



2015 NSW Clubs Census



Detailed Report

FINAL

—

August 2016

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Inherent Limitations

This report has been prepared as outlined in the Introduction Section. 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.

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 is solely for the purpose set out in the Introduction Section and for ClubsNSW's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

This report has been prepared at the request of ClubsNSW in accordance with the terms of KPMG's engagement letter/contract dated 1 September 2015. 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.



Key Findings

Key Findings

Overview

ClubsAustralia and ClubsNSW commissioned a four-yearly national census to understand critical trends and developments across all aspects of the structure, function, and performance of the registered clubs industry.

The Clubs Census provides an important evidence base for individual clubs and a critical input to strategic planning undertaken by the industry. It also informs the representation undertaken by ClubsAustralia and ClubsNSW.

Since the completion of the last census in 2011, the registered clubs industry has continued to be an important driver of economic activity and employment and a strong supporter of local organisations and the community.

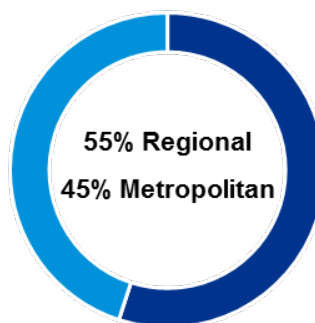
The results of the 2015 NSW Clubs Census show that, in 2015:

- the clubs industry contributed an estimated \$3.7 billion (0.7% of GSP) to the NSW economy
- the clubs industry contributed an estimated \$1.4 billion in Commonwealth and State taxes.
- the value of registered clubs' social contribution to NSW is a further \$1.3 billion

Overall financial viability in the sector has improved since 2011; however, challenges remain - particularly for smaller clubs. The Clubs Census has shown that larger clubs are better able to survive and grow, while providing greater levels of community support, employment and facilities than other clubs.

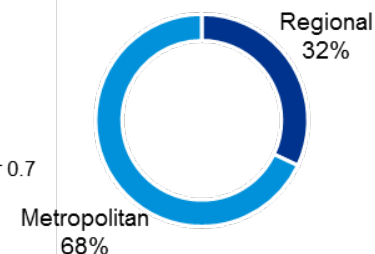
The results of the 2015 NSW Clubs Census show that, since 2011:

- over 60 clubs (almost 5% of all clubs) have ceased operations
- over 30 clubs have chosen to amalgamate – highlighting the challenges facing the industry.



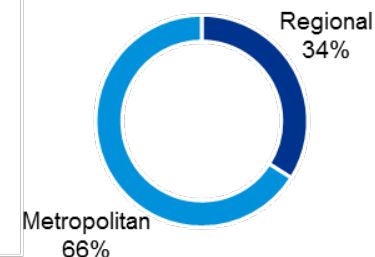
\$3.7 billion IN ECONOMIC CONTRIBUTION

The economic contribution of clubs accounts for 0.7 per cent of all NSW GSP in 2015.



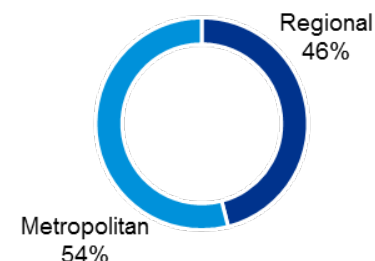
\$1.3 billion IN SOCIAL CONTRIBUTION

The social contribution of clubs consists of community donations, subsidised access to facilities and volunteering. This contribution has increased by 5 per cent since 2011.



40,728 PEOPLE EMPLOYED

Clubs employed over 40,000 people state wide in 2015, which was slightly less than in 2011.



Key Findings

Economic impact of registered club operations



The economic impact of registered clubs in NSW is significant and indicates that the registered clubs sector remains an important driver of the NSW economy, particularly within the State's hospitality sector.

The economic impact of registered clubs is particularly important in regional areas where employment opportunities may be scarce and services difficult to access. The results of the 2015 NSW Clubs Census show that the registered clubs industry provides a \$3.7 billion total contribution in 2015, accounting for flow-on effects, or 0.7 per cent of GSP.

55% of registered clubs in NSW are based in regional areas with an impact on the regional economy of \$1.2 billion, accounting for 0.8% of regional GSP.

Social contribution of the registered clubs industry



Clubs directly contribute to communities by making cash and in-kind donations to local organisations, supporting local initiatives and events, and providing access to a range of community venues and facilities including sporting and recreational centres. Overall, the level of social contribution between 2011 and 2015 has increased by 5 per cent.

Between 2011 and 2015, there was an increase in total cash and in-kind contributions to community organisations, with a particular focus on supporting non-professional sports such as junior sports teams.

Clubs provide subsidised access to sporting, recreational, cultural and administrative facilities. These subsidies amounted to \$1 billion in 2015.

The number of volunteers at registered clubs has fallen since 2011, which is consistent with trends of decreased volunteerism in Australia. However, the typical volunteer has contributed more time to the community and the value of volunteer labour has remained high.

Employment in the clubs industry



Registered Clubs are present in all areas of NSW and continue to employ over 40,000 people statewide. There has been a small fall in headcount since 2011, but an increase in overall salaries and wages paid by registered clubs.

Clubs are a particularly important source of employment in regional areas. Registered clubs in regional areas employed 18,600 people in 2015, or 21% of jobs in the accommodation and food services industry.

Larger clubs (as measured by EGM revenue) are able to employ more staff than smaller clubs. The 8% of clubs with more than \$10m in annual gaming revenue employ 29% of all staff employed by registered clubs statewide.

Financial viability of registered clubs



The financial viability of the NSW registered clubs industry as a whole has improved marginally between 2011 and 2015. However, challenging conditions remain, particularly for smaller clubs. In particular, 65 clubs have closed since 2011.

Bowling and golf clubs exhibit greater signs of distress than other clubs taking part in the 2015 Census. Since 2011, 22 bowling clubs have closed operations and around 25% of bowling clubs exhibit signs of serious distress.

Differences in financial viability are a result of differences in the capability and capacity of clubs to respond to a challenging operating environment. Larger clubs, with the advantages of scale have been more successful than smaller clubs in improving their financial health.

The 2010 Memorandum Understanding with the NSW Government may have improved the viability of larger clubs and boosted their financial capacity to invest in income generating assets.



Introduction

1. Introduction

Overview

The registered clubs industry in Australia is broad and diverse. There are around 1,350 registered clubs in NSW, including 739 in regional areas. Registered clubs offer a variety of services to their 6.7 million members, including 2.8 million in regional areas. This is up from 5.7 million members in 2011. Clubs with annual EGM revenue less than \$1 million offer services to 1.6 million members, and clubs with revenue over \$1 million offer services to 5.1 million members. Services include: entertainment, food, sport, gaming, and other forms of recreation.

Registered clubs make an active contribution to local communities through direct and indirect forms of support. They do this via the provision of facilities, sponsorship of professional and non-professional sporting teams and volunteers, and through the support of health and education initiatives.

The fact that the industry is fragmented poses a challenge, as does the large number of clubs and the significant variation in the scope and scale of club operations. In addition, the industry faces a series of risks and challenges, which may influence the long term financial viability and sustainability of subsets of the industry. Consolidation across the sector has been one outcome of these threats and challenges. On the other hand, other clubs are experiencing growth and are diversifying their offerings.

It is within this context that ClubsAustralia and ClubsNSW commissioned a four-yearly national census to understand critical trends and developments across all aspects of the structure, function, and performance of the sector. The Clubs Census provides an important evidence base for individual clubs and a critical input to strategic planning undertaken by the industry..

This Report documents the approach, results and key themes of the 2015 New South Wales (NSW) Clubs Census. The 2015 Clubs Census ('the 2015 Census') builds on the outcomes of the 2011 Clubs Census, undertaken by KPMG. **A subsequent Report will detail the outcomes of the 2015 National Clubs Census.** The 2015 Census has been undertaken in the context of a number of broader policy developments within the sector. These developments have formed a critical backdrop to the latest Census. The insights provided by the survey should be considered within this broader context.

Purpose

The purpose of this Report is to document all aspects of the scope, approach,

assumptions, key findings, and limitations associated with the development and delivery of the 2015 Census. The analysis provides the registered clubs industry with data on industry trends, and the most important risks and opportunities faced by the sector.

Scope

The agreed Scope of the Engagement is:

- the development of the 2015 Census survey;
- implementation of the survey instrument, including assisting with the generation of a significant survey sample; and
- analysis of the survey results.

Limitations

The interpretation and use of the results from the 2015 Census is subject to a number of limitations that need to be considered by the reader. These limitations relate to issues such as sampling considerations and are outlined fully within the main body of the Report.

Structure of this Report

This Report is structured as follows:

- **Section 2** provides a summary outline of the **approach** of the 2015 NSW Clubs Census.
- **Section 3** outlines the key limitations of the analysis and provides context for considering the 2015 Census findings.
- **Section 4** discusses the **important industry drivers** shaping the industry, which provide the market context surrounding the 2015 Census.
- **Section 5** outlines the **principal themes** arising from the 2015 Census results.
- **Section 6** presents the **key results** of the 2015 Census.
- **Appendices** provide detailed **supplementary information** to the main body of the Report.



Approach

2. Clubs Census: Summary Approach

Overview of the approach

KPMG undertook the development, distribution, and analysis of the 2015 Census in coordination with ClubsNSW. We tested and implemented a number of adaptations to the approach to the 2015 Census; however, the overall approach remained broadly consistent with the 2011 Clubs Census. Where adaptations were made, our intent was to enhance and streamline the survey experience, and to provide deeper insight to critical aspects of the industry. We were also responding to the priorities identified by ClubsAustralia and ClubsNSW. The diagram below summarises the overall approach. Each stage of the approach is explained further in Appendix A of this report.

2015 Census – principal stages



Stage 1: Agreement of the 2015 Census purpose and key parameters

- We confirmed the objectives of the 2015 Census and the principal parameters. We looked for opportunities to build on, and learn from, the 2011 NSW Census.
- The census framework considered the changing demand for information from ClubsNSW, its stakeholders and the registered clubs industry. Specifically, consideration was given to the types of information required to inform and implement strategic planning priorities.



Stage 2: Development and pilot of the survey instrument

- A preliminary version of the survey instrument was developed and circulated internally within the KPMG project team and ClubsNSW for the purpose of eliciting feedback. We obtained agreement on deviations from the instruments used as part of the 2011 Census.
- We tested the preliminary survey questions through the administration of a pilot survey, in order to identify scope for refinement of the survey instrument. The pilot was completed in October 2015. The subsequent full survey closed in March 2016.



Stage 3: Survey distribution

- The 2015 Census was distributed to 1,348 clubs in NSW, as identified by ClubsNSW. The distribution sought to capture all registered clubs actively operating in NSW.
- Ongoing support was provided through the ClubsNSW Member Enquiries Centre and through a dedicated functional mailbox to assist with frequently asked questions (FAQs), to facilitate the completeness of survey responses and the overall response rate.



Stage 4: Collation and analysis of survey results

- We used accepted statistical analysis techniques to extrapolate the survey results across the industry, based on the sample size achieved in the surveys and the assumption of simple random sampling. In addition, data validation and cleansing processes were used to address data quality concerns.
- The results have been used to estimate key industry metrics and to benchmark against the 2011 Census results.



Stage 5: Reporting

- This report represents a detailed outline of the 2015 Census scope and approach, as well as an analysis of the key themes identified through the Clubs Census implementation and analysis phases. Where possible, KPMG sought to compare the results of the 2015 Census to those in prior years and to identify the drivers behind any changes.



Limitations

3. Limitations

The 2015 Census involved the completion of a large number of surveys from a large number of registered clubs. The clubs had varying levels of:

- capacity to complete the surveys; and
- recording systems used to present the information requested in the census.

In addition, the development of population estimates required the application of statistical techniques to extrapolate the survey responses. As a result, the analysis is subject to a number of limitations. As outlined in Appendix A of this Report, where possible, KPMG sought to minimise the impact of these limitations through the use of statistical techniques.

The interpretation of the 2015 Census results, including the themes identified in the remainder of this Report, should be undertaken with an understanding of these limitations.

In addition to the broader set of limitations discussed in this section, throughout this Report, detailed discussion of the limitations of the analysis and the likely impact of these limitations is presented with regard to each of the key census themes.

Analysis scope

It is important to note that the economic analysis undertaken as part of this project focuses on the gross benefits of the integrated resorts, as opposed to the net benefits. The analysis does not consider any potential social costs that may result due to problem gambling, or any potential transfers of wealth between two parties.

Accuracy of statistical estimates

Appendix A of this Report details the survey method used to complete the 2015 Census as well as the statistical techniques applied to analyse the survey responses and to develop a series of population estimates.

While the method used in the 2015 Census is a well accepted approach to analysing sample information, like all estimation dependent on sample data, the results of the 2015 Census are subject to sampling error. This reflects the potential deviation of the sample average from the average of the whole population.

In general, these issues are addressed by sourcing a large enough sample so that the likely deviation of the true average from the sample average is small.

In the case of the 2015 Census, the sample used is sufficient to provide 95 per cent confidence that the true population average is within a 10 per cent range, centered on the sample average. This is a reasonable level of statistical confidence and is sufficient to facilitate analysis of the industry.

However, the scope for variation around the sample average should be considered when interpreting the results, and in particular when comparing these results with the results of the 2011 Census, which is also subject to a similar probability of error.

Quality of responses

The 2015 Census results, as presented in this report, have been developed on the basis of responses provided by clubs to the survey. As a result, the quality of the data is limited by the quality of the information provided by registered clubs.

The quality of survey responses may be limited for a number of reasons. For instance:

- Information requested in the survey may not be tracked by registered clubs responding to the survey – requiring respondents to provide estimates rather than actual information.
- Questions may be misunderstood by the registered clubs completing the survey, affecting the quality of responses.
- Data transposition errors may impact the quality of responses – for instance, a transposition error could make the response differ in magnitude from the actual measurement.

3. Limitations

While response quality is a common challenge of all surveys, the 2015 Census has implemented a number of measures to limit the impact of these issues on results. These include:

- testing the survey instrument through the release of a pilot survey, to identify any common errors associated with question wording;
- supporting respondents answering the survey through email and telephone assistance lines; and
- completing a number of data cleansing and validation processes to identify and remove data irregularities.

These data validation and cleansing processes aim to ensure that the data is sufficiently robust to provide insights on the state of the registered clubs industry, while maintaining a sufficient sample size to replicate the analysis from the 2011 Census.

Specifically, the following data validation and cleansing procedures were completed as part of this process:

- In order to address errors of magnitude, outlier responses were identified and removed from the sample;
- Response errors were identified through the interaction between key questions and removed from the sample; and
- Response errors associated with gaming revenue were identified and corrected on the basis of regulated returns or removed if actuals were not available.

A more detailed description of these data validation and cleansing processes is outlined in the following sections. It should be noted that, while a conservative approach to identifying outliers and errors has been adopted, outliers and errors in the sample may remain. While this should not impact the results of the census (as any deviation is expected to be evenly distributed around the average) this should be considered when interpreting the broader results of the 2015 Census.

Identification of outliers

As discussed above, a number of responses to specific questions were identified as significant outliers relative to the responses provided by clubs of similar sizes. These outliers could be caused by user error, such as the addition or subtraction of a zero, misplaced decimal points or by entering a response in the incorrect units required by the survey instrument. Alternatively, these outliers may be an accurate reflection of the registered clubs service offering or performance.

Where these outliers were a function of input error, KPMG sought to remove these responses from the sample used to generate the results of the 2015 Census. We took a conservative approach to identifying these outliers to avoid removing outliers that were not a result of user error.

To identify outliers that were the subject of errors, we applied the following actions:

- The likely variation of responses for specific questions of the survey instrument were identified. Where there was likely to be significant variation, for instance, in the specific categories of expenditure or cash contributions, these questions were excluded from the analysis.
- Amongst the remaining questions, key outputs of the survey were identified and the following tests were developed to identify outliers well outside the typical range of responses. All tests were conducted on the basis of club size, so that variations between bands of clubs was not identified as an outlier.
 - For non-financial questions, responses falling outside the range of two standard deviations above and below the sample average were considered outliers.
 - For financial questions, which typically had greater levels of variability, responses falling outside the range of three standard deviations above and below the sample average were considered outliers.

3. Limitations

- Where total revenues and expenses were submitted by the registered club, excessively high revenue to expense ratios (greater than 1.25:1) were considered outliers.
- Where outliers were identified, the response was removed from the sample to minimise the impact of erroneous responses on the 2015 Census results. In addition, as a conservative measure, responses to similar questions from these clubs were also removed from the sample.

Identification of internally inconsistent responses

As discussed in Appendix A, a number of questions in the survey instrument sought information from registered clubs on broadly similar issues, or sought information in differing levels of detail. For instance:

- Questions were asked regarding total employment, employment by type (such as full time, part time and casual) as well as employment by position, age and gender; and
- Questions were asked regarding total salaries paid, the average hourly pay per employee as well as personnel expenses.

As a result, there was scope for response errors to be identified through a number of checks of the internal consistency of survey responses. These checks typically fell into one of two categories:

- Checks where the response to two questions, or two sets of questions should be equal – such as total employment and the sum of employment by type; and
- Checks where a response to a question should be larger than the response to another question or set of questions – for instance, personnel expenses should be expected to be greater than salaries and wages paid given that these expenses would include employee on costs.

Where a response was deemed to be internally inconsistent, the responses to all relevant questions were removed from the sample. However, it was noted that timing differences in the observation of the responses, or completion of different sections of the survey may have resulted in some internal inconsistencies. As a result, a conservative approach was taken, with only those responses where the inconsistency was greater than 20 per cent removed.

Inconsistent measurement of EGM revenue

EGM revenue is a particularly important component of the survey instrument, as it represents the method by which clubs are categorised by size. As part of the survey instrument, the magnitude of EGM revenue is sought twice, in the gaming and revenue sections of the instrument.

As a result, a direct comparison of these two responses (where both have been answered) is possible to identify errors. In addition, access to the actual EGM revenue as collated by the gaming regulator was also available to identify errors.

Where an internal inconsistency in the response was identified with regard to a club's EGM revenue, a more detailed review was undertaken to avoid removing the response from the sample. This review included examination of:

- the regulated returns; and
- the club's annual report (if available on the club's website).

Upon examination of these source documents, where evident, the correct response for each individual club was selected.

3. Limitations

Extrapolation of results

As identified in Section 2 of this Report, the 2015 Census only returned a sample of all responses. Statistical extrapolation is therefore necessary to develop estimates for the likely response to the survey instrument if it was completed by the entire population of the industry.

The extrapolation of the responses has been completed according to the same approach taken in the 2011 Census.

This extrapolation has been conducted on the following basis:

- Questions relating to financial results were extrapolated on the basis of the proportion of total EGM revenue for the population represented by the sample; and
- Questions relating to other matters were extrapolated on the basis of the proportion of the total population responding to the question.

The population figures used in these calculations are based on regulated returns sourced from the gaming regulator by ClubsNSW. Importantly, the extrapolation factors applied to each question are different, and are based on the number of respondents answering each question.

Due to the diversity within the registered clubs industry, the collective responses to many questions have a large degree of variability, dependent on a number of characteristics, including club size, type, and location. As sample-level results are extrapolated to population-level totals, this natural variation in responses is magnified. This means that the impact of individual outliers can be significant on final totals. This magnification of the natural variation of the sample should be considered when interpreting the results of this survey.

Where possible and practical, efforts have been made to remove the impact of such outliers; however, some residual natural variation between the extrapolated totals and true sector-wide results is still to be expected, as a normal part of the sampling process. In some instances; however, the makeup of samples renders comparisons to 2011 results inappropriate, and as a result, the 2015 figures have been presented on a standalone basis.

Clubs with less than \$200,000 in annual EGM revenue

Annual EGM revenue was used in 2007 and 2011 as a reasonable proxy for club size; we used EGM revenue again in the 2015 Census. EGM revenue comprises a significant proportion of club revenues and consequently we consider it a reasonable indicator of club size.

However, the population of clubs with less than \$200,000 in annual EGM revenue is varied. This category includes small clubs with very little total revenue that are reliant on gaming revenue, as well as significantly larger clubs with revenues driven by activities other than gaming, such as premium golf and boating clubs.

Presenting the results of the 2015 Census for clubs with less than \$200,000 in annual EGM revenue as a single measure can overlook insights regarding specific club types. In addition, the estimates developed through extrapolation may be unsuitable for comparison with previous surveys, as the sample population of respondents can be very diverse. For instance, an increase in the sample of golf clubs relative to bowling clubs for questions relating to employment would increase the overall estimate of employment, as golf clubs typically employ more staff than bowling clubs with similar levels of EGM revenue.

Importantly, as the completion of each question in the survey was not universal amongst respondents, these impacts vary slightly between questions in the 2015 Census. As part of the extrapolation process, variations may be magnified – affecting the final results.

Throughout this Report, information regarding smaller clubs has been presented with a focus on more relevant indicators, such as average employment by club type.

3. Limitations

Presentation of regional and metropolitan results

As part of the 2011 Census and the 2015 Census, the statewide extrapolated estimates have been split between regional and metropolitan areas on the basis of the proportion of either the number of clubs, or the aggregate EGM revenue for clubs, in regional and metropolitan areas at a population level.

The 2011 Clubs Census determined regional and metropolitan specific figures based on a question-specific methodology that depended on response rates within the sample to each question. This methodology was found to give unreliable results with the data of the 2015 Clubs Census, necessitating the adoption of the aforementioned population-level approach. As a result of this difference in methodology, comparisons between 2011 and 2015 regional and metropolitan outputs of the Clubs Census should be considered in the context of the variability of these estimates between surveys. As a result, this report does not present comparisons of regional or metropolitan estimates of club industry measures.



Important Industry Drivers

4. Important Industry Drivers

Regular surveys of registered clubs in NSW are completed to provide an understanding of changes in industry performance over time, the emergence of important industry challenges and opportunities, and the impact of those challenge and opportunities on industry outputs such as revenue, viability and employment.

As part of the analysis phase of the 2015 Census, the most important results of the Census have been compared to the findings of 2011. Through this comparison a number of key themes have emerged, including:

- The financial health of the industry has improved; however this varies significantly by club size, type and geography.
- Larger clubs have greater scope to invest and expand their operations whilst also better servicing their community through support activities.

These results are discussed in more detail in subsequent sections of this Report.

In order to understand the context and drivers of these themes, KPMG completed a research task aimed at identifying and understanding a number of the drivers associated with the trends identified in the 2015 Census results. This research task was informed by:

- consultations with ClubsNSW regarding high level drivers that may be affecting the industry;
- previous work undertaken in this industry, which has identified a number of trends facing the industry over time; and
- research of publicly available information on the industry, sourced from a range of government, industry and media sources.

Our research identified a number of important drivers likely to have had some impact on the 2015 Census results. The drivers are discussed in greater detail later in this section, and include:

- The implementation of policies in 2011 as a result of the Memorandum of Understanding between ClubsNSW and the NSW State Government. This included changes to gaming tax rates, expansion of tax credits for community support and facilitation of amalgamations.
- The continued evolution of smoking regulations and their impact on the registered clubs industry. This includes the subsequent incentives to invest and diversify club revenue streams.
- The changing structure of the industry as weaker clubs are forced to close and amalgamate and larger clubs are able to grow either by leveraging scale or through the incorporation of junior partners.

While it is not possible to accurately identify whether these drivers impact the 2015 Census results, or the extent to which each driver impacts the specific population estimates developed as part of the census, it is important to consider the broader industry environment when interpreting the 2015 Census results. Importantly, this includes all political, regulatory and market factors that may impact club performance, investment and operations.

4. Important Drivers: Industry Policy Changes

In 2010, the ClubsNSW and the Liberal and National Parties signed a Memorandum of Understanding (MoU) for the parliamentary term following the 2011 state election. The MoU covered a range of policy commitments intended to improve the financial sustainability of the registered clubs industry while maintaining the role of registered clubs in their local communities (supporting community bodies and providing services). In 2014, a second MoU was signed, to cover the period up to the 2019 election, largely maintaining the commitment to these policies.

The 2010 MoU included amongst other things:

- reductions to the gaming tax payable by clubs with gaming machine revenue greater than \$1 million per year;
- an increase to the rebate on gaming tax paid by clubs under the ClubGRANTS, previously the Community Development and Support Expenditure (CDSE) scheme; and
- encouraging club establishment and facilitation of the amalgamation and de-amalgamation of clubs.

The changes were expected to have a broad impact on the registered clubs industry. For instance, reductions in the marginal tax rates were expected to impact the financial viability and economic impact of registered clubs.

While the 2015 Census did not seek to understand the impacts of these changes, the results are broadly consistent with these expectations. For instance, there have been improvements in financial viability and decreases in gaming taxes paid relative to gaming revenue. The next section explains how these changes may have affected the clubs industry over the last four years.

Reductions in gaming tax rates

The 2010 MoU included a reduction in gaming tax rates for clubs generating more than \$1 million per year in gaming revenue.

The reductions were scaled so that the largest reductions were applied to clubs with the greatest amount of gaming revenue. It was anticipated that these changes would decrease the level of tax collected as a proportion of gaming revenue for larger clubs and that this, in turn, might result in improved financial viability and increased investment.

The 2015 Census results are broadly in line with this expectation. In particular, there has been a reduction in gaming tax expenditure and an improvement in the financial health of larger clubs.

Introduction of ClubGRANTS

Prior to 2011, the Community Development Support Expenditure (CDSE) scheme provided gaming tax rebates equal to 1.5 per cent of revenue to registered clubs. The rebates were split evenly between community contributions associated with local community priorities and a club's core activities. As part of the MoU commitments, the government renamed and reformed this scheme. The updated scheme, ClubGRANTS, increased the total tax rebates achievable to 2.25 per cent of revenue through:

- an increase in the amount of rebates available to core activities (from 0.75 per cent to 1.1 per cent) including an allowance for rebates associated with contributions to professional sport; and
- a new category of eligible contributions, which comprise a mandatory 0.4 per cent contribution to a state-wide funding pool for large scale projects associated with sport, health and community infrastructure.

4. Important Drivers: Industry Policy Changes

It was anticipated that the introduction of ClubGRANTS would have wide ranging impacts for the registered clubs sector and specifically for clubs with annual gaming revenue in excess of \$200,000 (who are subject to gaming taxes). The impacts could broadly be categorised as follows:

- Where registered clubs were already providing community contributions above the CDSE threshold or where clubs were providing support to professional sport, the increased cap for tax rebates would reduce their tax burden, providing some scope for improved financial health and to further increase their community contributions or capital investment.
- Where registered club contributions did not exceed the CDSE threshold, the introduction of ClubGRANTS would be expected to provide an incentive to increase the level of community contributions.

The results of the 2015 Census are broadly consistent with the above expectations. In particular, there has been a reduction in gaming tax expenditure, consistent with the increased tax rebates and an improvement in the financial health of larger clubs. In addition, clubs have increased their contribution to the community in the form of cash and in-kind support.

It should be noted that the survey instrument sought information on community support on the basis of the amount of funding provided (for instance non-professional support, health initiatives and education programs). As a result, it is not clear how registered clubs have sought to account for the new category of ClubGRANTS support. The ClubGRANTS Category 3 payment is made to a state-wide pool to fund large projects across a number of priority areas. This could lead to an under reporting of community contributions if, for instance, registered clubs did not include these payments in their responses to the 2015 Census.

As a result, the 2015 Census results relating to community support may deviate from true levels.

Facilitating amalgamations

A key component of the 2010 MoU was the implementation of changes associated with club amalgamations. The changes included the removal of requirements associated with forfeiture of gaming machine entitlements for amalgamating clubs. These changes were further enhanced as part of the 2014 MoU.

Since the completion of the 2011 Clubs Census, 32 registered clubs have amalgamated with other clubs. This includes clubs of all types, in particular bowling and golf clubs (six each) and RSL and Leagues clubs (five each). These amalgamations have impacts on industry structure, as discussed in the industry structure sub-section of this Report.

Amalgamations are expected to have an impact on the findings of the census, in particular, on financial viability, revenue and investment. When an amalgamation occurs between a club in financial distress and a healthy (and typically larger) club, the financial viability of the financially distressed club is expected to improve as the operating practices and scale of the larger club are applied and as revenues increase through the benefits of expanded membership and reach.

Where amalgamations occur between two larger clubs we would still expect to see improvements in the financial health of both parties as the clubs benefit from increased scale, strategic planning and investment opportunities and increased membership.

4. Important Drivers: Smoking Regulation

The introduction of phased smoking bans

The introduction of the *Smoke-Free Environment Act 2000*, together with phased smoking bans has affected the NSW registered clubs industry in a number of ways. Smoking bans have restricted the ability of club members and guests to smoke on club premises, and have provided the impetus for clubs to invest in capital expenditure and service diversification to stabilise revenue streams.

Impact of indoor smoking bans

From 2005, NSW registered clubs and other entertainment venues such as hotels and casinos were subject to the phased introduction of indoor smoking bans. All indoor smoking venues became completely smoke-free in 2007, although smoking was permitted in outdoor areas.

The changes saw a significant reduction in revenues from gaming machines, and led to significant capital expenditure among NSW clubs. These changes are reflected in the results of the 2011 and the 2015 Census. In the years leading up to the 2011, there was substantial investments in outdoor facilities (including outdoor gaming areas) to enable patrons to continue smoking whilst using facilities provided by clubs. Since 2011, expenditure has slowed, with total capital expenditure decreased 39 per cent from \$707 million to \$431 million.

Impact of outdoor smoking bans

Since the completion of the 2011 Census, additional restrictions on smoking have been introduced. In July 2015, smoking bans were extended to outdoor dining areas in NSW. While it has only been a year since the introduction of the outdoor smoking ban, there may be a similar, short-term, impact on the operating revenue of registered clubs. However this is not evident in the results of the 2015 Census.

4. Important drivers: Industry Structure

Changes to the structure of the industry

The structure of the clubs industry has changed in recent years. This has occurred due to market entries and exits, and as a result of market and operating conditions affecting the size of participants. Overall, there has been a trend towards club amalgamations, closures, and returns to scale for large clubs.

Table 1 below provides a high level summary of the population of registered clubs in NSW in 2011 and 2015. It can be seen that:

- The number of clubs has reduced as a result of club amalgamations and closures. Amalgamations are likely to represent improved opportunities for clubs to generate returns to scale and deliver a broad range of services and offerings to their local communities. Club closures are likely to be the result of financially unsustainable smaller clubs.
- The number of large clubs (as measured by EGM revenue) has increased, as larger clubs are able to capitalise on scale benefits and have greater capacity to invest in club growth.

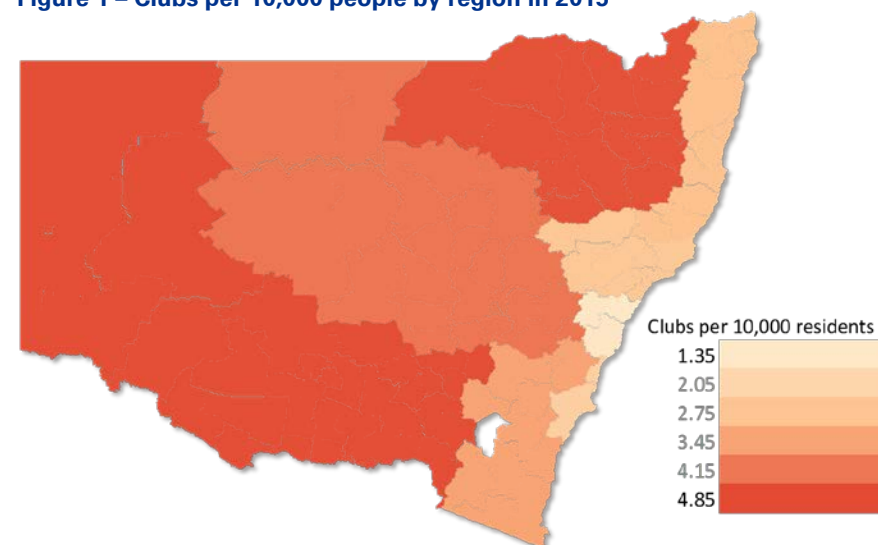
Table 1 – Changes in industry structure

	Clubs Census 2011	Clubs Census 2015	Change
\$0 – \$200k	677	587	-90
\$200k – \$1m	351	293	-58
\$1m – \$5m	302	293	-9
\$5m – \$10m	75	89	+14
> \$10m	66	86	+20
Total	1,471	1,348	-123

Source: Clubs Census 2015 and KPMG analysis.

The 1,348 clubs in NSW are dispersed throughout the state, with 55 per cent of clubs in regional areas. However, there is some variability between regions particularly when compared with the regional population. In general, remote areas are likely to have a larger number of clubs per 10,000 people than metropolitan areas (see Figure 1).

Figure 1 – Clubs per 10,000 people by region in 2015



Source: Clubs Census 2015 and KPMG analysis.

4. Important drivers: Industry Structure

Impact of amalgamations and closures on the NSW registered clubs industry

Between 2011 and 2015, 32 registered clubs amalgamated, and 65 clubs closed. It is possible that industry consolidation is evident in 2015 Census results, particularly in regards to financial viability and the ability of registered clubs to provide ongoing support to the community.

Club amalgamations and closures have an impact on the operating environment of the industry, with an increased number of large market players, and a decreased number of small market players. To manage market uncertainty, current market players are beginning to seek ways to better respond to the changing policy and regulatory environment, including through service diversification and continued capital expenditure in high income generating assets.

Amalgamation allows smaller clubs to develop operating scale and expand their reach without the significant capital investment they would otherwise require to expand their operations. However, it should be noted that amalgamation takes time to action. Of the 109 clubs that expressed interest in amalgamation since 2011, 15 closed without amalgamating, 15 have amalgamated and 79 remain trading as a sole entity.

Impact of changes on the 2015 Census

These changes in industry structure influence the findings of the 2015 Census.

- Clubs ceasing operations are typically amongst the most financially weak. Therefore, average health and performance of sample clubs within the 2015 Census may appear to be stronger given the removal of the weakest clubs.
- The expansion of the number of clubs in the high EGM revenue bands may reduce the average size of clubs within the band. For example, a club moving from the second highest band (between \$5 million and \$10 million in annual EGM revenue) to the highest band (more than \$10 million in annual EGM revenue) would be expected to reduce the average size of clubs in the top band, as they are small relative to the existing clubs in the band.



Results

Overview

5. Clubs Census 2015 - Overview of results

Introduction

The 2015 Census provides an understanding of the registered clubs industry, including the changing role and importance of clubs over time, as well as the social and economic performance of the industry. Analysis of the NSW results presented in this section, combined with an understanding of the broader industry context, has highlighted a number of themes. These themes are summarised below.

Success of large clubs in expanding their operations and serving their communities

The 2011 Census highlighted the importance of the largest category of registered clubs, as drivers of employment, industry investment and profits and community support. In addition the 2011 Census noted that larger clubs typically exhibit higher levels of financial health than smaller clubs.

The 2015 Census reinforces this finding. Over time, large clubs have continued to grow their revenues, with the number of clubs in the two largest EGM revenue categories both increasing since 2011. The increase in revenue attributed to clubs in these revenue bands, along with the reduced tax burden and increased scope for tax rebates for larger clubs implemented in 2011, are likely to have driven significant improvements in the financial health of larger clubs in NSW.

In addition to improved revenue and financial health, the 2015 Census has indicated that larger clubs are better able to use their scale and position to better service their communities as:

- they invest more in new assets
- they contribute more in the form of cash and in-kind donations, in absolute terms and as a proportion of revenue
- they employ more people, and make greater use of contractors
- they contribute more in the form of taxation.

While larger clubs have been able to use their size to support their communities, smaller clubs continue to face challenges that limit their ability to invest and to contribute to their communities.

Increased service diversification

In NSW, the provision of gaming services continues to represent a significant source of revenue for registered clubs. However, an increasing focus on service diversification and more investment in services and infrastructure that better support the needs of local communities has led to a gradual shift away from gaming services as a major revenue source.

In 2015, gaming revenue as a proportion of total revenue decreased to 60 per cent (from 62 per cent in 2011). Over the same period, the share of total revenue from food and beverage sales increased to 10 per cent and 17 per cent respectively from 8 per cent and 16 per cent in 2011.

Clubs continue to provide a broad range of service offerings for their local communities. These service offerings include: food and beverages, entertainment, social, cultural and sports recreation venues and facilities. Clubs are investing in growth assets such as gyms, swimming pools, and restaurants. Further, some clubs have broadened their service offering to include child care and aged care facilities; services aimed at addressing areas of unmet need within local communities.

The role of registered clubs in regional areas

Registered clubs in regional NSW play an important role in supporting the local economy by contributing to regional gross state product and providing employment opportunities. Registered clubs in regional areas support community initiatives and priorities by providing sports and recreation activities and other social activities.

Due to characteristics such as geographical dispersion and low population density, many regional clubs face a unique set of challenges and opportunities in achieving operational scale and capacity. Regional clubs that are able to respond to changing operating and regulatory environments are generally financially viable and well-placed to invest in infrastructure and services that best meet the needs of their local communities.



Results



Economic Impact of the NSW Registered Clubs Industry

6. Economic Impact: Overview

Introduction

The NSW registered clubs industry consists of over 1,300 individual clubs operating across the state. These individual clubs employ people in the local community and support local businesses and suppliers.

As a result of its operations, the clubs industry makes a significant contribution to the NSW economy through a range of direct and indirect economic impacts. **The total economic contribution in 2015 was estimated at \$3.7 billion, this represents 0.7 per cent of Gross State Product (GSP) and is an increase of 9 per cent on 2011.**

The economic impact of clubs is spread throughout the state. Regional clubs contributed \$1.2 billion to the regional economy, accounting for 0.8 per cent of the regional proportion of NSW's GSP. Meanwhile metropolitan clubs contributed \$2.5 billion to the metropolitan economy, accounting for 0.7 per cent of the metropolitan proportion of NSW's GSP.

Direct economic impacts are generated through the industry's role as an employer, the industry's investments in capital expenditure to create and improve existing club facilities, and the industry's contribution to government taxation revenue.

Indirect economic impacts are generated through increased demand for the goods and services that support club operations, increased demand for consumer-oriented industries that cater to clubs and an impact on the cost of business outputs generated by changes in the price of some goods and services as a result of operations of clubs.

In 2015, clubs in NSW generated indirect employment impacts of 33,525 full time equivalent (FTE) positions, up 15 per cent since 2011. These impacts are driven by changes in the economic contribution of clubs and the changes in the sector productivity of the economy. The largest impacts by sector are:

- 19,493 FTEs in the cultural and recreational services sector;
- 7,101 FTEs in the accommodation, cafes and restaurants sector;
- 3,730 FTEs in the health and community services sector;
- 2,361 FTEs in the education sector; and
- 1,720 FTEs in the finance and insurance sector.

Drivers of change – impacts of the policy, regulatory and operating context

The economic contribution and level of employment of the NSW registered clubs industry is sensitive to changes in the broader policy, regulatory, and operating context.

- **Policy changes** – the introduction of the 2010 MoU between the NSW State Government and ClubsNSW and the resulting changes to the gaming tax regime and ClubGRANTS are likely to have affected club revenue and expenditure.

For instance, lower gaming tax rates reduce the expenses associated with EGMs and subsequently increase the level of capital for clubs to improve balance sheets, make greater investments in new assets and capital improvements or to return to the community through increased levels of support.

- **Regulatory changes** – public health regulations, such as the indoor smoking ban in NSW, have been shown to affect registered club revenue, in particular, revenue from gaming machines and the sale of food and beverages. In response, clubs are increasingly diversifying their service offerings to activate new revenue streams and to broaden their appeal to their local communities.

Changes in the economic contribution of the industry between 2011 and 2015

- **Total revenue and expenditure for the NSW registered clubs industry increased between 2011 and 2015.** Revenue increased 14 per cent to \$5.8 billion, and expenditure increased of 2 per cent to \$5.2 billion. While overall club numbers are falling, the remaining clubs are growing. In particular, the number of clubs with more than \$5 million in gaming revenue is increasing.

6. Economic Impact: Overview

- **Total taxation expenditure decreased 5 per cent to \$1.4 billion.** The registered clubs industry continues to make a substantial contribution to total NSW taxation revenue; however, total taxation revenue has decreased largely a result of the impacts of the lower marginal tax rate on gaming for larger clubs.
- **Direct employment has remained steady, with a slight decrease of almost 2 per cent since 2011 to 40,728 people in 2015.** Clubs remain a significant employer, particularly in regional areas. Registered clubs in regional areas employed 18,600 people in 2015 or 12,454 full time equivalent employees. This represents 21 per cent of jobs in the accommodation and food services industry.
- In addition, 23 per cent of clubs in NSW supplemented their employment through engaging contractors. These clubs spent \$242 million on contractors in 2015.

Key considerations when interpreting these results

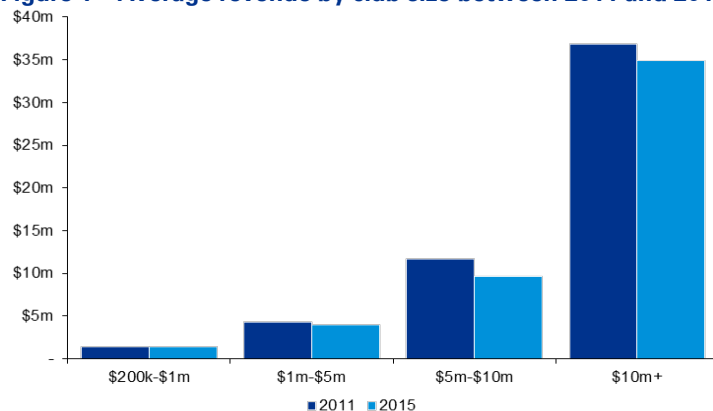
The results and insights presented in this section on the economic impact of registered clubs in NSW should be considered in the context of the key industry drivers and trends outlined in previous sections as well as the following limitations. The limitations below are specific to the analysis of the results presented in this section.

- The estimation of the economic impact of registered clubs is based on sector specific economic multipliers developed in 2011 (as discussed in Appendix A of this Report). These multipliers have been chosen to reflect our existing understanding of the relationship between expenditure in the clubs sector and economic activity.
- The quality of registered clubs' responses to economic and financial questions are varied. In particular, while registered clubs appeared to provide reasonable responses on aggregate, a number of responses relating to more detailed revenue, expenditure and taxation line items, and the relationship between these responses, were identified as being irregular through the data cleansing process. As a result, a number of responses were excluded from the sample.
- There are a number of ways to present results relating to the employment of staff by registered clubs including headcount, hours and salaries. Given that employment figures may be affected by changes in workforce structure, such as a move to more casual workers and any changes in hours worked per employee the analysis in this report considers a number of measurements for employment.
- As discussed previously, structural changes in the industry, such as the closure of poorly performing clubs, the movement of clubs between size bands and the type of clubs responding to the Census can influence the findings of the Census. In particular, the diversity of respondents within the \$0-\$200,000 EGM revenue band was such that it is inappropriate in places to compare 2015 to 2011 results. As such, where relevant, economic impact results for this revenue band have been presented at club-type aggregations. It should be noted that these results have not been extrapolated to develop population estimates, but instead have been presented as the average response to the survey and as such should be treated in this context.
- In addition, changes in industry structure may influence the per club figures identified by size band. For instance, in the largest band, there has been an increase in the population of clubs with more than \$10 million in annual EGM revenue driven primarily by clubs previously in lesser revenue bands. As a result, the average size in EGM revenue terms of clubs in this band is now smaller than previous surveys, given the influence of the new clubs entering the band. For this reason, a number of results show an increase in the total revenue, expenditure or employment while these measures have decreased on a per club basis.

6. Economic Impact: Financials

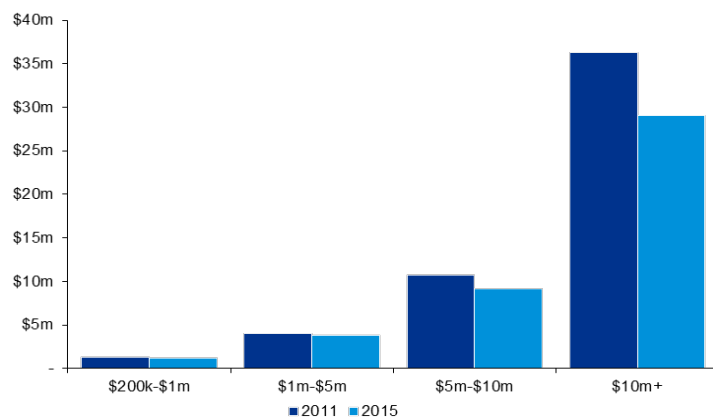
Club revenue and Expenditure

Figure 1 – Average revenue by club size between 2011 and 2015



Source: Clubs Census 2015 and KPMG analysis.

Figure 2 – Average expenses by club size between 2011 and 2015



Source: Clubs Census 2015 and KPMG analysis.

Analysis of average revenue and expenditure per club

Figure 1 and Figure 2 illustrate the change in operating size of registered clubs with more than \$200,000 in annual gaming revenue in NSW from 2011 to 2015.

In general, revenue and expenditure per club in the various size bands is stable or has fallen slightly, but total revenue for the industry has increased. In particular the decline in average revenue reported by mid-sized registered clubs in NSW with between \$1 million and \$10 million in annual gaming revenue is broadly similar, but slightly more than, the decline in average expenses. These results may reflect both the continuing challenges faced by registered clubs arising from reduced levels of real revenue and subsequent contraction of profit margins, and the fact that the more successful of these clubs may have risen to higher revenue bands since 2011.

For example, over 10 per cent of clubs with annual gaming revenue of between \$1 million and \$5 million that participated in both the 2011 Census and the 2015 Census reported gaming revenue greater than \$5 million in 2015. Similarly, over 17 per cent of similar clubs with 2011 revenue between \$5 million and \$10 million reported gaming revenue greater than \$10 million in 2015.

The trend of revenue falling more than expenses is not evident for the largest clubs (those with more than \$10m in annual gaming revenue), where the fall in average expenses is greater than the fall in revenue. For these clubs, the fall in expenditure may be linked to improved financial viability over the same time period and the reduction in gaming taxes under the MoU (such taxes are treated as an expense by registered clubs).

Consistent with one of the key themes of the 2015 Census, large clubs are a significant driver of total industry revenue. Clubs earning more than \$10 million in annual EGM revenue make up just six per cent of the club population, but account for 51 per cent of total industry revenue. Meanwhile, clubs with less than \$1 million in annual EGM revenue account for 65 per cent of clubs in NSW, but just 15 per cent of revenue. Clubs with more than \$1 million in annual EGM revenue account for 85 per cent of revenue.

6. Economic Impact: Workforce

Employment and workforce – number of employees

Figure 3 – NSW registered clubs industry workforce by employee type (2015)

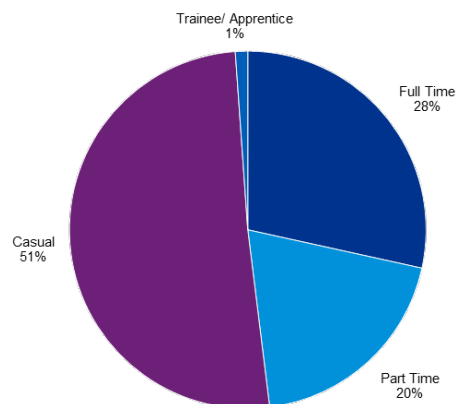
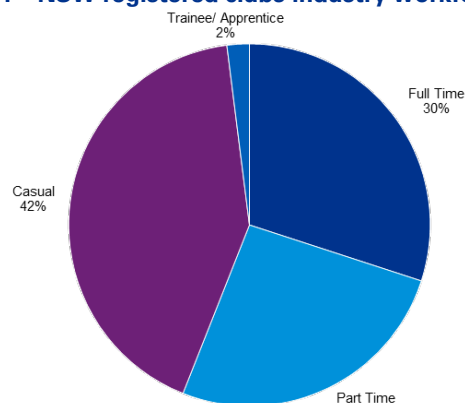


Figure 4 – NSW registered clubs industry workforce by employee type (2011)



Source: Clubs Census 2015 and KPMG analysis.

Analysis of workforce structure

Registered club employees work across a range of functions such as gaming, food and beverage, facilities provision, maintenance, finance and administration. Clubs are a significant employer. In 2011, statewide, registered clubs in NSW employed 41,400 staff, or 28,427 FTEs. Since 2011 employment by headcount has fallen slightly, to 40,728 employees. Over half of employees work on a casual basis but, importantly, are working more hours than in 2011. Notably:

- There has been a declining in the number of employees on a per club basis for all annual gaming revenue bands above \$200,000.
- There has been a significant shift to more workers being employed on a casual basis, rising from 42 per cent of the workforce in 2011 to 51 per cent of the workforce in 2015.

The increasing reliance on casual staff allows registered clubs to be more flexible in their operations. This is important as registered clubs operate in a challenging environment, with financial viability an ongoing concern. In addition, employment in clubs is diverse, with:

- 50 per cent of direct jobs in NSW clubs in 2015 filled by women; and
- 27 per cent of direct jobs filled by people under 24 years of age, 37 per cent of direct jobs filled by people between 25 and 44 and 26 per cent by people between 45 and 64.

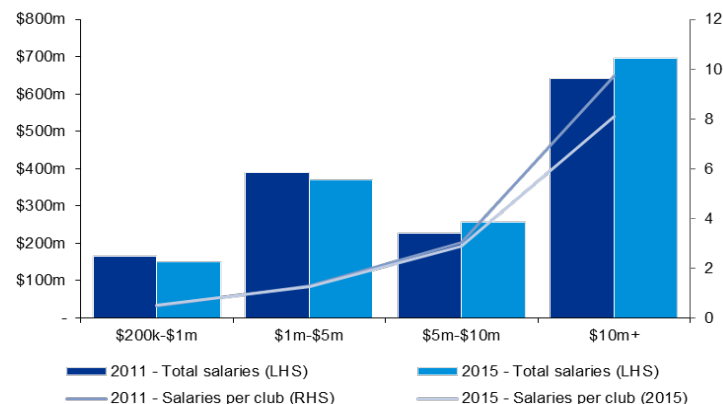
Average club employment increases based on club size, for instance, the six per cent of clubs with more than \$10 million in annual EGM revenue employ 29 per cent of total clubs staff. In contrast, the 65 per cent of clubs earning less than \$1 million in EGM revenue, employ 33 per cent of total clubs staff.

Registered clubs in regional NSW remain a significant employer. Registered clubs in regional areas employed almost 19,000 people in 2015, this represents 21 per cent of jobs in the accommodation and food services industry. Regional clubs also accounted for 10,867 FTEs in indirect employment. Overall regional clubs support 49 per cent of jobs in the NSW clubs industry.

6. Economic Impact: Workforce

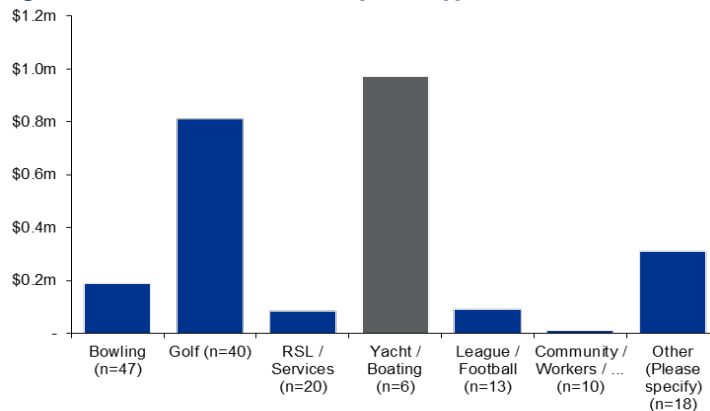
Employment and workforce – total salaries paid

Figure 5 – NSW Club sector salaries by club size between 2011 and 2015



Source: Clubs Census 2015 and KPMG analysis.

Figure 6 – Small Club salaries by club type (2015)



Source: Clubs Census 2015 and KPMG analysis.

Analysis of salaries paid by registered clubs

The composition of employees making up the registered clubs workforce has changed materially since 2011. Therefore, the workforce analysis in this report has considered the total salaries paid by clubs to their employees, as this is a better measure of true effort and less prone to variation than raw employee numbers.

In 2011, registered clubs in NSW paid their employees \$1.42 billion in salaries. Salaries paid had increased slightly to \$1.47 billion by 2015. These figures exclude clubs with less than \$200,000 in annual EGM revenue. In total, wages in 2015 were equal to around \$1.8 billion. This includes \$689 million in salaries paid to employees of regional clubs.

The relatively stable value of salaries incorporates contrasting trends. Increases in salaries for larger clubs are offset by decreases in salaries in clubs with between \$200,000 and \$5 million in annual EGM revenue.

This is broadly consistent with the principal themes of the 2015 Census. Larger clubs are in a better financial position than smaller clubs and are better able to leverage their scale to support local communities through their operating activities and investment. This may be supported by changes in policy associated with the MoU as well as broader industry trends.

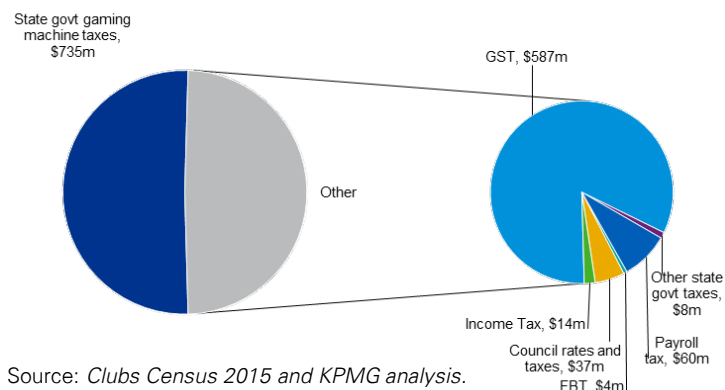
In 2007, IPART noted that the diversification of services may be more employee intensive than activities such as gaming. While this is not directly observable from the results in the 2015 Census, it is expected that the diversification of services may support employment levels going forward.

The payment of salaries in clubs with less than \$200,000 in annual EGM revenue varies significantly across club types. While population estimates are not available for this measure, the average response provided to the survey indicates that golf and boating clubs have significantly higher employee costs than other clubs. This likely reflects their service offerings and the specialised skill of associated employees such as golf professionals and greens-keepers.

6. Economic Impact: Taxation

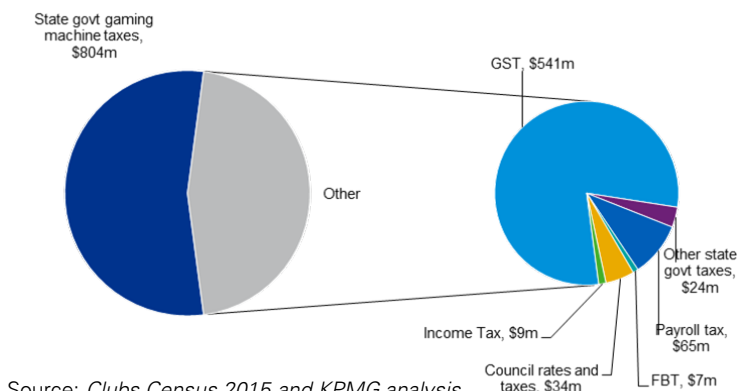
Taxation

Figure 7 – Contribution of NSW Clubs to taxation revenue (2015)



Source: Clubs Census 2015 and KPMG analysis.

Figure 8 – Contribution of NSW Clubs to taxation revenue (2011)



Source: Clubs Census 2015 and KPMG analysis.

Analysis of taxes paid by registered clubs

Registered clubs contribute to all levels of government revenue through a range of taxes. These include taxes paid by any business, such as payroll tax and GST, as well as gaming taxes and excises specific to registered clubs and other businesses in the hospitality sector.

The analysis of the 2015 Census results indicate a slight decrease in total taxes paid by registered clubs, from \$1.5 billion in 2011 to \$1.4 billion in 2015. This includes \$406 million in taxes paid by clubs in regional NSW, which is the equivalent of 21 per cent of regional club revenue.

Average club taxation increases based on club size, for instance, clubs earning more than \$10 million in annual EGM revenue pay 60 per cent of the total taxes paid by clubs in NSW. In contrast, clubs earning less than \$1 million in EGM revenue, pay just 8 per cent of taxes.

A significant driver of the decrease in taxes paid is a fall in gaming taxes, from \$804 million in 2011 to \$735 million in 2015. This is consistent with the reduction in gaming tax rates faced by larger clubs as part of the policy changes associated with the MoU as well as the increased scope for rebates associated with the implementation of ClubGRANTS.

The decreased tax burden associated with these changes is expected to have been a critical driver of improved financial health amongst larger clubs and an increase in community contributions.

Despite changes in regulation, gaming taxes remain the most significant tax faced by registered clubs, accounting for 51 per cent of all taxes paid (down from 54 per cent in 2011). The next most significant tax is GST, which has increased from \$541 million to \$587 million.

Other taxes amounted to \$122 million in 2015. However, caution should be taken when considering changes between 2015 and 2011 for these taxes due to a high degree of variability between observations. This could be a function of the sampling limitations, where changes in the structure of the sample may impact the results provided, given that these taxes when combined account for less than 10 per cent of the total tax paid by registered clubs.



Results



Social Impact of the NSW Registered Clubs Industry

7. Social Impact: Overview

Introduction

The NSW registered clubs industry has traditionally played an important role in supporting local communities, both through core activities, such as RSL clubs supporting veterans' services, and through broader community support; for example, providing donations to community organisations.

In 2008, the Independent Pricing and Regulatory Tribunal (IPART) developed a methodology for estimating the total social contribution of registered clubs to NSW. As part of their approach, IPART identified four key components to the clubs' social contribution:

- cash donations provided directly to the community or to community organisations, such as donations to local charities or community initiatives
- direct in-kind donations to the community or to community organisations, which may include provision of meeting spaces or goods and services for community activities
- in-kind support associated with the provision of sporting and recreational facilities at costs below market rates – such as subsidised court hire or green fees
- facilitation of volunteer labour, for instance volunteers associated with sporting sub-clubs. This excludes volunteers engaged in trading roles or in facilities maintenance.

However, IPART's methodology does not include the full extent of the social contribution of the clubs industry. IPART noted in 2008 that a number of facilities and services provided by clubs are difficult to quantify as there is little evidence of the market providing these services. This includes the maintenance and upkeep of memorials, museums and historical displays.

Drivers of change – impacts policy, regulation and operating context

Traditionally, registered clubs have supported local initiatives and priorities within the community. However, in recent years, policy changes and service diversification has incentivised registered clubs to invest further in their local communities.

As discussed previously, the 2010 MoU expanded the existing scope of tax rebates associated with expenditure on community support. Traditionally, these rebates were available in two categories. The introduction of the ClubGRANTS scheme expanded the scope for community support in the second category and introduced a third category as follows.

- Category 2 – Funding for general community development and support activities, such as junior sport. Funding increased from 0.75 per cent of revenue to 1.1 per cent of revenue and was expanded to include contributions to professional sports (other than player payments).
- Category 3 – A new category of eligible contributions, which comprise a mandatory 0.4 per cent contribution to a state-wide funding pool for large scale projects associated with sport, health and community infrastructure.

The expansion of the above rebates is expected to increase the scope for cash and in-kind contributions, particularly with regard to professional sport and community infrastructure. This is consistent with the results of the 2015 Census, which indicate an increase in cash and in-kind community support since 2011.

In addition, there has been some indication that registered clubs are seeking to diversify their service offerings to adapt to the changing needs of their communities. Increased investment in service diversification may be expected to increase the number of facilities provided by clubs and therefore the level of subsequent in-kind support if access to these facilities is provided at below market prices. While there is some evidence that a greater proportion of clubs provide these facilities in 2015 than in 2011, the magnitude of this impact is likely to be small.

Trends in social impact between 2011 and 2015

The NSW registered clubs industry has continued to contribute to improved social outcomes in the community. In 2015, the social impact of the industry was estimated to be worth \$1.3 billion, a 5 per cent increase on 2011. This includes \$466 million in regional areas. The 2015 social contribution of registered clubs comprised:

7. Social Impact: Overview

- Cash and in-kind donations of \$146.4 million in 2015. Of this, cash donations account for \$117 million (up 31 per cent from 2011) and in-kind donations account for \$29 million (up 11 per cent from 2011).
- Subsidised access to social and recreational facilities owned and operated by NSW registered clubs of around \$1 billion, down 3 per cent from 2011. This comprises a market value of these facilities of \$1.2 billion less an estimated \$185 million in revenue derived from these facilities. This estimate of revenue includes revenue directly earned from facility access fees as well as a share of other revenue line items such as membership fees.
- The value of volunteer labour amounts to \$120 million, twice as much as in 2011. This is in part attributable to an improvement in the measurement of the sporting volunteer numbers included in IPART's estimation method. As a result, comparison with the 2011 figure is inappropriate.

While, the figure for social contribution has remained relatively stable since 2011, if the 2015 approach to estimating the value of volunteer labour was applied in 2011, the value of 2011 volunteer labour would likely have been higher than the value in 2015. This is largely due to a decline in the number of volunteers in registered clubs, which decreased by 35 per cent between 2011 and 2015. This is partly offset by an increase in the number of hours contributed per volunteer (to 56 hours in 2015).

Key considerations when interpreting these results

The results and insights presented in this section on the social impact of registered clubs in NSW should be considered in the context of the key industry drivers and trends outlined in previous sections as well as the following analytical limitations specific to the results presented in this section.

The calculation of social impact in 2011 was subject to a number of limitations based on the survey design. As a result, there have been a number of adjustments to the survey instrument used in 2015, which may limit the relevance of any comparisons between 2011 and 2015. These changes include:

- Cash and in-kind donations are estimated based on a sum of individual values pertaining to different sources, such as healthcare or educational programs. In 2015, the number of categories included in the survey was expanded to provide more detail on cash and in-kind donations.
- The 2015 census provided opportunity for clubs to clarify their response to the question regarding the average hours contributed by volunteers. In 2011 clubs were instructed to enter average hours per month; however, there was some evidence that clubs misinterpreted this instruction and provided their responses on a per week basis.
- A change in the categorisation of 'sports' volunteers was adopted so that the responses were consistent with the IPART approach.
- The 2015 Census asked clubs how many of a range of sporting and recreation facilities they maintained. This was done in order to develop an estimate of the total number of facilities provided by registered clubs in NSW and was not included in the 2011 survey instrument.

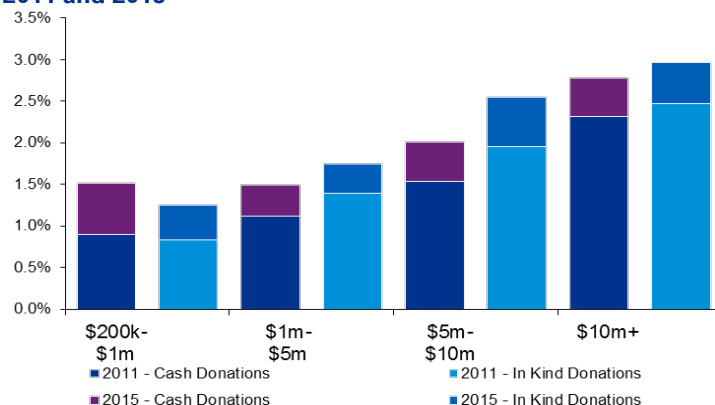
In addition, the social contribution has relied on an update of the 2008 IPART approach to calculating the market values for facilities. This is based on the same approach used in 2011, but relies on inflating 2007 values provided by IPART. We used this approach as there was insufficient information available to recreate the market values developed by IPART. This is largely because IPART provided little guidance on the process for updating this information in its 2011 report. Updating the market value is difficult given that a number of facilities, such as bowling greens, are largely only provided by registered clubs.

There are risks to inflating the market values, largely that the inflators selected (generally CPI or a proxy rent to reflect alternate uses of the space dedicated to facilities) would become less accurate as time progresses. As a result, the market value of facilities should be considered in this context.

7. Social Impact: Donations

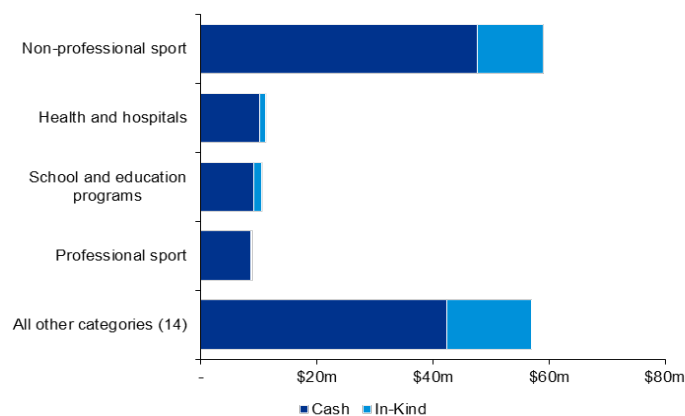
Cash and direct-in-kind donations

Figure 9 – Donations as a percentage of revenue by club size between 2011 and 2015



Source: Clubs Census 2015 and KPMG analysis.

Figure 10 – Cash and in-kind donations by destination in 2015



Source: Clubs Census 2015 and KPMG analysis.

Analysis of direct community support

Both stakeholders and governments (at all levels) acknowledge the importance of registered clubs in NSW. Registered clubs are critical to the social fabric of many local communities, they make contributions to charities and community and sporting organisations. The contribution made by registered clubs can include direct cash support and in-kind support. In-kind support may include the provision of services such as meeting rooms and club facilities for use by these organisations.

Figure 9 and Figure 10 illustrate the extent of cash and in-kind support provided by registered clubs in NSW. Overall, direct cash and in-kind contributions have increased since the 2011 Census. Total contributions have risen 27 per cent from \$115 million to \$146 million across all clubs in NSW.

The main contribution areas for cash and in-kind donations includes sport (\$68.0 million), health and hospitals (\$11.1 million), school and education programs (\$10.5 million), youth services (\$6.1 million), disability and carer services (\$5.8 million) and aged care and aged services (\$5.3 million). Regional clubs donated a total of \$32 million in cash in 2015.

Importantly, support as a share of club revenue has increased, indicating that the improvement in cash and in-kind donations is not solely a function of club growth, but reflects greater capacity for community support. This may reflect the impact of the implementation of ClubGRANTS, which provides an incentive to registered clubs to increase their support of local communities.

In addition, larger clubs appear able to better support their communities through the provision of cash and in-kind support as the share of revenue contributed to the community increases as annual EGM revenue increases.

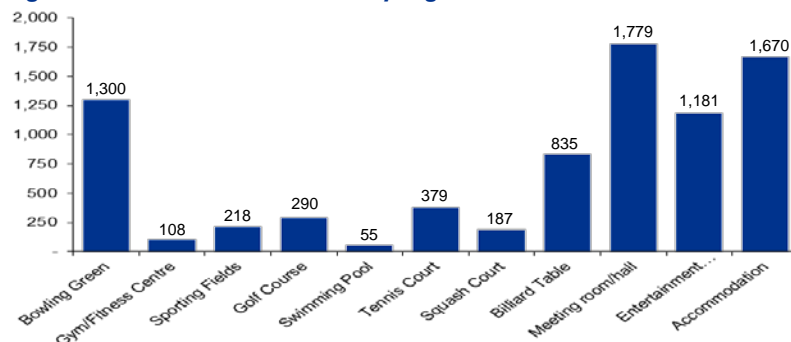
While clubs that earn less than \$1 million in annual EGM revenue provided cash donations of \$11 million or 13 per cent of net profit, larger clubs provided \$107 million in cash donations, or 19 per cent of net profits.,

When viewed by destination, the most significant recipient of donations is non-professional sport, which includes junior sporting competitions and other similar activities. Non-professional sport accounts for over 40 per cent of donations.

7. Social Impact: Community Facilities

Value of facilities owned and operated by registered clubs

Figure 11 – Number of facilities by registered clubs in NSW



Source: *Clubs Census 2015 and KPMG analysis.*

Table 2 – Average market value of facilities between 2007 and 2015

Club Type	Regional Clubs		Metropolitan Clubs	
	2007 (\$000)	2015 (\$000)	2007 (\$000)	2015 (\$000)
Bowling Green	17	20	55	65
Gym / Fitness Centre	1,295	1,506	1,295	1,506
Sporting Fields	55	65	70	83
Golf Course	174	206	3,507	4,162
Swimming Pool	257	299	384	447
Tennis Court	20	23	20	23
Squash Court	24	28	24	28
Billiard Table	7	7	7	7
Meeting Room / Hall	70	81	103	119
Entertainment Venue / Hall	70	81	103	119
Accommodation	33	38	45	53

Source: *Clubs Census 2015 and KPMG analysis.*

Analysis of subsidised access to facilities

An important social contribution made by registered clubs in NSW is the provision of sporting and non-sporting facilities to members, guests and the broader community. In total there were 126 million visits across all club sporting and recreational facilities in 2015, including those not considered as part of the social contribution calculation by IPART. This includes 58 million visits in regional areas.

These facilities may be in direct keeping with the primary mission of the registered club, such as bowling greens for bowling clubs and golf courses for golf clubs, or they may reflect the broader community support activities provided by clubs, such as meeting rooms and fitness centres.

IPART recognised that access to sporting and non-sporting facilities is often provided free of charge or at prices substantially below market values. Recognition of this in-kind contribution is estimated on the basis of identifying the market value of club facilities and subtracting the revenue attributed to these facilities. This includes revenue from the use of facilities as well as a portion of other revenue sources, such as membership fees.

The facilities included in Table 2 are those incorporated in IPART's approach for calculating social contribution. Other facilities may have additional value, however as the market value of these facilities are difficult to quantify they have not been included. For instance, NSW Clubs provided 47 aged care or child care facilities in 2015. These facilities are not incorporated in the social contribution estimate.

The total value of facilities provided by registered clubs in NSW is \$1.2 billion, which is relatively unchanged since 2011. Revenue sourced from these facilities is equal to \$185 million, which results in a total subsidy of \$1 billion in 2015.

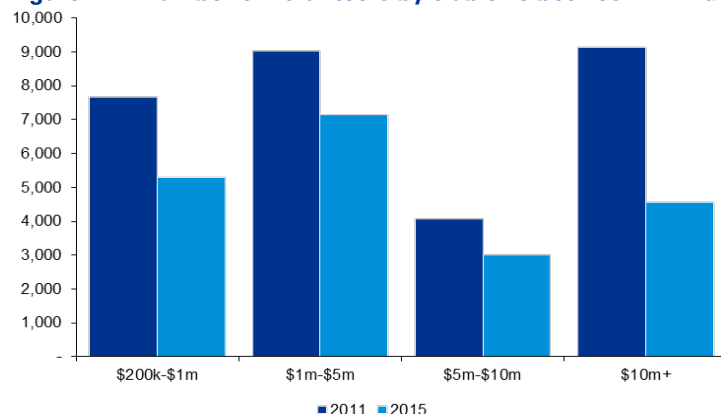
The most common facilities provided by registered clubs are meeting rooms, accommodation, entertainment venues and bowling greens. In general; however, the value of these facilities is low relative to golf courses and fitness centres.

In general, facilities in metropolitan areas have a higher value than those in regional areas. This reflects the increased cost of inputs such as land in metropolitan areas. For instance, a golf course is valued at over \$4 million if located in a metropolitan area and at \$200,000 in a regional area.

7. Social Impact: Volunteering

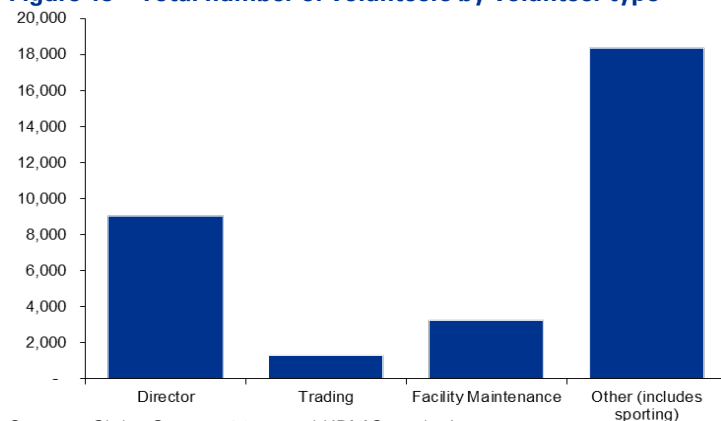
Volunteers

Figure 12 – Number of volunteers by club size between 2011 and 2015



Source: Clubs Census 2015 and KPMG analysis.

Figure 13 – Total number of volunteers by volunteer type



Source: Clubs Census 2015 and KPMG analysis.

Analysis of volunteering in registered clubs

In assessing the potential social impact of registered clubs, it is important to consider the value of time contributed by volunteers.

Based on IPART's accepted methodology, the estimated social impact of volunteering should consider:

- volunteers acting as directors
- volunteers acting in capacities other than in trading roles or in facilities maintenance. The value of volunteer contribution in trading roles and facilities maintenance would be evident in reduced expenses, which can be passed on as reduced prices for facilities.

While clubs facilitated the volunteering efforts of 32,000 individuals in 2015, including 17,000 in regional areas contributing 1,000,000 hours of time. Overall, the total value of volunteering effort in 2015 was \$120 million. As discussed previously, the measurement of volunteer numbers across these categories has changed in 2015, making direct comparisons with 2011 difficult.

However, there is some indication that the value of volunteering may have fallen as the number of volunteers across all club sizes has fallen since 2011. This suggests that overall volunteering effort has reduced.

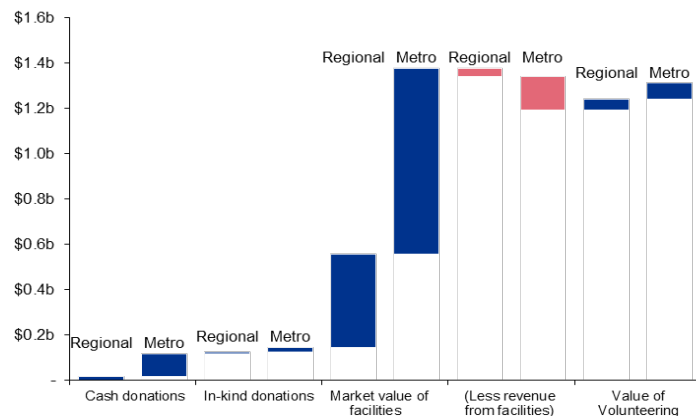
Clubs with less than \$1 million in annual EGM revenue facilitated the volunteering efforts of 17,000 individuals in 2015, while clubs with over \$1 million in annual EGM revenue facilitated volunteering efforts for 15,000 individuals.

Figure 12 and Figure 13 illustrate the number of volunteers providing services. The majority of volunteers provide labour in the 'other' category, which, as noted in the social contribution overview above, includes sporting contributions.

7. Social Impact: Total Contribution

Total social impact of registered clubs by component

Figure 14 – Total social contribution of clubs as measured by the IPART methodology (by component, 2015)



Source: *Clubs Census 2015 and KPMG analysis.*

Analysis of total social contribution of registered clubs in NSW

The three components of social contribution are:

- cash and direct in-kind donations
- value of facilities provided for community use
- value of volunteering.

The three components are combined to estimate the total social contribution provided by the registered clubs sector in NSW. In 2015 the contribution of registered clubs was valued at \$1.3 billion, demonstrating the importance of the industry to NSW communities.

In calculating total social contribution, the market value of facilities provided for community use net of any revenue generated by those facilities is incorporated. In 2015, this net value was \$1 billion. Figure 14 splits this amount into gross market value of facilities (\$1.2 billion) less revenue generated from facilities (\$185 million).

Total social contribution has increased by approximately \$60 million, or 5 per cent, since 2011, a change driven by:

- An increase in total cash and direct in-kind donations of \$31 million, or 27 per cent.
- A decrease in the market value of facilities of \$7 million, or less than 1 per cent.
- An increase in the revenue generated from facilities of \$25 million, or 16 per cent.
- An increase in the estimated value of volunteering of \$60 million, or 100 per cent.

In NSW, metropolitan clubs generate roughly two thirds of the social contribution, with regional clubs delivering the remainder.



Results



Financial Viability of the NSW Registered Clubs Industry

8. Financial Viability: Overview

Introduction

In the context of the NSW registered clubs industry, financial viability refers to the ability of a club to generate sufficient funds from its operating activities to cover the costs of providing services to its membership and local community, meet its financial obligations, and have the financial capability to reinvest in facilities and infrastructure.

The financial viability of the registered clubs industry is assessed based on a series of profitability measures proposed by IPART to accurately reflect the financial position of NSW clubs in 2008. These include the following:

- earnings before interest, income tax, depreciation and amortisation (EBITDA) as a proportion of total revenue
- earnings before interest, income tax, depreciation, amortisation, rent and donations (EBITDARD) as a proportion of total revenue
- operating cash flows as a proportion of working capital deficiency
- operating cash flows as a proportion of borrowings
- cash expenditure as a proportion of operating cash flows.

This report focuses on the first of these measures as it facilitates the most consistent comparisons of viability between different clubs, by discounting the effects of different financing arrangements, tax obligations, and asset collections. This measure assesses a club's financial position as one of the following:

- **Flourishing** – EBITDA is greater than 25 per cent of total revenue; the club has the ability to reinvest and reinvent as required.
- **Solid** – EBITDA is between 15 per cent and 25 per cent of total revenue; the club needs to critically evaluate capital purchases.
- **Stable** – EBITDA is between 10 per cent and 15 per cent of total revenue; the club has sufficient cash flow to maintain current business operations.
- **Distress** – EBITDA is between 5 per cent and 10 per cent of total revenue; the club requires changes to ensure viability.

- **Serious Distress** – EBITDA is below 5 per cent of total revenue; there are serious questions as to whether the club can continue as a going concern.

Drivers of change – impact of policy, regulation and operating environment

The financial viability of registered clubs is largely driven by the operations and management of individual clubs. Clubs that are successful in responding to the changing policy, regulatory, and operating environment are generally better able to remain in a position of financial health.

The MoU introduced in 2010 and the subsequent policies implemented in 2011 and reaffirmed in 2014 aimed to improve the financial viability of registered clubs. IPART's 2008 report had also concentrated on the financial viability of clubs.

The key measures of the MoU, including lower gaming tax rates, expanded tax rebates through ClubGRANTS and facilitation of amalgamations were expected to improve the financial viability of the industry, particularly for larger clubs (who benefited the most from the reduced tax burden).

In addition to the benefits derived from the regulatory changes described above, the overall growth trend in larger clubs suggest that there are also financial benefits of scale for registered clubs. The evidence of the 2015 Census suggests that this is the case. In general, larger clubs are less likely to be in distress than smaller clubs, and the financial health of larger clubs has improved more since 2011 than that of smaller clubs.

Trends in financial viability between 2011 and 2015

Overall, the financial viability of the NSW registered clubs industry improved between 2011 and 2015. In particular, the proportion of healthy clubs increased and the proportion of clubs in distress fell. Specifically:

- The proportion of clubs characterised as 'flourishing' or 'solid' increased to 46 per cent from 36 per cent in 2011.

8. Financial Viability Overview

- The proportion of clubs characterised as in 'distress' or 'serious distress' decreased to 33 per cent from 39 per cent in 2011.
- The proportion of clubs at risk of financial distress decreased to 40% from 64% in 2011, based on the clubs' EBITDARD as a proportion of total revenue.

However, a closer examination of financial viability across NSW registered clubs, by club size and club type, suggests that financial viability varies significantly within individual clubs. In addition, 65 clubs have ceased operations since 2011, including 16 clubs in regional areas.

In general, **larger clubs are significantly more financially viable than smaller clubs**. Only 18 per cent of clubs with annual EGM revenue greater than \$1 million are in distress or serious distress, compared to 57 per cent of clubs with less than \$1 million in annual EGM revenue.

This result is likely to reflect the greater ability of larger clubs to invest in income-generating assets and diversify their revenue sources. A reduction in the tax burden for these clubs may have also contributed to greater long term financial viability.

In addition, **RSL, community and leagues clubs are among the most financially viable of registered clubs by club type**. Only 22 per cent are in distress or serious distress, compared to 62 per cent of golf clubs and 40 per cent of bowling clubs.

While financial viability has improved, the risks associated with financial distress have large potential impacts. In 2015, clubs in distress or serious distress were estimated to support 11,560 direct job statewide.

Key considerations when interpreting these results

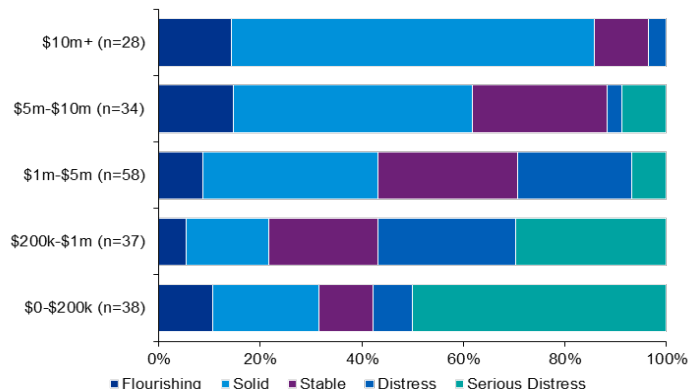
The results and insights presented in this section on the financial viability of registered clubs in NSW should be considered in the context of the key industry drivers and trends outlined in previous sections as well as the following analytical limitations specific to the results presented in this section.

- Financial viability is measured based on the distribution of individual responses rather than through the extrapolation of results to determine a population estimate. As a result, it is influenced by the make-up of respondents to the 2015 Census.
- Financial viability is estimated based on the responses to a number of questions in order to calculate the component variables in the formula. As a result, the estimate of viability requires respondent clubs to answer each of those questions and for each of those responses to be maintained throughout the data verification and cleansing process. As a result, the number of clubs where this calculation is possible is less than for some of the other results presented in this report. Throughout this section, where financial viability distributions are presented, the sample size referred to has been outlined where relevant. This should be considered when assimilating information in this section.
- The exclusion of financial data for some clubs had an impact of the sample sizes for clubs aggregated by club type within the \$0-\$200,000 EGM revenue band. We have been able to calculate financial viability for fewer than ten clubs in this revenue band. Consequently these results are displayed in grey.
- The use of the ratio of EBITDA to revenue as a measure of financial viability is widely used; however, we should acknowledge that it ignores costs that do not occur in the normal course of business, such as changes in working capital and capital expenditures. As a result, a large EBITDA to revenue ratio does not necessarily mean that a club is generating cash.
- An improvement in overall financial viability is not equivalent to improvements in the financial viability of individual clubs. The decrease in the population of 123 registered clubs in NSW between 2011 and 2015 may mean that the improvement in overall financial viability is due, in part, to the closure of clubs in financial distress, rather than an actual improvement in club viability across the board.

8. Financial Viability: by club size

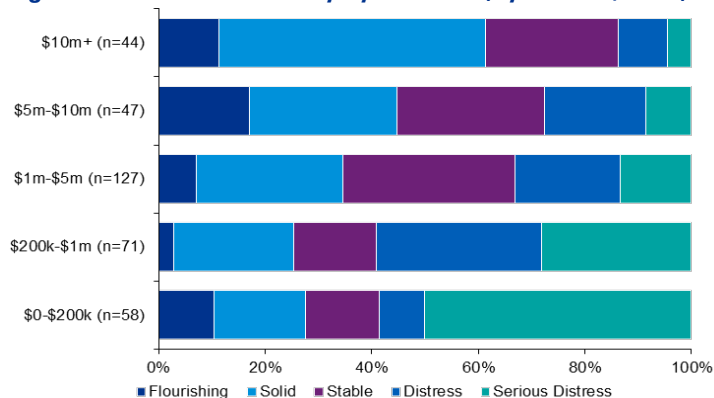
Financial viability by club size

Figure 15 – Financial viability by club size (by EBITDA, 2015)



Source: *Clubs Census 2015 and KPMG analysis.*

Figure 16 – Financial viability by club size (by EBITDA, 2011)



Source: *Clubs Census 2015 and KPMG analysis.*

Analysis of the financial health of large and small clubs

The financial viability of the NSW registered clubs industry as a whole improved marginally between 2011 and 2015. In part, this improvement is derived from increasing revenue, the impacts of the policy changes stemming from the 2010 MoU and the closure of poorly performing clubs, which are now removed from the sample.

Overall, 33 per cent of 2015 Census respondents were in distress or serious distress, compared with almost 40 per cent in 2011. As in 2011, there is significant variation in financial viability according to club size.

In 2015, the greatest level of serious financial distress (58 per cent) was experienced by registered clubs with annual gaming revenue of less than \$200,000. This is consistent with the 2011 Census results, which reported 59 per cent of registered clubs with annual EGM revenue of less than \$200,000 as experiencing serious financial distress.

Given the 2011 Census findings, it is likely that a number of clubs with gaming revenues of less than \$200,000 have ceased operations. If that is the case, the 2015 Census may overstate the financial health of smaller clubs.

This extends to all clubs with less than \$1 million in annual EGM earnings. In 2015, 57 per cent of these clubs showed signs of distress or serious distress, broadly similar to the result in 2011 (59 per cent).

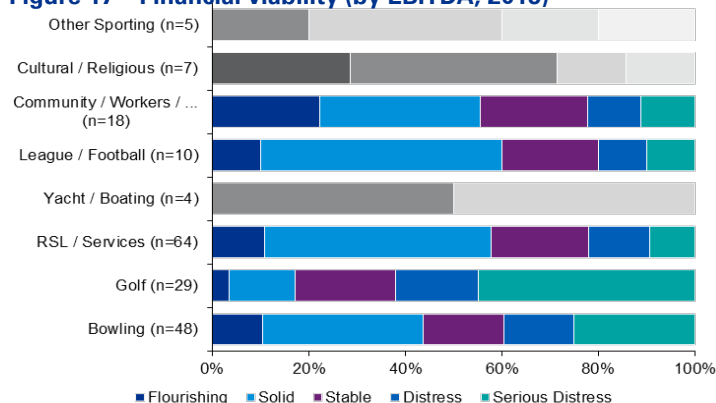
In contrast, in 2015, 86 per cent of registered clubs with annual EGM revenue in-excess of \$10 million were categorized as 'flourishing' or 'solid' and 58 per cent of clubs with annual EGM revenue in excess of \$1 million. This represents a significant improvement from the 2011 Census results (61 per cent and 42 per cent respectively). The improvement in the financial health of larger clubs is expected to be, in part, due to the supportive policy environment provided to these clubs since 2011 as part of the changes in the 2010 MoU.

More broadly, the results of the 2015 Census show that on the whole, clubs with the advantage of operational scale have continued to experience higher levels of financial viability, and are well-placed to respond to changing policy and regulatory environments over time.

8. Financial Viability: by club type

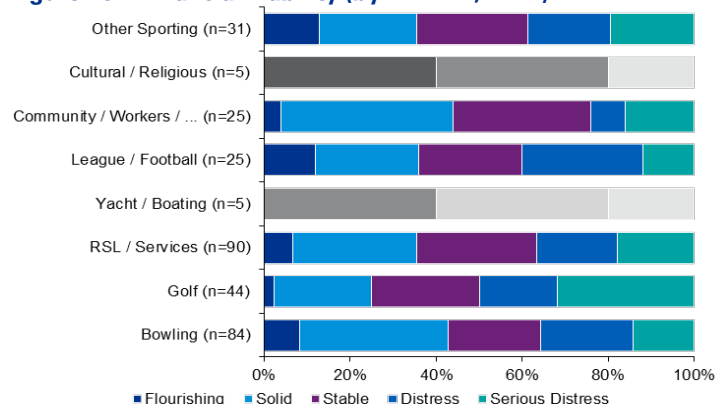
Financial viability by club type

Figure 17 – Financial viability (by EBITDA, 2015)



Source: Clubs Census 2015 and KPMG analysis.

Figure 18 – Financial viability (by EBITDA, 2011)



Source: Clubs Census 2015 and KPMG analysis.

Analysis of the relative financial health of different clubs types

In addition to variability in the financial health of clubs by size, there also appears to be some variability in the financial health of clubs by type. This may reflect changing demand for services provided, the costs associated with maintenance of specialised assets or a lack of scale.

In particular, the 2015 Census indicated that a greater proportion of bowling clubs and golf clubs are more likely to be in financial distress than other club types. In both cases, financial viability has deteriorated since 2011, in contrast to industry-wide improvements over the same time period. Specifically:

- In 2015, over 60 per cent of golf clubs responding to the 2015 Census are in distress or serious distress.
- In 2015, the number of bowling clubs in serious distress has increased from around 15 per cent to around 25 per cent.

In addition, of the 65 clubs that have ceased operations since 2011, over one in three were bowling clubs.

Amongst categories with at least ten survey responses in 2015, RSL/Services clubs, Community clubs and Leagues/Football clubs have the lowest proportion of clubs in distress.

In addition, 2015 Census responses indicate that the viability of those Leagues Clubs and RSL Clubs responding to the survey has improved.

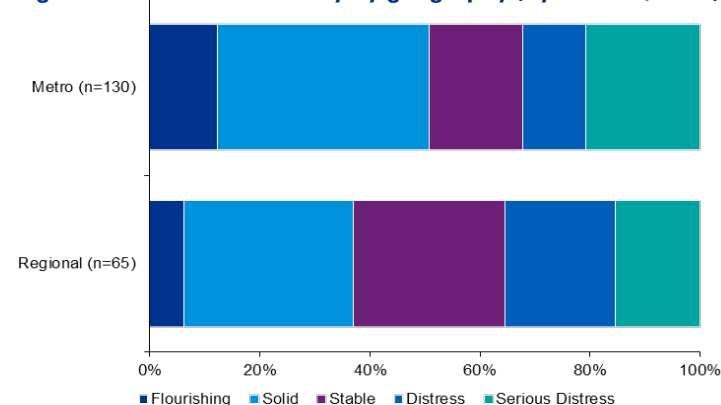
- 60 per cent of Leagues Clubs responding to the 2015 Census appear to be in a solid or flourishing position, compared with less than 40 per cent in 2011.
- In 2015, 58 per cent of RSL Clubs responding to the Census appear to be in a solid or flourishing position, compared with less than 40 per cent in 2011.

It should be noted that lesser performing club types are often more reliant on revenue streams other than EGMs than higher performing club types. This highlights the importance of EGM revenue to the ongoing financial viability of registered clubs.

8. Financial Viability: by geography

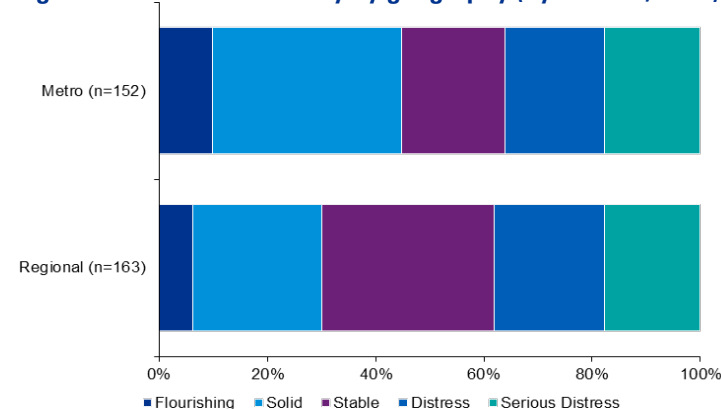
Financial viability by geography

Figure 19 – Financial viability by geography (by EBITDA, 2015)



Source: Clubs Census 2015 and KPMG analysis.

Figure 20 – Financial viability by geography (by EBITDA, 2011)



Source: Clubs Census 2015 and KPMG analysis.

Analysis of the financial health of clubs by geography

It is important to consider whether geography impacts financial viability. As discussed in Section 6, regional clubs are an important employer and driver of economic activity in their local areas and any deterioration in their financial health may impact their ability to service local communities.

Since 2011, there has been some variation in the financial viability of clubs based on whether they are located in metropolitan NSW or regional NSW. In particular, the 2015 Census shows the metropolitan clubs moving to either end of the viability spectrum – that is, the proportion of clubs showing signs of distress and the proportion of clubs showing signs of strength are both growing. This may indicate that well performing clubs are consolidating their financial position while lesser performing clubs continue to deteriorate.

Overall clubs in regional NSW exhibit slightly lower levels of financial health than metropolitan based clubs, which may be driven by challenges relating to geographical dispersion and low population density in some regional areas.

While regional clubs appear less financially viable than metropolitan clubs, regional respondents to the 2015 Census suggest that financial viability across the board has improved slightly. The proportion of clubs in serious distress has fallen from 18 per cent in 2011 to 15 per cent in 2015. However, as mentioned in the overview of this section above, this does not take into account clubs that have ceased operations since 2011.

In addition to the reduced number of clubs in financial distress, the proportion of regional clubs in a solid or flourishing financial position has increased since 2011, from around 30 per cent, to 37 per cent.

While regional clubs demonstrate a broad improvement in financial health consistent with the overall 2015 Census trend, the performance of metropolitan clubs since 2011 is consistent with the trend of larger clubs leveraging their scale to consolidate their position while smaller clubs exhibit increasing signs of distress. This may reflect the density of clubs in metropolitan areas where larger clubs may compete with smaller clubs.



Results



NSW registered clubs industry capital expenditure

9. Capital Expenditure Overview

Introduction

Registered clubs in NSW make a significant investment in capital expenditure across a broad range of areas, including the extension and maintenance of existing assets and the purchase of additional growth assets.

In general, registered clubs invest in their own premises, income generating assets such as EGMs and in facilities for use by the local community.

The 2015 Census sought information on the objectives of capital investment, specifically whether the investment was for expansion of capacity, or for the refurbishment and maintenance of existing assets and the type of asset the investment applies to. The key asset types within capital expenditure are:

- construction of new buildings and extensions to existing buildings
- purchase of land and pre-existing buildings under a separate title
- refurbishment
- motor vehicles
- electronic gaming machines
- sporting and recreational facilities
- ancillary facilities (e.g. aged care or childcare)
- other assets.

Drivers of change – impacts of policy, regulation and operating environment

The drivers of capital investment are varied and can relate to factors such as:

- The financial performance of clubs. Financially healthy registered clubs are likely to have greater capacity to invest than clubs exhibiting signs of financial distress.

- The level of historical investment and the club's position in the investment cycle. Clubs are likely to have an investment cycle that varies. For instance, major expansions or refurbishments are likely to be followed by a period of time where capital expenditure is limited to regular maintenance activities.
- The political and regulatory environment; for instance, the 2011 Clubs Census indicated that registered clubs were expected to delay future investment due to uncertainty regarding Commonwealth gaming legislation at the time.

We expect that each of these factors has affected the trends associated with capital expenditure observed as part of the 2015 Census.

Trends in capital expenditure between 2011 and 2015

In general, the 2015 Census indicates that the level of capital investment has decreased since 2011. This may be due to some of the factors outlined above.

The 2011 Census showed that changes in smoking regulations were a significant driver of the large capital expenditures observed in that year. A large number of registered clubs sought to invest in the refurbishment of their premises and in the development of all fresco gaming areas.

The increased investment in the club premises may have combined existing planned expenditure, expenditure that was planned and accelerated as a result of the regulatory change or additional expenditure that was not scheduled. As a result, the level of investment in 2011 was higher than expected, indicating that a decrease in future investment was likely. This was also mentioned in 2011 as part of the survey response to questions on future outlook.

In addition, the increase in major refurbishments occurring around 2011 may have affected the investment cycle of a number of clubs as their premises are newly refurbished.

9. Capital Expenditure Overview

However, while the level of capital expenditure has fallen since 2011, it remains significant. In 2015, registered clubs invested a total of \$431 million, including \$124 million in regional areas, and over the last five years clubs have spent around \$2 billion on capital investments, including \$567 million in regional areas. Overall, the total written down value of club assets in NSW was \$13.2 billion in 2015, including \$5.1 billion in regional areas.

Capital investment activities by clubs in NSW includes investment in environmentally friendly initiatives and equipment. This was equal to \$35 million in 2015.

Capital expenditure differs significantly by club size – both in terms of total quantum of expenditure, and by the distribution of expenditure across asset types. In general, larger clubs have greater operational scale and the financial capacity to make larger capital expenditure investments. A greater share of these investments are on growth assets facilitating expansion of their operations.

In contrast, smaller clubs typically have a lower EBITDA than larger clubs and have less capacity to invest in capital assets. For these clubs most capital expenditure is absorbed in maintenance of existing assets and is insufficient to enable expansion of operations or adaption of services to meet changing community needs.

This scenario is largely consistent with one of the main trends of the 2015 Census, i.e. that of larger clubs consolidating their financial position and growing their operations as smaller clubs continue to exhibit signs of financial distress.

Key considerations when interpreting these results

The results and insights presented in this section on the investment activities of registered clubs in NSW should be considered in the context of the key industry drivers and trends outlined in previous sections as well as the following analytical limitations specific to the results presented in this section

As discussed above, capital expenditure, particularly for new assets, can be large and occur infrequently. It can also be the result of external factors, such as policy or regulatory changes necessitating (re)development of compliant assets.

Clubs may also have large capital expenditures in one year, with minimal expenditure in subsequent years. At a sector-wide level, trends in expenditure can also be driven by prevailing economic conditions, such as interest rates, availability of financing, or trading climate. As such, it is to be expected that the levels of capital expenditure over time are not consistent.

As a result, comparison of investments at a point in time may be less useful than comparisons of investment trends over time.

In addition, there are a number of indicators associated with capital investment beyond the direct investment questions themselves. For instance, questions on the size of the asset base, or the level of depreciation expenses incurred each year. These indicators may be used as a check against the results associated with capital investment.

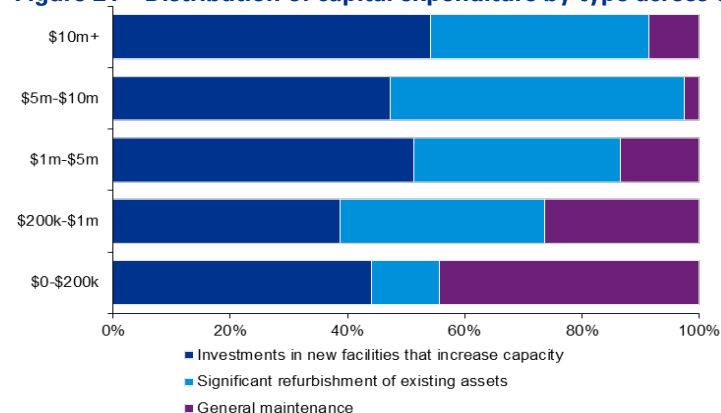
In both cases there appears to be a strong increase in the size of these indicators since 2011, with depreciation expenses increasing by 8 per cent and the value of non-depreciable assets increasing by \$1.7 billion. These findings should be considered when assimilating information on the level of capital investment more broadly.

In addition to the factors described above, definitional changes between the 2011 and 2015 surveys allowed the 2015 Census to capture data on capital expenditure at a higher resolution than before. However, given this detail was not available in 2011, comparisons cannot be made.

9. Capital Expenditure

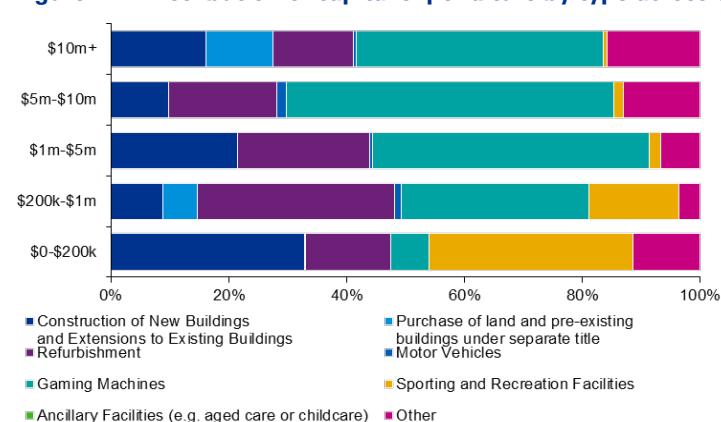
Capital expenditure in smaller and larger clubs

Figure 21 – Distribution of capital expenditure by type across club size (2015)



Source: Clubs Census 2015 and KPMG analysis.

Figure 22 – Distribution of capital expenditure by type across club size (2015)



Source: Clubs Census 2015 and KPMG analysis.

Analysis of relative investment by club size

The results of the 2015 Census demonstrate that the distribution of total capital expenditure differs significantly across club size, as determined by annual EGM revenue. Larger clubs generally have greater operational scale and the financial capacity to make larger capital expenditure investments. Over 60 per cent of total capital expenditure in 2015 was spent by clubs with over \$10 million in EGM revenue, who represent only 6 per cent of the NSW registered clubs industry, or \$3 million per club. Of this expenditure, over 50 per cent was in new and growth assets – amounting to \$141 million in 2015. These clubs spent \$97 million on the refurbishment of existing assets and \$22m on asset maintenance.

This expenditure pattern is broadly consistent amongst clubs with between \$1 million and \$10 million in annual EGM revenue. These clubs spent \$63m on new assets, \$53 million on the refurbishment of existing assets and \$11m on asset maintenance. That is \$331,000 per club. However, a greater proportion of expenditure for smaller clubs is on general maintenance of existing capital assets and infrastructure. These clubs spent \$19m on new assets, \$10 million on the refurbishment of existing assets and \$17m on asset maintenance.

The 2015 Census results indicate that smaller clubs are less able to invest in the expansion of their operations. This is consistent with the broader themes arising from the 2015 Census, which show smaller clubs are less able to grow their business than larger clubs. This is the case in aggregate and on a per club basis. Small clubs on average invested \$52,000 in 2015 or 5.4 per cent of revenue. In contrast, clubs with more than \$1 million in annual EGM revenue invested \$824,000, or 7.7 per cent of revenue.

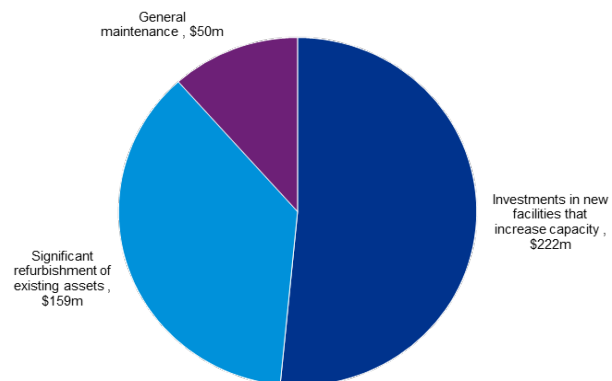
It is relevant that smaller clubs spend more as a proportion of total investment on sporting and recreational facilities than larger clubs. This is important as sporting and recreational facilities are typically subsidised by clubs (see Section 7) and therefore do not contribute to the financial health of the club. By contrast, larger clubs tend to spend a greater proportion of their investment on income generating assets such as EGMs and club premises, which offer opportunity to consolidate the financial performance of the registered club.

In 2015, clubs with less than \$1 million in annual EGM revenue had a total written down asset value of \$4.1 billion, and clubs with over \$1 million in annual EGM revenue had a total written down value of \$9.1 billion.

9. Capital Expenditure

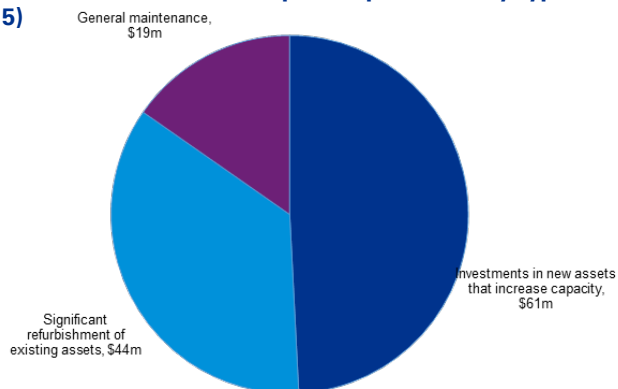
Capital investments: expansion, refurbishment and maintenance by geography

Figure 23 – Distribution of capital expenditure by type across NSW (2015)



Source: Clubs Census 2015 and KPMG analysis.

Figure 24 – Distribution of capital expenditure by type for regional NSW (2015)



Source: Clubs Census 2015 and KPMG analysis.

Analysis of growth expenditure relative to maintenance and refurbishment

Analysis of the results of the 2015 Census highlights the significant investments registered clubs continue to make in purchasing new assets, and refurbishing and maintaining existing assets.

Total capital expenditure across NSW registered clubs in 2015 was \$431 million, down 39 per cent from \$707 million in 2011. Of this expenditure, 52 per cent was on new assets, 37 per cent was on the refurbishment of existing assets, and 12 per cent was on general maintenance.

Importantly, the proportion of expenditure on new assets indicates that registered clubs are dedicating a significant proportion of investment to expanding their service offerings and growing the reach of their businesses. This may be a reflection of the overall trend of improved financial health of clubs, which, in itself, would facilitate the expansion of club operations.

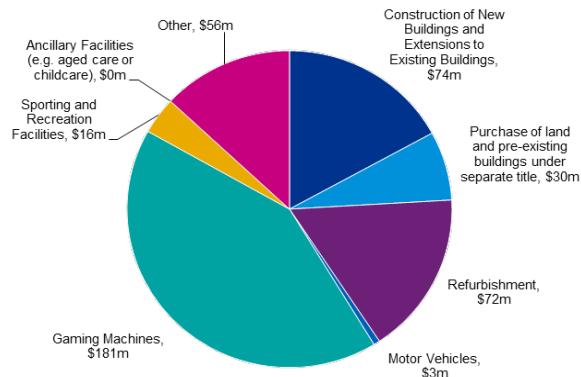
Overall, \$124 million (or 29 per cent) of total capital expenditure by registered clubs in NSW was incurred by regional clubs. While the distribution across the three categories of capital expenditure is broadly similar between regional clubs and NSW as a whole, regional clubs spend less on refurbishment of existing assets and a greater proportion of total capital expenditure on new assets and general maintenance. The 2015 Census shows 48 per cent of capital expenditure is on new assets, and 14 per cent of capital expenditure is on general maintenance.

This may reflect the current state of facilities, infrastructure, and capital assets owned and operated by regional clubs. Importantly, the lower proportion of investment on expansion assets may also indicate challenges to doing business in regional areas.

9. Capital Expenditure

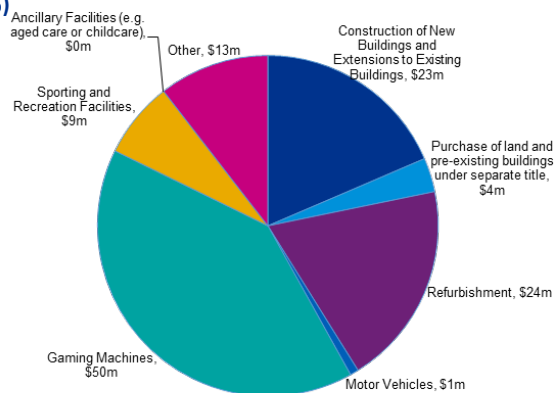
Capital expenditure by type of assets

Figure 25 – Distribution of capital expenditure by asset type across NSW (2015)



Source: *Clubs Census 2015 and KPMG analysis.*

Figure 26 – Distribution of capital expenditure by asset type in regional NSW (2015)



Source: *Clubs Census 2015 and KPMG analysis.*

Analysis of types asset investment

The distribution of capital expenditure across asset types differs across registered clubs in NSW. In general, the bulk of investment is spent on assets likely to generate an income for the club, such as the club premises or EGMs.

In 2015, 41 per cent of capital expenditure was directed toward the purchase and refurbishment of new and existing land and buildings and 42 per cent went toward EGMs. This type of investment is likely to underpin future financial performance as opposed to investment in facilities that may require support from other areas of the business to remain viable.

Finding the appropriate balance between investing in income generating assets and providing facilities for the community is an important issue for clubs to address.

The distribution of capital expenditure across asset types and the change in these over time reflects the ways in which the clubs industry has – and continues to – respond to changes in the broader sector. It also reflects the need for continued investment by clubs in high income generating assets to secure revenue streams.

While there is some difference between the composition of investment in regional areas and in NSW as a whole, they are broadly consistent, with a focus on EGM investment and investment in premises.

For both regional and metropolitan areas, the value of investments in ancillary facilities is zero. This is likely a function of the rarity of these services rather than an actual indication of the total amount spent on these services in 2015.



Appendix A

Detailed Approach

Appendix A: Detailed Approach

2015 Census – principal stages



Stage 1: Agreement of the Census purpose and key parameters

The first stage of the approach confirmed the objectives of ClubsAustralia and ClubsNSW in undertaking the 2015 Clubs Census, and agreed the main parameters. This stage was undertaken in consultation with stakeholders, and reflected on the 2011 Clubs Census approach and outcomes, as well as the emerging industry developments, risks, and opportunities. The outcome of this stage reflected ClubsNSW's changed expectation of the role of the Clubs Census. ClubsNSW saw the census as moving from a static, point-in-time snapshot, to a more forward-looking exercise, which identifies and understands key trends, risks, and opportunities in the industry, and which may be used to underpin strategic decision making.

Specifically, the 2015 Census intends to:

- **Provide a snapshot** at a national and state level of the large and diverse registered clubs sector.
- **Illustrate the reach and contribution** of the sector within communities, both economically and socially.
- **Present critical information** to important industry stakeholders on the role played by clubs in their local communities and at a national level.



All aspects of the Engagement, including the survey design, analysis, and reporting of the results were undertaken in a manner consistent with these objectives.

Stage 2: Development and pilot of the survey instrument

KPMG developed the 2015 Census survey instrument in consultation with ClubsNSW. In order to improve the 2015 Census we drew on learnings from the 2011 Clubs Census.

The 2015 Census is divided into 10 sections as follows:

1. **general questions** 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 on wages and training provided to staff
4. **volunteers** including the number of volunteers and their roles, and the number of hours spent volunteered assisting the club
5. **gaming machines** including their number, as well as harm minimisation programs and growth plans



Appendix A: Detailed Approach

2015 Census – principal stages



6. **community support** including the value of monetary and in-kind support provided, and the types of community organisations and endeavours supported
7. **finance** including details of the club's income, expenses, and profitability as well as its assets and liabilities
8. **taxation issues** including amounts paid to revenue authorities and certain income tax data
9. **future outlook** particularly in respect of clubs financial plans under various operating conditions
10. **sustainability** including current and planned investment in environmentally friendly initiatives.

We agreed the following changes to the survey design with ClubsNSW :

- More detailed information was sought with respect to the direct support of communities through cash and in-kind donations. As a result, the number of categories clubs could report for cash and in-kind donations increased from 8 in 2011 to 18 in 2015.
- In response to irregular reporting in 2011, the 2015 census provided opportunity for clubs to identify whether their response to the question regarding the average hours contributed by volunteers was on a per month, per fortnight, or per week basis. In 2011 clubs were instructed to enter average hours per month; however, there was some evidence that clubs misinterpreted this instruction and provided their responses on a per week basis.
- To facilitate the valuation of volunteer labour in line with the method described by IPART in 2007, a change in the categorisation of 'sports' volunteers was adopted. In 2011, a single sport category included volunteers associated with facilities upkeep (not measured in the IPART approach) and those involved in other activities such as coaching and administration (measured in the IPART approach). In 2015, a separate 'facilities' category was identified, with all other sporting volunteers captured in the 'other' category.
- To facilitate the valuation of facilities in line with the method described by IPART, the 2015 census asked clubs how many of a range of sporting and non-sporting facilities they maintained, to develop an estimate of the total number of facilities provided by registered clubs in NSW. The 2011 NSW Clubs Census sought only to identify whether these facilities were provided, not how many were provided, which would not capture clubs with more than one of a type of facility (such as two bowling greens). As a result, the 2011 NSW Clubs Census relied on average facility numbers per club sourced from the 2007 NSW Clubs Census.
- More detailed information was sought with respect to capital expenditure to better understand how registered clubs invest in new and existing assets. The 2015 census sought information on the value of expenditure on new assets, as well as the refurbishment and maintenance of existing assets, rather than simply the level of capital investment.

Appendix A: Detailed Approach

2015 Census – principal stages



The preliminary survey questions were tested through the administration of a pilot survey in order to test and refine the survey instrument. The pilot was completed in October 2015. As part of the pilot survey process feedback was collected from users and the design of the census rollout was adjusted. Key feedback collated from the pilot survey included:

- There were concerns amongst survey respondents regarding the length of the survey and the design of the questions, which did not typically include a limited response and instead required figures or other specific responses that may not be easily sourced.
- The optimal method of survey distribution was online and that the online survey should be distributed to a larger proportion of the clubs population.



While the feedback on survey design was noted, no changes were made to the survey as this information was required in a specific format to enable the analysis of survey responses. However, feedback from the pilot survey did result in an adjustment to the distribution of the survey, with a larger number of online surveys distributed than originally anticipated.



Following the subsequent roll out of the full survey, the Census closed in March 2016, with submissions received either by post or online submission



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

A copy of the final, agreed survey instrument is provided in Appendix B of this report.



Appendix A: Detailed Approach

2015 Census – principal stages



Stage 3: Survey distribution

The Census was distributed to 6,125 clubs across Australia, including over 1,300 clubs across NSW. As was expected given the outcomes of the pilot survey there was some difficulty in obtaining a sufficient response rate given the length of the survey. As a result, the following actions were taken to facilitate the completion of the survey by registered clubs:

- In response to feedback that the survey completion was particularly difficult in the lead up to the end of the calendar year, the time given to clubs to complete the survey was extended to facilitate a higher completion rate. The schedule closure date of the Census was in November 2015; however, this was extended to March 2016.
- An outbound calling program was instituted by ClubsNSW and Clubs Australia to prompt registered clubs to complete the survey. This program was structured as to avoid targeting specific clubs so that no bias would be introduced into the sample.
- KPMG was engaged in an ongoing dialogue with ClubsNSW and Clubs Australia to co-ordinate the outbound calling program. This included the provision of regular updates on the number of respondents and the subsequent quality of sample sizes.

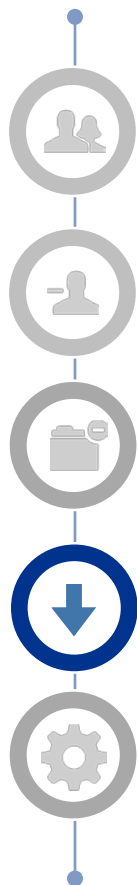
A total of 1,437 online and 193 postal responses were received by KPMG to the broader Census. Within NSW, 1,348 clubs received the census. In response, 994 responses were provided to the 2015 NSW Clubs Census, with 940 online responses and 54 postal responses. However, a number of these responses were insufficiently completed to facilitate their inclusion in the survey sample. Typically these surveys were largely incomplete except for details associated with the club's name, type and location. This may have been a result of registered clubs that registered to complete the online survey but did not commence the survey or did not progress beyond the initial questions.

As a result, these responses were removed from the sample. As such, the total number of response in the survey utilised in the sample was 1,168 across Australia and 497 in NSW. This represents a participation rate within NSW of 35%, which is an increase from the 29% participation rate achieved as part of the 2011 NSW Clubs Census.

Following the receipt of all responses, received data was digitised into formats readable by Microsoft Excel, for subsequent analysis.

Appendix A: Detailed Approach

2015 Census – principal stages



Stage 4: Collation and analysis of survey results

On the basis of the survey responses, KPMG undertook an extensive collation and cleansing exercise to enable the analysis of the results to be undertaken. This process involved developing a greater understanding of the scope and scale of the data, as well as issues around data quality, consistency, and the associated limitations. To support this process, there was a number of cross-checks undertaken and adjustments made to the underlying data. As a result of these exercises, the final sample size of the 2015 Census was 476 as outlined in the following table.

Table 2 – Sample size of the 2015 Census

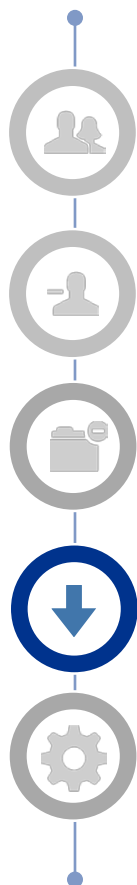
Club Type	All Respondents	Respondents after data cleansing
Bowling Clubs	141	130
RSL/Services Clubs	138	134
Golf Clubs	67	65
Community/Workers/Union/Political Clubs	42	41
League/Football Clubs	38	35
Other Clubs	31	31
Other Sporting Clubs	19	19
Cultural/Religious Clubs	12	12
Yacht/Boating Clubs	9	9
Surf Lifesaving Supporters Club	0	0
Racing Club	0	0
Total	497	476

Details of the cross-checks and cleansing processes are as follows:

1. 461 clubs provided fewer than 30 responses in the final survey data, a significant spike in the frequency distribution of number of responses per club. As such, these clubs were deemed to have not completed the survey to a sufficient degree to add to the analysis, and hence were excluded from the final samples.
2. In some instances, there were discrepancies noted between clubs' reported EGM revenue (Qn 17b) and the revenue line item for EGMs (Qn 21). Where these could not be reconciled, financial information was excluded.

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2015 Census – principal stages



3. There was also a number of financial questions where tests were undertaken to examine the reasonableness of key financial statement ratios (e.g. revenue to expenses) and the spread of responses (the number of standard deviations from the average). The purpose was to identify outliers with a higher potential of the outlier being attributable to inaccurate responses, rather than natural variation. Further detail on the approach is provided in the limitations section of this report. Responses determined to be unreasonable on the basis of these tests were excluded from the analysis.
4. The survey also included a series of interrelated questions, for example around personnel expenses (Qn 10) and total salaries and wages expenditure (Qn 21). Where there were irreconcilable discrepancies between these interrelated questions, the responses were excluded from further analysis.

The cleansing exercises undertaken sought to identify the most significant potential outliers attributable to data quality and consistency; however, it is acknowledged that some outliers identified through the cleansing exercise reflected natural variation within the sector. The outliers identified could be a result of user error, such as the addition or subtraction of a zero, misplaced decimal points or through inputting a response in the incorrect units required by the survey instrument. Alternatively, these outliers may be an accurate reflection of the registered clubs service offering or performance. The mitigation strategies used to minimize the risk of falsely excluding outliers follows.

Outlier Analysis and Cleansing

As part of the survey instrument, the magnitude of EGM revenue is sought twice, in the gaming and revenue sections of the instrument.

As a result, a direct comparison of these two responses (where both have been answered) is possible to identify errors. In addition, access to the actual EGM revenue as collated by the gaming regulator was also available to identify errors. Where an internal inconsistency in the response was identified with regard to a club's EGM revenue, a more detailed review was undertaken to avoid removing the response from the sample. This review included examination of:

- the regulated returns
- the club's annual report (if available on the club's website).

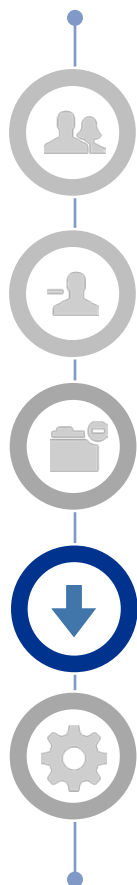
Upon examination of these source documents, where evident, the correct response for each individual club was selected.

Where outliers were a function of input error, KPMG sought to remove these responses from the sample used to generate the results of the Census. A conservative approach to identifying these outliers was undertaken to avoid removing outliers that were not a result of user error. To minimize the risk of falsely excluding outliers that were a result of natural variation in the sample, the following actions were taken:

- The likely variation of responses for specific questions of the survey instrument were identified. Where there was likely to be significant variation, for instance the specific categories of expenditure or cash contributions, these questions were excluded from the analysis.

Appendix A: Detailed Approach

2015 Census – principal stages



- Amongst the remaining questions, key outputs of the survey were identified and the following tests were developed to identify outliers well outside the typical range of responses. All tests were conducted on the basis of club size categorized by annual EGM revenue, so that variations between bands of clubs was not identified as an outlier:
 - For non-financial questions, responses falling outside the range of two standard deviations above and below the sample average were considered outliers.
 - For financial questions, which typically had greater levels of variability, responses falling outside the range of three standard deviations above and below the sample average were considered outliers.
 - Where total revenues and expenses were submitted by the registered club, excessively high revenue to expense ratios (greater than 1.25:1) were considered outliers.

Furthermore, a number of questions in the survey instrument sought information from registered clubs on broadly similar issues, or sought information in differing levels of detail. For instance:

- Questions were asked regarding total employment, employment by type (such as full time, part time and casual) as well as employment by position, age and gender.
- Questions were asked regarding total salaries paid, the average hourly pay per employee as well as personnel expenses.

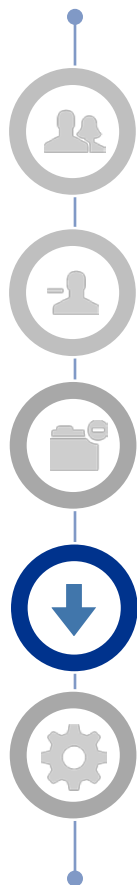
As a result, there was scope for further confidence in identifying response errors through a number of checks of the internal consistency of survey responses. These checks typically fell into one of two categories:

- Checks where the response to two questions, or two sets of questions should be equal – such as total employment and the sum of employment by type.
- Checks where a response to a question should be larger than the response to another question or set of questions – for instance, personnel expenses should be expected to be greater than salaries and wages paid given that these expenses would include employee on costs.

It was noted that timing differences in the observation of the responses, or completion of different sections of the survey by different individuals may have resulted in some internal inconsistencies. As a result a conservative approach was taken, with only those responses where the inconsistency was greater than 20 per cent were removed.

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2015 Census – principal stages



Extrapolations of final samples

Accepted statistical techniques were used to extrapolate the survey results across the industry, based on the sample size achieved in the surveys and the assumption of simple random sampling. The results have been used to estimate key industry metrics and to benchmark against the 2011 Club Census results. Within NSW, extrapolations were carried out within six categories according to clubs' annual EGM revenues, as detailed in the following table.

Table 3 – Sample size by revenue band and club type

EGM Revenue Band	\$0	\$0-\$200k	\$200k-\$1m	\$1m-\$5m	\$5m-\$10m	\$10m+	Total
Bowling Clubs	22	25	49	26	5	3	130
RSL/Services Clubs	17	23	18	7	0	0	134
Golf Clubs	7	3	4	8	9	10	65
Community/Workers/Union/Political Clubs	16	4	15	48	25	26	41
League/Football Clubs	10	3	2	3	4	13	35
Other Clubs	15	3	1	8	2	2	31
Other Sporting Clubs	6	1	4	4	1	3	19
Cultural/Religious Clubs	2	1	2	3	1	3	12
Yacht/Boating Clubs	5	1	0	2	0	1	9
Surf Lifesaving Supporters Club	0	0	0	0	0	0	0
Racing Club	0	0	0	0	0	0	0
Total	100	64	95	109	47	61	476

Extrapolation uplift factors were based on either the proportion of total population EGM revenue captured by the sample of survey respondents, or the proportion of total population number of clubs that responded to each question, based on whether the question to be extrapolated was financial in nature or not, in a consistent manner to the 2011 Club Census approach. Population level data was sourced from the state regulator, and reconciled to the distribution list of clubs to receive the Census.

The population figures used in these calculations is based on regulated returns sourced from the gaming regulator by ClubsNSW. Importantly, the extrapolation factors applied to each question are different based on the number of respondents answering each question. In the 2015 Census, the sample used within each band is sufficient to provide 95 per cent confidence that the true population average is within a ten per cent range centred on the sample average. This is a reasonable level of statistical confidence and is sufficient to facilitate analysis of the industry.

Appendix A: Detailed Approach

2015 Census – principal stages



Extrapolations of Regional specific results

The regional specific figures used in this report are based on weighting the extrapolated data across NSW by the proportion of the total population of clubs located in regional postcodes, or the total EGM revenue for the population of clubs located in regional postcodes, based on whether the reported figure was financial in nature or not

Stage 5: Reporting

This report represents a detailed outline of the 2015 Clubs Census scope and approach and an analysis of the key themes identified through the Clubs Census implementation and analysis phases. Where possible, KPMG has sought to compare the results of the 2015 NSW Clubs Census to those in previous years and to identify the key drivers of any changes.

In the development of the Census results and this report, a number of methodologies have been used to estimate key results. In particular, financial viability and social contribution has been estimated on the basis of methods developed by IPART in 2007 and the economic impact of registered clubs has been developed on the basis of industry specific multipliers identified in 2011. A detailed outline of these methods is provided below:

Financial Viability

Based on the ratio of a club's earnings before interest, tax, depreciation, and amortization (EBITDA) to total revenue, financial viability scores were assigned to each club, where calculable. This measure was designed to measure the earning power of clubs per unit of revenue. Scores were categorised as follows:

- **Flourishing:** EBITDA greater than 25% of total revenue
- **Solid:** EBITDA between 15% and 25% of total revenue
- **Stable:** EBITDA between 10% and 25% of total revenue
- **Distress:** EBITDA between 5% and 10% of total revenue
- **Serious Distress:** EBITDA less than 5% of total revenue.

Appendix A: Detailed Approach

2015 Census – principal stages



Social Contribution

Quantification of the total social contribution provided by Clubs was based on the IPART methodology, and comprised the following components:

- total cash payments made as donations
- total value of in-kind support donated
- total market value of facilities
- total value of hours contributed by volunteers
- less revenue generated by facilities.

The average market values of various facilities were determined by inflating earlier figures according to input prices movements associated with the alternative uses of the area dedicated to these facilities (typically office rents). This is consistent with the approach used in 2011. Similarly, the value of volunteer labour was taken to be \$120 per hour (in 2010 dollars) for directors and \$20 per hour (in 2007 dollars) for other volunteers, and inflated at the appropriate wage index.

Economic Contribution

KPMG used the income approach to estimate the total (i.e. direct and indirect) economic contribution of the registered clubs sector to the State economy in 2015, comprising both:

- the direct impact of the sector – namely, those impacts as a result of the direct operations of each club within each NSW region, occurring mainly through direct operational and capital expenditure of each club; and
- the indirect impacts of the sector – namely, those driven by upstream and downstream impacts, for example, additional spending by employees of registered clubs and the businesses that supply goods and services to registered clubs.

The income approach involves the calculation of economic contribution on the basis of employee compensation, profits, and levels of income produced within a given sector of the economy. Incorporated within this approach is an allocation of subsidies.



Appendix B: Case Studies

Appendix B: Case Studies

Introduction

To support the development of the 2015 Census and to provide additional context in considering the various trends and impacts identified through the Census results, a selection of registered clubs across NSW provided case study examples of particular activities or initiatives currently in operation. Each of the case study examples below have been used with the permission of the requisite club. They are provided for information purposes only and have not been materially altered by KPMG.

Hurstville RSL Club

Hurstville RSL Club exhibited signs of financial distress in the 2011 Clubs Census. In 2013, Hurstville RSL completed an Expression of Interest for amalgamation and amalgamated with South Hurstville RSL Club in May 2015 to form The Pinnacle Club Group, which operates both premises.

The amalgamation of the two clubs allows both clubs to operate at a more significant scale and extends their reach to a greater number of members and guests.

	2011		2015
	Hurstville RSL	South Hurstville RSL	The Pinnacle
Members	7,500	5,500	13,900 (+7%)
Total Revenue	\$1.5 million	\$4.4 million	\$7.6 million (+29%)
Net Profit	-\$250 thousand	-\$1.2 million	\$1.2 million

DOOLEYS Lidcombe Catholic Club

Clubs support their local communities through a range of community projects. DOOLEYS Lidcombe Catholic Club presents an example of how clubs can support their community through the provision of support services.

Through their community engagement strategy, DOOLEYS has established partnerships with a number of local organisations.

Through this partnership framework, DOOLEYS has developed and funded needs-based projects with organisations that specialise in refugee support services in Auburn City Local Government Area in order to meet a number of service gaps for vulnerable people in their community.

Some of the key outcomes of these projects include:

- 15 workshops on employment issues for asylum seekers designed and delivered in partnership with STARTTS and Training for Change.
- 200 community members supported with access to job seeker support services through the Connect to Work project in partnership with Auburn Small Community Organisation Network and MTC Australia.
- 66 community members supported with access to employment skills workshops aimed at helping disadvantaged women prepare for employment.

Revesby Workers Club

Revesby Workers' Club is one of Sydney's leisure, dining and entertainment venues, with more than 54,000 members. The \$41 million Revesby Village Centre, which opened in February 2015, contains shops, services, and entertainment facilities.

The Ground level includes Coles supermarket, Liquorland, Hair Crew Studio, Select Mutual Banking, Smartphones Hospital, Pearl Nails, The Chook Shack, Sushiru and two cafés, with undercover parking for more than 230 cars.

Level one is a 3,442m² medical precinct with up to 50 specialist consultants, day surgery facilities and ancillary services.

The second level is dedicated to family entertainment with AMF Bowling, and Carnival Kingdom Play Land, with a maze, jumping castle, ball pit, toddler area and themed party rooms.

Appendix B: Case Studies

The new centre is the final part of Revesby Workers Club's master plan, including:

- Tree House Early Childhood Centre and Health Mates Fitness Centre – opened in 2009;
- A multi-storey parking facility – opened in 2012.
- Gaming Room and Infinity Lounge and Bar – opened in 2013

The Chief Executive of Revesby Workers Club, Edward Camilleri, has said:

"In addition to these facilities and services, this commercial precinct is a huge asset for the community providing hundreds of new jobs. The precinct also attracts well over 25,000 visitors each week."

"The club has continually developed its food and beverage offerings, the gaming areas, expanded the fitness centre and introduced a childcare facility. It's all based on the club's strategy of continuous improvement and diversification to meet the changing landscape of its community."

Toronto Diggers

Toronto Diggers is located south of Newcastle and had more than 6,000 members in 2015. Like many clubs, Toronto Diggers was founded to serve the local community. When diversification options were considered the Club found that there was a strong demand for a medical centre, with few GPs in the area opening their books to new patients.

Recognising this, Toronto Diggers sought to address the shortage of general practitioners in the area by building a new medical facility, the Alec Rice Centre, adjacent to the club. Completed in September 2014, the Alec Rice Centre is a multidisciplinary medical centre with services such as a general practice, pathology, physiotherapy, psychology, dietetics, podiatry, and, dental services, along with a pharmacy, Commonwealth Bank and a café.

Over 200 patients visiting the facility every day, enabling local residents to access health care easily. Before the Centre, patients would have to travel 20-30 minutes out of town to see a doctor.

The General Manager of Toronto Diggers, Cathy Handcock, has said:

"Clubs are owned by their members and exist to serve their local community, so once we realised just how much a new medical centre was needed, it was clear what we'd use the land for."

"The Alec Rice Centre not only benefits our members, it benefits the whole community. People don't have to travel as far to see a doctor now that there are great medical facilities in Toronto."



Appendix C

Survey Instrument

Appendix C: Survey Instrument



Clubs Australia



Dear Participant

Club Census 2015

Enclosed is a survey for the Club Census 2015.

The survey is being sent to every registered club in Australia and constitutes one of the largest research exercises undertaken in relation to the Australian clubs industry.

Please complete the survey by **Friday 27 November 2015** and return in the enclosed reply paid envelope.

The Census will provide extremely valuable information concerning the economic and social contribution of clubs, including a nationwide figure for clubs' community support. It will also provide a picture of the current financial health of Australian clubs.

This study is critical for the future of the national industry. We therefore ask all clubs to make every effort to complete the survey. All details will be treated as strictly confidential and only aggregated data will be used in the final report.

As a result of participating in this survey you will be provided with a benchmarking flyer outlining your club's key performance indicators compared to industry averages. You will also be provided with an electronic copy of the finalised report which will be presented to Clubs Australia.

Any queries related to filling out the survey should be directed to the Clubs Australia Members' Enquiry Centre on 1300 730 001 or by email to clubcensus@kpmg.com.au

Thank you for your assistance.

Yours sincerely

Matthew McCarron
Partner
KPMG



Clubs Australia



Club Census 2015

Measuring the contribution of the Australian registered clubs industry

Thank you for taking part in Club Census 2015, the national survey of every registered club in Australia.

Club Census 2015 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 2015. Once you have compiled all relevant information, completion of Club Census 2015 should take approximately 1 hour.

When do I need to complete it by?

Completion is due by **Friday 27 November 2015**.

Can I complete Club Census 2015 electronically?

Yes. To be provided with a login, password and a link to complete the survey online, please call the Clubs Australia Members enquiry centre on 1300 730 001 or email clubcensus@kpmg.com.au

What information will I need?

A list of information you may require for each section is listed in **Appendix 2**, at the end of the survey.

Who is undertaking Club Census 2015?

Clubs Australia have engaged KPMG to design, execute and analyse the results of 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 if I need help completing Club Census 2015?

For general queries regarding Club Census 2015, please call the Clubs Australia Members enquiry centre on 1300 730 001 or email clubcensus@kpmg.com.au

Where do I return the completed Club Census 2015?

Once complete, please mail to: I-View, Field Department, Reply Paid 84829, North Sydney, NSW 2060

Privacy / Confidentiality

I-View Pty Limited, KPMG Australia and the Registered Clubs Association of NSW (Clubs Australia) collectively ("us" or "we") are committed to fulfilling our obligations under the Privacy Act 1988 (the Act) in undertaking the survey and managing personal and confidential information.

The following sets out the purpose of the survey, how we will collect and manage personal and confidential information and maintain the confidentiality of information obtained during the survey, and the steps we take to protect it.

Your participation in the survey acknowledges that you accept this Privacy Policy and approve of the collection and use by I-View Pty Limited, KPMG Australia and the Registered Clubs Association of NSW (Clubs Australia) of your personal and commercially confidential information according to the terms below.

Why are we seeking this information?

KPMG Australia has been engaged by the Registered Clubs Association of NSW (Clubs Australia) to prepare a report which summarises the social and economic contribution of the registered clubs industry in Australia.

In order to provide this report, KPMG has arranged for I-View Pty Limited to collect information from Australian registered clubs on its behalf. The information you provide will be made available to KPMG in its entirety in order to allow KPMG to quantify and describe the social and economic contributions of the industry.

In addition, the information you provide will be retained by Clubs Australia which along with the social and economic contributions report will be as used in connection with future activities including (but not limited to) advocacy, benchmarking and member services.

In the course of conducting the survey, we will collect personal information (as defined in the Act) and confidential information. By submitting information to us, you are consenting to us collecting and storing your personal and confidential information as detailed below.

The survey will not collect sensitive information such as information about your health, race, political or philosophical opinions or trade union membership.

Collection, use and disclosure of personal information

When you provide us with personal information, you agree that we may use or disclose that information for the purpose for which it was collected ("primary purpose") or where you would reasonably expect us to disclose the information, and in accordance with the Act.

If we use or disclose your personal information for a purpose other than the primary purpose of collection (a "secondary purpose"), to the extent required by the Act we will ensure that:

- The secondary purpose is related to the primary purpose of collection (and directly related in the case of sensitive information) and you would reasonably expect that we would use or disclose your information in that way; or

- You have consented to the use or disclosure of your personal information for the secondary purpose; or
- The use or disclosure is required or authorised by or under law; or
- The use or disclosure is otherwise permitted by the Act.

We will not disclose information we collect about you to any third parties without your prior consent other than as specified above. Similarly, we will not sell any information we collect about you.

Security

We will endeavour to maintain a secure system for storing personal information. Technological and operational policies and procedures are in place to protect personal information from misuse and loss and from unauthorised modification or disclosure. We will dispose of personal information where it is no longer necessary to fulfil the purposes for which the information was collected or as required by law.

Contractors

We may contract out particular services from time to time. Typically, contractors would include data storage and processing. It is our intention to require contractors to comply with the Act in all respects.

Access and correction

Subject to some exceptions that are set out in the Australian Privacy Principles, you may access any personal information we hold about you. To do so, please contact us and we will respond to your request within 45 days. A handling fee may be payable so that we can obtain the information you require.

If you believe that your personal information is inaccurate, incomplete or out of date, you may write to the Registered Clubs Association of NSW (Clubs Australia) and request it to correct the information. Your request will be dealt with in accordance with the Act. If your request is refused, you may ask Clubs Australia to store your request with the information.

Complaints

If you have any queries regarding the Registered Clubs Association of NSW's (Clubs Australia's) handling of your personal information, you contact the Officer responsible for Privacy, Clubs Australia, 51 Drutt Street, Sydney NSW 2000.

Your query will be investigated as soon as possible (but in any event no later than 30 days) and you will be provided with a written response.

Alternatively, you may make a complaint to the Privacy Commissioner (although the Commissioner may decline to hear the complaint if you have not first made a complaint to Survey Matters).

Contacting us

For further information about this Privacy Policy, please contact the Officer responsible for Privacy, Clubs Australia, 51 Drutt Street, Sydney NSW 2000.

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

Note for amalgamated clubs:

Please answer this section for your location only.

Do not answer questions for other locations within your amalgamated group. Other locations within your group will receive a separate document to complete Club Census 2015.

If other locations within your group have not received this separate document, please email clubscensus@kpmg.com.au or contact the Clubs Australia members enquiry centre on 1300 730 001

Please check this box to acknowledge you understand the privacy statement and that your individual response will be seen by Clubs Australia. ☐

1a What is the formal name of your Club?

Please enter the full legal 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?

i Refer to the bottom of the page for a definition and then please choose one answer.

☐ Yes

☐ No → Skip to Question 3

2b If you answered 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 you answered Yes to 2b: Are separate accounting records kept for each individual location?

Please choose one answer.

☐ Yes

☐ No → Skip to Question 3

2d If you answered Yes to 2c: Please list the names or locations, including the head entity location, that are within the amalgamated group:

i Refer to the bottom of the page for a definition and then please choose one answer.

Please list the names or locations in the box below.

i An **amalgamated group** refers to a club that has two or more locations, but all locations are under common control.

i An **amalgamated group** refers to a club that has two or more locations, but all locations are under common control.

3 Which of the following best describes your 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*

4a What was your Club's most recently completed financial year end?

Please choose one answer.

- ☐ 31/10/2014
- ☐ 30/11/2014
- ☐ 31/12/2014
- ☐ 31/01/2015
- ☐ 28/02/2015
- ☐ 31/03/2015
- ☐ 30/04/2015
- ☐ 31/05/2015
- ☐ 30/06/2015
- ☐ 31/07/2015
- ☐ 31/08/2015
- ☐ 30/09/2015

4b 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 4a 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 4a when answering the following questions in this survey.*

☐ No

→ *Please use your Club's internal accounting records for the year end selected in Question 4a when answering the following questions in this survey.*

5a 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.

--

 members

5b 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 at question 5a. If you are unsure of the exact distribution please provide your best estimate.

Male	
Female	

PART B – SPORTING AND RECREATION FACILITIES


Note for amalgamated clubs:


If you are part of an amalgamated group, you will only need the information to answer questions for your location only.

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

6 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 unsure please provide your best estimate. If there are no bookings for a particular facility then please leave the field blank.






	Does your Club have this facility?	Number of each facility	Average charge per visit for use of facilities (or best estimate):			Number of times facilities are used per annum: 	
			Free of charge	By members	By non-members	By members	By non-members
Bowling green	Yes <input type="radio"/>		Yes <input type="radio"/>				
Carpet bowling facility	Yes <input type="radio"/>		Yes <input type="radio"/>				
Ten-pin bowling centre	Yes <input type="radio"/>		Yes <input type="radio"/>				
Gym / fitness centre	Yes <input type="radio"/>		Yes <input type="radio"/>				
Sporting field(s)	Yes <input type="radio"/>		Yes <input type="radio"/>				
Golf course	Yes <input type="radio"/>		Yes <input type="radio"/>				
Aquatic centre / Swimming Pool	Yes <input type="radio"/>		Yes <input type="radio"/>				
Tennis court	Yes <input type="radio"/>		Yes <input type="radio"/>				
Squash court	Yes <input type="radio"/>		Yes <input type="radio"/>				
Billiard table	Yes <input type="radio"/>		Yes <input type="radio"/>				
Boat / Ski facility	Yes <input type="radio"/>		Yes <input type="radio"/>				
Dart board(s)	Yes <input type="radio"/>		Yes <input type="radio"/>				
Racing facility	Yes <input type="radio"/>		Yes <input type="radio"/>				
Other – list here			Yes <input type="radio"/>				

 **Number of times facilities are used per annum:** This refers to the number of times the facility is used by all members per annum. For example, if approximately 200 members use the bowling green per week, the total times used per annum for members will be 10,400 (200 members x 52 weeks).

7 Please select any of the below non-sporting and recreation facilities which are operated by or through your Club:

If facilities are not available for use by non-members, please indicate N/A in the non-member field and if there is no charge then please tick the free of charge box. If unsure please provide your best estimate. If there are no bookings for a particular facility then please leave the field blank.

	Does your Club have this facility?	Number of each facility	Standard charge per booking for use of facilities:			Number of times facilities are used per annum: 	
			Free of charge	By members	By non-members	By members	By non-members
Meeting room / Conference facility	Yes <input type="radio"/>		Yes <input type="radio"/>				
Memorial area	Yes <input type="radio"/>		Yes <input type="radio"/>				
Historical display / Museum area	Yes <input type="radio"/>		Yes <input type="radio"/>				
Children's play area	Yes <input type="radio"/>		Yes <input type="radio"/>				
Child-care facility	Yes <input type="radio"/>		Yes <input type="radio"/>				
Entertainment / Function venue	Yes <input type="radio"/>		Yes <input type="radio"/>				
Nightclub	Yes <input type="radio"/>		Yes <input type="radio"/>				
Library / Collection	Yes <input type="radio"/>		Yes <input type="radio"/>				
Car wash	Yes <input type="radio"/>		Yes <input type="radio"/>				
Hair / Beauty salon	Yes <input type="radio"/>		Yes <input type="radio"/>				
Movie theatre	Yes <input type="radio"/>		Yes <input type="radio"/>				
Onsite accommodation 	Yes <input type="radio"/>		Yes <input type="radio"/>				
Offsite accommodation 	Yes <input type="radio"/>		Yes <input type="radio"/>				
Bar	Yes <input type="radio"/>						
Bistro / Restaurant	Yes <input type="radio"/>						
Café	Yes <input type="radio"/>						
Retail shops	Yes <input type="radio"/>						
RSL Sub-branch office	Yes <input type="radio"/>						
Theatre / Concert hall 	Yes <input type="radio"/>		Yes <input type="radio"/>				
Aged care facility 	Yes <input type="radio"/>		Yes <input type="radio"/>				
Courtesy bus	Yes <input type="radio"/>		Yes <input type="radio"/>				
Other – Please list here			Yes <input type="radio"/>				

-  **Number of times facilities are used per annum:** Refer to Question 6 for example.
-  **Onsite accommodation** is accommodation co-located with the club's main premises and other facilities. The number of each facility refers to the number of rooms.
-  **Offsite accommodation** is accommodation not co-located on the club's main premises and other facilities.
-  For **theatres and concert halls** use the average ticket price for *standard charge per booking*. Use the number of tickets sold during the year for the *number of times facilities are used*.
-  For **aged care facilities** please use the average charge per year for the *standard charge per booking*. Use the average number of residents at the facility during the year for the *number of times facilities are used*.

PART C – EMPLOYMENT AND TRAINING

Note for amalgamated clubs:

If you are part of an amalgamated group, you will only need the information to answer questions for your location only.

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

8 Does your Club make salary or wage payments to employees?

Please choose one answer.

☐ Yes

☐ No → Skip to Question 11a

9a 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

9b 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 grids for all that apply. The total number of employees should be equal to the number of employees answered in question 9a. If you are unsure, please provide your best estimate.

Full-time	
Part-time	
Casuals	
Trainees / Apprentices	

9c Please estimate the average hours worked per week per individual by:

Please skip this question if you have no casual or part-time employees. Answer by entering a whole number into the grid below. If you are unsure, please provide your best estimate.

Part-time staff		hours per week
Casual staff		hours per week

9d In which of the following areas are your Club's employees (excluding contractors) predominantly employed?

When allocating employees, please select the area in which the employee works the most hours, unless the employee works evenly across multiple areas. If you are unsure please provide your best estimate. The total number of employees should be equal to the number of employees answered in question 9a.

	Staff	Management	Total
Food & Beverage			
Gaming			
Facilities management / Grounds maintenance			
Finance and administration			
Work in multiple areas of the business			
Other			
Total			

9e What is the average hourly rate for your Club's employees (excluding contractors)

When allocating employees, please select the area in which the employee works the most hours, unless the employee works evenly across multiple areas. If you are unsure please provide your best estimate. If you have staff on salary please take the average rate as salary divided by number of hours per week.

	Staff	Management	All staff
Food & Beverage			
Gaming			
Facilities management / Grounds maintenance			
Finance and administration			
Work in multiple areas of the business			
Other			
Total average hourly rate ⓘ			

ⓘ The **Total average hourly rate** refers to the average hourly rate split between Staff / Management and then the average hourly rate of all staff. This total is NOT the sum of subsections above it.

9f 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 in question 9a. If you are unsure of the exact number, please provide your best estimate.

Male		Female	
------	--	--------	--

9g 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 in question 9a. If you are unsure of the exact number, please provide your best estimate.

24 years and under	
25 to 44 years	
45 to 64 years	
65 years and over	
Total	

9h How many staff received formal training in your club's most recently completed financial year?



Refer to bottom of the page for a definition and then please enter the number below:

9i What was the total cost of formal training provided to staff in the last financial year?



10 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.

Formal 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.

11a 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 12*

11b 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.

\$

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

Please choose one answer.

- ☐ Yes
- ☐ No

i Total salaries, wages and superannuation include the following: salary and wages, superannuation, overtime, shift and other allowances, over-award payments, bonuses, payments for public and annual holidays (including loadings), payments for long service leave (including any lump sum payment instead of long service leave), payments for sick leave, value of board and lodging provided by the employer for the worker, any lump sum payment paid before or after the retirement or termination of any employee, including any amounts in respect of unused annual, long service or sick leave, the amount that is the employer's fringe benefits taxable amount (within the meaning of the Fringe Benefits Tax Assessment Act 1986) in respect of fringe benefits payable to the worker, Child support payments, PAYG withholding and any other consideration in money or money's worth given to the worker under a contract of service or a training contract. **Salaries, wages and superannuation do not include:** directors' fees, any GST component in a payment to a worker, any training expenses for courses attended by employees, payroll tax payments.

i The total amount paid to contractors includes amounts paid to persons who are under contract with the club, but who are not considered employees of the club and were not included at Question 10.

13 In the next 12 to 24 months, does your club expect to:

Please choose one answer.

- ☐ Initiate redundancies
- ☐ Increase employment
- ☐ Keep staffing levels about the same

14a 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)

14b 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	

14c How do you go about sourcing new directors? (Tick all that apply)

Please select all that apply

- ☐ Hold a future director information session
- ☐ Call for nominations at AGM / draw from membership
- ☐ Proactively identify potential directors
- ☐ Advertise
- ☐ Other → *Enter details in the box below*

15 Does your club have any of the following?

Please select one or more from the following:

A strategic plan	Yes <input type="checkbox"/>	No <input type="checkbox"/>
A succession plan for the board	Yes <input type="checkbox"/>	No <input type="checkbox"/>
A succession plan for senior management	Yes <input type="checkbox"/>	No <input type="checkbox"/>
An annual learning & development budget	Yes <input type="checkbox"/>	No <input type="checkbox"/>

PART D – VOLUNTEERS

Note for amalgamated clubs:

If you are part of an amalgamated group, you will only need the information to answer questions for your location only.

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

16a Are there any volunteers involved with your Club?

i Refer to the definition below then select one of the options:

- ☐ Yes
- ☐ No → Skip to Question 17a
- ☐ Don't know → Skip to Question 17a

16b 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. If there are no volunteers please leave the field blank

	Number of volunteers	Average number of hours contributed per month (All volunteers)
Directors (or equivalent)		
Trading (Bar, Food, Gaming)		
Facility maintenance and upkeep		
Other volunteers (including volunteers in sporting and non-sporting sub-clubs)		

i **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-sport activities)

PART E – GAMING MACHINES

Note for amalgamated clubs:

If you are part of an amalgamated group, you will only need the information to answer questions for your location only.

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

17a Does your Club have gaming machines?

Please choose one answer.

- ☐ Yes
- ☐ No → *Skip to Question 20*
- ☐ Don't know → *Skip to Question 20*

17b What was your total gaming machine revenue (excluding GST) for your Club's most recently completed financial year-end?

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

17c How many gaming machine entitlements does your Club have / own?

Please fill in the box below or tick the relevant box:

 entitlements

- ☐ Don't know

17d 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

i **Total gaming machine revenue** refers to the total gaming revenue received from players after any player payouts and excluding GST.

18 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

19a 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. ClubSAFE 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*

19b 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.

PART F – COMMUNITY SUPPORT

Note for amalgamated clubs:

If you are part of an amalgamated group, you will only need the information to answer questions for your location only.

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.

20 Using your state grant form as a guide (if applicable) please provide details of your Club's community support, by way of cash grants and donations and details of your Club 'In-Kind' Community Support for your Club's most recently completed financial year-end:

A worked example can be found two pages down. If you are unsure please provide your best estimate.

i Type of Community Support	Cash Donations (\$)	"In-Kind" Value (\$)	Outputs
Child protection / Child care, child services	\$	\$	
Aged care and aged services	\$	\$	
Disability and carer services	\$	\$	
Youth services	\$	\$	
Health and hospitals	\$	\$	
Veteran welfare services	\$	\$	
Disaster relief and response funding / emergency services	\$	\$	
Domestic violence prevention / women's services	\$	\$	
Community transport	\$	\$	

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

i Type of Community Support	Cash Donations (\$)	"In-Kind" Value (\$)	Outputs
School and education programs	\$	\$	
Homelessness / tenants services	\$	\$	
Mental health, counselling services	\$	\$	
Aboriginal / Indigenous initiatives	\$	\$	
Job creation / employment / training schemes	\$	\$	
Professional sport i	\$	\$	
Non-professional sport i	\$	\$	
Cultural / ethnic programs	\$	\$	
Other	\$	\$	
Total	\$	\$	

i Examples of **Professional sport** and **Non-professional sport** are provided in Appendix 1

How do I calculate cash donations & “In-Kind” values?

Working Example 1

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:

Sport and Recreation	Type and Value of Support
Donation to charity of 50% of paid green fees	Cash Donation of \$6/player : \$600
Reduced green fees from \$20 to \$12 per player	"In-Kind" value of \$8/player: \$800
Free refreshments for players	"In-Kind" value: \$500
Free use of club room, 1 day x \$350	"In-Kind" value: \$350
Club volunteers: 8 hours x 20 volunteers x casual rate of \$15/hr	"In-Kind" value: \$2,400

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

Type of Community Support	Cash Donations (\$)	"In-Kind" Value (\$)	Outputs
Sport (Non-Professional) and Recreation	\$ 600	\$ 4,050	Donation to charity of 50% of paid green fees Reduced green fees from \$20 to \$12 per player Free refreshments for players Free use of club room, 1 day x \$350 Club volunteers: 8 hours x 20 volunteers x casual rate of \$15/hr

Working Example 2

Based on evidence that eating a nutritious breakfast improves academic performance, a club gives a \$1,000 grant donation to a school breakfast program. The survey would look as follows:

Type of Community Support	Cash Donations (\$)	"In-Kind" Value (\$)	Outputs
School and education programs	\$ 1,000	\$ 0	100 local kindergarten children given breakfast

PART G – FINANCE QUESTIONS

Note for amalgamated clubs:

If you are the head of an amalgamated group, you will need to provide financial information for each individual club within the group. If you are not the head of the group you do not need to complete Part G.

Additional guidance for head entity of an amalgamated group: Please photocopy questions 21 and 24 and complete for each location.

We now have some questions about your Club finances.

Enter the name of the club location in the box provided below.

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

If not applicable please leave blank.

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

Expenses	
Cost of Goods Sold – Food	\$
Cost of Goods Sold – Beverage	\$
Cost of Goods Sold – Other	\$
Poker Machine licenses and taxes	\$
Personnel Expenses	\$
Operating lease rental expense	\$
Cash Grants / Donations	\$
Depreciation expense	\$
Interest expense	\$
Other expenses	\$
Profit before income tax	\$
Income tax expense	\$
Net profit	\$

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

Fill in the amounts in the spaces provided.

Assets	
Current assets	
Cash and cash equivalents	\$
Trade and other receivables	\$
Inventories	\$
Other current assets	\$
<i>Total current assets</i>	\$
Non-current assets	
Investment property	\$
Property, plant and equipment	\$
Other non-current assets	\$
<i>Total non-current assets</i>	\$
Total Assets	\$

Liabilities	
Current liabilities	
Trade and other payables	\$
Employee benefits	\$
Loans and borrowings	\$
Other current liabilities	\$
<i>Total current liabilities</i>	\$
Non-current liabilities	
Other payables	\$
Employee benefits	\$
Loans and borrowings	\$
Other non-current liabilities	\$
<i>Total non-current liabilities</i>	\$
Total liabilities	\$
Net assets	\$

23 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.

Asset Description	Written Down Value (\$) ^①	Have these assets been re-valued since purchase? ^①	
Club Land	\$	Yes <input type="radio"/>	No <input type="radio"/>
Club Buildings (excluding land)	\$	Yes <input type="radio"/>	No <input type="radio"/>
Club Plant and Equipment	\$		
Sports Facilities & Equipment (excluding land)	\$		
Accommodation Facilities (excluding land)	\$		
Gaming Machines and equipment	\$		
Gaming Machines licences	\$		
Motor Vehicles	\$		
Other	\$		

24 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
- ☐ It is leased from council (land owned by council)
- ☐ Don't know

^① **Written down value** relates to the value of an asset minus its accumulated depreciation and accumulated impairment losses (i.e. the current book value). This can be found on your fixed asset depreciation schedule.

^① 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.

25a Does your Club's last annual report include a statement of cash flows?

Please choose one answer.

- ☐ Yes
- ☐ No → *Skip to Question 26a*

25b 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

26a Has your Club experienced greater problems than in the past in sourcing funds from banks?

Please choose one answer.

- ☐ Yes
- ☐ No → *Skip to Question 27a*
- ☐ Don't know → *Skip to Question 27a*

26b If your Club experiences problems sourcing funds from banks, please indicate why

Please select one from the following:

- ☐ General economic conditions
- ☐ Concern over regulatory environment / government decisions
- ☐ Club financial outlook in general
- ☐ Interest rates
- ☐ Concern over the Club's trading performance
- ☐ Other

27a What amount of debt funding will your club require in the next 12 to 24 months?

Please choose one answer.

- ☐ No debt funding required → *Skip to Question 27c*
- ☐ Less than \$1 million
- ☐ Equal or greater than \$1 million but less than \$5 million
- ☐ Equal or greater than \$5 million but less than \$10 million
- ☐ Equal or greater than \$10 million but less than \$15 million
- ☐ \$15 million and above

27b Why does your club need more debt funding?

Please choose one answer.

- ☐ Ongoing capital expenditure
- ☐ Future club refurbishment
- ☐ Accommodation or hotel development
- ☐ Residential development
- ☐ Aged care development
- ☐ Poker machines
- ☐ Other → *Enter details in the box below*

27c What is the interest rate are you currently paying on your debt facilities?

Please answer by entering a percentage in the box below. If you have multiple facilities, please provide an average. If you are unsure, please provide your best estimate.

 %

27d Which banking provider does your club predominately use?

Please select all that apply

- ☐ Commonwealth Bank of Australia (CBA)
- ☐ National Australia Bank (NAB)
- ☐ Westpac
- ☐ ANZ
- ☐ St George
- ☐ BankWest
- ☐ Other → *Enter details in the box below*

27e Do you believe your banking provider is offering the best deal?

Please choose one answer.

- ☐ Yes
☐ No
☐ Unsure

28 For the following categories, what was your Club's capital expenditure 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.

Capital Expenditure (Asset Type)	Investments in new facilities that increase capacity (capitalised)	Significant refurbishment of existing assets (capitalised)	General maintenance expenditure (expensed)
Construction of New Buildings and Extensions to Existing Buildings	\$	\$	\$
Purchase of land and pre-existing buildings under separate title	\$	\$	\$
Refurbishment	\$	\$	\$
Motor Vehicles	\$	\$	\$
Gaming Machines	\$	\$	\$
Sporting and Recreation Facilities	\$	\$	\$
Ancillary Facilities (e.g. aged care or childcare)	\$	\$	\$
Other	\$	\$	\$

29a Over the past five years, what is the total dollar value of your club's investments in new assets?

Enter details below:

29b Over the past five years, what is the total dollar value of the proceeds from the sale of club assets?

Enter details below:

i **New assets** include investments in new facilities, refurbishments supporting infrastructure, plant & equipment, motor vehicles, etc.

PART H – TAXATION ISSUES

30 Is your Club exempt from paying income tax?

Please choose one answer.

- ☐ No
- ☐ Yes → *Skip to Question 32*
- ☐ Don't know → *Skip to Question 32*

31 Please enter the number for the following items as shown in 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?"

Item	Description	Number	Was this a loss?
Item 6T	'Total profit or loss'	\$	Yes <input type="radio"/>
Item 7T	'Taxable income or loss'	\$	Yes <input type="radio"/>
15A	'Percentage of non-member income'	%	

32 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.

State Government gaming machine taxes / duties <i>(Do not include any community benefit levies paid by your Club under legislation)</i>	\$
Other State Government taxes	\$
Payroll tax	\$
Fringe benefits tax	\$
Council rates and taxes	\$

PART I – FUTURE OUTLOOK

Note for amalgamated clubs:

If you are part of an amalgamated group, you will only need the information to answer questions for your location only.

We are seeking to understand how Clubs would react to changes in the business environment due to internal or external shocks. In this section, please consider how your club would respond differently to permanent increases and decreases in revenue.

33a What measures would your Club implement if it experienced a permanent decline in revenue?

Please select all that apply. If yes, enter the percentage change in the relevant spaces provided.

Measure	10% decline in revenue?	If yes, by what %?	20% decline in revenue?	If yes, by what %?	30% decline in revenue?	If yes, by what %?
Increase membership fees	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Increase prices charged for food and beverage	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Increase facilities and venue rental	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Reduce community support	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Reduce capital expenditure	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Reduce staffing levels	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Reduce amount paid to professional sport	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Unable to adjust club operations	Yes <input type="radio"/>		Yes <input type="radio"/>		Yes <input type="radio"/>	
Closure of site	Yes <input type="radio"/>		Yes <input type="radio"/>		Yes <input type="radio"/>	
Amalgamate with another club	Yes <input type="radio"/>		Yes <input type="radio"/>		Yes <input type="radio"/>	
No change	Yes <input type="radio"/>		Yes <input type="radio"/>		Yes <input type="radio"/>	

i Revenue includes all revenue generated by your club, including membership, food and beverage, gaming and ancillary revenues.

33b What measures would your Club implement if it experienced a permanent increase in revenue?

Measure	10% increase in revenue?	If yes, by what %?	20% increase in revenue?	If yes, by what %?	30% increase in revenue?	If yes, by what %?
Decrease membership fees	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Decrease prices charged for food and beverage	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Decrease facilities and venue rental	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Increase community support	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Increase capital expenditure	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Increase staffing levels	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Increase amount paid to professional sport	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%	Yes <input type="radio"/>	%
Open new site	Yes <input type="radio"/>		Yes <input type="radio"/>		Yes <input type="radio"/>	
Amalgamate with another club	Yes <input type="radio"/>		Yes <input type="radio"/>		Yes <input type="radio"/>	
No change	Yes <input type="radio"/>		Yes <input type="radio"/>		Yes <input type="radio"/>	

34a Does your Club have any plans to amalgamate with another Club?

Please choose one answer.

- ☐ Yes
- ☐ No → *Skip to question 35a*
- ☐ Don't know → *Skip to question 35a*

34b 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*

35a Do you expect your club to remain open within the following periods?

- ☐ Less than 5 years
- ☐ 5 years → *Skip to question 36*
- ☐ 10 years → *Skip to question 36*
- ☐ 15 years → *Skip to question 36*

35b Please indicate why you believe your club will cease to remain open for 5 years or more.

- ☐ Under financial pressure
- ☐ Too much competition in the area (i.e. restaurants, pubs, etc)
- ☐ Too much competition in the area (other clubs)
- ☐ Declining population
- ☐ Demographic changes
- ☐ Other → *Enter details in the box below*

PART J – SUSTAINABILITY

Note for amalgamated clubs:

If you are part of an amalgamated group, you will only need the information to answer questions for your location only.

This section will focus on your club's approach to environmentally friendly initiatives

36 Does the club currently have any of the following environmentally friendly initiatives in place?

Please choose relevant answer.

- ☐ Undertaken an energy audit
- ☐ Installed power factor correction
- ☐ Installed rooftop solar panels / other renewable energy devices
- ☐ Used equipment sensors and / or timers
- ☐ Upgraded lighting equipment
- ☐ Used environmentally friendly cleaning products
- ☐ Installed rain tanks and recycled water
- ☐ Installed window tinting or shading
- ☐ Switching off gaming machines when not in use
- ☐ Undertaken the responsibility to recycle waste
- ☐ None of the above

37 In the past financial year, how much has your club invested in environmentally friendly equipment and initiatives (including energy efficient equipment)?

Enter details below:

38 Over the next three years, does your club have plans to invest in any of the following?

Please choose all that apply

- ☐ Undertake an energy audit
- ☐ Install power factor correction
- ☐ Install rooftop solar panels/ other renewable energy devices
- ☐ Use energy efficient equipment sensors/ and or timers
- ☐ Use environmentally friendly cleaning products
- ☐ Upgrade lighting equipment
- ☐ Install rain tanks, use recycled water
- ☐ Install installation, window tinting or shading
- ☐ Install composters or waste reduction equipment
- ☐ None of the above

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:

Email address:

Telephone number:

END

We would like to thank you for spending the time completing this survey and your role in assisting Clubs Australia to gain a deeper understanding into the role clubs play in our communities.

After all sections of the survey are complete, please return the survey to:

I-View
Field Department
Reply Paid 84829
North Sydney NSW 2060

Completion is due by **Friday 27 November 2015**.

If you have any further questions or wish to contact us, please call the Clubs Australia Members enquiry centre on 1300 730 001 or email clubscensus@kpmg.com.au

Appendix 1

EXAMPLES OF COMMUNITY SUPPORT THAT YOUR CLUB MAY PROVIDE

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.

Appendix 2

INFORMATION YOU MAY REQUIRE TO COMPLETE THE SURVEY

Key Information Needed	Possible Source
Part A: General Questions <ul style="list-style-type: none"> • Club Certificate of Registration • Liquor Licence Number • Club member list at the most recent financial year end 	<ul style="list-style-type: none"> • Financial Statements
Part C: Employment & training <ul style="list-style-type: none"> • Salary and wages • Employee personal information 	<ul style="list-style-type: none"> • Payroll reports • Club wages schedule/payment summary
Part E: Gaming machines <ul style="list-style-type: none"> • Gaming licence details and/or requirements • Gaming revenue details 	<ul style="list-style-type: none"> • Financial Statements
Part F: Community Support <ul style="list-style-type: none"> • Cash Donations Information 	<p>Depending on which state your Club operates in, you may require the following information to complete</p> <ul style="list-style-type: none"> • NSW: Your latest Community Development and Support Expenditure (CDSE) return; • TAS: Your latest Community Development and Support Expenditure (CDSE) return; • ACT: Your latest Community Contributions Report (CCR); or • VIC, QLD & NT: Your latest Community Benefit Statement (CBS).
Part G: Finance questions <ul style="list-style-type: none"> • Financial Information • Debt financing arrangements 	<ul style="list-style-type: none"> • Financial Statements • Your Club's internal accounting records (including management reports & trading reports)
Part H: Taxation issues <ul style="list-style-type: none"> • Tax information 	<ul style="list-style-type: none"> • Your Club's latest income tax return



Contacts

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