a business’ current liabilities exceeds its current assets. Working capital deficiencies can indicate problems with a business’ ability to pay its liabilities as and when they fall due and continue as a going concern.

The nature of registered clubs operations means that clubs generally have low levels of current assets relative to other businesses. As a result, many clubs record deficiencies in working capital. On their own, these deficiencies do not raise concerns with financial viability as long as the club has the ability to fund the deficiency by way of surplus operating cash flows or access to finance (new or existing).

This measure aims to provide an indication of a club’s ability to fund a working capital deficiency by way of operating cash flows. If the ratio is less than 1, it indicates that operating cash flow is not sufficient to meet the deficiency, and other sources of cash (such as asset sales or additional debt) may be required in order for the club to meet its short-term financial obligations.

If the ratio is greater than 3, it indicates that the club should comfortably fund any working capital deficiency by way of operating cash flow surpluses.

When examining the results of this analysis, clubs have been classified as follows:

**Table 3.7: Interpreting operating cash flows / working capital deficiency**

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1.0</td>
<td><strong>At risk:</strong> Club appears to be unable to fund its working capital deficiency in the absence of additional forms of funding</td>
</tr>
<tr>
<td>Between 1.0 and 3.0</td>
<td><strong>Marginal:</strong> Club should be able to fund its working capital deficiency, however may be susceptible to changes in the club’s operating environment</td>
</tr>
<tr>
<td>Greater than 3.0 or working capital surplus</td>
<td><strong>No risk indicators:</strong> Club appears to be able to comfortably fund its short-term financial obligations</td>
</tr>
</tbody>
</table>

Source: KPMG Analysis
The following chart summarises the results of the analysis:

*Figure 3.11: Financial viability based on operating cash flows / working capital deficiency*

For the largest clubs generating greater than $10 million EGM revenue, 31% are prima facie at risk given their operating cash flows achieved are insufficient to fund their working capital deficiency. Whilst a number of clubs in this range undoubtedly face financial viability issues, it is not unusual for large clubs who actively undertake large capital expenditure programs to be carrying external debt that may require renegotiation in the next 12 months. As a result the working capital deficiency can be inflated by this fact which, to the extent this current debt is renegotiated, would no longer represent an “at risk” position.

On the other hand, whilst 21% of the smallest clubs generating less than $1 million in EGM revenue displayed an “at risk” factor, it is anticipated a larger proportion of these clubs could face financial viability issues given exposure to increasing fixed costs, a lack of economies of scale and an inability to attract long term debt needed if operating cash flows are under pressure. This is further supported by 59% of clubs generating less than $1 million appearing to be in some level of financial distress based on an EBITDA% of less than 10% (refer Figure 3.9).

### 3.6.6 Borrowings / operating cash flows

<table>
<thead>
<tr>
<th>Measure</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings / operating cash flows</td>
<td>Measures the prima facie time period (in years) that would take a club to repay total borrowings through operating cash flows</td>
</tr>
</tbody>
</table>

Source: IPART 2008, p.92

The ratio of borrowings to operating cash flows provide an indication of the period of time that it would take a club to repay its borrowings with its operating cash flow.

When examining the results of this analysis, clubs have been classified as follows:
Table 3.9: Interpreting borrowings / operating cash flows

<table>
<thead>
<tr>
<th>Ratio (in years)</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than 5.0</td>
<td><strong>At risk:</strong> Club would take more than five years to repay its borrowings if it was to devote all operating cash flows to that purpose</td>
</tr>
<tr>
<td>Between 2.0 and 5.0</td>
<td><strong>Marginal:</strong> Club would take between two and five years to repay its borrowings with operating cash flows</td>
</tr>
<tr>
<td>Less than 2.0 or no borrowings</td>
<td><strong>No risk indicators:</strong> Club could rapidly repay its borrowings if required</td>
</tr>
</tbody>
</table>

Source: KPMG Analysis

The following chart summarises the results of the analysis:

Figure 3.12: Financial viability based on borrowings / operating cash flows

![Bar chart showing financial viability based on borrowings / operating cash flows]

Source: Club Census 2011; KPMG analysis

The above indicates that 18% of clubs generating greater than $10 million in EGM revenue have over 5 years of borrowings when compared to their current levels of operating cash flow. Whilst not a definitive financial viability concern, these clubs are more vulnerable to future impacts of regulatory change or revenue and cost pressure.

On the other hand, only 6% of the smallest clubs generating less than $200k EGM revenue show borrowings greater than 5 years of operating cash flows, reflective of their limited access to debt funding.

3.6.7 Capital expenditure / Operating cash flows

Table 3.10: Financial viability measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure / operating cash flows</td>
<td>Provides an indication of the level of operating cash flows that are expended on improving the club’s facilities</td>
</tr>
</tbody>
</table>

Source: IPART 2008, p.92

IPART found that there was a correlation between a club’s ongoing level of investment and its long-term financial viability.
The ratio of operating cash flows to capital expenditure provides an indication of the proportion of the club’s operating cash flow that is being reinvested in improved member facilities.

When examining the results of this analysis, clubs have been classified as follows:

### Table 3.11: Interpreting capital expenditure / operating cash flows

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 0.1</td>
<td><strong>At risk:</strong> Less than 10% of the club’s operating cash flows are being reinvested in improving facilities provided to members</td>
</tr>
<tr>
<td>Between 0.1 and 0.5</td>
<td><strong>Marginal:</strong> The club is spending between 10% and 50% of surplus cash flows on improving facilities</td>
</tr>
<tr>
<td>Greater than 0.5</td>
<td><strong>No risk indicators:</strong> Club is investing more than 50% of surplus operating cash flows in improving the club’s facilities</td>
</tr>
</tbody>
</table>

*Source: KPMG Analysis*

The following chart summarises the results of analysis:

### Figure 3.13: Financial viability based on capital expenditure / operating cash flows

The above chart shows a higher level of investment in club facilities by larger registered clubs, with approximately 90% of venues in the top size category investing more than 50% of operating cash flow on capital improvements.

This contrasts with just 45% of clubs in the smallest size category.
4. Financial position

4.1 Key findings

- In 2011, the total value of assets held by clubs was approximately $10.7 billion. Of this amount, approximately 78% or $8.4 billion was held in property, plant and equipment.
- The industry is one of the largest owners of real property in NSW, controlling land and buildings which are currently held at $7.1 billion in the financial statements of clubs. Given that the majority of clubs hold their properties at their historical cost, it is likely that the actual market value of these assets would be significantly higher than this amount.
- The industry had total liabilities of $2.3 billion in 2011.
- The largest class of liabilities incurred by clubs related to interest bearing debt which totalled approximately $1.3 billion. Of this amount the majority (74%) was classified as non-current meaning that it is not due for a period greater than 12 months.
- On average, the industry paid effective interest rates of between 7.2% and 9.0% per annum on its interest bearing debt.

4.2 Assets

4.2.1 Overview

Clubs in NSW hold a significant variety of assets. These assets take the form of items used in the day to day running of the club including land and buildings, furniture, equipment, and facilities such as sporting fields and accommodation facilities. Clubs also hold a significant amount of working capital related assets including cash (both at bank and on hand) and receivables.

Some clubs also own large investments including real property assets, securities and term deposits.

In 2011, the total value of assets held by clubs in NSW was approximately $10.7 billion.

4.2.2 Types of assets held by clubs in NSW

The nature of the assets held by clubs in NSW during 2011 are summarised below in Figure 4.1:
As shown above, the majority (approximately $8.4 billion) related to property, plant and equipment. This included land and depreciable assets such as buildings, capital improvements, gaming machines, motor vehicles, furniture and fittings.

The split of this amount is shown at Table 4.1 below:

Table 4.1: Split of property, plant and equipment

<table>
<thead>
<tr>
<th>Types of property, plant and equipment</th>
<th>$0-$200k</th>
<th>&gt;$200k-$1m</th>
<th>&gt;$1m-$5m</th>
<th>&gt;$5m-$10m</th>
<th>&gt;$10m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>46%</td>
<td>25%</td>
<td>21%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Buildings</td>
<td>29%</td>
<td>51%</td>
<td>43%</td>
<td>62%</td>
<td>55%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>75%</strong></td>
<td><strong>76%</strong></td>
<td><strong>64%</strong></td>
<td><strong>79%</strong></td>
<td><strong>73%</strong></td>
</tr>
<tr>
<td>Plant &amp; equipment</td>
<td>10%</td>
<td>13%</td>
<td>20%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Sports facilities</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Accommodation</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>2%</td>
<td>5%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Gaming licences</td>
<td>1%</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>11%</td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Source:** Club Census 2011; KPMG analysis

Table 4.1 indicates the composition of assets within the class of property, plant and equipment based on club size.
In aggregate, club land and buildings total approximately $7.1 billion. Much of this property is valued at its historical cost meaning the actual value may be well in excess of this amount. Combined, this makes the club industry one of the largest property owning segments of the state economy.

**Depreciable assets**

Changes in the value of depreciable assets provide an indication of the level of investment which has occurred over the period.

The value of depreciable capital assets (which excludes the value of land) is estimated to be $7.6 billion in 2011. This represents an increase of 23% over a four year period since 2007.

Figure 4.2 below shows the value of depreciable assets owned by clubs based on club size. In 2011, increases in depreciable assets occurred in the four largest categories of clubs, with the greatest increase occurring for clubs with gaming revenue of greater than $10 million.

This increase is a consistent trend since 2003 for clubs in the largest size category.

**Figure 4.2: Depreciable assets over time by club size**

Clubs in the smallest category experienced a reduction in the value of their depreciable assets since the time of the last survey.

This reflects lower levels of capital expenditure by clubs of this type during the period and is consistent with the high levels of financial stress experienced by this sector of the industry as shown at section 3.6 of this report.

4.3 Liabilities

4.3.1 Overview

Clubs incur liabilities from a variety of sources in order to fund their day-to-day operations and invest in capital improvements.

Liabilities can be classified as being current liabilities (being those that are due to be paid within a 12 month period) or non-current being those that are not due to be settled for a period greater than 12 months.
4.3.2 Types of liabilities incurred by clubs in NSW

Clubs in NSW had $2.3 billion in liabilities in 2011. Figure 4.3 summarises the composition of these liabilities in terms of type:

**Figure 4.3: Types of liabilities incurred by clubs**

As shown above, the majority (approximately $1.3 billion) related to loans and borrowings. This included loans that were classified as current liabilities and non-current liabilities.

4.3.3 Loans and borrowings

The prevalence of loans and borrowings within the industry varied significantly depending upon the size of club. Over 80% of clubs in the three largest size categories had a loan, compared to only 46% of clubs in the smallest size category.

The total value of loans and borrowings in 2011 was $1.3 billion which is largely consistent with debt levels reported in 2007. This followed a significant increase in capital improvements by clubs in the period following the introduction of indoor smoking bans. Since this time, capital investment has declined, allowing clubs to concentrate on reducing their overall levels of gearing.

Figure 4.4 below shows the value of loans and borrowing based on club size. In 2011, the four smallest categories of clubs experienced decreases or relative stability in the total value of loans held. In contrast, clubs in the largest size category had an increase in their overall levels of debt.

The increase in debt levels for clubs in the largest size category corresponds to the significant increase in depreciable assets owned by these clubs as discussed in Section 4.2.2, indicating that large clubs have utilised debt finance to fund new asset acquisitions.

The decrease in debt held by clubs outside the largest category is also reflective of an increasingly tight credit market within Australia.
**Table 4.2: Maturity profile of club loan and borrowings**

<table>
<thead>
<tr>
<th>Loan classification</th>
<th>$0-$200k</th>
<th>&gt;$200k-$1m</th>
<th>&gt;$1m-$5m</th>
<th>&gt;$5m-$10m</th>
<th>&gt;$10m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>21%</td>
<td>33%</td>
<td>32%</td>
<td>43%</td>
<td>18%</td>
</tr>
<tr>
<td>Non-current</td>
<td>79%</td>
<td>67%</td>
<td>68%</td>
<td>57%</td>
<td>82%</td>
</tr>
</tbody>
</table>

**Source:** Club Census 2011; KPMG analysis

**4.4 Interest**

**4.4.1 Interest expenses**

Overall interest payments made by clubs increased from $75m in 2007 to $81m in 2011. Figure 4.5 below shows the value of interest expense incurred by clubs based on club size. Interest expense for the largest sized clubs increased significantly over the four year period, while clubs in all other size categories experienced a reduction in interest expense.
The change in interest expense for clubs in each size category is correlated with the change in the level of loans and borrowings. The increase in interest expense for the industry as a whole is largely as a result of loan size increasing for clubs in the largest size category, whilst also due to clubs paying interest rates on loans in an increasingly tight credit market.

**4.4.2 Effective interest rate**

When debt levels are compared to interest expense in each size category, an effective interest rate can be calculated. Table 4.3 below shows the average effective interest of clubs in each size category.

<table>
<thead>
<tr>
<th>Club Size Category</th>
<th>Average Effective Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-$200k</td>
<td>8.1%</td>
</tr>
<tr>
<td>&gt;$200k-$1m</td>
<td>9.0%</td>
</tr>
<tr>
<td>&gt;$1m-$5m</td>
<td>7.2%</td>
</tr>
<tr>
<td>&gt;$5m-$10m</td>
<td>7.5%</td>
</tr>
<tr>
<td>&gt;$10m</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

The effective interest rate for clubs in all size categories is comparatively similar, ranging from between 7.2% to 9.0%. This indicates that clubs in all size categories have access to similar types of financing arrangements, and are not disadvantaged based on size.
5. Economic contribution

5.1 Key findings

- NSW clubs’ revenue in 2011 is estimated to be $5.0 billion
- Indirect (or flow-on) impacts include:
  - increased demand for goods and services that support the supply chains for clubs in NSW;
  - increased demand for consumer-orientated industries that cater to clubs in NSW; and
  - impacts on the cost of business inputs generated by changes in the price of some goods and services as a result of the operation of clubs in NSW.
- The total economic contribution captures both the direct and indirect impacts. It is estimated that:
  - the total contribution of clubs in NSW to value-added (the value of production less the value of intermediate goods used in production) is $3.2 billion per annum which equates to 0.7 per cent of the GSP in NSW; and
  - employment in NSW is increased by 29,300 full-time equivalent jobs (0.9 per cent of the state’s employment), as a result of the operation of clubs in NSW.

5.2 Overview

Clubs in NSW create direct impacts on the economy chiefly through:

- the provision of employment and formal and informal training to employees to facilitate the provision of services; and
- capital expenditure to create, and improve existing, club facilities.

The following sections outline a number of indicators of direct economic contribution. Comparison is made to highlight direct economic contribution by club size and location. The size of a club is measured in terms its annual gaming machine revenue, and its location is classified as regional or metropolitan. Consistent with geographical classifications by the Australian Bureau of Statistics (ABS), clubs were defined as being in a metropolitan area if they were located in either:

- the major capital city district of Sydney; or
- a statistical district, which is defined by the ABS\(^\text{13}\) as a “predominately urban area, the boundaries of which are designed to contain the anticipated urban spread of the area for at least 20 years. [It is] generally defined as containing an urban centre population of 25,000 or more.”

\(^{13}\)Australian Bureau of Statistics, 2011b
The distribution of clubs by size in regional or metropolitan locations is shown in Figure 5.1.

**Figure 5.1 Club size and location**

<table>
<thead>
<tr>
<th>Annual gaming machine revenue</th>
<th>Regional</th>
<th>Metropolitan</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $200k</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;$200k - $1m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;$1m - $5m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;$5m - $10m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;$10m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

Overall, it is estimated that approximately 43% of clubs in NSW are located in regional areas. The Club Census 2011 responses suggest that the size of clubs (in terms of gaming machine revenue) is smaller in regional areas. It is estimated that only around 20% of the NSW clubs with gaming machine revenue of $10 million or more are located in regional areas.

### 5.2 Employment

#### 5.2.1 Employment by type

Figure 5.2 shows that there were approximately 41,300 people employed in clubs in NSW in 2011. Employment in clubs was comprised of:

- Almost 12,300 full-time employees (30% of total);
- Around 11,000 part-time employees (26% of total);
- Just over 17,200 casual employees (42% of total); and
- Around 900 apprentices and trainees (2% of total).

Compared to the 2007 report, employment has declined by approximately 5% against NSW total employment rising by approximately 5.4%. This may be attributable to operational efficiencies which were sought by clubs following the introduction of total indoor smoking bans in July 2007 or due to tax increases. The reduction in revenue resulted in a number of clubs reducing staff headcount over this period.

Approximately 41,400 people were directly employed by NSW clubs in 2011.
This trend is further evidenced by changes in working arrangements. From 2007 to 2011, casual and part time employee share of total employment rose by 4% and 1% respectively. This reflects a fall in the share of full time employment as clubs moved to more flexible employment terms.

Source: Club Census 2011; KPMG analysis
The distribution of employment type by club size is outlined in Table 5.1 below:

### Table 5.1: Employment type by club size

<table>
<thead>
<tr>
<th>Club size by EGM revenue</th>
<th>Full time</th>
<th>Part time</th>
<th>Casual</th>
<th>Trainees</th>
<th>Total</th>
<th>Change from 2007 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $200k</td>
<td>1,480</td>
<td>570</td>
<td>3,050</td>
<td>40</td>
<td>5,140</td>
<td>25</td>
</tr>
<tr>
<td>&gt;$200k - $1m</td>
<td>1,550</td>
<td>830</td>
<td>2,990</td>
<td>180</td>
<td>5,540</td>
<td>-9</td>
</tr>
<tr>
<td>&gt;$1m - $5m</td>
<td>2,980</td>
<td>2,910</td>
<td>4,750</td>
<td>240</td>
<td>10,890</td>
<td>-5</td>
</tr>
<tr>
<td>&gt;$5m - $10m</td>
<td>1,920</td>
<td>1,980</td>
<td>2,270</td>
<td>120</td>
<td>6,290</td>
<td>-7</td>
</tr>
<tr>
<td>&gt;$10m</td>
<td>4,360</td>
<td>4,660</td>
<td>4,180</td>
<td>340</td>
<td>13,540</td>
<td>-11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,290</td>
<td>10,950</td>
<td>17,240</td>
<td>920</td>
<td>41,400</td>
<td>-5</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

The Club Census 2011 suggests that large clubs (those with more than $10 million in gaming machine revenue) remain the largest employers, employing about 33% of all club employees in NSW. Total employment at these clubs, however, has declined. Compared to 2007, employment at these larger clubs has declined by 11%. Between 2007 and 2011, the proportion of casual employees in the workforce for the smallest club category increased from about 45% to approximately 60%.

#### 5.2.2 Employment by location

Employment at metropolitan and regional clubs is outlined in Table 5.2.

### Table 5.2: Employment by location

<table>
<thead>
<tr>
<th>Club size by EGM revenue</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional</td>
</tr>
<tr>
<td></td>
<td>(no.)</td>
</tr>
<tr>
<td>$0 - $200k</td>
<td>2,740</td>
</tr>
<tr>
<td>&gt;$200k - $1m</td>
<td>3,160</td>
</tr>
<tr>
<td>&gt;$1m - $5m</td>
<td>8,310</td>
</tr>
<tr>
<td>&gt;$5m - $10m</td>
<td>3,110</td>
</tr>
<tr>
<td>&gt;$10m</td>
<td>3,350</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20,670</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

The regional distribution of employment in NSW clubs is relatively evenly divided between metropolitan and regional areas.
The average number of employees per club is illustrated in Figure 5.4.

**Figure 5.4: Average employees per club by club size and location**

As expected, the average number of employees per club tends to increase with the size of the club. Overall, the average number of employees per club was lower in regional areas compared to metropolitan clubs. This is due to the size composition of clubs in regional areas compared to metropolitan areas.

**Figure 5.5: Employment by type and location**

Overall, the distributions of employment type across regional and metropolitan locations are similar. The casual workforce in regional clubs is about 4% higher than in metropolitan clubs, and is accounted for by about 3% less part time and 1% less full time employees.
5.2.3 Demographic profile of employees

The age profile of employees is illustrated in Figure 5.6.

**Figure 5.6: Employee age by club size**

![Employee age by club size chart]

Source: Club Census 2011; KPMG analysis

Across all clubs size categories, between 60% and 75% of employees are aged below 45 years. In 2007, larger clubs employed a greater proportion of persons aged 24 years and under, and the results of the Club Census 2011 suggest that this trend has continued.

The age distribution of employees in regional and metropolitan areas is illustrated in Figure 5.7. Clubs in metropolitan areas employ a greater proportion of people under the age of 24 than those in regional areas. This trend was consistent across all club sizes. Clubs in regional areas employ a larger proportion of employees aged between 25 years and 44 years.

**Figure 5.7: Employee age by location**

![Employee age by location chart]

Source: Club Census 2011; KPMG analysis

The gender distribution of employees in metropolitan and regional areas is illustrated in Figure 5.8.

![Gender distribution chart]
The gender mix of clubs employees in NSW is relatively even with 46% male employees and 54% female.

### 5.2.4 Conditions of employment

NSW clubs employees are employed under a variety of contractual forms and awards. Club Census 2011 respondents indicated that the following employment agreements types were used:

- Collective or certified enterprise agreements (CCEA);
- Union collective or certified agreements (UCCA);
- Australian Workplace Agreements (AWA);
- Individual Transitional Employment Agreements (ITEA);
- State or Federal award (SFA);
- Registered and licensed club award (RLCA); and
- Individual flexible agreements (IFA)

The use of employment agreement types by NSW clubs is outlined in Table 5.3 below:

#### Table 5.3: NSW clubs employment agreements

<table>
<thead>
<tr>
<th>Club size by EGM revenue</th>
<th>CCEA</th>
<th>UCCA</th>
<th>AWA</th>
<th>ITEA</th>
<th>SFA</th>
<th>RLCA</th>
<th>IFA</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $200k</td>
<td>50</td>
<td>-</td>
<td>20</td>
<td>10</td>
<td>180</td>
<td>465</td>
<td>65</td>
<td>10</td>
<td>800</td>
</tr>
<tr>
<td>&gt;$200k - $1m</td>
<td>40</td>
<td>5</td>
<td>30</td>
<td>10</td>
<td>60</td>
<td>280</td>
<td>30</td>
<td>-</td>
<td>455</td>
</tr>
<tr>
<td>&gt;$1m - $5m</td>
<td>80</td>
<td>20</td>
<td>40</td>
<td>5</td>
<td>60</td>
<td>180</td>
<td>40</td>
<td>10</td>
<td>435</td>
</tr>
<tr>
<td>&gt;$5m - $10m</td>
<td>25</td>
<td>5</td>
<td>10</td>
<td>5</td>
<td>5</td>
<td>50</td>
<td>30</td>
<td>5</td>
<td>135</td>
</tr>
<tr>
<td>&gt;$10m</td>
<td>30</td>
<td>5</td>
<td>25</td>
<td>5</td>
<td>15</td>
<td>45</td>
<td>25</td>
<td>5</td>
<td>155</td>
</tr>
<tr>
<td>Total</td>
<td>225</td>
<td>35</td>
<td>125</td>
<td>35</td>
<td>320</td>
<td>1,020</td>
<td>190</td>
<td>30</td>
<td>1,980</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

Similar to the 2007 Club Census findings, AWAs represent a small share of all employee agreements. Registered and Licensed Club Awards (RLCA) form the majority of the employee agreements. This is expected given the increase in the share
of casual employees (relative to 2007) and legislation changes arising from the *Fair Work Act*.

Salaries and wages represent approximately 24% of club industry expenditure. According to *Club Census 2011* responses, in 2011 an estimated $1.2 billion was paid to employees and about $200 million to contractors. Estimates of the average total weekly earnings for all employees by club size are presented in Table 5.4.\(^{14}\)

### Table 5.4: Average total weekly earnings

<table>
<thead>
<tr>
<th>Club size by EGM revenue</th>
<th>Average total weekly earnings ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $200k</td>
<td>480</td>
</tr>
<tr>
<td>&gt;$200k - $1m</td>
<td>670</td>
</tr>
<tr>
<td>&gt;$1m - $5m</td>
<td>680</td>
</tr>
<tr>
<td>&gt;$5m - $10m</td>
<td>690</td>
</tr>
<tr>
<td>&gt; $10m</td>
<td>780</td>
</tr>
</tbody>
</table>

*Source: Club Census 2011; KPMG analysis*

The estimates suggest that employees in clubs earning more than $200,000 gaming machine revenue earn significantly above the average total weekly earnings of other employees in the accommodation and food services industry, which was about $490 in 2011.\(^{15}\) On average, employees in clubs earning more than $10 million in gaming machine revenue earn about $780 per week, which is relatively high compared to other club sizes. This is accounted for by the size classification which incorporates clubs with significantly higher gaming machine revenue than $10 million.\(^{16}\) These clubs have greater financial capacity to support higher wages. Employees in clubs earning under $200,000 in gaming machine revenue, on average, earn just under the average for the accommodation and food services industry, which may be attributed to employees in these clubs having a higher proportion of casual or part time staff.

In addition to direct employment of labour, clubs engage contractors to provide a range of services including cleaning, catering, security, cash handling, information technology and management. The average amount per club paid to contractors is illustrated in Figure 5.9.

---

\(^{14}\) These estimates are calculated as the total salaries and wages paid divided by the total number of employees.

\(^{15}\) ABS, 2011c.

\(^{16}\) The aggregate gaming machine revenue of the 13 respondents with gaming machine revenue above $30 million was approximately $560 million. Overall, the average total weekly earnings paid to their employees was about $830.
Figure 5.9: Average payments to contractors per club

The average expenditure on contractors in 2011 increased with club size. The rate of increase in expenditure on contractors also increased with club size. Across all club sizes, the average club expenditure on contractors was higher for clubs in metropolitan areas than for regional clubs.

5.3 Investment

Capital expenditure by clubs relates to the extension or maintenance of existing facilities and the purchase of additional capital items or club facilities. The average levels of capital expenditure per club in regional and metropolitan areas by club size is illustrated in Figure 5.10.

Figure 5.10: Average capital expenditure per club

As expected, the average amount of capital expenditure increases with club size both in regional and metropolitan areas. For smaller clubs, the average amount of capital expenditure was larger in regional than metropolitan areas.
Estimated total capital expenditure by all NSW clubs in 2011 was $660 million, representing a decline of 25% on 2007 levels. An economic analysis was conducted to estimate the flow-on economic benefits to other sectors of the economy associated with this capital expenditure. The results of this analysis are presented in Section 6.

The distribution of capital expenditure by asset category is illustrated in Figure 5.11.

**Figure 5.11: Capital expenditure**

![Capital expenditure chart](image)

Source: Club Census 2011; KPMG analysis

Overall in 2011, the majority of capital expenditure was on new buildings, gaming machines and refurbishments. Capital expenditure patterns were similar in both metropolitan and regional areas.

### 5.4 Training

Club employees and volunteers are engaged in both formal and informal training. Formal training is structured and includes courses, seminars and classes, whereas informal training is provided on-the-job. Table 5.5 shows the proportion of employees who received formal and informal training for each club size.

Across all categories, informal training was provided to a greater proportion of employees relative to formal training.

The level of both formal and informal training increases with club size. This trend reflects, in part, the fact that smaller clubs are less likely to have gaming machines and employees of these clubs are not required to complete training in the responsible service of gaming.
Table 5.5: Proportion of employees receiving training

<table>
<thead>
<tr>
<th>Club size by EGM revenue</th>
<th>Proportion of total employees (%)</th>
<th>Formal Training</th>
<th>Informal Training</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional</td>
<td>Metro</td>
<td>Total</td>
</tr>
<tr>
<td>$0 - $200k</td>
<td>15</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>&gt;$200k - $1m</td>
<td>19</td>
<td>25</td>
<td>22</td>
</tr>
<tr>
<td>&gt;$1m - $5m</td>
<td>36</td>
<td>47</td>
<td>39</td>
</tr>
<tr>
<td>&gt;$5m - $10m</td>
<td>31</td>
<td>45</td>
<td>38</td>
</tr>
<tr>
<td>&gt;$10m</td>
<td>52</td>
<td>55</td>
<td>56</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>47</td>
<td>39</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

Employees in metropolitan clubs received more formal training in 2011 than those working in clubs in regional areas. Clubs with more than $10 million in gaming revenue provided formal training to 56% of its employees, followed by clubs earning between $1 million and $5 million in gaming revenue, with 39% of employees receiving formal training.

The estimated average cost of formal training by club size is illustrated in Figure 5.12.

**Figure 5.12: Average cost of formal training per employee**

Formal training costs totalled $11.3 million in 2011, approximately 10% lower than 2007 (in nominal terms). Larger clubs spent higher amounts per employee on formal training programs. As noted previously, this trend reflects the need for clubs with gaming machines to provide relevant training, in addition to any general training undertaken.

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*Allen Consulting Group, 2008*
5.5 Flow-on economic contributions

5.5.1 Overview

The earlier sections of this chapter highlighted the direct economic contributions of clubs to the NSW economy, through employment and investment.

In addition to the direct economic contribution, clubs also have an indirect impact on the NSW economy which is important to consider. These indirect, or flow-on, effects are related to the operations and investments made by clubs.

The section is structured as follows:

- Section 5.5.2 discusses the method used to estimate the total (direct and indirect) contribution of clubs to the NSW economy;
- Section 5.5.3 outlines the scenarios for analysis;
- Section 5.5.4 details the key model inputs and outlines some limitations of the analysis; and
- Section 5.5.5 presents the modelling results for both the operational and capital expenditure scenario.

5.5.2 Method of analysis

The economic contribution of clubs to the NSW economy can be assessed using a number of different economic measures. The measures that have been used in this analysis are:

- turnover;
- full-time equivalent employment; and
- value-added (or Gross State Product (GSP)).

The following figure shows the difference between turnover and value-added.

**Figure 5.13: Value added and turnover**

The economic contribution was estimated using KPMG’s regional CGE model. More detailed information about the model is presented in Appendix C.

5.5.3 Scenarios

To examine the economic contribution of clubs to the NSW economy, KPMG modelled three scenarios. These scenarios have been designed to provide ‘snapshots’ of how the NSW economy would look without the economic contribution of clubs.
To estimate the total (direct and indirect) economic contribution of clubs to the NSW economy, the following scenarios were modelled.

- **NSW baseline scenario:** This scenario models the current state of the NSW economy, which incorporates the total (direct and indirect) contribution of clubs.

- **Clubs operational scenario:** This scenario models the impact of clubs’ operational expenditure on the NSW economy under the assumption that all clubs in NSW cease to operate with no replacement venues offered.

- **Clubs capital scenario:** This scenario models the impact of clubs’ capital expenditure on the NSW economy under the assumption that all clubs in NSW cease to operate with no replacement venues offered.

The economic modelling of the above scenarios provides separate estimates of the average annual total economic contribution to the NSW economy of clubs:

- The operation impacts estimated reflect the annual economic impacts associated with operation of NSW clubs in 2011; and

- The capital impacts estimated reflect the annual economic impacts associated with capital expenditure by clubs in 2011.

The difference between each scenario and the Baseline scenario highlights the economic contribution of clubs to the NSW economy.

**5.5.4 Model inputs**

**Limitations**

It is important to note that the analysis undertaken as part of this project focuses on the gross benefits of clubs to the NSW economy, as opposed to the net benefits. A ‘gross’ analysis differs from a ‘net’ analysis in two regards.

- Firstly, it has been widely acknowledged that problem gambling creates a social cost, or dis-benefit, that arises as a result of addictive behaviour and associated social problems. A net analysis of the benefits of clubs would measure the benefits of the clubs as the sum of the direct and indirect economic benefits, net of the dis-benefits created by problem gambling.

- Secondly, gambling generally entails a transfer of wealth between two parties. From a state economy perspective, gambling revenue derived from interstate and international tourists can be considered to be a net gain to the local economy. On the other hand, gambling losses by local residents are not purely a net benefit to the economy, but partially a transfer between one sector of the economy to another. As such, it can be argued that if clubs did not exist in the state economy, consumer spending on gambling would have occurred elsewhere in the state economy. A complete net analysis would account for such transfers when valuing the benefits generated by clubs.
**Data**

For the operational scenario, total NSW clubs revenue data was used in estimating the economic impacts. Table 5.6 shows the NSW clubs revenue by revenue type.

**Table 5.6: Total NSW club revenue**

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership subscriptions</td>
<td>90</td>
</tr>
<tr>
<td>Food</td>
<td>410</td>
</tr>
<tr>
<td>Beverages</td>
<td>810</td>
</tr>
<tr>
<td>Facilities and venue rental</td>
<td>60</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>3,080</td>
</tr>
<tr>
<td>Other gaming</td>
<td>50</td>
</tr>
<tr>
<td>Entertainment</td>
<td>40</td>
</tr>
<tr>
<td>Professional sport</td>
<td>10</td>
</tr>
<tr>
<td>Non professional sport and recreation</td>
<td>90</td>
</tr>
<tr>
<td>Accommodation</td>
<td>50</td>
</tr>
<tr>
<td>Ancillary business activities</td>
<td>30</td>
</tr>
<tr>
<td>Interest income</td>
<td>30</td>
</tr>
<tr>
<td>Other income</td>
<td>230</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>4,980</strong></td>
</tr>
</tbody>
</table>

*Source: Club Census 2011; KPMG analysis*

Revenue data from NSW clubs based on *Club Census 2011* responses were used as inputs into the model to estimate the effects that the operation of clubs had on the NSW economy.

For the capital scenario, total NSW club capital expenditure data were used in estimating the economic impacts. Table 5.7 shows the NSW capital expenditure by type.

**Table 5.7: Total NSW club capital expenditure**

<table>
<thead>
<tr>
<th>Expenditure type</th>
<th>$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>New buildings</td>
<td>160</td>
</tr>
<tr>
<td>Purchase of pre-existing buildings and land</td>
<td>50</td>
</tr>
<tr>
<td>Refurbishment</td>
<td>130</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>10</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>210</td>
</tr>
<tr>
<td>Sport and recreational facilities</td>
<td>30</td>
</tr>
<tr>
<td>Ancillary facilities</td>
<td>20</td>
</tr>
<tr>
<td>Other</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>660</strong></td>
</tr>
</tbody>
</table>

*Source: Club Census 2011; KPMG analysis*

Capital expenditure data based on *Club Census 2011* responses were used as inputs into the model to estimate the effects that the operation of clubs had on the NSW economy.
5.5.5 Economic contribution of clubs in NSW

This section summarises and contrasts the economic contribution of clubs to the NSW economy.

The measures of the economic impact of these clubs on the NSW economy are expressed in terms of value-added of (GSP) and employment:

- Value-added equals turnover less the cost of inputs. It represents the addition of value to the economy in terms of wages and profit.
- Employment captures the number of full-time equivalent jobs created both inside clubs and outside clubs as a result of direct and indirect impacts.

**Scenario 1: Operational Impacts**

The impact of the operation of clubs in NSW on employment is illustrated in Figure 5.14. It is estimated the employment in the NSW economy is higher by approximately 29,300 FTE jobs, than would otherwise be the case.

**Figure 5.14: Clubs’ contribution to employment (FTEs) in NSW, operational impacts**

![Employment (FTEs) chart]

The impact of the operation of NSW clubs on employment in NSW is approximately 29,300 FTE jobs.

Furthermore, the positive impact on employment through turnover in consumer-focussed industries such as Cultural and Recreational Services and the Accommodation, Cafes and Restaurant Industries, generates flow-on employment gains to industries that support these services such as in the Health and Community Services, Education, and Finance and Insurance Industries.

However, increased demand for goods and services produced by some industries leads to an increase in prices. Higher prices, increases the costs faced by industries that use these goods and services as intermediate inputs. As a result, these industries are negatively affected and employment is estimated to be lower than would otherwise be the case. For example, employment in NSW is lower in Property and Business Services and Retail Trade.
Figure 5.15 shows that clubs is estimated to contribute almost $3.2 billion on average to industry value-added in NSW annually.

**Figure 5.15: Clubs contribution to value-added (1), operation scenario**

There is an annual boost of almost $2.1 billion in value-added in the Cultural and Recreation Services industry and $525 million in the Accommodation, Cafes and Restaurants Industry than otherwise would be the case without clubs in NSW.

The increases in prices caused by an increase in demand for some goods and services raises the cost of business inputs into some industries and results in a negative effect through the operation of clubs in NSW. For example, value-added in NSW is lower in Property and Business Services and Retail Trade.

**Scenario 2: Capital Expenditure Impacts**

The impact of the capital expenditure by clubs in NSW on employment is illustrated in Figure 5.16. It is estimated the employment in the NSW economy is higher by almost 4,700 jobs, than would otherwise be the case.
Figure 5.16: Contribution of clubs to Employment (FTEs) in NSW, capital expenditure impacts

Figure 5.16 above shows a large proportion of the employment gains are generated in the Construction (1,600 jobs) and Trade (1,700 jobs) industries.

Furthermore, the positive impact on employment through turnover in the Construction industry generates flow-on employment gains to industries that support this sector such as Finance and Insurance.

However, increased demand for goods and services produced by some industries leads to an increase in prices. An increase in prices increases the costs faced by industries that use these goods and services as intermediate inputs. As a result, these industries are negatively affected and employment is estimated to be lower than would otherwise be the case. For example, employment in NSW is lower in the Property and Business Services and Transport and Storage Industries.

Figure 5.17 shows that clubs are estimated to contribute around $370 million on average to industry value-added in NSW annually. Of this, almost $150 million is in the construction industry.

Source: KPMG analysis

Club capital expenditure is estimated to contribute approximately $370 million to value-added in NSW annually.
The increases in prices caused by an increase in demand for some goods and services raises the cost of business inputs into some industries and results in a negative effect through the operation of clubs in NSW. For example, value-added in NSW is lower in Property and Business Services.

Further details of the contributions to employment and value-added in the NSW economy by ANZSIC industry classification can be found in Appendix E.
6. Social contribution

6.1 Key findings

- Clubs provide social benefits through grants, donations, volunteer services and the subsidised use of a broad range of club facilities.
- Clubs provide and maintain social services for the wider community including the sponsorship of local sports teams, donation to and support of local charities, and the provision of social inclusion initiatives such as aged care.
- The total value of the social contribution of clubs in 2011 is estimated at $1.2 billion. This is comprised of:
  - Cash donations to support local communities and education, health and emergency services;
  - In-kind support including subsidised or free provision of clubs facilities; and
  - Provision of time by volunteers.
- In addition to these social contributions there are a number of contributions that cannot be quantified. These include provision of trivia nights, social outings courtesy buses, affordable meals, avenues for community interaction or social capital and local sporting opportunities.

6.2 Overview

This chapter analyses the social contributions of clubs. In addition to the economic benefits attributable to clubs in NSW, discussed in the previous chapter, clubs provide social benefit in a number of ways, including through grants, donations, volunteer services and the subsidised use of club facilities. This analysis is based on survey data collected from Club Census 2011 respondents.

Clubs also provide and maintain social services for the wider community including the sponsorship of local sports teams (especially junior sports), donation to, and support of, local charities, and the provision of social inclusion initiatives such as aged care.

Analysis of the social contribution of clubs is based on the method determined by IPART in the 2008 Review of the Registered Clubs Industry. The total value of the social contribution of clubs in 2011 is estimated at $1.2 billion. This is predominantly through the subsidised provision of market facilities, but also includes:

- $83 million in cash donations provided by clubs to support local communities and fund educational, health and emergency services; and
- $24 million in in-kind support which includes the subsidised or free provision of club facilities to both members and visitors.

Consistent with IPART's 2008 Review of the Registered Clubs Industry, the social contributions such as the provision of trivia nights, social outings and courtesy buses which promote social inclusion were not quantified. These contributions cannot be reliably quantified, and as such they are considered qualitatively.

The following sections discuss the contributions of clubs through:

- sporting facilities;
• non-sporting and recreational facilities;
• cash and in-kind support; and
• volunteers.

6.3 Membership

Club members gain access to affordable facilities, meals and services in exchange for membership fees. Alongside these material benefits, club membership may also provide a sense of belonging for members through socialisation with like-minded people, community participation and the provision of socially inclusive activities and initiatives.

The number of members and average membership fees for common club types are outlined in Table 6.1.

<table>
<thead>
<tr>
<th>Club type</th>
<th>Estimated total membership (no.)</th>
<th>Average fees ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowling</td>
<td>960,000</td>
<td>37</td>
</tr>
<tr>
<td>Golf</td>
<td>340,000</td>
<td>454</td>
</tr>
<tr>
<td>RSL/Services</td>
<td>1,950,000</td>
<td>11</td>
</tr>
<tr>
<td>Sporting/Recreation</td>
<td>640,000</td>
<td>174</td>
</tr>
<tr>
<td>League/Football</td>
<td>880,000</td>
<td>12</td>
</tr>
<tr>
<td>Community/Workers</td>
<td>590,000</td>
<td>10</td>
</tr>
<tr>
<td>Cultural/Religious</td>
<td>260,000</td>
<td>31</td>
</tr>
<tr>
<td>Other</td>
<td>50,000</td>
<td>97</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,670,000</strong></td>
<td><strong>98</strong></td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

The average fees are calculated as a simple average of the fees for different membership classes.

As detailed in section 2.3, there were approximately 5.7 million club members in 2011 but only approximately 5.4 million people aged 18 and over, indicating that there is more than one club membership per adult population in NSW. The extent of club membership reflects the importance of clubs to many people, including the social benefits provided by clubs.

Generally, average fees have increased compared to the 2007 Club Census. Average annual league and football club membership fees were approximately $8 in 2007. In 2011, the Club Census responses suggest that these fees increased to around $12 per annum. This equates to an increase of 28% in real terms (i.e. adjusted for inflation). Membership fees for RSL/Services clubs also increased by around 17% between 2007 and 2011, to $11 per annum.

In the period from 2007 to 2011 golf club membership fees remained relatively unchanged, moving slightly from $457 per member per year, to $454 per member per year.

6.4 Sporting facilities

Sporting facilities are a major contributor to the social benefits created by clubs in NSW. Clubs subsidise the use of sporting facilities, providing material benefits to both members and visitors who access sporting facilities (sometimes below cost).
Table 6.2 outlines the estimated number of clubs that provide sporting facilities.

### Table 6.2: Sporting facilities

<table>
<thead>
<tr>
<th>Sporting Facilities (no.)</th>
<th>Club Size (Gaming Revenue ($))</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0-$200k</td>
<td>&gt;$200k-$1m</td>
<td>&gt;$1m-$5m</td>
<td>&gt;$5m-$10m</td>
<td>&gt;$10m</td>
<td></td>
</tr>
<tr>
<td>Bowling greens</td>
<td>356</td>
<td>168</td>
<td>140</td>
<td>28</td>
<td>27</td>
<td>719</td>
</tr>
<tr>
<td>Carpet bowls</td>
<td>95</td>
<td>56</td>
<td>101</td>
<td>42</td>
<td>36</td>
<td>330</td>
</tr>
<tr>
<td>Tenpin bowling</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Gym/Fitness Centre</td>
<td>9</td>
<td>9</td>
<td>8</td>
<td>12</td>
<td>30</td>
<td>68</td>
</tr>
<tr>
<td>Bowling greens</td>
<td>43</td>
<td>13</td>
<td>16</td>
<td>9</td>
<td>15</td>
<td>96</td>
</tr>
<tr>
<td>Golf course</td>
<td>217</td>
<td>86</td>
<td>34</td>
<td>5</td>
<td>11</td>
<td>353</td>
</tr>
<tr>
<td>Aquatic centre/Swimming pool</td>
<td>-</td>
<td>4</td>
<td>2</td>
<td>-</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td>Tennis court</td>
<td>43</td>
<td>13</td>
<td>28</td>
<td>7</td>
<td>9</td>
<td>100</td>
</tr>
<tr>
<td>Squash court</td>
<td>43</td>
<td>13</td>
<td>14</td>
<td>2</td>
<td>11</td>
<td>83</td>
</tr>
<tr>
<td>Billiard tables</td>
<td>217</td>
<td>121</td>
<td>142</td>
<td>42</td>
<td>39</td>
<td>561</td>
</tr>
<tr>
<td>Boating/Ski facilities</td>
<td>-</td>
<td>17</td>
<td>10</td>
<td>-</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Dart boards</td>
<td>217</td>
<td>134</td>
<td>156</td>
<td>40</td>
<td>29</td>
<td>576</td>
</tr>
<tr>
<td>Racing facility</td>
<td>17</td>
<td>22</td>
<td>32</td>
<td>9</td>
<td>8</td>
<td>88</td>
</tr>
<tr>
<td>Other</td>
<td>35</td>
<td>30</td>
<td>24</td>
<td>12</td>
<td>9</td>
<td>110</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,292</strong></td>
<td><strong>686</strong></td>
<td><strong>709</strong></td>
<td><strong>208</strong></td>
<td><strong>241</strong></td>
<td><strong>3,136</strong></td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

Most clubs surveyed indicated that they had at least one sporting facility. The most common sporting facilities provided by clubs were:

- bowling greens;
- dart boards;
- billiard tables;
- golf courses; and
- carpet bowls.

The types of sporting facilities provided by clubs vary between club sizes. Clubs with lower gaming machine revenue are more likely than larger clubs to have bowling greens, billiard tables and dart boards. These sporting facilities are likely to have lower capital and operating costs and are more affordable for smaller clubs.

Golf courses are predominantly provided by specialty golf clubs that do not rely heavily on gaming revenue. As outlined in Table 6.1, average annual membership fees are the highest of all the club types, reflecting the high costs associated with maintenance of facilities.

Gyms and aquatic centres, which also require large capital and operating expenditure, are predominantly provided by clubs with significant gaming machine revenue.

A summary of the provision of sporting facilities by regional and metropolitan clubs is outlined in Table 6.3.
Table 6.3: Sporting facilities

<table>
<thead>
<tr>
<th>Facility</th>
<th>Regional (no.)</th>
<th>Regional (%)</th>
<th>Metropolitan (no.)</th>
<th>Metropolitan (%)</th>
<th>Total (no.)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowling Greens</td>
<td>470</td>
<td>22%</td>
<td>249</td>
<td>26%</td>
<td>719</td>
<td>23%</td>
</tr>
<tr>
<td>Carpet bowls</td>
<td>241</td>
<td>11%</td>
<td>89</td>
<td>10%</td>
<td>330</td>
<td>11%</td>
</tr>
<tr>
<td>Tenpin bowling</td>
<td>2</td>
<td>0%</td>
<td>1</td>
<td>0%</td>
<td>3</td>
<td>0%</td>
</tr>
<tr>
<td>Gym/Fitness Centre</td>
<td>27</td>
<td>1%</td>
<td>41</td>
<td>4%</td>
<td>68</td>
<td>2%</td>
</tr>
<tr>
<td>Sporting Field(s)</td>
<td>65</td>
<td>3%</td>
<td>31</td>
<td>3%</td>
<td>96</td>
<td>3%</td>
</tr>
<tr>
<td>Golf course</td>
<td>285</td>
<td>13%</td>
<td>68</td>
<td>7%</td>
<td>353</td>
<td>11%</td>
</tr>
<tr>
<td>Swimming Pool</td>
<td>8</td>
<td>1%</td>
<td>11</td>
<td>1%</td>
<td>19</td>
<td>1%</td>
</tr>
<tr>
<td>Tennis Court</td>
<td>77</td>
<td>4%</td>
<td>23</td>
<td>3%</td>
<td>100</td>
<td>3%</td>
</tr>
<tr>
<td>Squash Court</td>
<td>73</td>
<td>3%</td>
<td>10</td>
<td>1%</td>
<td>83</td>
<td>3%</td>
</tr>
<tr>
<td>Billiard table(s)</td>
<td>398</td>
<td>18%</td>
<td>163</td>
<td>17%</td>
<td>561</td>
<td>18%</td>
</tr>
<tr>
<td>Boating/Ski Facilities</td>
<td>21</td>
<td>1%</td>
<td>9</td>
<td>1%</td>
<td>30</td>
<td>1%</td>
</tr>
<tr>
<td>Dart board(s)</td>
<td>415</td>
<td>19%</td>
<td>161</td>
<td>17%</td>
<td>576</td>
<td>18%</td>
</tr>
<tr>
<td>Racing Facility</td>
<td>51</td>
<td>2%</td>
<td>37</td>
<td>4%</td>
<td>88</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>51</td>
<td>2%</td>
<td>59</td>
<td>6%</td>
<td>110</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,184</strong></td>
<td><strong>100%</strong></td>
<td><strong>952</strong></td>
<td><strong>100%</strong></td>
<td><strong>3,136</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

The distribution of facility types is relatively even between regional and metropolitan areas, with the exception of bowling greens (a greater proportion in metropolitan areas) and swimming pools (more likely in regional areas).

Metropolitan clubs were more likely to provide bowling greens, sporting fields and golf courses than their regional counterparts. The proportion of regional clubs with facilities is higher. 63% of clubs are regionally based; however, about 70% of clubs with sporting facilities are based regionally. The tendency for clubs in regional areas to provide these facilities may be due to a lack of alternate facilities in these areas.

6.5 Non-sporting and recreational facilities

In addition to the provision and subsidisation of sporting facilities, clubs provide low cost access to non-sporting and recreational facilities including meeting rooms, entertainment venues and memorials. The numbers of clubs that provide non-sporting and recreational facilities, by facility type are shown in Table 6.4.
Table 6.4: Non-sporting and recreational facilities

<table>
<thead>
<tr>
<th>Type of Non-Sporting and Recreational Facility</th>
<th>Club Size (Gaming Revenue)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0-$200k</td>
</tr>
<tr>
<td>Meeting room(s)</td>
<td>428</td>
</tr>
<tr>
<td>Memorial area</td>
<td>27</td>
</tr>
<tr>
<td>Historical display / Museum area</td>
<td>27</td>
</tr>
<tr>
<td>Playground</td>
<td>62</td>
</tr>
<tr>
<td>Child-care facility</td>
<td>-</td>
</tr>
<tr>
<td>Bar</td>
<td>597</td>
</tr>
<tr>
<td>Bistro / Restaurant</td>
<td>401</td>
</tr>
<tr>
<td>Café</td>
<td>9</td>
</tr>
<tr>
<td>Entertainment venue</td>
<td>365</td>
</tr>
<tr>
<td>Theatre</td>
<td>9</td>
</tr>
<tr>
<td>Night club</td>
<td>-</td>
</tr>
<tr>
<td>Onsite accommodation</td>
<td>18</td>
</tr>
<tr>
<td>Offsite accommodation</td>
<td>-</td>
</tr>
<tr>
<td>Library / Collection</td>
<td>36</td>
</tr>
<tr>
<td>Aged care facility</td>
<td>-</td>
</tr>
<tr>
<td>Hair / Beauty salon</td>
<td>-</td>
</tr>
<tr>
<td>Movie theatre</td>
<td>-</td>
</tr>
<tr>
<td>Retail shops</td>
<td>9</td>
</tr>
<tr>
<td>RSL sub-branch office</td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td>27</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

Overall, the most common facilities provided by NSW clubs in 2011 were:

- meeting rooms;
- bars;
- bistro/restaurant; and
- entertainment venue.

Clubs with gaming machine revenue of less than $1 million were more likely to provide meeting rooms, bars and bistro/restaurant facilities, while clubs with gaming machine revenue in excess of $1 million were more likely to provide playgrounds and cafés.

There were no marked differences in the provision of non-sporting and recreational facilities across regional and metropolitan areas.

6.6 Cash and in-kind support

As part of their social contribution, clubs donate money and provide in-kind support to the wider community. Donations and support include:

- cash payments to charities and non-profit organisations;
- sponsorship of local sporting teams and community events;
- free social activities and transportation of the elderly; and
- funding of health and education contributions.
In 2011, it was estimated that clubs contributed $107 million in cash and in-kind support to their communities. This comprised $83 million in cash payments and $24 million in in-kind support to the community.\(^{18}\)

Figure 6.1 shows how total cash donations and in-kind support have changed over time from 1999 to 2011.\(^{19}\)

Cash donations and in-kind support fell by approximately $1 million from 2007 to 2011 a decrease of 0.9 per cent in nominal terms. Prior to the decline in 2011, cash donations and in-kind support had followed a rising trend, increasing by $23 million between 1999 and 2007, an increase of 27% in nominal terms.

The decline between 2007 and 2011 was comprised of a $6 million fall in cash payments and an increase in in-kind donations of approximately $4 million. In 2007, total cash and in-kind donations were $108 million. In 2011, cash payments and in-kind support totalled approximately $107 million. Community support (excluding CDSE donations) has decreased by 0.9 per cent since 2007\(^{11}\). This decline can be explained by economic conditions and a general decline in trading conditions placing financial pressure on clubs and hence reducing their ability to provide cash donations and in-kind support.

**Figure 6.1: Total cash and in-kind support**

![Figure 6.1: Total cash and in-kind support](source: Club Census 2011; KPMG analysis)

\(^{18}\) Club Census 2011 respondents estimated the value of in-kind community support.  
\(^{19}\) Allen Consulting Group, 2008
The breakdown of cash donations and in-kind support by club size is illustrated in Figure 6.2 below:

**Figure 6.2: Cash payments and in-kind support ($m)**

![Cash payments and in-kind support chart](image)

Source: Club Census 2011; KPMG analysis

The Club Census 2011 responses indicate that the amount of cash and in-kind support provided by clubs in 2011 tended to increase with the size of the club. This trend indicates that the level of support provided by a club is positively dependent on the financial viability of the club. It is estimated that the largest clubs contributed approximately $52 million of cash and about $10 million of in-kind support in 2011.

**Figure 6.3: Cash payments (%)**

![Cash payments percentage chart](image)

Note: The calculation of cash donations as a proportion of net profit before tax plus cash donations was based on the assumption that a reduction in cash donations would have been offset by a one-to-one increase in net profit before tax. Gaming machine profit was calculated as gaming machine revenue less poker machine licences and taxes and is not net of corporate tax.

Source: Club Census 2011; KPMG analysis
The Club Census 2011 responses suggest that the level of cash support as a proportion of gaming machine profits was relatively constant compared to as a proportion of overall profit. Further, the estimates suggest that gaming machine profit may be a more appropriate metric for comparison of support across club sizes given that it is not distorted by variations in the financial viability of clubs across club sizes.

The total community support contribution by clubs in regional and metropolitan area is outlined in Table 6.5.

### Table 6.5: Total cash support and in-kind contributions

<table>
<thead>
<tr>
<th></th>
<th>Regional</th>
<th>Metropolitan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>%</td>
<td>$m</td>
</tr>
<tr>
<td>Cash Donations</td>
<td>28.5</td>
<td>72%</td>
<td>54.1</td>
</tr>
<tr>
<td>In-Kind Support</td>
<td>10.9</td>
<td>28%</td>
<td>13.0</td>
</tr>
<tr>
<td>Total</td>
<td>39.4</td>
<td>100%</td>
<td>67.1</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

Metropolitan clubs provide a larger proportion of their community support as cash donations compared to regional clubs.

Figure 6.4 below illustrates the level of community support by club location.

### Figure 6.4: Community support by club size and location, 2011

Source: Club Census 2011; KPMG analysis

On average, clubs provide community support of $47,000 per annum. Average community support is positively correlated with the club size (in terms of gaming revenue).

Figure 6.5 provides a breakdown of cash donations by activity based on the Club Census 2011 responses.
The Club Census 2011 responses indicated that majority of cash donations (54%) were received by sporting (both professional and non-professional) activities in 2011, with 36% of cash donations going to non-professional sports and recreations and 18% going to professional sports. Around 12% of total cash donations went to both local community and health and welfare donations in 2011, while non-profit organisations and charities received 10% of total cash donations.

The distribution of in-kind payments from clubs in 2011 is shown in Figure 6.6.

Similar to the breakdown of cash payments, the major recipient of in-kind support was non-professional sport and recreation, which received 36% of the total. 30% of in-kind support went to local community activities and 13% was received by non-profit organisations and charities.
6.6.1 CDSE Scheme (ClubGRANTS)

The Community Development and Support Expenditure (CDSE) Scheme is outlined under the *Gaming Machine Tax Act*. The scheme encourages larger clubs (in terms of gaming machine revenue) to offer financial and in-kind support to the community. Clubs are eligible to receive a tax rebate of up to 1.5 percent on gaming machine revenue over $1 million, if the Independent, Liquor and Gaming Authority is satisfied that the level of community support provided is equivalent to the rebate.

The CDSE Scheme comprises two categories of community support:

- **Category 1**: includes expenditure on specific community and social welfare, development, health and employment activities; and
- **Category 2**: involves spending on other community development initiatives.

During 2011, in order to qualify for the rebate, clubs were required to commit at least 50% of their funding to Category 1 activities. The *Club Census 2011* results suggest that clubs generally provide more than the amount of support prescribed by the CDSE. In 2011, $71.3 million was spent by clubs on CDSE activities, 52% more than required (approximately $34.2 million). However, support in 2011 had fallen from 2007, when clubs reported $71.5 million in CDSE activities, approximately 75% more than the maximum amount for which they could receive a tax deduction.\(^\text{20}\)

Since 1 September 2011, the CDSE scheme has been replaced by ClubGRANTS. The changes involved include the claimable rate increasing from 1.5% to 2.25% of taxable gaming machine revenue over $1 million. Clubs are also able to claim contributions to professional sport including NRL, and a new Category 3 has been introduced with 0.4% of the 2.25% rate required to be paid quarterly into a state-wide funding pool for large-scale projects associated with sport, health and community infrastructure.

### 6.7 Volunteers

Clubs use volunteers in many business areas including directors, trading and sporting functions. The social contributions of clubs are supported by the network of volunteers, who enable the provision of venues, facilities and activities at reduced costs.

The cost savings derived through volunteer support are passed on to members and visitors through the provision of subsidised venue hire, facility use and participation in recreational and sporting activities. The cost savings are also passed on to the wider community through funding and support for local activities, charities and sponsorships.\(^\text{21}\)

The type and number of volunteers used by clubs in 2011 is outlined in Table 6.6.

---

\(^{20}\) Allen Consulting Group, 2008

\(^{21}\) IPART, 2008, p.44
Table 6.6: Volunteer type

<table>
<thead>
<tr>
<th>Club Size</th>
<th>Number of volunteers</th>
<th></th>
<th></th>
<th>Average per club</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Directors</td>
<td>Trading</td>
<td>Sporting</td>
<td>Other</td>
</tr>
<tr>
<td>$0 - $200k</td>
<td>5,690</td>
<td>2,100</td>
<td>7,000</td>
<td>4,500</td>
</tr>
<tr>
<td>&gt;$200k - $1m</td>
<td>2,400</td>
<td>40</td>
<td>3,820</td>
<td>1,400</td>
</tr>
<tr>
<td>&gt;$1m - $5m</td>
<td>2,010</td>
<td>200</td>
<td>5,200</td>
<td>1,610</td>
</tr>
<tr>
<td>&gt;$5m - $10m</td>
<td>470</td>
<td>-</td>
<td>2,600</td>
<td>990</td>
</tr>
<tr>
<td>&gt;$10m</td>
<td>430</td>
<td>30</td>
<td>7,430</td>
<td>1,240</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,000</td>
<td>2,370</td>
<td>26,050</td>
<td>9,740</td>
</tr>
</tbody>
</table>

Average per club: 8 2 18 7 34

Source: Club Census 2011; KPMG analysis

There were more volunteers in 2011 compared with 2007, but fewer volunteer hours. Approximately 49,000 volunteers assisted clubs during 2011. The majority of volunteers were directors or assisted in sporting areas. Small clubs – those clubs earning less than $1 million per annum in gaming revenue – accounted for approximately 27,000 volunteers, or more than half (about 55%) of all volunteers used.

The distribution of volunteers by type in regional and metropolitan clubs is presented in Figure 6.7.

Figure 6.7: Number of volunteers

Source: Club Census 2011; KPMG analysis

The split across location is relatively even; regional clubs use 56% of all volunteers, while metropolitan clubs account for 44% of volunteers.

Clubs of all sizes are reliant on volunteers, but smaller clubs use more volunteers in terms of hours (60%) and in proportion to paid employees. Table 6.7 shows the average hours provided by volunteer labour by club size. In 2011, volunteer hours totalled approximately 1.6 million and the average volunteer worked for approximately 34 hours.
### Table 6.7: Volunteer hours

<table>
<thead>
<tr>
<th>Club size by gaming revenue ($)</th>
<th>Number of volunteers (no.)</th>
<th>Number of volunteer hours (no.)</th>
<th>Number of clubs (no.)</th>
<th>Average number of volunteers per club (no.)</th>
<th>Average volunteer hours per club (no.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $200k</td>
<td>12,600</td>
<td>430,000</td>
<td>40</td>
<td>36</td>
<td>48</td>
</tr>
<tr>
<td>&gt;$200k - $1m</td>
<td>7,660</td>
<td>290,000</td>
<td>34</td>
<td>22</td>
<td>842</td>
</tr>
<tr>
<td>&gt;$1m - $5m</td>
<td>9,030</td>
<td>230,000</td>
<td>75</td>
<td>30</td>
<td>777</td>
</tr>
<tr>
<td>&gt;$5m - $10m</td>
<td>4,050</td>
<td>40,000</td>
<td>66</td>
<td>54</td>
<td>592</td>
</tr>
<tr>
<td>&gt; $10m</td>
<td>9,130</td>
<td>70,000</td>
<td>66</td>
<td>138</td>
<td>1,021</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49,150</strong></td>
<td><strong>1,600,000</strong></td>
<td><strong>1,455</strong></td>
<td><strong>34</strong></td>
<td><strong>1,104</strong></td>
</tr>
</tbody>
</table>

*Source: Club Census 2011; KPMG analysis*

The number of volunteers per employee is outlined in Table 6.8. The number of volunteers decreases with club size; in small clubs, for every employee there are four volunteers, while in large clubs, for each employee there is 0.7 volunteers.

The number of volunteers per employee and per FTE employee has increased since 2007. While this increase has been small for total volunteers per employee, there are nearly five times as many volunteers per FTE employee in small clubs in 2011 compared with 2007. This is due to a decline in the number of full time employees and an increase in the number of part-time and casual employees (discussed in Section 5.2). It is unclear whether the increase in volunteers is the cause or result of the drop in full-time employment numbers.

### Table 6.8: Volunteers per employee

<table>
<thead>
<tr>
<th>Club Size</th>
<th>Regional</th>
<th>Metropolitan</th>
<th>NSW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Volunteers per Employee</td>
<td>Volunteers per FTE Employee</td>
<td>Volunteers per Employee</td>
</tr>
<tr>
<td>$0 - $200k</td>
<td>6.3</td>
<td>23.0</td>
<td>3.8</td>
</tr>
<tr>
<td>&gt;$200k - $1m</td>
<td>2.3</td>
<td>8.3</td>
<td>1.3</td>
</tr>
<tr>
<td>&gt;$1m - $5m</td>
<td>1.1</td>
<td>3.9</td>
<td>0.9</td>
</tr>
<tr>
<td>&gt;$5m - $10m</td>
<td>1.1</td>
<td>3.5</td>
<td>0.82</td>
</tr>
<tr>
<td>&gt;$10m</td>
<td>2.6</td>
<td>7.2</td>
<td>0.74</td>
</tr>
</tbody>
</table>

*Source: Club Census 2011; KPMG analysis*

Smaller regional clubs (with gaming revenue less than $1 million) have larger volunteer to employee ratios than comparable metropolitan clubs. Larger metropolitan clubs (with gaming revenue in excess of $1 million) have more volunteers per employee than comparable regional clubs.

Overall, the number volunteers and volunteer hours decreases as club size increases.

### 6.8 Total social contribution

Consistent with methodology documented by IPART in *Socio-Economic Impact Study of Clubs in NSW (2008)*, KPMG used an expenditure approach to calculate the total social contribution of clubs in NSW. The expenditure approach estimates the value of

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22 Allen Consulting Group (2008) reported that for clubs with less than $200,000 in gaming revenue there were 5.4 volunteers for every FTE employee.
direct social contributions provided to club members, visitors and the wider community, by:

- calculating total expenditure on community and social programs (including ClubGRANTS expenditure), for both cash and in-kind support;
- estimating the revenue forgone by providing facilities and venues at low cost; and
- estimating the value of volunteers not implicitly included in the provision of low-cost facilities and venues.

Indirect contributions (such as social outings organised by clubs) are not included in estimates derived from Club Census 2011 responses; however, these are considered qualitatively. These contributions are generally intangible and therefore difficult to quantify. Even so, indirect contributions are significant and an important component of the total social contribution of clubs.

6.8.1 Estimating direct social contributions

Quantifiable social contributions involve the direct actions of a club in supporting communities. For example, a club may donate cash to a local charity, subsidise educational programs, or use volunteers to manage the club.

Clubs surveyed in Club Census 2011 provided details of cash payments made to support communities and estimates of in-kind community support.

Low cost facilities and venues

Social contributions arising from community use of facilities are calculated by subtracting the revenue generated from using the facilities from the actual market value of those facilities. The market values of facilities represent the revenues that could have been generated if clubs charged market rates for the use of their facilities. The estimated market value of facilities is detailed in Table 6.9.

Market values were calculated using IPART’s market values per facility and ACG’s number of facilities. The 2007 market values calculated were inflated to obtain an estimated 2011 market value. The inflators used were as follows:

- Internal facilities (such as meeting rooms) were inflated by the change in the cost of renting office space over the time period. This was chosen because internal facilities such as meeting rooms and accommodation space are likely to track the price of office space given the likely use of the facility if it was not made available for community use by the club.\textsuperscript{23}
- External facilities (such as golf courses) were inflated by the residential rents expenditure class of the Sydney CPI. This reflects the likely alternative use of the land used by these facilities.
- Billiard tables were inflated by CPI. This was chosen as the provision of billiard tables do not require a significant investment in land and the market value of the service is not likely to track the rental costs associated with the service.

\textsuperscript{23} The office space index used was a combination of primary and secondary office space rents in Parramatta. Parramatta was used as it is more likely to represent the type of office space available in clubs throughout NSW than Sydney CBD rents.
Table 6.9: Market value calculations

<table>
<thead>
<tr>
<th>Type of Facility</th>
<th>Weighted 2007 Market Value per Facility ($)</th>
<th>Number of Facilities (no.)</th>
<th>2007 Market Value ($m)</th>
<th>Estimated 2011 Market Value ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowling Green</td>
<td>27,000</td>
<td>1,547</td>
<td>42.3</td>
<td>56.2</td>
</tr>
<tr>
<td>Sporting Fields</td>
<td>50,000</td>
<td>163</td>
<td>8.2</td>
<td>10.9</td>
</tr>
<tr>
<td>Gym/Fitness Centre</td>
<td>1,059,000</td>
<td>81</td>
<td>85.8</td>
<td>82.7</td>
</tr>
<tr>
<td>Golf Course</td>
<td>1,314,000</td>
<td>366</td>
<td>481</td>
<td>638.8</td>
</tr>
<tr>
<td>Billiard Tables</td>
<td>6,000</td>
<td>1,134</td>
<td>6.8</td>
<td>7.6</td>
</tr>
<tr>
<td>Meeting Room</td>
<td>69,000</td>
<td>2,564</td>
<td>175.9</td>
<td>169.6</td>
</tr>
<tr>
<td>Entertainment</td>
<td>69,000</td>
<td>1,176</td>
<td>80.7</td>
<td>77.8</td>
</tr>
<tr>
<td>Accommodation</td>
<td>31,000</td>
<td>3,301</td>
<td>103.3</td>
<td>99.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>1,143.20</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Allen Consulting Group, 2008; Club Census 2011; KPMG analysis

The estimated actual revenue generated from the use of sporting and non sporting facilities are outlined in Table 6.10:\cite{24}:

Table 6.10: Revenue generated by sporting and non sporting facilities

<table>
<thead>
<tr>
<th>Type of Facility</th>
<th>Total Revenue ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowling Green</td>
<td>4.2</td>
</tr>
<tr>
<td>Sporting Fields</td>
<td>10.8</td>
</tr>
<tr>
<td>Gym/Fitness Centre</td>
<td>23.9</td>
</tr>
<tr>
<td>Golf Course</td>
<td>23.7</td>
</tr>
<tr>
<td>Billiard Tables</td>
<td>4.1</td>
</tr>
<tr>
<td>Meeting Room</td>
<td>1.4</td>
</tr>
<tr>
<td>Entertainment</td>
<td>31.5</td>
</tr>
<tr>
<td>Accommodation</td>
<td>47.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>147.0</strong></td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

Value of volunteer labour

Consistent with the IPART method, the value of volunteer labour is incorporated into KPMG’s social contribution calculations. Volunteer labour implicit in the provision of low-cost facilities is not double-counted in the calculation. As such, the volunteer categories of director and other are only included because it is assumed that the labour cost savings of volunteers involved in trading and sporting areas are passed on to club members and visitors via lower facility charges.

The value of volunteer labour is outlined in Table 6.11.

\cite{24} Revenue was calculated by distributing facility revenue, membership revenue and, non professional sport and recreation revenue across each facility (according to usage). Membership revenue is included because it is assumed that people join clubs to use club facilities, especially in cases where facilities are solely provided by clubs. Non-sporting facility’s revenue was calculated similarly to revenue generated by sporting facilities except the additional revenue categories of accommodation revenue and entertainment revenue applied.
### Table 6.11: Value of volunteer labour

<table>
<thead>
<tr>
<th>Volunteer Type</th>
<th>Annual Volunteer Hours (no.)</th>
<th>Estimated Hourly Rate ($/hour)</th>
<th>Annual Value ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>380,000</td>
<td>120</td>
<td>45.8</td>
</tr>
<tr>
<td>Other</td>
<td>490,000</td>
<td>20</td>
<td>9.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>870,000</strong></td>
<td></td>
<td><strong>55.5</strong></td>
</tr>
</tbody>
</table>

*Source: Club Census 2011; KPMG analysis*

Using these estimates of hourly rates, the calculated annual value of volunteers is approximately $7 million higher than IPART’s 2007 valuation of volunteer time (in real terms), despite less volunteer hours worked. This reflects the different wage assumptions used for volunteer directors.

If the standard rate of $20 per hour was applied to both categories as was the case in previous reviews, the value of volunteer time is approximately $17 million. IPART calculated that volunteer contributions were $56 million in 2007. The difference observed between the 2007 and 2011 volunteer contributions may be attributed to the fall in average hours spent by volunteers at clubs.

### Total social contribution

Using the methodology described in this section, the total social contribution of registered clubs in NSW was $1.2 billion in 2011. The categories of social contribution, and contribution amounts, of NSW clubs in 2011 are provided in Table 6.12.

### Table 6.12: Total social contribution

<table>
<thead>
<tr>
<th>Category</th>
<th>Contribution amount ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Payments</td>
<td>82.7</td>
</tr>
<tr>
<td>In-kind support</td>
<td>23.9</td>
</tr>
<tr>
<td>Market Value of Facilities</td>
<td>1,143.1</td>
</tr>
<tr>
<td>less Revenue Generated by Facilities</td>
<td>(147.1)</td>
</tr>
<tr>
<td>Volunteer Hours</td>
<td>55.5</td>
</tr>
<tr>
<td><strong>Total Social Contribution</strong></td>
<td><strong>1,158.1</strong></td>
</tr>
</tbody>
</table>

*Source: Club Census 2011; KPMG analysis*

### 6.8.2 Indirect contributions

In addition to the contributions quantified above, clubs provide the following services, activities and facilities, which contribute to the wellbeing of club members, visitors and community members:

- courtesy buses;
- free/subsidised concerts;
- trivia nights;
- raffles, meat trays, lucky badge draws, and other member promotions;

---

25 Estimates of hourly rates for other volunteers are consistent with those used in the 2007 review and estimates for directors are consistent with those suggested by The Centre for Volunteering. ACG assumed a standard rate for an employee in the clubs industry at $20 per hour for all volunteers. KPMG applied this rate to the ‘other volunteers’ category. The Centre for Volunteering estimated the value of director volunteers at $120 per hour in their 2010 report *Reimbursement and Value of Volunteer Effort* (p.18). KPMG has used the higher rate for directors to reflect the specialist services provided.
• bingo games;
• organised social outings;
• free seminars;
• seniors programs/events;
• mentoring programs and junior sports coaching; and
• subsidised food and beverages.

Clubs also provide subsidised facilities that are not easily valued because it is difficult to compare them with comparable facilities provided by the for-profit sector.

• carpet bowling facilities;
• boating/ski facilities;
• memorial areas;
• children’s play areas;
• libraries/collections;
• historical displays and museums; and
• RSL sub-branch offices.

Clubs also provide considerable intangible social benefits that are often difficult to measure quantitatively. Examples of these are the sense of belonging that some club members feel and the greater social cohesion a community experiences. Other intangible benefits include the improved fitness levels that members of a bowls or golf club might achieve as a result of access to the club’s facilities and the reduced rates of obesity among young people due to participation in club sport. These benefits are likely to be valued differently by different members of the community and some (such as fitness benefits) are essentially private in that they accrue to the individual, rather than to the broader community.

These services and facilities have not been quantified as a part of this analysis. However, it is noted that they form an important part of the total social contribution of clubs in NSW.
7.1 Key findings

- Clubs in NSW plan to invest a total of $2.5 billion in club and sporting facilities over the next three years. The majority of this spending (82%) is intended to be spent on developing the club’s principal operating premises.
- 71% of clubs intend to invest in club facilities during the next three years.
- Investment in new buildings and extensions to existing buildings are the most significant types of planned expenditure.
- Clubs intend to invest $450 million over the next three years on sporting facilities.
- Increasing the prices of food and beverage was the most likely strategy if clubs were faced with a potential decrease of 10% and 20% of revenue.

7.2 Future investment

7.2.1 Overview

The intention of clubs to develop club, sporting and recreation facilities is an indicator of how clubs perceive the future outlook of the industry. A strong future outlook will result in more clubs willing to invest in facilities for the use of members and the community.

Clubs in NSW continue to invest in the development of facilities, indicated by the $660 million of capital expenditure in 2011 as discussed in Section 5.3. Development includes extensions to, and refurbishment of existing facilities, purchases of new facilities, purchases of club equipment and furniture and costs incurred in developing sporting fields and grounds.

Clubs continue to be a significant provider of sporting and recreational facilities to the NSW community. Clubs in NSW plan to invest a total of $2.5 billion in club and sporting facilities over the next three years. The majority of this spending (82%) is intended to be spent on developing the club’s principal operating premises.

7.2.2 Club facilities

Overall, 71% of clubs intend to invest in club facilities during the next three years. Figure 7.1 below indicates the percentage of clubs with an intention to invest in club facilities, based on club size.
**Figure 7.1: Percentage of clubs with an intention to develop club facilities over next 3 years**

![Graph showing percentage of clubs with an intention to develop club facilities over next 3 years.](image)

**Source:** Club Census 2011; KPMG analysis

The two largest size categories of clubs have an intention to invest in club facilities similar to their intention in 2007. Clubs in the smallest category show a 6% reduction in their intention to develop club facilities. This reduction is reflective of clubs in this category unlikely to have significant funds to conduct development and a further indicator that many clubs in this category have ongoing financial viability concerns.

On average, 76% of clubs with EGM revenue of $200k to $1m indicated that they had an intention to develop club facilities. This may indicate unrealistic expectations of investment, given that 59% of clubs in this size category appear to be in some form of financial distress, as discussed in Section 3.6.

### Planned club facilities

Additionally, Table 7.1 below shows the types of facilities that clubs plans to invest in.

**Table 7.1: Investment in club facilities over the next three years ($m)**

<table>
<thead>
<tr>
<th>Non-sport facilities</th>
<th>$0-$200k</th>
<th>&gt;$200k-$1m</th>
<th>&gt;$1m-$5m</th>
<th>&gt;$5m-$10m</th>
<th>&gt;$10m</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New buildings</td>
<td>23.9</td>
<td>98.0</td>
<td>269.3</td>
<td>120.2</td>
<td>386.6</td>
<td>898.0</td>
</tr>
<tr>
<td>Refurbishment</td>
<td>12.0</td>
<td>28.8</td>
<td>67.9</td>
<td>78.6</td>
<td>168.8</td>
<td>356.1</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>-</td>
<td>1.0</td>
<td>4.8</td>
<td>3.6</td>
<td>6.3</td>
<td>15.7</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>9.8</td>
<td>21.9</td>
<td>94.4</td>
<td>61.5</td>
<td>254.9</td>
<td>442.5</td>
</tr>
<tr>
<td>Ancillary facilities</td>
<td>0.0</td>
<td>0.2</td>
<td>90.2</td>
<td>0.0</td>
<td>61.8</td>
<td>152.2</td>
</tr>
<tr>
<td>Other</td>
<td>3.0</td>
<td>57.7</td>
<td>23.5</td>
<td>17.3</td>
<td>117.9</td>
<td>219.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48.7</strong></td>
<td><strong>207.6</strong></td>
<td><strong>550.1</strong></td>
<td><strong>281.2</strong></td>
<td><strong>996.3</strong></td>
<td><strong>2,083.9</strong></td>
</tr>
</tbody>
</table>

**Source:** Club Census 2011; KPMG analysis

Across all size categories, investment in new buildings and extensions to existing buildings, followed by refurbishment is the most significant types of planned...
expenditure. This is consistent with 2007, indicating that expenditure relating to club buildings is a regular area of spending.

While the intention to developing club facilities has remained relatively stable (as indicated in figure 7.1), the total intended value of spending has decreased since 2007 by 28%. This is likely due to clubs previously intending to spend significantly on the building of outdoor smoking and decking areas in 2007. This followed the introduction of total indoor smoking legislation bans in NSW.

Other reasons for the decreased value of development are due to the regulatory uncertainty that existed for a significant period during 2011, due to the proposed introduction of mandatory pre-commitment legislation. Access to sources of financing due to changing economic conditions may also have been a factor in the reduced intended spending.

7.2.3 Sporting and recreation facilities

During the next three years, 31% of clubs intend to invest in developing sporting and recreation facilities. Figure 7.2 below indicates the percentage of clubs with an intention to invest in sporting facilities, based on club size.

![Figure 7.2: Percentage of clubs with an intention to develop sport and recreation facilities over next three years](image)

Source: Club Census 2011; KPMG analysis

The overall downward trend of clubs intending to develop sporting facilities continues from 2003. Consistent with the decreased level of capital expenditure in 2011 to 2007 (as indicated in section 5.3), an overall reduction in future spending in sporting facilities is expected. This is due to investment in club facilities is expected to take a higher priority for clubs over investment in sporting facilities when clubs allocate funds for capital expenditure.

**Planned sporting and recreational facilities**

Table 7.2 below provides detail as to the types of sporting facilities that clubs plan to develop. In aggregate, clubs intend to invest $450 million over the next three years on sporting facilities.
Table 7.2: Investment in sporting facilities over the next 3 years ($m)

<table>
<thead>
<tr>
<th>Sporting facilities</th>
<th>$0-$200k</th>
<th>&gt;$200k-$1m</th>
<th>&gt;$1m-$5m</th>
<th>&gt;$5m-$10m</th>
<th>&gt;$10m</th>
<th>Total Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fields/grounds</td>
<td>22.3</td>
<td>8.8</td>
<td>66.9</td>
<td>0.1</td>
<td>8.4</td>
<td>106.5</td>
</tr>
<tr>
<td>Sporting infrastructure</td>
<td>26.2</td>
<td>2.5</td>
<td>27.8</td>
<td>28.8</td>
<td>20.0</td>
<td>105.3</td>
</tr>
<tr>
<td>Equipment</td>
<td>13.8</td>
<td>27.5</td>
<td>2.7</td>
<td>0.6</td>
<td>6.5</td>
<td>51.1</td>
</tr>
<tr>
<td>Other</td>
<td>22.8</td>
<td>11.7</td>
<td>139.4</td>
<td>6.0</td>
<td>6.9</td>
<td>186.8</td>
</tr>
<tr>
<td>Total</td>
<td>85.1</td>
<td>50.5</td>
<td>236.8</td>
<td>35.5</td>
<td>41.8</td>
<td>449.7</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

In aggregate, the intended spending on sporting fields and sporting infrastructure is similar in value to 2007, amounting to 47% of total spending. Planned spending for sporting facilities tends to be dominated by the three smallest club size categories, unlike planned club facilities (discussed in section 7.2.2) where clubs in the largest category dominated.

Greater intended development of sporting facilities by smaller clubs is due to the majority of clubs in these size categories comprising bowling, golf and other sporting clubs. This makes it essential that these types of clubs conduct a regular level of spending on sporting facilities to enable them to maintain their core service offering of sporting facilities.

7.3 Future outlook

Figure 7.3: Club responses to a 10% decrease in revenue

As part of Club Census 2011, clubs were asked what strategies they would implement should their club be faced with a decrease in revenue of 10%, 20% and 30% respectively.

Increasing the prices of food and beverage was the most popular response when faced with a potential decrease of 10% and 20% of revenue, with 60% and 63% of respondents saying that they would implement this measure respectively. When faced with a 30% decrease in revenue, reducing capital expenditure was the most popular response.
The number of clubs who would implement a strategy to increase membership fees, increase food and beverage prices or increase venue rental fees did not vary significantly depending upon whether the revenue decrease was 10, 20 or 30 per cent. This signifies that clubs are likely to implement the strategy chosen regardless of how great the decrease in revenue is. The number of clubs that indicated that they would pursue a strategy to increase prices charged ranged from 36% to 60% of clubs, depending upon the type of strategy and the severity of the decrease in revenue.

Clubs indicated that when faced with a revenue decrease of between 10% to 30% they would on average increase membership fees by 29%, increase food and beverage prices by 17% and increase venue rental fees by 27%.

To put the increase of food and beverage prices into context, Table 7.3 shows the average increases in typical club food and beverage items should clubs be faced with revenue decreases of between 10% to 30%.

**Table 7.3: Increases in prices of food and beverage**

<table>
<thead>
<tr>
<th>Item</th>
<th>Current average price</th>
<th>Increased price if clubs faced a 10% decrease in revenue</th>
<th>Increased price if clubs faced a 20% decrease in revenue</th>
<th>Increased price if clubs faced a 30% decrease in revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roast of the day</td>
<td>$12.52</td>
<td>$13.97</td>
<td>$14.58</td>
<td>$15.49</td>
</tr>
<tr>
<td>Burger</td>
<td>$10.54</td>
<td>$11.76</td>
<td>$12.28</td>
<td>$13.04</td>
</tr>
<tr>
<td>Pasta</td>
<td>$12.98</td>
<td>$14.48</td>
<td>$15.12</td>
<td>$16.05</td>
</tr>
<tr>
<td>Standard size of full strength beer</td>
<td>$3.80</td>
<td>$4.24</td>
<td>$4.42</td>
<td>$4.70</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

The number of clubs who would implement a strategy to decrease community support ranged from between 49% to 58%. This is similar to the number of clubs who would reduce capital expenditure and reduce staffing levels, where clubs that would reduce capital expenditure ranged between 54% to 63% and clubs that would reduce staffing levels ranged between 57% to 60% of clubs.

Clubs indicated that when faced with a revenue decrease of between 10% to 30% they would on average decrease community support payments by 37%, reduce capital expenditure by 49%, reduce staffing levels by 21% and reduce amounts paid to professional sport by 54%.

In comparison, with regards to potential closure of a club, less than 13% of clubs would close if faced with a 10 or 20 percent reduction in revenue, but over 35% of clubs would close if revenue decreased by 30%.

Similarly, less than 13% of clubs would consider amalgamating with another club if faced with a 10 or 20 percent reduction in revenue, but over 25% of clubs would consider amalgamating if revenue decreased by 30%. Given that less than 13% of respondents listed amalgamation as being a response to the change if revenues decreased by 10% to 20%, it contrasts with IPART’s recommendation that clubs actively consider amalgamation or rationalisation as a response to changing industry conditions.

In addition, on average 14% of clubs indicated that they would not implement any changes and 4% indicated that they would be unable to adjust club operations.
Table 7.4: Changing conditions

<table>
<thead>
<tr>
<th>Anticipated trading conditions in the next 12 months</th>
<th>Percentage of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get a lot better</td>
<td>5%</td>
</tr>
<tr>
<td>Get a little better</td>
<td>26%</td>
</tr>
<tr>
<td>Stay the same</td>
<td>24%</td>
</tr>
<tr>
<td>Get a little worse</td>
<td>33%</td>
</tr>
<tr>
<td>Get a lot worse</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

As part of Club Census 2011, clubs were asked how they anticipate business conditions for clubs to change over the next 12 months.

Table 7.4 indicates that one quarter of clubs anticipate trading conditions will stay the same during 2012 and one quarter anticipate that the trading conditions will improve a little. One third anticipate that the trading conditions will deteriorate a little, while 12% of club believe that the trading environment will get a lot worse.

Table 7.5: Future employee outlook

<table>
<thead>
<tr>
<th>Item</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clubs that anticipate redundancies to occur in the next 12-24 months</td>
<td>11%</td>
<td>89%</td>
</tr>
<tr>
<td>Clubs that expect to be able to attract suitably qualified employees in the future</td>
<td>82%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

As part of the census, clubs were asked if they anticipate redundancies to occur in the next 12-24 months, and if they anticipate being able to hire suitably qualified staff in the future.

Table 7.5 indicates that close to 90% of clubs do not expect any redundancies to occur, and that over 80% expect to be able to hire qualified staff in the future. Of the clubs that responded as anticipating redundancies to occur, these clubs were of varying size and type. 37% of the clubs anticipating redundancies showed indicators of financial distress, as discussed in Section 3.
Appendices

A  Project methodology
B  Reliability of results
C  Detailed modelling reports
D  Survey instrument
E  References
F  Glossary
A Project methodology

KPMG was engaged to examine the economic and social contribution of registered clubs in New South Wales (NSW). This examination relied upon data obtained from NSW clubs during the course of Club Census 2011.

Structure of Club Census 2011 survey

In NSW, all 1,471 clubs who were registered with the OLGR as at May 2011 were invited to complete Club Census 2011. Participants were provided with two options to complete the survey:

- **Online version:** Clubs for which KPMG was able to obtain email contact details were provided with a unique login to access the online version of the survey instrument via email. Clubs were then able to complete the survey progressively during numerous sittings. The online survey also provided additional guidance and support including pop-up messages and definitions and dynamic warnings where data entered appeared to be incorrect or incomplete.

- **Hard copy version:** All other clubs were posted hardcopy versions of the survey instrument together with reply paid envelopes to assist with completion. A set of explanatory notes and guidance was also provided to assist participants complete the survey. Participants were also provided with a reply paid envelope to aid submission. A hardcopy version of the survey instrument used is provided at Appendix D.

Approximately 82% of participants from NSW completed the survey using the online interface.

The following chart summarises the progress of returns:

**Figure A.1: Cumulative survey returns**

![Cumulative survey returns chart](chart.png)

*Source: KPMG*
Overview of data sources

A number of sources of data were used in the compilation of this report. These included:

- Primary research conducted by KPMG as part of Club Census 2011;
- Analysis of information provided by ClubsNSW in respect of their membership base;
- Data obtained from the NSW Office of Liquor, Gaming and Racing (OLGR);
- Analysis of earlier studies conducted in respect of registered clubs.

Throughout this report the sources of the information and data presented have been indicated. A full listing of references and sources is also included at Appendix E.

Primary research conducted by KPMG

The principal sources of data used in this report are the responses of NSW clubs who responded to a survey conducted by KPMG as part of Club Census 2011. As noted previously, this was the first comprehensive national survey of registered clubs across Australia.

The survey instrument used in Club Census 2011 was divided into 10 sections as follows:

1. **Club profile and membership** including club type, number of members, venue information and registration details;
2. **Sporting and recreation facilities** including details of all sporting and non-sporting infrastructure provided by the club to their respective local communities;
3. **Employment and training** including number of employees, amounts spent of wages and training provided to staff;
4. **Volunteers** including the number of volunteers and their roles, the number of hours spent volunteered assisting the club;
5. **Gaming machines** including their number and age, as well as harm minimisation programs and anti-money laundering arrangements;
6. **Community support and donations** including the value of monetary and in-kind support provided, and the types of community organisations and endeavours supported;
7. **Financial performance and position** including details in respect of the club’s income, expenses and profitability as well as its assets and liabilities.
8. **Taxation** including amounts paid to revenue authorities and certain income tax data;
9. **Future development plans and investment activity** particularly in respect of proposed capital expenditures
10. **Outlook** including the perceptions of club managers and Board in respect of the industry and broader economic environment.

Timeliness of data collected

Club Census 2011 asked clubs to provide information based on two distinct time periods depending on the type of information sought:
• **Non-financial information** was based on the clubs’ current records and management information; and

• **Financial information** was based on the latest full-year financial results reported by the club. This information was derived from either clubs’ latest internal accounting records, or audited/unaudited financial statements. As such the timeliness of this information varied according to the year-ends adopted by respondents.

Figure A.2 summarises the year-end dates used by NSW registered clubs who responded to *Club Census 2011*:

**Figure A.2: Year-end dates adopted by NSW respondents to Club Census 2011 survey**

![Year-end dates chart]

*Source: Club Census 2011; KPMG analysis*

As is shown above, more than half of clubs who completed the survey have 30 June balance date. Accordingly, financial information provided by these clubs related to the year ended 30 June 2011.

**Participation rates**

Of the 1,471 registered clubs in NSW invited to participate in *Club Census 2011, 421 completed the survey, representing a total response rate of 29%. This compared to a participation rate of 32.5% in the previous study*.  

Figure A.3 summarises the number of clubs that completed the survey according to club type compared with the total industry.

---

26 Allen Consulting Group, 2008, p.4
As shown above, there were some differences between the proportions of club type who responded to Club Census 2011 compared with the industry as a whole. This is principally attributed to differences in the average size and resources of some club types.

For instance, League/Football clubs were found to be, on average, larger than most other club categories in NSW. As a result, they have access to greater administrative resources which could be utilised in order to assist with the completion of Club Census 2011. Accordingly, League/Football clubs contributed a higher proportion of survey respondents (8%) than they are nominally reflected within the wider registered club industry (5%).

Bowling clubs on the other hand, were found to be, on average, smaller than the average size of all club categories. Reduced resources accordingly meant that proportionately fewer responses were received from bowling clubs (26%) than they represent within the broader industry (32%).

This trend is further emphasised by Figure A.4 which summarises the number of clubs that completed the survey according to their Electronic Gaming Machine (EGM) revenue compared with the number of clubs in each EGM revenue category within the entire industry:
As is shown, a relatively higher proportion of clubs with larger EGM revenues completed the survey compared with the industry as a whole. This is attributed to the differences in the resources of different size clubs that was discussed above.

**Extrapolating the results of the survey**

In order to adjust for differences between the average size and type of club who responded to the *Club Census 2011* survey (i.e. the sample of respondents) and the entire industry (i.e. the population of registered clubs in NSW), KPMG stratified both the sample and population data into five categories based on clubs’ annual EGM revenues.

These categories were as follows:

- Clubs with annual EGM revenues less than $200,000;
- Clubs with annual EGM revenues between $200,000 and $1 million;
- Clubs with annual EGM revenues between $1 million and $5 million;
- Clubs with annual EGM revenues between $5 million and $10 million; and
- Clubs with annual EGM revenues greater than $10 million.

Survey responses within these five categories were then extrapolated using standard methods of statistical inference. This was based on the relative proportions of the sample who responded to the survey represented within each EGM revenue category represented compared with the total population in each category. Population data was sourced from the OLGR\(^ {27}\).

Consistent with earlier reports by ACG, two extrapolation factors were used in arriving at the results of the survey:

1. **Financial information** including revenues, expenses, assets, liabilities, donations and capital expenditures were extrapolated based on the proportion of total EGM revenues reported by respondent clubs in each category compared with the total.

\(^{27}\) OLGR, 2011
EGM revenues generated by within the entire population in the same category; and

2 Non-financial information was extrapolated based on the proportion of clubs that responded to the survey, compared with the entire population in each EGM revenue category.

Additional information in respect of both the basis and results of the extrapolation can be found at Appendix B.

Reliability of results

In assessing the results of any survey, it is necessary to consider the impact that errors with responses may have on the conclusions reached.

There are two principal sources of errors that should be considered in this regard:

Sampling error

Given that survey respondents are self-selected, there is potential for variance between the data derived from the sample of clubs who responded to the survey and the actual population data.

In conducting the survey, KPMG and ClubsNSW agreed that in order for the results of Club Census 2011 to be considered sufficiently robust, the absolute sampling error at a 95% confidence interval should be less than ± 10%. Based on the number of responses received by KPMG, the overall sampling error is calculated at 4.0%. The error within individual EGM Revenue categories is between 4.2% and 9.8%.

Accordingly, the sampling error has been reduced to an acceptable level.

Other errors

In addition to sampling errors, there is a potential for data to be biased as a result of inaccurate, erroneous or invalid responses to questions by individual respondents. In order to minimise the risk associated with these issues, KPMG implemented a number of controls, including (but not limited to):

- Automatic data validation controls included on the online survey tool. These prompted respondents to confirm answers to some questions that were outside a "normal" range;
- Pre-population of some data in the online survey based on records supplied by the OLGR and/or responses to earlier questions in the survey; and
- Exception reports produced by KPMG during the course of the survey which flagged unusual or potentially incorrect responses. Respondents were then contacted individually by KPMG in order to confirm their answers to these questions.
B Reliability of results

A total of 421 completed survey responses were received, representing a response rate of 29 per cent. Additionally, a further 46 responses were received from clubs who provided responses to financial questions only.

The proposed goal for response rates was to obtain final sample sizes for each strata group that would provide a level of accuracy (maximum error margin) of ±10% at the 95% confidence level. As can be seen from table B1 below, this goal was exceeded. These error margins apply to proportions and assume simple random sampling.

Table B1 indicates the total number of clubs in NSW stratified based upon gaming revenue, the minimum sample size required from each strata group to ensure a maximum error margin of ± 10% in that group at the 95% confidence level, the obtained responses and the maximum sample error margin obtained for each strata group at the 95% confidence level.

**Table B1: Survey sampling error**

<table>
<thead>
<tr>
<th>Club size</th>
<th>NSW Club Population</th>
<th>Minimum sample required</th>
<th>Obtained sample</th>
<th>Maximum sample error 95% confidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nil - $200k</td>
<td>677</td>
<td>84</td>
<td>88</td>
<td>±9.8 per cent</td>
</tr>
<tr>
<td>$200k - $1m</td>
<td>351</td>
<td>76</td>
<td>85</td>
<td>±9.3 per cent</td>
</tr>
<tr>
<td>$1m - $5m</td>
<td>302</td>
<td>73</td>
<td>146</td>
<td>±5.8 per cent</td>
</tr>
<tr>
<td>$5m - $10m</td>
<td>75</td>
<td>42</td>
<td>43</td>
<td>±9.6 per cent</td>
</tr>
<tr>
<td>$10m+</td>
<td>66</td>
<td>39</td>
<td>59</td>
<td>±4.2 per cent</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>1,471</strong></td>
<td><strong>316</strong></td>
<td><strong>421</strong></td>
<td></td>
</tr>
</tbody>
</table>

The following table summarises the scale-up factors that have been used for each club size category in the data analysis.

**Table B2: Uplift factors**

<table>
<thead>
<tr>
<th>Club size</th>
<th>Uplift by gaming machine revenue</th>
<th>Uplift by number of clubs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nil - $200k</td>
<td>5.71</td>
<td>8.59</td>
</tr>
<tr>
<td>$200k - $1m</td>
<td>3.77</td>
<td>4.41</td>
</tr>
<tr>
<td>$1m - $5m</td>
<td>1.96</td>
<td>2.03</td>
</tr>
<tr>
<td>$5m - $10m</td>
<td>1.75</td>
<td>1.74</td>
</tr>
<tr>
<td>$10m+</td>
<td>1.23</td>
<td>1.12</td>
</tr>
</tbody>
</table>
Detailed modelling reports

The turnover or revenue of businesses refers to the total value of services provided by these businesses. This will be equal to the goods and services that businesses purchase plus wages and salaries plus profit. In contrast, the value-added of businesses refers to the total value of services provided by these businesses, less the goods and services that these businesses purchase. Thus value-added is equivalent to wages and salaries plus profit.

When measuring the economic contribution of clubs to the NSW economy, it is important to note that clubs have both direct and indirect impacts on the NSW economy.

- **Direct effects** on employment, industry value-added and industry turnover are the result of the operation of each club within each NSW. Direct contributions occur mainly through the direct contribution of operational and capital expenditure of each club.
- **Indirect effects** are mainly driven by additional spending by employees of clubs and the businesses that supply goods and services to clubs.

KPMG’s Computable General Equilibrium (CGE) regional model estimates the effects of policies that are State or region specific. It divides Australia into 33 regions, 8 States and Territories, and contains 18 industries which correspond to the Australian and New Zealand Standard Industry Classifications (ANZSIC) used by the Australian Bureau of Statistics (ABS). Each of the regions are modelled individually but following a consistent approach.

KPMG’s regional model models the medium-term equilibrium for each regional economy, which would be achieved over roughly three years. The salient feature of a medium-term equilibrium model is that it assumes capital stocks in each industry are fixed, but labour is mobile. In other words, the three-year time frame is too short a time for investment to be realised as additional capital, so that industries respond to shocks by either hiring additional workers or downsizing their labour force.

**Contribution of clubs to value-added ($m) in NSW, operational impacts Clubs’**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Value Added ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>(4.3)</td>
</tr>
<tr>
<td>Mining</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>(17.9)</td>
</tr>
<tr>
<td>Electricity, Gas and Water Supply</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Construction</td>
<td>(17.3)</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>122.5</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>(45.0)</td>
</tr>
<tr>
<td>Accommodation, Cafes and Restaurants</td>
<td>525.0</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>(12.1)</td>
</tr>
<tr>
<td>Communication Services</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>242.3</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>(140.9)</td>
</tr>
<tr>
<td>Government Administration</td>
<td>(45.3)</td>
</tr>
<tr>
<td>Education</td>
<td>149.9</td>
</tr>
<tr>
<td>Health and Community Services</td>
<td>238.0</td>
</tr>
<tr>
<td>Cultural and Recreational Services</td>
<td>2,083.7</td>
</tr>
</tbody>
</table>
### Contribution of clubs to employment (FTEs) in NSW, operational impacts Clubs’

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment (FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>(39)</td>
</tr>
<tr>
<td>Mining</td>
<td>(2)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>(175)</td>
</tr>
<tr>
<td>Electricity, Gas and Water Supply</td>
<td>(5)</td>
</tr>
<tr>
<td>Construction</td>
<td>(193)</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1,497</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>(573)</td>
</tr>
<tr>
<td>Accommodation, Cafes and Restaurants</td>
<td>6,424</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>(120)</td>
</tr>
<tr>
<td>Communication Services</td>
<td>(27)</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>1,630</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>(1,939)</td>
</tr>
<tr>
<td>Government Administration</td>
<td>(592)</td>
</tr>
<tr>
<td>Education</td>
<td>2,108</td>
</tr>
<tr>
<td>Health and Community Services</td>
<td>3,330</td>
</tr>
<tr>
<td>Cultural and Recreational Services</td>
<td>16,668</td>
</tr>
<tr>
<td>Personal and Other Services</td>
<td>1,277</td>
</tr>
<tr>
<td>Ownership of Dwellings</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,270</strong></td>
</tr>
</tbody>
</table>

*Source: KPMG analysis*

### Contribution of clubs to value-added ($m) in NSW, capital expenditure impacts Clubs’

<table>
<thead>
<tr>
<th>Industry</th>
<th>Value Added ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>(1)</td>
</tr>
<tr>
<td>Mining</td>
<td>(0)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9</td>
</tr>
<tr>
<td>Electricity, Gas and Water Supply</td>
<td>(0)</td>
</tr>
<tr>
<td>Construction</td>
<td>146</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>18</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>111</td>
</tr>
<tr>
<td>Accommodation, Cafes and Restaurants</td>
<td>8</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>(4)</td>
</tr>
<tr>
<td>Communication Services</td>
<td>9</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>34</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>(52)</td>
</tr>
<tr>
<td>Government Administration</td>
<td>18</td>
</tr>
<tr>
<td>Education</td>
<td>21</td>
</tr>
<tr>
<td>Health and Community Services</td>
<td>34</td>
</tr>
</tbody>
</table>

*Source: KPMG analysis*
### Industry Value Added ($m)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Value Added ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural and Recreational Services</td>
<td>7</td>
</tr>
<tr>
<td>Personal and Other Services</td>
<td>13</td>
</tr>
<tr>
<td>Ownership of Dwellings</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>372</strong></td>
</tr>
</tbody>
</table>

*Source: KPMG analysis*

### Contribution of clubs to employment (FTEs) in NSW, capital expenditure impacts

Clubs'

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment (FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>(12)</td>
</tr>
<tr>
<td>Mining</td>
<td>(2)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>60</td>
</tr>
<tr>
<td>Electricity, Gas and Water Supply</td>
<td>(3)</td>
</tr>
<tr>
<td>Construction</td>
<td>1,622</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>272</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>1,385</td>
</tr>
<tr>
<td>Accommodation, Cafes and Restaurants</td>
<td>127</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>(54)</td>
</tr>
<tr>
<td>Communication Services</td>
<td>143</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>523</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>(792)</td>
</tr>
<tr>
<td>Government Administration</td>
<td>274</td>
</tr>
<tr>
<td>Education</td>
<td>322</td>
</tr>
<tr>
<td>Health and Community Services</td>
<td>521</td>
</tr>
<tr>
<td>Cultural and Recreational Services</td>
<td>101</td>
</tr>
<tr>
<td>Personal and Other Services</td>
<td>197</td>
</tr>
<tr>
<td>Ownership of Dwellings</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,682</strong></td>
</tr>
</tbody>
</table>

*Source: KPMG analysis*
D Survey instrument

The hard copy version of the Club Census 2011 survey questionnaire is reproduced on the following pages.

Note that the online questionnaire incorporated additional embedded guidance for participants to aid with completion.
Club Census 2011
Measuring the contribution of the Australian registered clubs industry

Thank you for taking part in Club Census 2011, the first national survey of every registered club in Australia.

Club Census 2011 will provide a national snapshot of the registered club sector, profiling its reach and contribution. It will present invaluable information to key industry stakeholders about the important role that clubs play in both their local communities and at a national level.

How long will it take to complete?
We recommend that you review all questions prior to commencing Club Census 2011 online. We also recommend that questions be allocated to relevant individuals, with one person responsible for the collation and entering of data.

Once you have compiled all relevant information, completion of Club Census 2011 should take approximately 1 hour.

What information will I need?
To complete this survey, you will require:
- Your Club’s latest annual report
- Your Club’s internal accounting records (including management reports and trading reports) from your most recently completed financial year
- Payroll reports
- Licensing / Registration details
- Your Club’s latest income tax return

Who is undertaking the survey?
ClubsNSW have commissioned KPMG to manage the Census on its behalf. KPMG is a global professional services firm that has extensive experience working with both government and industry on similar projects. KPMG have engaged I-View Pty Limited to provide assistance with the conduct of the survey.

What types of questions are contained within the survey?

<table>
<thead>
<tr>
<th>Part A to Part F</th>
<th>General Club Related Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>General questions regarding club facilities, employment, volunteers, gaming machines and community support provided.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part G to Part H</th>
<th>Club Finances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions regarding club finances and taxation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part I to Part J</th>
<th>The Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions regarding future development plans and future outlook</td>
<td></td>
</tr>
</tbody>
</table>

What if I need help completing the survey?
For technical queries, please contact I-View via email clubnswsurvey@iviewclients.com.au

For general queries regarding this survey, please call the ClubsNSW members enquiry centre on 1300 730 001 or email clubsnsw2011@kpmg.com.au
PART A - GENERAL QUESTIONS

How to write your answers

- Use a blue or black pen
- Mark circles like this ☑ not like this ☐
- In open text fields please use CAPITAL letters and keep your answers within the space provided
- If you make a mistake neatly cross out your previous answer and write your new answer in or next to the space provided

1a What is the formal name of your Club?
Please enter the full name of your Club in the box below.

1b What is the Club’s Liquor Licence Number?
Please enter the Liquor Licence Number in the box below.

1c In which state is your Club based?
Use block letters and print one character per box.

1d What is your Club’s postcode?
Use the boxes below and print one character per box.

2a Is your Club part of an amalgamated group?
Refer to the bottom of the page for a definition and then please choose one answer.
- Yes
- No → Skip to Question 3

2b If Yes to 2a: Is your Club the head entity of this amalgamated group?
Refer to the bottom of the page for a definition and then please choose one answer.
- Yes
- No → Skip to Question 3

2c If yes to 2b: Are separate accounting records kept for each individual location?
Please choose one answer.
- Yes
- No → Skip to Question 3

2d If Yes to 2c: Please list the names or locations, including the head entity location, that are within the amalgamated group:
Please list the names or locations in the box below.

3 Which of the following best describes the type of Club?
Please choose one answer from the list below that best describes your Club.
- RSL / Services
- Community / Workers / Union / Political
- Cultural / Religious
- Bowling
- Golf
- League / Football
- Surf lifesaving supporters club
- Yacht / Boating
- Racing
- Other sporting
- Other → Enter details in the box below

An amalgamated group refers to a club that has two or more locations, but all locations are under common control.
4 In which year was your Club formally registered?
Use the boxes below and print one character per box.

☐ ☐ ☐ ☐

5a What was your Club’s most recently completed financial year end?
Please choose one answer.
- 30/09/2010
- 31/10/2010
- 30/11/2010
- 31/12/2010
- 31/01/2011
- 28/02/2011
- 31/03/2011
- 30/04/2011
- 31/05/2011
- 30/06/2011
- 31/07/2011
- 31/08/2011

5b Does your Club have financial statements prepared for your most recently completed financial year-end?
Please choose one answer.
- Yes, Audited Financial Statements
  → Please use the audited financial statements for the year end selected in Question 5a when answering the following questions in this survey.
- Yes, Unaudited Financial Statements
  → Please use the unaudited financial statements for the year end selected in Question 5a when answering the following questions in this survey.
- No
  → Please use your Club’s internal accounting records for the year end selected in Question 5a when answering the following questions in this survey.

6a How many members did your Club have, as at your Club’s most recently completed financial year-end?
Please answer by entering a whole number in the grid below. If you are unsure of the exact number please provide your best estimate.

6b How many male and female members does your Club have?
Please answer by entering a whole number in the grid below. The total number of male and female members should be equal to the number of members entered previously. If you are unsure of the exact distribution please provide your best estimate.

6c Please list your four predominant adult membership types and the minimum and maximum fee per year for each of these membership types:
Please answer by entering the four predominant adult membership types and the fees for your Club’s membership types in the grid below. If you are unsure please provide your best estimate. Examples of membership types are voting, social, life, golf and senior. If your Club has less than four adult membership types please only fill in the required fields.

7 What is your Club’s total floor space?
Refer to the bottom of the page for a definition and then please enter your answer in square metres (m²).

Total floor space relates to the total area of the club which members have access to such as bar areas, gaming areas, restaurants, bistro areas and indoor sporting facilities and those areas which members do not have general access to such as administration, delivery and preparation areas.
8a What is the total number of ATMs on your Club’s premises?
   Please choose one answer from the list below:
   ○ 0
   ○ 1
   ○ 2
   ○ 3
   ○ 4
   ○ Other → Enter details in the box below

8b What is the total number of outdoor gaming areas on your Club’s premises?
   Please choose one answer from the list below:
   ○ 0
   ○ 1
   ○ 2
   ○ 3
   ○ 4
   ○ Other → Enter details in the box below

9a What is your Club’s typical member price for the following items?
   Exclude complimentary meals and beverages. Please enter your answer in dollar and cents format. If you don't know or an item is not applicable then please enter N/A in the relevant box.

<table>
<thead>
<tr>
<th>Item</th>
<th>Member Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roast of the day</td>
<td>$</td>
</tr>
<tr>
<td>Burger</td>
<td>$</td>
</tr>
<tr>
<td>Pasta</td>
<td>$</td>
</tr>
<tr>
<td>Standard size of full-strength beer</td>
<td>$</td>
</tr>
</tbody>
</table>

9b What is your Club’s standard measure of beer in millilitres (ml)?
   
   ml

---

**PART B – SPORTING AND RECREATION FACILITIES**

We would now like to ask you about the sporting and recreational facilities available at your Club.

10 Please select any of the below sporting and recreation facilities which are operated by or through your Club:
   Please select yes and then enter the average charge per visit for facility use and the usage per annum in the table below. If facilities are not available for use by non-members, please indicate N/A in the non-member field. If you are unsure please provide your best estimate. If there are no bookings for a particular facility then please leave the field blank.

<table>
<thead>
<tr>
<th>Facility</th>
<th>Does your Club have this facility?</th>
<th>Average charge per visit for use of facilities (or best estimate):</th>
<th>Number of times facilities are used per annum:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Free of charge</td>
<td>By members</td>
<td>By non-members</td>
</tr>
<tr>
<td>Bowling green</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td>Yes ○</td>
</tr>
<tr>
<td>Carpet bowling</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Ten-Pin bowling</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Gym / fitness</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Sporting field(s)</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Golf course</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Aquatic centre / Swimming Pool</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Tennis court</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Squash court</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Billiard table</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Boat / Ski facility</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Dart board(s)</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Racing facility</td>
<td>Yes ○</td>
<td>Yes ○</td>
<td></td>
</tr>
<tr>
<td>Other – list here</td>
<td>Yes ○</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
11 Please select any of the below non sporting and recreation facilities which are operated by or through your Club:

- Meeting room / Conference facility
- Memorial area
- Historical display / Museum area
- Children's play area
- Child-care facility
- Entertainment / Function venue
- Night club
- Library / Collection
- Bar
- Bistro / Restaurant
- Cafe
- Retail shops
- RSL Sub branch office
- Theatre / Concert hall
- Other – Please list here

12 If your Club has onsite or offsite accommodation please list the number of rooms provided.

<table>
<thead>
<tr>
<th>Onsite accommodation</th>
<th>Offsite accommodation</th>
</tr>
</thead>
</table>

- Please answer by entering a whole number in the grid below. If you are unsure of the exact number please provide your best estimate. If there are no bookings for a particular facility then please enter 0.

13 Please select any of the following other benefits that your Club offers. Please select all that apply.

- Courtesy bus
- Free / Subsidised concerts
- Trivia nights
- Raffles
- Bingo games
- Meat trays
- Lucky badge draws
- Other member promotions
- Organised social outings
- Free seminars
- Seniors programs / events
- Mentoring programs
- Junior sports coaching
- Other – Enter details in the box below

For theatres and concert halls use the average ticket price for standard charge per booking. Use the average number of tickets sold during the year for the standard charge per booking. Use the average number of residents at the facility during the year for standard charge per booking. Use the number of times facilities are used.
PART C – EMPLOYMENT AND TRAINING

The next section of the survey is designed to gather information about the employees and Directors at your Club.

14 Does your Club make salary or wage payments to employees?
   Please choose one answer.
   ○ Yes
   ○ No → Skip to Question 19a

15a What is the total number of employees at your Club (excluding contractors)?
   Please answer by entering a whole number in the box below. If you are unsure please provide your best estimate.
   employees

15b Please indicate how many employees at your Club excluding contractors fall into the employment categories below:
   Please answer the questions below by entering a whole number in the grid below. The total number of employees should be equal to the number of employees answered previously. If you are unsure please provide your best estimate.

<table>
<thead>
<tr>
<th>Full-time</th>
<th>Part-time</th>
<th>Casuals</th>
<th>Trainees / Apprentices</th>
</tr>
</thead>
</table>

15c Please estimate the average hours worked per week per individual by:
   Please answer by entering a whole number into the grid below. If you are unsure please provide your best estimate.

<table>
<thead>
<tr>
<th>Part-time staff</th>
<th>Casual staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>hours per week</td>
<td>hours per week</td>
</tr>
</tbody>
</table>

15d In which of the following areas does your Club’s employees (excluding contractors) predominantly employed?
   If a staff member works in multiple areas please select the area in which they work the most hours. If you are unsure please provide your best estimate. The total number of employees should be equal to the number of employees answered previously.

<table>
<thead>
<tr>
<th>Staff</th>
<th>Management</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Beverage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gaming</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities management /</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance and administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No defined area i.e. work in multiple areas of the business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15e Please indicate the number of staff (excluding contractors) by gender:
   Please answer by entering a whole number in the grid below. The total number of employees should be equal to the number of employees answered previously. If you are unsure of the exact number please provide your best estimate.

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
</table>

15f Please indicate the number of staff (excluding contractors) in each age group:
   Please answer by entering a whole number in the grid below. The total number of employees should be equal to the number of employees answered previously. If you are unsure of the exact number please provide your best estimate.

<table>
<thead>
<tr>
<th>24 years and under</th>
<th>25 to 44 years</th>
<th>45 to 64 years</th>
<th>65 years and over</th>
</tr>
</thead>
</table>
16 What were the total salaries, wages and superannuation paid to employees for your Club’s most recently completed financial year-end?

Refer to the bottom of the page for a definition and then please fill in the box below. Note that this excludes payments made to contractors.

$ 

17 What types of employment agreements does your Club use?

Please select all that apply.

- Enterprise Agreements (collective or certified)
- Union collective agreements / certified agreements
- AWAs (Australian Workplace Agreements)
- ITEAs (Individual Transitional Employment Agreements)
- State or federal award
- Registered and Licensed Club Award
- IFAs (Individual Flexible Agreements)
- Other → Enter details in the box below

18a How many of your employees received formal training in your Club’s most recently completed financial year (not including apprentices and trainees)?

Refer to the bottom of the page for a definition and then please fill in the box below:

18b Please provide an estimate for the number of hours of formal training received by each of these employees per month.

Refer to the bottom of the page for a definition and then please fill in the box below:

hours

18c What was the cost of formal training provided to employees for your Club’s most recently completed financial year-end?

Refer to the bottom of the page for a definition and then please enter the amount in the boxes below:

$

18d How many of your employees received informal training in your Club’s most recently completed financial year (not including apprentices and trainees)?

Refer to the bottom of the page for a definition and then please fill in the box below:

18e Please provide an estimate for the number of hours of informal training received by each of these employees per month.

Refer to the bottom of the page for a definition and then please fill in the box below:

hours

19a Does your Club employ contractors for any of the following functions?

Please select all that apply.

- Cleaning
- Catering
- Security
- Cash handling
- Maintenance
- Information technology
- Management
- Other
- Does not employ contractors → Skip to Question 20a. If you do not have any employees → Skip to Question 22a

Formal employee training includes any training courses attended by employees to improve their skills and/or education. The cost of such training would include attendance fees paid, the wages of instructors and any material costs of the training.

Informal employee training includes any training employees receive as a normal part of their day-to-day work. This type of training could be on an ad-hoc basis and is generally provided by an immediate supervisor.
19b What was the total amount paid to contractors in your Club’s most recently completed financial year?

Refer to the bottom of the page for a definition and then please answer by entering a whole number in the box below, if you are unsure please provide your best estimate.

If you do not have any employees → Skip to Question 22a

$8

20a Does your Club have a paid Chief Executive Officer/ General Manager / Secretary Manager?

Please choose one answer.

○ Yes

○ No → Skip to Question 21a

20b What is the highest level of educational achievement of the Chief Executive Officer / General Manager / Secretary Manager?

Please select one from the following:

○ Secondary Education

○ Vocational / Technical Training

○ Diploma

○ Bachelor Degree

○ Postgraduate Diploma

○ Masters Degree

○ Doctoral Degree

○ Have not completed any of the above

21a Does your Club have an expectation of initiating redundancies in the next 12-24 months?

Please choose one answer.

○ Yes

○ No

21b Does your Club expect to be able to attract suitably qualified employees in the next 12 to 24 months?

Please choose one answer.

○ Yes → Skip to Question 22a

○ No

21c What are the main reasons for not finding such staff?

Please select one or more from the following.

○ Lack of prospective employees

○ Prospective employees do not have appropriate skills

○ Club is situated in a regional area, with a small population

○ Small club, with perceived limited career advancement opportunities

○ Inability to compete with other employers in terms of wages and salaries

○ Other → Enter details in the box below

22a As detailed in your last annual report, how many Board Directors (or equivalent) does your Club have?

Please fill in the box below.

Directors (or equivalent)

22b How many of the Board Directors (or equivalent) are:

Please answer by entering a whole number in the grid below. The total number of directors should be equal to the number of directors answered previously.

Employed full time including employment outside of the club

Employed part time including employment outside the club

Retired / not working

22c What training has the Board of Directors (or equivalent) received in relation to Corporate Governance?

Please select all that apply.

○ Roles and Responsibilities of Board Members

○ Strategic Planning

○ Leadership

○ Finance for Boards

○ Risk Management and Governance

○ Chair and CEO Relationship

○ Other → Enter details in the box below

○ Don’t know

○ None of the above
22d Are there any constraints in retaining or sourcing new Board Directors (or equivalent)?

Please choose one answer:
- Yes
- No → Skip to Question 23
- Don’t know → Skip to Question 23

22e What are the constraints in retaining or sourcing new Board Directors (or equivalent)?

Please select one or more from the following:
- Constitutional constraints
- High level of risk assumed
- Large workload
- Inability to remunerate effectively
- Lack of interest
- Poor governance structure
- Other → Enter details in the box below

23 Does your Club have a formal, written strategic plan?

Please choose one answer:
- Yes
- No
- Don’t know

PART D – VOLUNTEERS

The next questions are about volunteers and honoraries involved with your Club.

24a Are there any volunteers involved with your Club?

Refer to the definition below then select one of the options:
- Yes
- No → Skip to Question 25a
- Don’t know → Skip to Question 25a

24b Please state the number of volunteers in each category below.

Please answer by entering a whole number in the grid below. If you are unsure of the exact number please provide your best estimate:

<table>
<thead>
<tr>
<th>Number of volunteers</th>
<th>Average number of hours contributed per month (per volunteer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (or equivalent)</td>
<td></td>
</tr>
<tr>
<td>Trading (Bar, Food, Gaming)</td>
<td></td>
</tr>
<tr>
<td>Sporting (including volunteers in sporting sub-clubs)</td>
<td></td>
</tr>
<tr>
<td>Other (including volunteers in non-sporting sub-clubs)</td>
<td></td>
</tr>
</tbody>
</table>

Volunteers refer to those who actively get involved in volunteer activities, e.g., those who volunteer their time to in-house club activities (such as directors of clubs and trading staff) as well as those who volunteer in sub club activities (such as volunteers in sporting and non-sporting activities).
PART E – GAMING MACHINES

The series of questions are about gaming machines at your Club.

25a Does your Club have gaming machines?
   Please choose one answer.
   ○ Yes
   ○ No → Skip to Question 29
   ○ Don’t know → Skip to Question 29

25b What was your total gaming machine revenue (excluding GST) for your Club’s most recently completed financial year-end?
   Refer to the bottom of the page for a definition and then please fill in the box below:
   $___________

25c How many gaming machine entitlements does your Club have / own?
   Refer to the bottom of the page for a definition and then please fill in the box below or tick the relevant box:
   ____________________________ entitlements
   ○ Don’t know

25d How many gaming machines are in operation on your Club premises?
   Please fill in the box below or tick the relevant box:
   ____________________________ machines
   ○ Don’t know

26 Over the next three years, do you anticipate that the number of gaming machines in your Club will:
   Please select one of the options and enter the relevant number in the box below.

   ○ Increase → by how many machines?
     Enter details in the box to the right

   ○ Decrease → by how many machines?
     Enter details in the box to the right

   ○ No Change
   ○ Don’t know

27a What activities does your Club undertake in relation to responsible gambling?
   Please select one or more from the following.
   ○ Self exclusion program
   ○ Third party exclusion program
   ○ Voluntary pre-commitment
   ○ Industry initiated responsible gambling program
     (e.g. Club Safe program in NSW and South Australia)
   ○ Compliance with state based Responsible Gambling Code of Practice
   ○ Staff are offered RCG (Responsible Conduct of Gambling) refresher courses or additional responsible gambling training.
   ○ Multi venue self exclusion
   ○ On-site problem gambling or financial counselling services / in-venue chaplaincy
   ○ Other → Enter details in the box below

27b How many self-exclusion deeds are currently in place at your Club for problem gambling clients?
   Please fill in the box below or tick the relevant option:
   ____________________________ self-exclusion deeds
   ○ Don’t know

Self exclusion deeds are voluntary agreements that patrons may enter themselves into in order to be denied entry to areas set aside for gaming purposes and to be denied the use of gaming machines at a venue.
28a Does the Club have an anti-money laundering program?

*Please choose one answer.*

- Yes
- No → Skip to Question 29
- Don’t know → Skip to Question 29

28b Have you ever submitted an AML / CTF compliance report to AUSTRAIC?

*Please choose one answer.*

- Yes
- No
- Don’t know

28c Have you ever submitted a Threshold Transaction or Suspicious Matters Report to AUSTRAIC?

*Please choose one answer.*

- Yes
- No
- Don’t know

---

An AML/CTF compliance report is provided AUSTRAIC with information about compliance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1).

Suspicious Matter reports and Threshold Transaction reports are submitted to AUSTRAIC in order to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1).

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PART F – COMMUNITY SUPPORT

The level of community support that clubs provide is a key area of interest for our stakeholders. Unfortunately, this information is often not captured in the annual report of clubs and to a large degree the level of community support is unknown.

Hence completion of this section will enable valuable data to be collected.

29 Please provide details of your Club’s community support, by way of cash grants and donations and details of your Club’s ‘In-Kind’ Community Support for your Club’s most recently completed financial year-end:

*Please complete the table below. A working example can be found on the next page. If you are unsure please provide your best estimate.*

<table>
<thead>
<tr>
<th>Type of Community Support</th>
<th>Cash Donations ($)</th>
<th>&quot;In-Kind&quot; Value ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Welfare</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Education</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Employment</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Sport (Professional)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Sport (Non-Professional) and Recreation</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Non-profit organisations and registered charities</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Local Community</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Emergency Services / Disaster Relief</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Refer to Appendix 1 at the end of this document for examples of community support that your Club may provide.
**Working Example**

Consider a golf club that holds a charity fund-raising day for 100 players. There are several ways in which the club provides community support. Below is an example of possible cash payments and in-kind support that may occur:

<table>
<thead>
<tr>
<th>Sport and Recreation</th>
<th>Type and Value of Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donation to charity of 50% of paid green fees.</td>
<td>Cash Donation of $6/player : $600</td>
</tr>
<tr>
<td>Reduced green fees from $20 to $12 per player.</td>
<td>&quot;In-Kind&quot; value of $8/player : $800</td>
</tr>
<tr>
<td>Free refreshments for players</td>
<td>&quot;In-Kind&quot; value: $500</td>
</tr>
<tr>
<td>Free use of club room, 1 day x $350</td>
<td>&quot;In-Kind&quot; value: $350</td>
</tr>
<tr>
<td>Club volunteers: 8 hours x 20 volunteers x casual rate of $15/hr</td>
<td>&quot;In-Kind&quot; value: $2400</td>
</tr>
</tbody>
</table>

For this example, the response in the survey would look as follows:

<table>
<thead>
<tr>
<th>Type of Community Support</th>
<th>Cash Donations ($)</th>
<th>&quot;In-Kind&quot; Value ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport (Non-Professional) and Recreation</td>
<td>$600</td>
<td>$4,050</td>
</tr>
</tbody>
</table>

---

30a NSW only: What was your Club’s annual Community Development and Support Expenditure (CDSE) contribution as per your latest CDSE return?

Please enter the amounts in the box below:

<table>
<thead>
<tr>
<th>Category 1</th>
<th>Category 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash donations</td>
<td>$</td>
</tr>
<tr>
<td>In-Kind donations</td>
<td>$</td>
</tr>
</tbody>
</table>

Proceed to Question 30g

30b VIC only: What was your Club’s Class A annual contribution as reported on your latest Community Benefit Statement?

Please enter the amount in the box below:

$  

Proceed to Question 31

30c TAS only: What was your Club’s most recent annual Community Support Levy (CSL) contribution?

Please enter the amount in the box below:

$  

Proceed to Question 31

---

- In NSW, registered clubs that earn over $1 million annually in gaming machine revenue provide funding for community projects and services through the CDSE program and in turn receive dollar-for-dollar gaming tax deductions on up to 1.5% of their gaming machine revenue over $1 million. To secure the rebate, Clubs must provide proof to the Office of Liquor, Gaming and Racing that they have spent an equivalent amount on community development and support. CDSE returns are provided annually to the Office of Liquor, Gaming and Racing.

- In Victoria, Community Benefit Statements are provided annually to the Victorian Commission for Gambling Regulation.

- In Tasmania, 4% of the gross profit derived from gaming machines in clubs in Tasmania is paid into the Community Support Levy administered by the Department of Treasury and Finance.
QLD only: If your Club has greater than 50 gaming machines, what was the total of your annual contributions (monetary and non-monetary) as reported on your latest Community Benefit Statement?

Please enter the amount in the box below:

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of Cash</td>
<td>$</td>
</tr>
<tr>
<td>Total of Non-Cash</td>
<td>$</td>
</tr>
</tbody>
</table>

Proceed to Question 31

ACT only: How much did your Club put towards annual community contributions per your latest Community Contributions Report?

Please enter the amount in the box below:

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of Monetary (M)</td>
<td>$</td>
</tr>
<tr>
<td>Total of In-Kind (IK)</td>
<td>$</td>
</tr>
</tbody>
</table>

Proceed to Question 31

NT only: What was the total of your contributions (monetary and non-monetary) as reported on your two latest Community Benefit Statements?

Please enter the amount in the box below:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Monetary</th>
<th>Non-Monetary, In-Kind</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement 1</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Statement 2</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Proceed to Question 31

NSW and ACT only: Was this contribution above the required legislated amount?

Please choose one answer:

- Yes
- No → Skip to Question 31
- Don’t know → Skip to Question 31

NSW and ACT only: By how much was this contribution above the required legislated amount?

Please enter an amount in the box below or tick the relevant box:

$  
- Don’t know

In Queensland, Community Benefit Statements are provided annually to the Office of Liquor and Gaming Regulation.

In the ACT, a club is required to make a minimum level of community contributions equal to 7% of the club’s net gaming machine revenue (NGMR). NGMR, as defined in the legislation, is calculated as follows:

Gross Gaming Machine Revenue (GGMR) derived by the licensee, less:

a) Any amount of gaming machine tax payable on the GGMR; and
b) 24% of GGMR.

GGMR is the total of all moneys inserted into machines less winnings to players and approved amounts set aside for the payment of linked jackpots. The 24% deduction is recognition of the expenses a licensee incurs in gaming machine operations.

Community Contributions Report returns are provided annually to the ACT Gambling and Racing Commission.

In the NT, Community Benefit Statements are provided twice a year to the Department of Justice.
PART G – FINANCE QUESTIONS

We now have some questions about your Club finances.

Additional guidance for head entity of an amalgamated group: Please photocopy all of Part G and complete for each location. Enter the name of the location in the box provided below.

31 Please complete the following profit and loss statement for your Club’s most recently completed financial year-end:

If not applicable please leave blank, please refer to the definitions on the next page.

<table>
<thead>
<tr>
<th>Revenue</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Subscriptions</td>
<td>$</td>
</tr>
<tr>
<td>Food – Income from rental of facilities to an external caterer should be included in Facilities and Venue Rental</td>
<td>$</td>
</tr>
<tr>
<td>Beverage</td>
<td>$</td>
</tr>
<tr>
<td>Facilities &amp; Venue Rental – this includes rental of rooms, gyms, sporting fields and other club venues for a fee.</td>
<td>$</td>
</tr>
<tr>
<td>Gaming Machines</td>
<td>$</td>
</tr>
<tr>
<td>Other Gaming e.g. Keno, TAB</td>
<td>$</td>
</tr>
<tr>
<td>Entertainment</td>
<td>$</td>
</tr>
<tr>
<td>Professional Sport</td>
<td>$</td>
</tr>
<tr>
<td>Non-Professional Sport &amp; Recreation</td>
<td>$</td>
</tr>
<tr>
<td>Accommodation</td>
<td>$</td>
</tr>
<tr>
<td>Ancillary Business Activities - this refers to those activities operated by the club but supplementary to the club’s core functions (e.g. aged care or childcare).</td>
<td>$</td>
</tr>
<tr>
<td>Interest Income</td>
<td>$</td>
</tr>
<tr>
<td>Other Income</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Goods Sold - Food</td>
<td>$</td>
</tr>
<tr>
<td>Cost of Goods Sold – Beverage</td>
<td>$</td>
</tr>
<tr>
<td>Cost of Goods Sold - Other</td>
<td>$</td>
</tr>
<tr>
<td>Poker Machine licenses and taxes</td>
<td>$</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>$</td>
</tr>
<tr>
<td>Operating lease rental expense</td>
<td>$</td>
</tr>
<tr>
<td>Cash Grants / Donations</td>
<td>$</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>$</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td>$</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>$</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>$</td>
</tr>
</tbody>
</table>

32 Please complete the following balance sheet for your Club’s most recently completed financial year-end:

Fill in the amounts in the spaces provided.

<table>
<thead>
<tr>
<th>Assets</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>$</td>
</tr>
<tr>
<td>Inventories</td>
<td>$</td>
</tr>
<tr>
<td>Other current assets</td>
<td>$</td>
</tr>
<tr>
<td>Total current assets</td>
<td>$</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>$</td>
</tr>
<tr>
<td>Investment property</td>
<td>$</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>$</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>$</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>$</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>$</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>$</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>$</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>$</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>$</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>$</td>
</tr>
<tr>
<td>Other payables</td>
<td>$</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>$</td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>$</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>$</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>$</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>$</td>
</tr>
</tbody>
</table>
33 What was the written down value of fixed assets (i.e. property, plant and equipment) as at your Club’s most recently completed financial year-end?

Enter the information in the spaces below; please round to the nearest hundred dollars. Please itemise your fixed assets under the following headings, if something is not applicable then please leave blank.

<table>
<thead>
<tr>
<th>Asset Description</th>
<th>Written Down Value ($)</th>
<th>Have these assets been re-valued since purchase?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Club Land</td>
<td>$</td>
<td>Yes ☐ No ☐</td>
</tr>
<tr>
<td>Club Buildings (excluding land)</td>
<td>$</td>
<td>Yes ☐ No ☐</td>
</tr>
<tr>
<td>Club Plant and Equipment</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Sports Facilities &amp; Equipment (excluding land)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation Facilities (excluding land)</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Gaming Machines and equipment</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Gaming Machines licences</td>
<td>$</td>
<td>Yes ☐ No ☐</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

34 Please select which best describes the land on which your premises is located.

Please choose one answer.
- It is owned by the Club
- It is crown land
- It is leased from the RSL sub-branch
- It is leased from a third party
- Don’t know

35a Does your Club’s last annual report include a statement of cash flows?

Please choose one answer.
- Yes
- No → Skip to Question 36a

35b What was your Club’s total net cash flows from operating activities as shown on the statement of cash flows?

- If positive → Enter details in the box below $  
- If negative → Enter details in the box below 
- Not applicable
- Don’t know

36a Has your Club experienced greater problems than in the past in sourcing funds from banks?

Please choose one answer.
- Yes
- No → Skip to Question 37
- Don’t know → Skip to Question 37

36b What is the main reason for your Club experiencing greater problems than in the past in sourcing funds from banks?

Please select one from the following:
- General Economic Conditions
- Concern over effect of mandatory pre-commitment legislation
- Club financial outlook in general
- Interest rates
- Concern over the Club’s trading performance
- Interest Rates
- Other

Written down value relates is the value of an asset minus its accumulated depreciation i.e. the current book value. This can be found on your fixed asset depreciation schedule.

An asset is considered to be re-valued when its value in the accounting records is updated to reflect its market value, at a time subsequent to the initial purchase.
37 For the following categories, what was your Club’s capital expenditures for your Club’s most recently completed financial year-end?

Please answer by entering a whole number in the grid below. If you are unsure please provide your best estimate.

<table>
<thead>
<tr>
<th>Capital Expenditure</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of New Buildings and Extensions to Existing Buildings</td>
<td>$</td>
</tr>
<tr>
<td>Purchase of land and pre-existing buildings under separate title</td>
<td>$</td>
</tr>
<tr>
<td>Refurbishment</td>
<td>$</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$</td>
</tr>
<tr>
<td>Gaming Machines</td>
<td>$</td>
</tr>
<tr>
<td>Sporting and Recreation Facilities</td>
<td>$</td>
</tr>
<tr>
<td>Ancillary Facilities (e.g. aged care or childcare)</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
</tbody>
</table>

38 Is your Club exempt from paying income tax?

Please choose one answer.

- [ ] No
- [ ] Yes → Skip to Question 40
- [ ] Don’t know → Skip to Question 40

39 Please enter the number for the following items as shown your Club’s latest income tax return.

Please fill out the boxes below, if you are unsure please provide your best estimate. If the amount is a loss (indicated by a ‘L’ on the tax return), please answer yes to “Was this a loss?”

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Number</th>
<th>Was this a loss?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 6T</td>
<td>‘Total profit or loss’</td>
<td>$</td>
<td>Yes</td>
</tr>
<tr>
<td>Item 7T</td>
<td>‘Taxable income or loss’</td>
<td>$</td>
<td>Yes</td>
</tr>
<tr>
<td>15A</td>
<td>‘Percentage of non-member income’</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

40 Please indicate the amount of taxes paid for your Club’s most recently completed financial year-end in each of the following categories:

Please answer by entering a whole number in the box below. If you are unsure please provide your best estimate.

<table>
<thead>
<tr>
<th>Category</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Government gaming machine taxes/ duties (Do not include any community benefit levies paid by your Club under legislation)</td>
<td>$</td>
</tr>
<tr>
<td>Other State Government taxes</td>
<td>$</td>
</tr>
<tr>
<td>Payroll tax</td>
<td>$</td>
</tr>
<tr>
<td>Fringe benefits tax</td>
<td>$</td>
</tr>
<tr>
<td>Council rates and taxes</td>
<td>$</td>
</tr>
</tbody>
</table>
**PART I – FUTURE DEVELOPMENT PLANS**

We now have some final questions about future plans for your Club.

41a Does your Club have plans for development / expansion of sports and recreation facilities over the next three years?

*Please choose one answer.*

- Yes
- No  → Skip to Question 42a
- Don't know  → Skip to Question 42a

41b Please indicate the expected cost of redevelopment of your Club’s sporting and recreation facilities over the next three years.

*Please answer by entering a whole number in the box below. If you are unsure please provide your best estimate.*

<table>
<thead>
<tr>
<th>Sports and recreation facilities</th>
<th>Estimated cost over next 3 years ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fields / grounds</td>
<td>$</td>
</tr>
<tr>
<td>Sporting infrastructure (grand stand, stadium, change rooms)</td>
<td>$</td>
</tr>
<tr>
<td>Equipment</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
</tr>
</tbody>
</table>

42a Does your Club have plans for development / expansion of other facilities (e.g., construction or refurbishment of restaurant, aged care, accommodation, purchase of gaming machines, rescaling of parking area) over the next three years?

*Please choose one answer.*

- Yes
- No  → Skip to Question 44
- Don’t know  → Skip to Question 44

42b Please indicate expected cost of redevelopment of your Club’s other types of facilities over the next three years.

*Please answer by entering a whole number in the box below. If you are unsure please provide your best estimate. If a box is not applicable please leave blank.*

<table>
<thead>
<tr>
<th>Other facilities</th>
<th>Estimated cost over next 3 years ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Buildings &amp; Extensions to existing buildings</td>
<td>$</td>
</tr>
<tr>
<td>Refurbishment</td>
<td>$</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$</td>
</tr>
<tr>
<td>Gaming Machines</td>
<td>$</td>
</tr>
<tr>
<td>Sporting and Recreations Facilities</td>
<td>$</td>
</tr>
<tr>
<td>Ancillary Facilities (e.g., aged care or childcare)</td>
<td>$</td>
</tr>
<tr>
<td>Other – Please specify</td>
<td>$</td>
</tr>
</tbody>
</table>

43 Will your plans for development / expansion be impacted by the introduction of mandatory pre-commitment legislation?

*Please choose one answer.*

- Yes
- No
- Don’t know

---

1. Development / expansion includes construction of new facilities and upgrading or refurbishment of existing facilities.

2. Redevelopment / expansion includes construction of new facilities and upgrading or refurbishment of existing facilities.
PART J – FUTURE OUTLOOK

44 What measures would your Club implement if it experienced a permanent decline in revenue? Please select all that apply. If yes, enter the percentage of change in the relevant spaces provided.

<table>
<thead>
<tr>
<th>Measure</th>
<th>10% decline in revenue?</th>
<th>If yes by what percentage?</th>
<th>20% decline in revenue?</th>
<th>If yes by what percentage?</th>
<th>30% decline in revenue?</th>
<th>If yes by what percentage?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase membership fees</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
</tr>
<tr>
<td>Increase prices charged for food and beverage</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
</tr>
<tr>
<td>Increase facilities and venue rental</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
</tr>
<tr>
<td>Reduce community support</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
</tr>
<tr>
<td>Reduce capital expenditure</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
</tr>
<tr>
<td>Reduce staffing levels</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
</tr>
<tr>
<td>Reduce amount paid to professional sport</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
</tr>
<tr>
<td>Unable to adjust club operations</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
</tr>
<tr>
<td>Closure of site</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
</tr>
<tr>
<td>Amalgamate with another club</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
</tr>
<tr>
<td>No change</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
<td>Yes ( )</td>
<td>%</td>
</tr>
</tbody>
</table>

45 By comparison with the past 12 months, how do you expect business conditions for clubs to develop in the next 12 months? Please choose one answer.
- Get a lot better
- Get a little better
- Stay the same
- Get a little worse
- Get a lot worse
- Don’t know

46 Please indicate how you view these future potential regulatory changes? Please select your answer by selecting the appropriate option.

<table>
<thead>
<tr>
<th>Change</th>
<th>Insignificant</th>
<th>Somewhat significant</th>
<th>Very significant</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory pre-commitment legislation</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
</tr>
<tr>
<td>Changes to indoor and outdoor smoking legislation</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
</tr>
<tr>
<td>Allowing casino style gambling online</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
</tr>
<tr>
<td>Limits or bans on ATMs in venues</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
<td>Yes ( )</td>
</tr>
</tbody>
</table>

47a Does your Club have any plans to amalgamate with another Club? Please choose one answer.
- Yes
- No → Skip to next page
- Don’t know → Skip to next page

47b Which option best suits the reason for your Club to amalgamate with another Club? Please choose one answer.
- Financial pressures
- Significant financial distress
- Strategic positioning
- Other → Enter details in the box below

1 Revenue includes all revenue generated by your club, including membership, food and beverage, gaming and ancillary revenues.
KPMG may need to follow-up on some of your survey responses. Would you be willing to be re-contacted? Please be assured you will not be contacted for any other research purposes.

Please choose one answer.

- Yes, I can be contacted → Please complete your contact details below
- No, I would prefer not to be contacted → Go to END

Please enter details in the boxes below

Contact name:

Name of club(s) represented:

Email address:

Telephone number:

END

We would like to thank you for spending the time completing this survey and your role in assisting ClubsNSW to gain a deeper understanding into the role clubs play in our communities.

Please enter the above data online using the link provided in your email invitation.

For technical queries, please contact I-View via email clubnswsurvey@iviewclients.com.au

For general queries regarding this survey, please call the ClubsNSW Members enquiry centre on 1300 730 001 or email clubsnsw2011@kpmg.com.au
Appendix 1

EXAMPLES OF COMMUNITY SUPPORT THAT YOUR CLUB MAY PROVIDE (TO BE USED FOR QUESTION 70)

Health and Welfare
- Funding for hospitals
- Funding for early childhood, palliative, women’s and Aboriginal and Torres Strait Islander health services
- Funding for community nursing
- Community transport particularly for older residents
- Funding, catering and use of vehicles for services such as Meals on Wheels
- Affordable meals
- Involvement in aged care hostels or retirement homes
- Seniors events and hospital visitation
- Recreational facilities such as bowling greens
- Funding and housing of internal and external day care centres
- Funeral services
- Child and family services
- Mental health services
- Support of health promotion initiatives
- Drug and alcohol services
- Dental services
- Home and community care services
- Disability services (including equipment such as wheelchairs)
- Veteran welfare activities / RSL sub-branch accommodation

Education
- Sponsorships and scholarships
- Funding of specific educational purposes such as the construction of wheelchair ramps and school crossing attendants
- Training opportunities
- Use of facilities, catering and administrative support for training programs
- Career development seminars for the young, disadvantaged or unemployed

Employment
- Employment placement services
- Group training
- Employment advocacy
- Community enterprises
- Local job creation schemes

Sport (Professional)
- A sport is professional when every player on the team is paid to play the sport. In the case of individual sports, the sport is professional when the player is paid.

Sport (Non-Professional) and Recreation
- Funding or sponsorship of activities for in-house and external sporting clubs, teams and individuals
- Construction and maintenance of sporting fields and facilities
- Grants to junior sporting associations and other sports clubs/groups, schools and other organisations for the supply or provision to players, referees and officials of uniforms, trophies, insurance, medical kits, administration, referees payments, travelling and accommodation expenses
- Junior coaching clinics
- Sporting scholarships
- Meeting rooms and offices for junior sports administration;
- Gymnasiums and equipment including maintenance of these facilities
- Grounds and ground improvements including but not limited to council fees, lighting, change rooms, ground rentals and maintenance

Non-profit organisations and registered charities
- Funding and support of counselling services, child care, aged, disability or youth services and volunteer services such as surf life-saving and rural fire services
- Funding for various children’s charities such as Starlight Foundation and Variety
- Club of Australia
- Funding for charitable and community organisations, welfare groups and churches
- Organising and/or hosting of charitable fund raising events
- Subsidising or providing free the use of venues and facilities, including providing the services of club staff

Local Community
- Construction and maintenance of local community infrastructure (including sporting facilities)
- Providing venues and facilities for use by local residents (e.g. for weddings, functions, training events) and by visitors (e.g. conference facilities), and in some instances, by State agencies
- Providing venues and facilities at a subsidised rate or free of charge to local community groups, charitable groups and sporting groups
- Use of Club staff for grounds and facility maintenance, in some cases, relieving councils of on-going day-to-day management and or maintenance responsibilities
- Direct contributions to the work of Local Government by providing facilities, financial contributions, planning involvement, catering and/or staff for local Government initiatives
- Enhancement of services and facilities provided by local Government
- Provision and maintenance of gardens and urban landscape upgrading
- Sponsorship of local festivals and community events
- Environmental initiatives

Emergency Services / Disaster Relief
- Funding for State agencies such as the SES, hospitals, fire and ambulance services
- Providing emergency accommodation and shelters during natural disasters
- Providing resources to support community recovery in times of crisis by way of material aid to victims and support workers
- Financial support for families who have lost their homes to fire or as a result of other disaster, or for other individuals in need of assistance.
References


Glossary

$  Australian dollars
$'000  Australian dollars in thousands
ABS  Australian Bureau of Statistics
ACG  Allen Consulting Group
ANZIC  Australia and New Zealand Industry Code
ASIC  Australian Securities and Investments Commission
ATM  Automatic teller machine
CDSE  Community Development and Support Expenditure
CGE  Computable general equilibrium
Club  Organisation registered as a club under the Liquor Act
ClubsNSW  The Registered Clubs Association of NSW
CPI  Consumer price index
EBIT  Earnings before interest and income tax
EBITDA  Earnings before interest, income tax, depreciation and amortisation
EBITDA %  EBITDA as a proportion of revenue
EBITDARD  Earnings before interest, income tax, depreciation, amortisation, rent and donations
EBITDARD %  EBITDARD as a proportion of revenue
EGM  Electronic gaming machine
FTE  Full time equivalent
FY  Financial year
GSP  Gross state product
GST  Goods and services tax
IPART  NSW Independent Pricing and Regulatory Tribunal
k  Thousands
KPI  Key performance indicator
KPMG  KPMG, an Australian partnership
LGA  Local government area
m  Millions
MOU  Memorandum of understanding
MP  Member of Parliament
NSW  New South Wales
OLGR  Office of Liquor, Gaming and Racing (NSW)
pa  Per annum
RSL  Returned Services League
SEIS  Socio-economic impact study
The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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