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Just as the latest ABS Census shows significant changes occurring in our demographic trends, so too Club Census 2011 points to significant changes occurring in the club sector. These changes bring both opportunities and challenges to clubs.
Foreword

Australian clubs play an important role in the lives of many Australians, engaging communities and providing support in a myriad of different ways, as illustrated in Club Census 2011.

The recently released Australian Bureau of Statistics 2011 National Census of Population and Housing (the “ABS Census”) confirms the diversity of the Australian population in terms of our ethnic, age and socio-economic backgrounds. This diversity is mirrored across the club sector, from large metropolitan leagues clubs through to regional ethnic clubs and rural golf clubs.

The common thread that links all these clubs, irrespective of size, location or purpose, is community - the sense of belonging. The same might be said of Australia as a nation.

Just as the latest ABS Census shows significant changes occurring in our demographic trends, so too Club Census 2011 points to significant changes occurring in the club sector. These changes bring both opportunities and challenges to clubs.

Whilst clubs are well positioned, several risks are evident

There is no doubt that Australian clubs have several strengths, not the least of which include an extensive asset base, a role and an engagement with the local community as evidenced by their vast membership, and the dominance of the suburban leisure space.

However, there is also a view amongst some that clubs might represent a twentieth century form of entertainment. Some also believe that clubs struggle with engaging the next generation of members, the 20-something Generation Y’s who have high expectations and value choice.

That said, opportunities would appear to be present for some, including scope to build and develop valued community facilities within the footprint of the club’s properties. There is also the opportunity to connect with new markets and segments such as the Chinese or Indians (or perhaps better penetrating this rising and aspirational market).

The club industry’s ability to continue to develop grass roots support for facilities that deliver social communion at the local level will assist in ensuring that future regulatory reform is consistent with the opportunities that are available to clubs.

Where to next? The club of the future

The club of the future has a clear understanding of its local market; it is run by people who are open to new ideas and thinking; the club is a multi-activity centre for the local community to the extent that it fulfils the function previously held by churches: places of social communion; the club has an articulated marketing strategy to match the variety of services it offers and segments it attracts.

The club of the future is galvanised into the local community to the extent that the local community is protective of their facility.
The club of the future is as much the village square as it is a vital and vibrant entertainment complex.

The club of the future has a digital presence that engages with Generation Y and that projects its offer and its culture 24/7 to the local and broader community.

The club of the future is not a radical transformation to the club of today; it is an evolution of a successful facility that has served its market well. There is no need for radical change. But there is a need to read the way the market is now changing and to follow a blueprint for growth and prosperity that is tied to the way Australians of all shape and hue will want to live their lives and engage with leisure pursuits into the future.

That said, Club Census 2011 reveals that a significant proportion of clubs show signs of being in financial distress and thus may not have the capacity to make the necessary changes to their operating models. This may mean that an increasing number of clubs will require alternate solutions to stay relevant to their local communities, for instance seeking amalgamation or partnerships with other clubs. Alternatively, the industry may establish a path for planned industry consolidation in order to allow communities to enjoy the benefits of the club of the future.

The results of Club Census 2011 are part of a blueprint for the future process augmented by supporting information from the recently released 2011 ABS Census.

The findings of the ABS Census were more or less in line with trends that had been shaping Australia since the global financial crisis. The level of recent population growth is elevated over the long-term trend: this is largely in response to the need for labour to feed the mining boom and to offset the imminent retirement of the baby boomers.

People are increasingly ‘staying put’
The ABS Census shows that while Australia’s rate of population growth has remained strong there is now an increasing tendency for Australians based on the east coast to ‘stay put’. Labour and population mobility, at least in terms of permanent relocation, is slowing down.

This trend pumps and holds up population levels within catchment areas around clubs, especially in the South Eastern (non-mining) states.

The Australian population is ageing
Reduced mobility also means that the populations of these regions are ageing. This means that clubs generally will have access to bigger, denser and slightly older markets: it may mean an augmentation of existing marketing strategies to capture the relaxed and retired baby boomer set.

An analysis of population trends over the next 10 years at the state levels shows a very different market in Australia to the last ten years. Throughout the 2000s for example most population growth focussed on the 20-somethings and 50-somethings. The challenge for clubs was to attract the Generation Ys perhaps by appealing to group activities or through sporting activities.

The 50-something market is the peak of the income-earning curve; this means that Clubs perhaps should have been developing premium or even upmarket/exclusive recreational experiences. But over the next decade the demographic growth in Australia will shift to the 30-somethings and the 60-somethings.

The 30-something time in life is spent in household formation which includes child rearing. The broad market is therefore likely to respond to an entertainment offer that delivers safe child care as well as a value for money experience. In the 60-something decade most people have exited or are exiting the workforce. Again there will be pressure for value-for-money experiences.

The ethnic composition of the Australian population is changing
The ABS Census also shows that the ethnic composition of the population base is changing. The rising new tribes of Australia include the Chinese and the Indians; Kiwis and UK migrants have always been strong elements in the immigration program.

This is important information for clubs. Anglo migrants do not, for the most part, differ significantly in behaviour to the local Anglo base. However, there is a different approach to gaming by the Chinese and Indian tribes, as well as different food and beverage preferences. Both tribes should be better understood with respect to how they celebrate and when. Clubs should aim for part of the everyday lives of these new rising tribes.

Ideally clubs would develop an articulated response: product and services aimed at multiple segments. These new segments include the Chinese, the Indians, the 30-somethings and the 60-somethings. This is not a matter of either/or; it is a matter of multiple engagement with segments known to be on the rise.

Changes in earnings and spending habits
The key shift from the 2000s to the 2010s based on demographic advice is the shift from high levels of disposable income (especially pre GFC) and therefore premium product to low levels of disposable income, and therefore value-based product and services. This doesn’t necessarily mean cheap, but it does mean that there is likely to be a value consciousness within the client base over the next decade that wasn’t there to the same degree over the previous decade.
The ABS Census also documents profound changes in the way in which Australians are earning a living. The traditional base of the workforce is under threat; jobs are static or contracting in manufacturing, retail, agriculture and tourism. There is further restructuring in aviation, media and publishing.

On the other hand there is job expansion in areas like mining, of course, as well as education & training, professional services and health & community services. The confident and expanding worker base is increasingly likely to be better educated. Again this might mean a subtle shift in the culture of some clubs to embrace perhaps more considered entertainment.

A broader analysis of consumer spending behaviour based on the results of the 2004 and 2010 Household Expenditure Survey shows that both before and after the GFC Australians have retained a spending preference for leisure pursuits. Spending on golf, health & fitness, meals out, alcohol on licensed premises, lottery tickets and sporting club subscriptions secured an increasing share of the consumer wallet.

What this suggests is that the market for the club of the future is a multi-activity centre that appeals not just to an articulated market (Chinese and 30-somethings and retirees) but that there is a variety of activities on offer.

**Changes in consumer behaviour**

The modern consumer has a short attention span. As a consequence there is a need for multiple gaming options as well as a variety of associated sporting and leisure pursuits. The club of the future is an exciting entertainment complex that has a range of activities that engage and entertain a variety of markets.

In an ideal world the club becomes a place of social communion in much the same way that schools and churches and shopping centres are places of social communion. This communion can be facilitated by sporting venues, by cinemas, by restaurants, by shops, gyms, health clubs and associated activities.

Australians are by nature a prosperous and confident community. This community has preference for living in sprawling suburbia. It is not always practical for residents to drive into and out of the CBD to access entertainment. Just as retail services and cinemas transitioned to suburbia over the last 40 years, so too has entertainment. Clubs can and should own the entertainment space in key locations in suburbia in much the same way that the enclosed shopping centre owns the role of delivering retail services to vast suburban communities.

**Clubs should keep in touch with their base**

The ABS Census provides an opportunity for clubs to re-examine and better understand their customer base. A catchment area analysis of several key indicators will reveal the way in which the club’s customer base is changing although such an analysis is best completed in direct comparison with the results from the previous ABS Census. For example a catchment area analysis in Sydney’s inner west is likely to show that since 2006 there has been an uplift in Chinese and Indian residents, in lone person households, in the population aged over 65 and oddly also in the population aged 25-39. This exercise might also show an escalation in the number and proportion of children.

This information would then enable local clubs to recalibrate the food and even entertainment offer to align with the local demographic. The rise in the kid population, for example, might suggest a need for a kids’ club at the least and perhaps even free or nominal child care. Perhaps the local club should sponsor or support Little Athletics; this would enable parents to become familiar and comfortable with the club.

Even to know where the club is located and the parking that is available is an advantage in a highly competitive world where clubs and others compete for mind-space.

The catchment area analysis can be completed on say a 10 km radius basis or better still on the basis of postcodes that most contribute members to the club.

One of the issues with venue and club management may well be a mind-set that management ‘knows’ the market. A catchment area analysis resets the facts with regard to exactly who is in the catchment area and there is no better time to do this than late 2012 as the results of the 2011 ABS Census are made available online. In fact it is helpful for any business to re-examine its strengths and weaknesses every few years.

**Club Census 2011** represents a groundbreaking study of the diverse National Club industry and will be an important document for all with a vested interest in its future success, from individual clubs and their local communities, to their numerous employees and suppliers and to governments at all levels.

Bernard Salt
Partner in Charge, Demographics
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Inherent limitations

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

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by the respondents to the Club Census 2011 and Clubs Australia personnel consulted as part of the process.

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

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

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

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

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

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

Industry at a glance

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of licensed club venues</td>
<td>6,577</td>
</tr>
<tr>
<td>Number of licensed club memberships</td>
<td>11.6 million</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$9.6 billion</td>
</tr>
<tr>
<td>Average EGM revenue as a proportion of total revenue</td>
<td>52.7%</td>
</tr>
<tr>
<td>Cumulative EBITDA</td>
<td>$1.3 billion</td>
</tr>
<tr>
<td>Total taxes paid</td>
<td>$2.4 billion</td>
</tr>
<tr>
<td>Proportion of clubs with financial viability risk indicators</td>
<td>51.0%</td>
</tr>
<tr>
<td>Total value of assets</td>
<td>$20.1 billion</td>
</tr>
<tr>
<td>Number of people directly employed</td>
<td>96,000</td>
</tr>
<tr>
<td>Economic contribution</td>
<td>$7.2 billion</td>
</tr>
<tr>
<td>Total social contribution</td>
<td>$2.3 billion</td>
</tr>
</tbody>
</table>

Key findings

A highly fragmented and diverse industry

The Australian licensed club industry is highly fragmented, comprising more than 6,500 individual venues spread across every state and territory. Clubs are independently managed which leads to high levels of diversity within the sector. They also tend to be competitive amongst themselves, leading to low levels of coordination and cooperation amongst participants within the industry.

Whilst clubs share a common not-for-profit, members’ led business model they are highly varied in their purposes. Types of clubs include bowling clubs (which comprise over 1,500 venues), sporting and recreation clubs (over 1,600 venues), returned servicemen clubs (over 900 venues) and golf clubs (over 1,100 venues).

Clubs are an integral part of communities, with the popularity of licensed clubs in Australia reflected in the chart below. Overall, there are 11.6 million club memberships, compared to an estimated adult population in Australia of 17.2 million. The ACT and NSW had the highest concentrations of membership nationally.
Membership of licensed clubs

Clubs are able to provide low cost facilities and fund local community activities because of large networks of volunteer labour. Using volunteer labour in the form of directors, and for trading, sporting and other purposes enables clubs to reduce labour costs and pass on savings to their members and the community. There was an average of 39 volunteers per club in 2011. Nationally, there were over 250,000 club volunteers, with approximately half of these volunteers being involved in the sporting function. Overall, metropolitan clubs had more volunteers than regional clubs.

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

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

The chart below illustrates the disparity of club sizes (based on EGM revenue) between the states and territories.

Source: Club Census 2011; KPMG analysis
Licensed clubs are also geographically disparate, with more than 53% of venues located in regional areas. The chart below shows the density of clubs in the different states and territories, with South Australia having the greatest number of licensed clubs per 10,000 people (7.6), and the ACT having the least per 10,000 people (1.6).

**Spread of clubs across Australia**

Licensed clubs make a considerable contribution to the national economy. In 2011, the industry generated combined revenues of approximately $9.6 billion from their diverse operations. From these revenues the industry generated combined Earnings before Interest, Income Tax, Depreciation and Amortisation (EBITDA) of
approximately $1.3 billion. In 2011, licensed clubs paid $2.4 billion in taxes to revenue authorities.

The industry is also a large employer in both metropolitan and regional locations. In 2011, licensed clubs are estimated to have employed approximately 96,000 people across a variety of roles. Of these, more than 38,000 are located in rural and regional areas, providing jobs in areas with limited employment prospects. Clubs also provide significant levels of training to employees, with more than 36% of clubs providing formal training to their staff during 2011.

Licensed clubs also invest heavily in capital assets. Estimated total capital expenditure by all licensed clubs in 2011 was $1.3 billion. This was spent across a variety of areas including building construction and renovation, acquisition of plant and equipment and development of community assets (such as sport and recreational facilities).

It is estimated that the total contribution of licensed clubs to value added (i.e. the value of production less the value of intermediate goods used in production in Australia) was $7.2 billion in 2011.

**A substantial contributor to Australian society**

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

A large number of sporting facilities are provided by licensed clubs. Based on the results of Club Census 2011, it is estimated that approximately 2,840 licensed clubs provide bowling greens, 1,450 offer golf courses, 580 provide tennis facilities and 710 provide sporting fields for use by members and the local community. These assets are spread across metropolitan and regional Australia and are often provided below cost.

Licensed clubs also provide a range of other facilities. These include meeting rooms (4,010 clubs), entertainment venues (3,360 clubs), on-site accommodation (160 clubs) and playgrounds (900 clubs). Again, these assets are often provided either gratis or at below cost.

In 2011, it is estimated that licensed clubs contributed more than $220 million in cash and in-kind support to their communities. This support was provided to a range of activities and charitable ventures including professional and amateur sport (51%), community organisations (16%) and health and welfare agencies (9%).

Licensed clubs are also highly effective in mustering volunteers in order to assist in both their operation and the provision of services to members and the community. The industry is managed by over 54,000 directors (or equivalents), who are mostly engaged on a voluntary and unpaid basis. The industry also uses more than 123,000 volunteers in the provision of sporting assistance (including junior sport coaching, refereeing and management). In total, over 250,000 volunteers are sourced and utilised by the industry.

Based on the approach adopted by the NSW Independent Pricing and Regulatory Tribunal (IPART) in 2008, it is estimated that the value of the social contribution of licensed clubs from these activities totalled $2.3 billion in 2011.
Overall reliance on EGM revenues determined by legislative regimes

While the overall industry is highly reliant on electronic gaming machines (EGM) for the majority of its revenues and profits, the level of reliance varies markedly across state/territory boundaries.

In 2011, it is estimated that approximately 52.7% of the industry’s revenues were derived from gaming machines. The following table summarises the level of gaming reliance for different states and territories:

<table>
<thead>
<tr>
<th>Sources of revenue</th>
<th>ACT</th>
<th>NSW</th>
<th>NT</th>
<th>QLD</th>
<th>SA</th>
<th>TAS</th>
<th>VIC</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliance on EGM revenues</td>
<td>62.5%</td>
<td>61.7%</td>
<td>46.8%</td>
<td>50.0%</td>
<td>17.9%</td>
<td>8.3%</td>
<td>47.3%</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

The level of reliance is generally governed by the regulatory environment that exists within each state and territory. In the case of ACT and NSW who have the highest overall reliance on EGM revenues (at 62.5% and 61.7% of total revenues respectively), the absence of a venue specific cap has allowed clubs to build large gaming facilities which generate significant incomes and increase the degree of reliance on EGMs. At the other end of the spectrum, WA clubs are banned from operating EGMs.

The level of reliance on gaming machines is a key driver of the size of individual clubs within the sector, as shown by the chart below:

Average revenue per club

As is shown above, the states and territories with the highest levels of reliance on EGMs are also the states/territories with the largest average revenues per club.

Varying state and territory EGM regulations are a primary driver of differences in the ability of clubs to grow their revenues and expand their facilities. This has, in turn, impacted on the overall size of the registered club industry amongst states and territories, and the economic and social contributions they generate.
Many clubs face financial viability issues

A number of licensed clubs in Australia face uncertainty in respect of their long-term financial viability.

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

Financial viability of clubs by size (expressed in terms of annual EGM revenues)

Based on the results of Club Census 2011, 51% of clubs nationally appear to be in some form of financial distress.

The cycle of continuous investment to continue

Continuous investment in club facilities is critical to remaining competitive in markets faced with an increasing diversity of entertainment and recreation options. In 2011, licensed clubs made investments in capital expenditure (i.e. new buildings, refurbishments, plant & equipment etc.) of approximately $1.3 billion.

Approximately 55% of licensed clubs expect to reinvest in club facilities over the next three years.

The intention to invest in non-sporting facilities tends to increase as the size of the club increases. Just 20% of clubs with nil EGM revenues intend to invest in non-sporting facilities over the next three years. This contrasts to 96% of licensed clubs in the largest EGM revenues category.

Interestingly, the proportion of clubs that intend to invest in sporting facilities is broadly consistent across all sizes, at between 30% and 47%.

An uncertain outlook

In general, licensed clubs reported a neutral overall outlook for the industry, with 37% of respondents expecting conditions to deteriorate over the course of the next
12 months. This contrasts with 31% of clubs that expected an improvement in conditions.

However, this outlook appears to be in contrast to the number of clubs nationally in some of some form of financial distress (51%), and may not be an accurate reflection of conditions in the licensed clubs industry in the year ahead.

Notwithstanding this challenging outlook, licensed clubs plan to invest almost $4.0 billion in club facilities over the next three years. This shows that clubs continue to refurbish facilities for the benefit of their members, given that the majority of this spending is intended to be spent on developing clubs’ principal operating premises. Sporting facilities are also a significant area of investment, with clubs intending to invest $1.9 billion over the next three years on sporting facilities.

Club Census 2011 methodology

This report draws heavily on primary research conducted by KPMG as part of Club Census 2011. KPMG was engaged to examine the economic and social contribution of licensed clubs in Australia, and this examination relied upon data obtained from individual clubs during the course of Club Census 2011. All clubs who were registered with the various state and territory licensing bodies as at May 2011 were invited to participate. Further details of the structure and methodology of Club Census 2011 can be found at Appendices A and D.
1. Introduction

1.1 Overview

1.1.1 Context of the report

KPMG was engaged to perform the first national study into the economic and social contribution of licensed clubs in Australia. This examination relied upon data obtained from Australian clubs during the course of Club Census 2011. Given that this was the first national study performed of its type, the lack of comparable data meant that the analysis performed throughout this report was limited to the period of the study, being the 2011 year.

1.1.2 Objectives of the study

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

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

- Summarise the demographic profile of licensed club members in each state and territory in 2011;
- Examine the financial performance and financial position of licensed clubs in Australia and comment on their viability;
- Estimate the economic contribution of licensed clubs in Australia and quantify the impact of the industry on key economic indicators including Gross State Product (GSP) and employment;
- Profile the social contribution of licensed clubs in Australia and estimate the value of services provided by licensed clubs in each state and territory;
- Comment on the outlook for the industry and examine the overall level of confidence amongst club managers. Consider the impact of this outlook on decisions made by licensed clubs in the future including in respect of investment, employment and their ongoing operation.

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

2.1 Key findings

- NSW was the first state to legalise gaming machines in 1956. This was followed by all other states and territories, excluding WA. Gaming machines provided the industry with a significant source of revenue, allowing licensed clubs to invest in improved facilities for members.

- There have been a number of significant changes in the business and regulatory environment which have impacted on the operations of licensed clubs across each state and territory. These include the introduction of indoor smoking bans, changes in gaming machine tax rates and the proposed introduction of gaming reforms, including mandatory pre-commitment by players (which was subsequently abandoned by the Australian Government).

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

- There is also significant variety in the size of clubs. The largest club according to membership (an amalgamated leagues club) has more than 110,000 members, whereas the smallest (a RSL club) consists of just 2 members.

- The industry has a cumulative membership of 11.6 million.

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

2.2 Defining clubs

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

For the purposes of this report, “Licensed Clubs” are defined as any venue or organisation which is a community club, that holds a club and/or liquor licence under relevant state and territory legislation. Each venue within an amalgamated group was considered separately when reporting data and extrapolating results.

2.3 Evolution of the industry

2.3.1 Development of clubs

Clubs in Australia were first established in the early Australian colonies as not-for-profit organisations pursuing social objectives, for the benefit of their restricted membership and the wider community.

Early Australian clubs promoted professional, intellectual, artistic and sporting interests. Some were prestigious institutions with exclusive membership and high membership fees, while at more modest sporting clubs, members volunteered time and labour and made financial contributions to construct club houses, clear land, raise funds for golf courses and bowling greens and support the war effort.

1 Hing, Nerilee 2006
The management and operations of early clubs strongly reflected their social, not-for-profit aims and the spirit of mutual benefit and community service for which they were established.

Over time, some clubs have developed into large leisure establishments providing a wide range of recreational activities, convention facilities and quality restaurants. Clubs have also been significant contributors to community programs and sporting facilities. In contrast to the original clubs, membership to most clubs is now no longer exclusive.

Clubs are regulated by the federal government on legislation such as income tax and GST, but are predominantly regulated by state and territory based policies and regulatory settings. These regulations differ significantly from state to state, including the regulation on gaming machines and smoking laws.

### 2.3.2 Gaming machines

Gaming machine revenue is a significant driver of the variability of revenues and profitability between clubs in the states and territories. Since the introduction of EGMs in clubs, clubs have grown significantly in terms of assets, memberships and facilities. The number of EGMs permitted in each state or territory and the distribution of those EGMs differs markedly between states/territories.

Gaming machines were introduced in the Australian Capital Territory in 1976. There is a territory-wide cap of 5,200 gaming machines fixed by legislation, while there is no maximum number of EGMs specified for a club. During 2011, there were 4,954 EGMs in operation in clubs.

In the Australian Capital Territory, there is an independent regulator, the ACT Gambling and Racing Commission, which administers the *Gaming Machine Act 2004*.

Gaming machine tax rates range from 5.92% for club revenues up to $180,000 to 25.45% for revenues above $600,000 (inclusive of the 7% community contributions of net gaming revenue and 0.6% problem gambling assistance fund contributions of gross gaming revenue).

Figure 2.1 shows the moving annual EGM revenue for ACT clubs from 2003 to 2011.
Gaming machines were first legalised in New South Wales clubs in 1956, making NSW the first state to introduce gaming machines in Australia. The statewide cap has been fixed at 99,000 for both clubs and hotels combined, while there is no cap for the number of gaming machines at a venue. During 2010, there were 71,275 gaming machines in operation in NSW clubs, with club venues having gaming machines ranging from 2 to 745.

Gaming machines are regulated under the Gaming Machines Act 2001 and the Gaming Machines Tax Act 2001, and administered by the NSW Office of Liquor, Gaming and Racing. There is no gaming machine taxes for annual gaming machine revenue of less than $200,000, while revenues above this amount have taxes applied ranging from 11.85% to 28.4% (inclusive of ClubGRANTS contributions).

Figure 2.2 shows the moving annual EGM revenue for New South Wales clubs from 2001 to 2011.
Gaming machines were first introduced to the Northern Territory in 1996. There are venue caps where clubs may have up to 45 machines, and there is also a territory-wide cap of 1,190 gaming machines for both clubs and hotels combined. During 2011, there were 758 gaming machines in operation in clubs.

In the Northern Territory the independent regulator is the NT Licensing Commission, which administers the Gaming Machine Act 2005. Gaming machine tax rates range from 12.91% for revenues below $120,000 to 42.91% for revenues above $2.4 million.

Figure 2.3 shows the annual EGM revenue for Northern Territory clubs from 2003 to 2011.

**Figure 2.3: Annual EGM revenue for NT clubs**

Source: Northern Territory Licensing Commission; KPMG analysis
In Queensland, gaming machines were introduced in 1992. Clubs may be licensed for up to 280 gaming machines. In addition there is a statewide cap of 24,705 gaming machines for clubs.

Gaming machines are regulated under the Gaming Machine Act 1991, and administered by the Queensland Office of Liquor and Gaming Regulation. During 2011, there were 23,478 gaming machines in operation in Queensland clubs.

There is no gaming machine taxes for annual gaming machine revenue of less than $114,000, while revenues above this amount have taxes applied ranging from 17.91% for revenues up to $900,000 to 35.00% for revenues above $16.8 million (inclusive of Community Investment Fund contributions).

Figure 2.4 shows the moving annual EGM revenue for Queensland clubs from 2001 to 2011.

Figure 2.4: Moving annual EGM revenue for QLD clubs

Gaming machines were first installed in South Australian clubs in 1994. Club venues have a cap of 40 gaming machines. There is also a statewide cap of 12,900 gaming machines for both clubs and hotels combined. During 2011, there were 1,321 gaming machines in operation in South Australian clubs.

There is no gaming machine taxes for annual gaming machine revenue of less than $75,000, while revenues above this amount have taxes applied ranging from 21% to having the highest rate nationally of 55% for annual revenues of over $3.5 million.

Gaming machines are regulated under the Gaming Machines Act 1992, and administered by the Consumer and Business Services agency.

Figure 2.5 shows the annual EGM revenue for South Australian clubs from 2001 to 2011.
Tasmania was the most recent state to introduce gaming machines in registered clubs in 1997, despite the state being the first to introduce a casino in 1973.

The statewide cap for EGMs in clubs and hotels combined is 2,500. Clubs are currently limited to be licensed for up to 40 machines. During 2011, there were 173 gaming machines in operation in Tasmanian clubs, while there were 2,205 in hotels.

The Tasmanian Gaming Commission is the independent regulator of gaming venues in Tasmania, which administers the Gambling Control Act 1993, providing for the licensing and regulation of gaming in Tasmania. A Deed of Agreement between the state and the Federal Hotels Group grants exclusive rights to Federal Hotels to administer gaming machines in Tasmania, who in turn leases EGMs to clubs in Tasmania.

During 2011, the gaming machine tax rate was 24.88% (inclusive of the 4% Community Service Levy) for revenue of less than $35 million and 29.88% (inclusive of the 4% Community Service Levy) for revenue over $35 million.

A significant difference between the gambling taxation regime in Tasmania and other jurisdictions is that EGM taxes are paid by a single operator, Network Gaming (a subsidiary of Federal Hotels), rather than individual venues. The tax rates thresholds apply to the aggregate profits from EGM gaming in hotels, clubs and the state’s two casinos.

Figure 2.6 shows the annual EGM revenue for Tasmanian clubs and hotels from 2004 to 2011.
Gaming machines were first introduced to Victoria in 1991. Victoria has a statewide cap for clubs and racecourses that has been fixed at 13,750 gaming machines. Each club venue also has a cap of 105 gaming machines, as well as regional caps where twenty regions are capped at varying densities of gaming machines per thousand adults. From 2010, municipal limits also apply where there can be no more than 10 gaming machines per 1,000 adults in all local government areas (excluding the CBD, Southbank and Docklands areas). As a result, some venues received notification from the Victorian Commission for Gambling Regulation that they were required to remove gaming machines. A municipal limit only applies to areas not already covered by regional caps.

During 2011, the gaming machine tax rate was a flat 32.57% of revenue (inclusive of the 8.33% Community Service Levy) plus $4,333 per machine per year. From 1 January 2012, a progressive tax rate was introduced per machine. Revenue below $31,992 has nil taxes payable, revenues between $31,992 to $150,000 have a 42.5% tax rate and a 50% tax rate applies for revenues above $150,000.

Gaming machines are regulated under the Gambling Regulation Act 2003, and administered by the Department of Justice and the Victorian Commission for Gambling Regulation. During 2011, there were 13,288 gaming machines in operation in Victorian clubs, with approximately 62% of these in metropolitan locations.

Figure 2.7 shows the annual EGM revenue for Victorian clubs from 2004 to 2011.
2.3.3 Smoking

Recent changes in smoking legislation in all states and territories have had a significant impact upon licensed venues.

In the Australian Capital Territory, under the Smoke-Free Public Places Act 2003, smoking is not permitted in enclosed public places. In addition, a ban on smoking in outdoor eating and drinking places and underage functions came into effect on 9 December 2010.

Clubs may choose to designate part of their liquor licensed outdoor area as a Designated Outdoor Smoking Area (DOSA), but there are conditions such as no food or drink service and no eating permitted.

New South Wales registered clubs together with hotels and the Sydney casino were subject to the phased introduction of indoor smoking bans from 2005.

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

The changes saw a significant reduction in revenues from gaming machines, with revenue reducing by 10.6% from $3.2 billion to $2.9 billion in the first full-year of application. Since this time, gaming has substantially recovered in nominal terms, with clubs recording gaming machine revenues of $3.1 billion in the 12 months to November 2011. It is noted that in real terms (i.e. adjusted for inflation) EGM revenues remain well below levels generated prior to the introduction of indoor smoking bans.
The **Northern Territory** was the last administration nationally to introduce an indoor smoking ban. As from 2 January 2010 all enclosed public areas in the Northern Territory were required to be smoke free. Reforms introduced from 2 January 2011 meant that all outdoor eating and drink areas in the Northern Territory were also required to be smoke free. Liquor licensed premises are able to exempt a small part of their outdoor area (up to a maximum of 50%) for a smoking area.

The **Queensland** Government introduced an indoor smoking ban which came into full effect on 1 July 2006. The legislation also introduced a ban on smoking in outdoor areas where there was consumption food and drinks, other than in a Designated Outdoor Smoking Area (DOSA).

There are restrictions on the use of a DOSA, including applying no more than 50% of the outdoor licensed, and restrictions on the consumption of food or provision of entertainment.

In **South Australia**, all enclosed licensed hospitality venues became non-smoking on 1 November 2007. In March 2011, the SA Government announced a number of changes to tobacco regulations, where the Government also expressed its ambition for outdoor eating and drinking areas to be non-smoking by 2016.

The hospitality industry agreed to work with the Department of Health and encourage venues to voluntarily participate in providing non smoking outdoor dining and bar areas. These voluntary trials commenced in October 2011 with a review to occur in October 2012.

In September 2001 the **Tasmanian** Government was the first state nationally to introduce legislation creating partial smoking bans in hospitality venues, prohibiting smoking in eating areas but permitting smoking in bars and gaming venues.

On 1 January 2005, the Tasmanian Government introduced smoking bans in club gaming areas and 50% of outdoor dining areas, while a complete prohibition on smoking inside licensed premises took effect on 1 January 2006.

In **Victoria**, a total indoor public place smoking ban was introduced on 1 July 2007, however smoking is permitted in non enclosed dining and drinking areas.

Two new sections were inserted into the *Gambling Regulation Act 2003* which came into effect on 31 January 2008 preventing the Victorian Commission for Gambling Regulation from approving a gaming machine area unless it is located wholly indoors.

**Western Australia** was the second Australian state to ban smoking in all indoor areas of clubs from 31 July 2006. Additional restrictions applicable from 22 September 2010 prohibit smoking in outdoor dining areas i.e. where food or drink may be consumed by people sitting at tables. For venues that have a liquor license but no restaurant license, up to 50% of all outdoor eating areas may be allocated as a smoking zone.

### 2.3.4 Recent changes that have impacted licensed clubs

There have been several other recent changes which have impacted licensed clubs in Australia.

#### 2.3.4.1 Productivity Commission Report on Gambling

On the 23 June 2010, the Australian Government released the Final Report of the Productivity Commission’s Public Inquiry into Gambling\(^2\). The report contained a number of recommendations including partial voluntary pre-commitment by 2013, limits on ATM access, liberalisation of the online gambling environment and a trial of a mandatory pre-commitment.

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\(^2\) Productivity Commission, 2010
In its original response to the Report, the Government rejected the recommendation to liberalise the online gambling environment, maintaining the prohibitions on online gambling outlined in the *Interactive Gambling Act*.

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

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

In exchange for Mr Wilkie’s commitment to support the minority government, the Prime Minister provided assurances to implement a number of reforms in relation to gaming machines³, including:

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

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

**Release of revised proposed regulations on gaming**

On the 21 January 2012, the Prime Minister announced that the terms of the agreement with Mr Wilkie – particularly in respect of mandatory pre-commitment – would not be met⁴.

2.3.4.2 **Recent changes in the ACT**

**Governance Legislation**

In 2011, the ACT Government introduced the *Gaming Machine (Club Governance) Bill 2011* which introduced a number of measures restricting the activities of clubs and their staff. Principally, the bill required the following:

- Club Constitutions to be amended to allow the Gambling and Racing Commission power to amend club constitutions without reference to members to ensure consistency with the Gaming Act 2010;
- Require member approval of club expenditure on staff benefits which are not generally available to club members;
- Redefined the concept of staff benefit to include standard industry networking events such as golf days – so attendance at such functions was prohibited unless specifically approved by the members;
- Set a limit of 25% of directors that can be appointed; and
- Gave the Gambling and Racing Commission power to investigate and prosecute a club for a breach committed by a Director without reference to a court of law.

**Memorandum of Understanding**

An MOU is anticipated to be finalised by the end of July 2012 and announced shortly before the ACT Election in October 2012 between ClubsACT and the ACT Government.

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³ Agreement between The Hon Julia Gillard and Mr Andrew Wilkie, 2010.
⁴ Wilkie, Andrew MP, Federal Member for Denison, 2011.
This MOU covers a range of issues including gaming tax, community contributions, pre-commitment, $1 maximum bets, problem gambling and the prevailing regulatory environment. The MOU commits both ClubsACT and the ACT Government to a range of initiatives and policies.

2.3.4.3 Recent changes in NSW

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

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

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

First tranche of amendments to registered clubs legislation
In June 2009, it was announced that the Registered Clubs Act would be amended to reflect a number of recommendations made by IPART.

The Liquor and Registered Clubs Legislation Amendment Act allowed clubs to issue seven day temporary memberships, removed limits on the number of members a club can have and allowed clubs to operate commercial catering operations off premises.

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

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

Second tranche of amendments to registered clubs legislation
In November 2011, further amendments were made to the Registered Clubs Act, the Liquor Act and the Gaming Machines Act.

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

The legislation also facilitated the de-amalgamation process by enabling a club licence to be transferred to another club, thereby enabling core property to be negotiated by

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5 New South Wales Parliamentary Debates, 2011
private treaty and exempting de-amalgamating clubs from local impact assessment requirements.

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

### 2.3.4.4 Recent changes in Queensland

#### Gaming machine reallocation scheme

A gaming machine reallocation scheme became operational in November 2009 where clubs can make a permanent transfer of entitlements (i.e. one club sells some or all of its entitlements to another club). Additionally, a club with less than 30 gaming machine can lease out some or all of its entitlements to another club in the same zone.

The scheme divides the state into three regions – Southeast, Coastal and Western zones. An entitlement can only be sold within a zone.

#### Other developments

The game of Two-up became legal on Anzac Day in RSL and Services clubs and in other approved liquor licensed venues with the permission of the RSL in 2012. It was previously illegal but not enforced, given the RSL tradition.

In 2005, the Responsible Gambling Advisory Committee introduced the Queensland Responsible Gambling Code of Practice. The Code outlines five responsible gambling practices that apply to all gambling providers. Mandatory Responsible Service of Gambling training came into effect in 2010.

### 2.3.4.5 Recent changes in South Australia

#### Club Safe

Club Safe, the industry's responsible gambling program, was approved as an Approved Intervention Agency (AIA) by the Independent Gambling Authority in November 2008. The “Responsible Gambling Code of Practice” and “Advertising Code of Practice” formally recognises AIAs. Licensees that enter into a signed agreement with an AIA receive exemptions from certain provisions in the Codes, such as the requirement to screen the sights and sounds of gambling and provisions relating to loyalty schemes and external signage.

#### Introduction of Annual Liquor Licensing Fee

An annual Liquor Licence Fee is being reintroduced in 2012. Small clubs with a Limited Club Licence will be exempt. Clubs with a Club Licence or a Special Circumstances Licence will be subject to a fee relative to their trading hours and capacity.

A revised Liquor Licensing Code of Practice will also come into operation in late 2012.

#### Changes to gaming machines regulation

In 2011, numerous changes were made to the Gaming Machines Act, including the abolition of stamp duty for gaming machine entitlement transfers, introduction of the Social Effect Certificate, changes to the approved trading system, changes to closing hours and late trading venue requirements.

### 2.3.4.6 Recent changes in Tasmania

#### Key Studies, Harm Minimisation Initiatives

Under the Gambling Control Act 1993 (section 151(5)) the Tasmanian Treasurer is required to carry out an independent review of the social and economic impact of gambling in Tasmania every three years. To date, there have been two reviews (in 2008 and 2011).
Following on from the Government’s response to the first Social and Economic Impact Study of Gambling in Tasmania report, amendments were made to the Tasmanian Appendix of the Australian and New Zealand Gaming Machine National Standard. The changes were effective for new games from April 2010, with a deadline for updating existing games by no later than 30 June 2013 and included the maximum lines permitted to be played on gaming a machine was reduced from 50 to 30 and a maximum bet limit of $5 per spin (from previously being a $10 limit) introduced for all gaming machines.

In November 2009, changes were made to the Gaming Control Act 1993 requiring the introduction of a Responsible Gambling Mandatory Code of Practice. The code was released in September 2011 and the vast majority of rules came into effect on 1 March 2012. The Code includes practices relating to advertising, inducements, restrictions on access to cash and lighting requirements.

2.3.4.7 Recent changes in Victoria

Gaming machine arrangements
In April 2008, the State Government made a decision to transition Victoria’s gaming industry from a gaming operator model to a venue operator model in 2012. Prior to 2012, two gaming operators – Tatts Group and Tabcorp – were licensed to own and operate gaming machines in approved gaming venues, which in turn were managed by licensed venue operators. From 2012, venue operators will own and operate gaming machines, making it necessary for a venue operator to hold a gaming machine entitlement for each machine that it operates.

Venue operators wishing to operate under the new structure were required to bid for ten-year gaming entitlements as part of a competitive bidding process that took place in 2010.

Revenue distribution
The change in gaming machine arrangements provides for venues to receive a greater share of revenue from gaming machines as revenues are split between the venue and the government, compared to previously being distributed between the gaming operators, venue operator and the government.

ATM/ EFTPOS facilities
On 1 January 2010, through an amendment to the Gambling Regulation Act 2003, no ATMs were allowed in the gaming area of a venue, and no ATMs were allowed elsewhere in a gaming venue unless the ATM had a daily cash withdrawal limit of $400 as well as a transaction withdrawal limit of $200. Additionally, EFTPOS facilities have a transaction withdrawal limit of $200 and no cash advances from a credit account were allowed from either ATM or EFTPOS facilities.

From 1 July 2012, the Victorian Government further restricted access to cash by prohibiting ATMs in all gaming venues. Exemptions will apply for venues in rural areas that can demonstrate a genuine need for an ATM at a venue in their community.

Maximum bet limits
The Victorian Government’s five-year Taking Action on Problem Gambling strategy contained a commitment to half the maximum gaming machine bet. A $5 maximum bet limit came into effect on 1 July 2008 for all new machines, and from 1 January 2010, came into effect for all existing machines (excluding gaming machines at the Melbourne casino). Since September 2009, the maximum that can be loaded into a gaming machine at any one time is $1000.
2.3.4.8 Recent changes in WA

**Liquor**

In November 2010 the Liquor Control Amendment Bill 2010 was passed by the WA Parliament. The Bill introduced:

- A new licensing regime for approved managers which will provide greater flexibility for licensees and managers by allowing managers to move between licensed premises throughout WA without application to the licensing authority;
- A number of “law and order” initiatives which are intended to regulate patron behaviour in licensed premises and reduce the incidence of anti-social behaviour and alcohol-related harm; and
- A range of technical and operational amendments to clarify certain provisions of the existing legislation and support current operational policies.

Additionally, these legislative amendments, effective from 1 May 2011, provided for two categories of approved managers:

- Unrestricted approved managers – for hotels/taverns/restaurants
- Restricted approved managers – for club and club restricted licence

Allowing restricted approved managers in clubs means individuals need to have successfully completed a Responsible Service of Alcohol course, rather than the completion of a Course in Liquor Licensing. This is expected to have resulted in substantial savings for clubs.

2.3.4.9 Future regulatory challenges

Future regulatory challenges that may impact licensed clubs include carbon pricing legislation, the proposed reform of not-for-profit company income tax concessions, and potential changes to alcohol legislation.

2.4 Club characteristics

2.4.1 Number and type

In July 2011, there were approximately 6,577 licensed clubs in Australia. Some of these clubs were part of an amalgamated group. This is generally where a “parent” club controls the operations and future direction of its “subsidiary” clubs.

There is a significant variety of licensed clubs in Australia. These range from sporting and service clubs, to community and cultural/religious clubs. Figure 2.8 summarises the types of clubs registered in Australia.
As shown above, sporting/recreation clubs are the most populous, with 1,604 registered in Australia in 2011. These are followed by bowling clubs which total 1,581 venues, golf clubs which comprise 1,118 venues and RSL/services clubs which comprise 979 venues. Combined, these four categories account for 80% of all club venues in the country.

There is significant variability between the states and territories in respect to club types. As shown above in Figure 2.9, bowling clubs comprise a significant portion of clubs in all states except in the two territories. General sporting/recreation clubs also comprise a significant portion of clubs in all state and territories excluding Tasmania, where close to 80% of clubs are either bowling or golf clubs.

Overall, between 60% and 80% of clubs in all states and territories have a sporting affiliation.
2.4.2 Size of clubs

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

The most common way of defining clubs according to their size is with reference to their total annual EGM revenues. Figure 2.10 summarises the size of clubs in Australia according to their annual EGM revenues, and Figure 2.11 summarises the size of clubs according to their annual EGM revenues by state or territory.

**Figure 2.10: Size of clubs in Australia by value of EGM revenue**

![Size of clubs in Australia by value of EGM revenue](source)

**Figure 2.11: Size of clubs in Australia by EGM revenue**

![Size of clubs in Australia by EGM revenue](source)

Of the 6,577 clubs registered in Australia in 2011, 4,458 had no EGM revenues. These were followed by 496 clubs that generated annual EGM revenues of less than $200,000, 733 clubs that generated EGM revenues of between $200,000 and $1 million, and 652 clubs that generated between $1 million and $5 million. At the top end of the market, there were 155 clubs that generated EGM revenues of between $5 million and $10 million, and 83 that were above this level.
Of the clubs that have nil gaming revenues, the majority of these clubs have low revenues and expenses and therefore do not make a significant economic contribution. It should be noted, however, that these clubs provide a range of services that make them a key part of their local communities.

2.4.3 Membership

Licensed club membership in Australia was approximately 11.6 million in 2011. This compares to an estimated Australian adult population of 17.2 million\(^6\). The majority of memberships were situated in NSW (5.7 million), followed by Queensland (2.5 million) and Victoria (1.8 million).

Figure 2.12 reflects the level of club membership in each state and territory.

*Figure 2.12: Membership of licensed clubs*

Source: Club Census 2011; KPMG analysis

The ACT and NSW had the highest proportion of the population over 18 years of age being members of a club, also indicating that a number of individuals currently hold membership of more than one licensed club in these states, or may be due to a number of out-of-state residents being members of these clubs. In Tasmania, Victoria and WA club membership was less popular, with less than 50% of the population aged 18 and over being members of a licensed club.

In terms of gender, Figure 2.13 below shows that the ratio of male to female members in each state and territory was similar. Nationally, clubs have a majority male membership base (56%) with females comprising 44% of overall club members.

\(^6\) ABS, 2012a
Figure 2.13: Membership of licensed clubs

There is significant variability in the size of clubs’ membership bases. Of the clubs surveyed for this report, the smallest club – a RSL club – reported having 2 members. The largest on the other hand – an amalgamated leagues club – reported having 110,134 members.

Of the clubs that responded to Club Census 2011, the average number of members was approximately 5,099 during 2011. The average number of members across all clubs is Australia is approximately 1,800.

2.4.4 Geographic spread

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

Figure 2.14 summarises the distribution of licensed clubs across the various regions of Australia:
Figure 2.14: Spread of clubs across Australia

The Northern Territory, NSW, ACT and Victoria have a similar number of clubs per 10,000 people (ranging from 1.5 to 2.8).

South Australia has the highest number of clubs per 10,000 people (7.7). This is most likely due to a high proportion of South Australian clubs having a ‘limited club license’ allowing the sale and consumption of liquor on a non-profit organisation’s premises.

Queensland, WA and Tasmania also had a similar number of clubs per 10,000 people (ranging from 3.1 to 4.1).

Figure 2.15: Split of clubs between regional and metropolitan locations

Source: KPMG analysis

Source: Club Census 2011; KPMG analysis
Approximately 53% of clubs in Australia are located in regional areas. While the majority of clubs are in regional locations, they tend to be smaller in terms of EGM revenue than metropolitan locations. Further comparisons between regional and metropolitan clubs are found in Chapter 5.
3. Financial performance

3.1 Key findings

- Clubs generated cumulative total revenues of $9.6 billion during 2011.
- Clubs in NSW generated the most aggregate income, contributing 52% of total revenue produced by the industry in 2011. This was followed by clubs in Queensland and Victoria with 20% and 15% respectively. The NT and Tasmania sectors were the smallest contributors, each contributing approximately 1% of total revenue produced by the industry.
- Gaming was the single largest contributor to club revenues during 2011. Overall reliance on gaming was approximately 52.7%.
- The average revenue earned by a club ranged from $283,000 for clubs in WA to $5.0 million for clubs in the ACT.
- Approximately 51% of clubs appear to be in some form of financial distress.
- In 2011, licensed clubs paid $2.4 billion in taxes to revenue authorities.

3.2 Revenue

3.2.1 Defining revenue

For the purpose of this report, revenue is defined as the gross inflow of economic benefits that arises from the normal activities of the licensed club.

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

3.2.2 Revenue generated by the Australian licensed clubs industry

Based on the results of Club Census 2011, licensed clubs in Australia generated total revenues of $9.6 billion during 2011.

Figure 3.1: Gross revenue by state/territory

Source: Club Census 2011; KPMG analysis

Note that revenue is quoted exclusive of GST.
As shown in Figure 3.1, clubs in NSW generated the most aggregate income, contributing 52% of total revenue produced by the industry in 2011. These were followed by clubs in Queensland and Victoria who produced 20% and 15% of the industry’s total revenue respectively. The remaining states and territories collectively contributed 13% of the industry’s revenue.

Figure 3.2 summarises the average revenue per club generated by licensed clubs in the different states and territories:

**Figure 3.2: Average revenue per club**

![Average revenue per club](image)

*Source: Club Census 2011; KPMG analysis*

As shown in Figure 3.2, clubs in ACT had the highest average revenue per club of over $5 million, followed by NSW with average revenue of over $3 million. Victoria, NT and Queensland had similar average revenue per club of over $1 million. Clubs in the remaining states/territories all had average revenue per club of less than $400,000. This can be attributed in part to clubs in these remaining states/territories not having any large sized clubs who earned revenues of greater than $10 million.

Nationally, the median club has approximate total revenue of $274,000.

### 3.2.3 Sources of club revenue

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

<table>
<thead>
<tr>
<th>Source</th>
<th>Revenue (k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>5,036</td>
</tr>
<tr>
<td>NSW</td>
<td>3,385</td>
</tr>
<tr>
<td>NT</td>
<td>1,614</td>
</tr>
<tr>
<td>QLD</td>
<td>1,643</td>
</tr>
<tr>
<td>SA</td>
<td>381</td>
</tr>
<tr>
<td>TAS</td>
<td>335</td>
</tr>
<tr>
<td>VIC</td>
<td>1,213</td>
</tr>
<tr>
<td>WA</td>
<td>283</td>
</tr>
</tbody>
</table>

The industry remains heavily reliant on gaming machines, which contributed 52.7% of revenues in 2011.

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Table 3.1: Sources of revenue

<table>
<thead>
<tr>
<th>Sources of total revenue</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming machines</td>
<td>52.7%</td>
</tr>
<tr>
<td>Beverage</td>
<td>20.5%</td>
</tr>
<tr>
<td>Food</td>
<td>8.9%</td>
</tr>
<tr>
<td>Other</td>
<td>7.1%</td>
</tr>
<tr>
<td>Membership</td>
<td>3.0%</td>
</tr>
<tr>
<td>Ancillary business</td>
<td>2.7%</td>
</tr>
<tr>
<td>Sports</td>
<td>2.4%</td>
</tr>
<tr>
<td>Facilities and venue rental</td>
<td>1.5%</td>
</tr>
<tr>
<td>Other gaming</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

Sources of revenue for clubs of different sizes are summarised at Table 3.2 below:

Table 3.2: Sources of revenue by state/territory (2011)

<table>
<thead>
<tr>
<th>Sources of revenue</th>
<th>ACT</th>
<th>NSW</th>
<th>NT</th>
<th>QLD</th>
<th>SA</th>
<th>TAS</th>
<th>VIC</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming machines</td>
<td>62.5%</td>
<td>61.7%</td>
<td>46.8%</td>
<td>50.0%</td>
<td>17.9%</td>
<td>8.3%</td>
<td>47.3%</td>
<td>-</td>
</tr>
<tr>
<td>Beverage</td>
<td>16.5%</td>
<td>16.1%</td>
<td>26.3%</td>
<td>23.6%</td>
<td>34.0%</td>
<td>37.5%</td>
<td>23.4%</td>
<td>37.3%</td>
</tr>
<tr>
<td>Food</td>
<td>9.6%</td>
<td>8.3%</td>
<td>9.9%</td>
<td>10.0%</td>
<td>7.8%</td>
<td>7.4%</td>
<td>9.8%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Other</td>
<td>5.0%</td>
<td>6.0%</td>
<td>7.5%</td>
<td>6.5%</td>
<td>13.8%</td>
<td>15.9%</td>
<td>7.4%</td>
<td>16.8%</td>
</tr>
<tr>
<td>Membership</td>
<td>1.2%</td>
<td>1.8%</td>
<td>2.6%</td>
<td>2.7%</td>
<td>8.6%</td>
<td>11.2%</td>
<td>3.5%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Ancillary business</td>
<td>1.5%</td>
<td>1.8%</td>
<td>2.0%</td>
<td>2.2%</td>
<td>8.5%</td>
<td>9.2%</td>
<td>3.3%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Sports</td>
<td>1.4%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.2%</td>
<td>5.4%</td>
<td>6.2%</td>
<td>2.3%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Facilities and venue rental</td>
<td>1.1%</td>
<td>1.2%</td>
<td>1.3%</td>
<td>1.3%</td>
<td>2.6%</td>
<td>3.0%</td>
<td>1.5%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Other gaming</td>
<td>1.2%</td>
<td>1.1%</td>
<td>1.6%</td>
<td>1.5%</td>
<td>1.4%</td>
<td>1.3%</td>
<td>1.5%</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

Reliance on gaming machine revenue ranged from 8.3% to 62.5% across all states and territories excluding WA.

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

Gaming machines were first licensed to operate in registered clubs in NSW in 1956. In the 1980s and 1990s, laws were made in most other jurisdictions providing for the operation of gaming machines in licensed clubs. This did not include Western Australia which today does not have gaming machines in its licensed venues (with the exception of the Crown Casino in Perth).
On average, clubs generated 52.7% of their total revenues from gaming machines in 2011. ACT and NSW both had over 60% of their revenue come from gaming machines.

NT, Queensland and Victoria on average had close to 50% of their revenue come from gaming machines. South Australia and Tasmania had significantly less reliance on gaming machine revenue (being 17.9% and 8.3% respectively) largely as a result of the respective regulatory settings (both current and historic) present in each state.

The reliance on gaming revenue is directly correlated with the average revenue per club as shown in Figure 3.2. States and territories that showed a greater reliance on gaming revenue had larger sized clubs, and consequently also had corresponding higher average revenues per club.

This trend is also extended to higher average social contributions made by states and territories with a greater reliance on gaming revenue, as discussed in Section 6.7.

**Beverage sales**

Beverage sales as a proportion of total revenue were on average 20.5% of industry turnover in 2011.

Consistent with the reliance on gaming machine revenues, both the ACT and NSW also had their beverage revenue comprise approximately 16% of total revenues, which was lower than the industry average. NT, Queensland and Victoria all had close to 25% of a reliance on beverage revenue. SA, WA and Tasmania all had beverage revenue comprising over 30% of total revenues.

86% of clubs who responded to *Clubs Census 2011* indicated that they have a bar facility within their club. This reaffirms licensed clubs’ core purpose as being a venue for social recreation in the community, and thus beverage revenue being a significant component of the industry’s total revenue.

**Catering sales**

Clubs in each state and territory generated catering income ranging from 7.4% to 10.0% of total club revenue. This indicates that regardless of the size of clubs and reliance on gaming revenue in each state/territory, clubs generate similar proportions of revenue from the provision of food.

66% of clubs who responded to *Clubs Census 2011* indicated that they had a restaurant, bistro or cafe within further evidences the role of licensed clubs as social recreation venues.

Many licensed clubs also outsource their catering operations to a third party, and receive rental income in lieu.

**Membership fees**

The proportion of revenues derived from membership fees ranged widely from 1.2% in the ACT to 13.8% in WA. This signifies that clubs that have a greater reliance on gaming revenue tend to have a minimal reliance on revenue from subscriptions. The average reliance across the entire industry was 3%. Average membership fees are discussed in Section 6.4.

The variability in reliance on membership fees may also be influenced by the type of club in each state/territory. As shown in Figure 2.9, club type varies between states and average membership fees also vary based on club type (as shown in Table 6.1). Thus states with greater proportions of clubs with higher memberships fees can generate greater levels of membership fee revenue (e.g. Tasmania with a high
proportion of golf clubs) than can be generated from states with a high proportion of clubs that charge low membership fees.

**Other sources**
The proportion of revenues generated from other sources ranged from 5% in ACT to 16.8% in WA. Furthermore, when combined with ancillary business revenue, the proportion of these revenues in WA was 28%.

Other income includes revenues from diversified activities including accommodation, gymnasiums, other recreation facilities, commercial rental arrangements and even aged care facilities.

### 3.3 Expenditure

Clubs incur a variety of expenses from their operating activities.

Based on the results of *Club Census 2011*, licensed clubs in Australia incurred total expenses of $9.2 billion during 2011. Figure 3.3 summarises the gross expenditure incurred by clubs in the different states and territories during 2011:

**Figure 3.3: Gross expenditure by state/territory**

![Diagram showing the proportion of expenditure by state/territory]

Source: *Club Census 2011; KPMG analysis*

The proportion of expenditure incurred in each state and territory is largely the same as the proportion of revenue earned by each state or territory.
Figure 3.4 shows the average expenditure per club.

**Figure 3.4: Average expenditure per club**

![Bar chart showing average expenditure per club by state.](chart.png)

Source: Club Census 2011; KPMG analysis

Nationally, the median club has approximate total expenses of $268,000.

Sources of this expenditure are summarised below in Table 3.3 below:

**Table 3.3: Sources of expenditure**

<table>
<thead>
<tr>
<th>Percentage of total expenditure</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of goods sold - food</td>
<td>4.8%</td>
</tr>
<tr>
<td>Cost of goods sold - beverages</td>
<td>10.8%</td>
</tr>
<tr>
<td>Cost of goods sold - other</td>
<td>1.8%</td>
</tr>
<tr>
<td>Gaming machine licences and taxes</td>
<td>12.9%</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>23.8%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>8.9%</td>
</tr>
<tr>
<td>Other</td>
<td>37.0%</td>
</tr>
</tbody>
</table>

Note: Excluding income tax expenses
Source: Club Census 2011; KPMG analysis

As shown above, excluding “other expenses”, the largest single contributor of costs to clubs is employee benefits which represent 23.8% of the industry’s total cost base. This is followed by gaming machine licenses and taxes which comprises 12.9% of total costs. “Other expenses” include administration, operating lease rental costs, cash grants/donations, interest, property and general expenses incurred in a club’s day-to-day operations.
As can be seen from Table 3.4, the proportion of expenditure on employee benefits is similar across all states and territories (22.7% to 24.4%). This, however, does not include the value of volunteer labour which is substantial across each state/territory (refer to Section 6.8 for further details on volunteers).

While the cost of goods sold relating to food is similar in all states/territories (4.3% to 5.5%), the expenditure relating to beverages varies (from 8.3% to 19.2%), and this is due to the differences across the industry in the proportion of revenue generated from beverage operations (from 16.1% to 37.5%).

The proportion of expenditure relating to gaming machine licenses and taxes was also not uniform across the different states and territories, due to the variance in reliance on gaming machine revenue between the states and territories. States with greater revenue from gaming machines had correspondingly greater costs relating to gaming machine licenses and taxes. Note that WA had nil gaming machine licenses and taxes expenditure, due to their being no gaming machines in WA clubs, as discussed in Section 3.2.3.

The average expenditure for a club ranged from $4.8 million in the ACT to $294,000 in WA. This range is reflective of the significant differences in sizes of clubs within the states and territories.

Note that further information in respect of employee benefits expenses is included at Section 5.3. Information in respect of tax and interest expenses incurred by licensed clubs is also included at sections 3.5 and 4.4 respectively.

3.4 Profitability

The profitability of clubs is generally gauged through examining Earnings before Interest, Income Tax, Depreciation and Amortisation (EBITDA). EBITDA provides an indication of the operating cash flows of the industry, being the cash generated by clubs before payment of financing costs or capital expenditure.
Based on data collected through Club Census 2011, it is estimated that the licensed clubs industry generated cumulative EBITDA of approximately $1.3 billion in 2011. This EBITDA is utilised by licensed clubs towards making debt payments (both interest and principal), making income tax payments, and investing in capital improvements.

The composition of this amount according the state or territory is shown below at Figure 3.5 below:

**Figure 3.5: Cumulative EBITDA by state/territory**

As shown above, clubs in NSW contribute approximately 57% of EBITDA for the industry, followed by Queensland (19%) and Victoria (15%). All the remaining states and territories collectively contributed 9% of industry profits.

**Figure 3.6: Average club EBITDA by state/territory**

On average, clubs in the ACT had the largest EBITDA ($0.7m). NSW and Queensland clubs recorded average EBITDA of $0.5m and $0.2m respectively. This is due to these states/territories having a greater proportion of large sized club (i.e. those with EGM revenues greater than $10 million per annum) and is consistent with their greater
reliance on gaming machine revenue. Clubs in SA, WA and TAS generated average EBITDA of less than $50,000 in 2011.

On a national level, the median club generated EBITDA of $34,000.

The overall strength of the NSW clubs industry (as shown by its 52% contribution to national revenues and an EBITDA contribution of 57%) can be partly attributed to the absence of caps on EGMs in venues and lower rates of state government gaming machine taxes (see Section 3.5 below). This has allowed clubs in NSW to build larger membership bases and offer a range of activities to their members and the larger community.

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

3.5 Taxation

3.5.1 Sources of taxation

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

- Federal Government taxes, including:
  - Company income tax;
  - Goods and services tax (GST);
  - Fringe benefits tax (FBT);
- State/Territory Government taxes, including
  - Gaming machine taxes;
  - Payroll tax;
  - Stamp duties on property transfers;
- Various local government rates and levies.

In addition, clubs remit employment income taxes to the Australian Taxation Office on behalf of employees. Note that these amounts form part of employee benefits paid by clubs, and accordingly have not been included as taxes for the purposes of this section.

In 2011, the national club industry paid approximately $2.4 billion in taxes. This comprises the following:
Figure 3.7: Taxes paid by clubs

Gaming machine tax represents the largest form of taxation for clubs in all states and territories (excluding WA and Tasmania), collectively totalling $1.2 billion in 2011. In WA, excluding GST, council rates and taxes comprise the most significant form of taxation.

3.5.2 Gaming machine tax

Gaming machine tax represents the largest single form of taxation levied on the Australian licensed clubs industry excluding GST, totalling $1.2 billion.

Gaming machine tax rates are set by each state and territory government. Gaming machine taxes that applied during the period under consideration are summarised in Figure 3.8:
3.5.3 Company income taxes

The majority of licensed clubs in Australia are incorporated under the *Corporations Act* and are treated as companies for income tax purposes. As a result, in 2011 the majority of clubs were prima facie subject to tax at the prevailing company tax rate of 30%. In 2011, clubs in Australia paid approximately $49.8 million in income tax.

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

**Sporting club exemption**

Under the *Income Tax Assessment Act*, licensed clubs which are established for the purpose of encouraging sport are exempt from income tax.
Figure 3.9 summarises the proportion of clubs for which this exception applies.

*Figure 3.9: Taxable status*

The ACT has the highest proportion of clubs with a taxable status (50%), followed by NSW (46%). Nationally, 69% of clubs are exempt from income tax.

**Principle of mutuality**

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

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

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

Figure 3.10 summarises the average non-membership percentage relevant to clubs within each state/territory:
3.6 Financial viability

3.6.1 Background

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

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

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

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

- Most clubs in NSW were heavily dependent on gaming machine revenue
- Individual clubs were prospering or declining for a variety of reasons, including:
  - Access to volunteer labour;
  - The skills and effectiveness of its Board and management teams;

On average, in 2011 clubs in Australia who did not have an income tax exemption were subject to income tax on 22% of their core operating income as a result of the mutuality principle (i.e. an effective tax rate of 6.8%).

In 2011, non tax exempt clubs in Australia were subject to income tax on 22% of their core operating income.
– Competition within the local community both from other clubs and alternate forms of entertainment; and
– Demographic and social changes within their local communities.

While IPART’s findings and recommendations related to NSW clubs only, the themes can be applied to licensed clubs nationally, given the similarity in operations and issues faced between clubs in all states and territories.

3.6.2 Assessing the financial viability of licensed clubs

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

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

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

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

3.6.3 EBITDA %

EBITDA % is calculated as follows:

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

The financial viability range proposed by IPART in their report are summarised below at Table 3.5:

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

Source: IPART 2008, p.124
The following chart summarises the proportion of clubs in each size category that are within these ranges:

**Figure 3.11: Financial viability of clubs by size**

<table>
<thead>
<tr>
<th>Size Range</th>
<th>0%</th>
<th>20%</th>
<th>40%</th>
<th>60%</th>
<th>80%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>16%</td>
<td>18%</td>
<td>18%</td>
<td>15%</td>
<td>16%</td>
<td>35%</td>
</tr>
<tr>
<td>$1-$200k</td>
<td>18%</td>
<td>14%</td>
<td>10%</td>
<td>15%</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>&gt;$200k-$1m</td>
<td>17%</td>
<td>18%</td>
<td>18%</td>
<td>24%</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>&gt;$1m-$5m</td>
<td>16%</td>
<td>25%</td>
<td>27%</td>
<td>18%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>&gt;$5m-$10m</td>
<td>15%</td>
<td>25%</td>
<td>21%</td>
<td>25%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>&gt;$10m</td>
<td>11%</td>
<td>46%</td>
<td>23%</td>
<td>11%</td>
<td>9%</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Club Census 2011; KPMG analysis; IPART 2008, p.124

Based on the results of Club Census 2011, 51% of clubs nationally appear to be in some form of financial distress.

As shown above, there appears to be a correlation between the overall level of financial viability of clubs and their size (as reflected by their levels of EGM revenues). As clubs increase in size, the proportion of clubs in either financial distress or serious financial distress reduces. Based on the above, 54% of clubs with EGM revenues of less than $1 million appear to be in some form of financial distress. This contrasts to clubs with over $10 million in EGM revenue, where only 20% appear to be in some form of financial distress.

### 3.6.4 EBITDARD %

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

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

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

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

Figure 3.12 summarises the number of clubs nationally that are generating EBITDARD % of below 15% and therefore are at risk of financial distress using IPART’s recommendation.
As shown above, on average 57% of the industry generated an EBITDARD % of below 15% and therefore could be considered either in or at risk of financial distress.

This represents a significant risk to the ongoing operation and sustainability of the licensed clubs industry in Australia.

3.6.5 Operating cash flows / working capital deficiency

Table 3.6: Financial viability measures

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

Source: IPART 2008, p.92

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

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

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

If the ratio is greater than 3, it indicates that the club should comfortably fund any working capital deficiency by way of operating cash flow surpluses.
When examining the results of this analysis, clubs have been classified as follows:

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

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

Source: KPMG Analysis

The following chart summarises the results of the analysis:

**Figure 3.13: Financial viability based on operating cash flows / working capital deficiency**

Source: Club Census 2011; KPMG analysis

Nationally, 17% of clubs are prima facie at risk given their operating cash flows achieved are insufficient to fund their working capital deficiency.

The majority of clubs showing at risk factors were clubs with EGM revenues of greater than $200,000. This demonstrates that larger clubs actively undertake large capital expenditure programs, and consequently carry external debt that may require renegotiation in the next 12 months. As a result, the working capital deficiency can be inflated by this fact which, to the extent this current debt is renegotiated, would no longer represent an “at risk” position.

On the other hand, for clubs with nil EGM revenue, 85% displayed no “at risk” factors. However, given that 53% of these clubs show some form of financial distress (as discussed in Figure 3.11), these clubs could face financial viability issues given...
exposure to increasing fixed costs, a lack of economies of scale and an inability to attract long term debt needed if operating cash flows are under pressure.

### 3.6.6 Borrowings / operating cash flows

**Table 3.8: Financial viability measures**

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

*Source: IPART 2008, p.92*

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

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

**Table 3.9: Interpreting borrowings / operating cash flows**

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

*Source: KPMG Analysis*

The following chart summarises the results of the analysis:

**Figure 3.14: Financial viability based on borrowings / operating cash flows**

*Source: Club Census 2011; KPMG analysis*
The above indicates that 7% of clubs nationally have over 5 years of borrowings when compared to their current levels of operating cash flow. Whilst not a definitive financial viability concern, these clubs are more vulnerable to future impacts of regulatory change or revenue and cost pressure. These clubs are of a size that can attract external finance to fund business growth and diversification, and as such the majority of clubs showing at risk factors were clubs with EGM revenues of greater than $200,000.

On the other hand, only 3% of the smallest clubs generating less than $200,000 EGM revenue show borrowings greater than 5 years of operating cash flows with risk factors, reflective of their limited access to debt funding, rather than them not being subject to financial viability concerns as noted in Figure 3.11.

### 3.6.7 Capital expenditure / operating cash flows

**Table 3.10: Financial viability measures**

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

Source: IPART 2008, p.92

IPART found that there was a correlation between a club’s ongoing level of investment and its long-term financial viability.

The ratio of operating cash flows to capital expenditure provides an indication of the proportion of the club’s operating cash flow that is being reinvested in improved member facilities.

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

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

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

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

**Figure 3.15: Financial viability based on capital expenditure / operating cash flows**

The clubs that displayed the greatest proportion of “at risk factors” were clubs with EGM revenues of less than $200,000 (50% of clubs). This contrasts with just 15% of clubs in the largest size category.

Overall, the levels of risk decreases based on the size of a club as large sized clubs are less likely to have insufficient operating cash flows or deficiencies in working capital and will therefore have fewer instances of indicators of being in financial distress. However, whilst there are fewer large clubs with indicators of financial distress, these clubs face greater impacts from regulatory changes.

However, given that the benefit of volunteer labour is not reflected in clubs expenses, the differing reliance on volunteer labour between the states and territories as discussed in Section 6.8, may cause some clubs to be more vulnerable than stated above in the absence of such volunteers.
4. Financial position

4.1 Key findings

- In 2011, the total value of assets held by clubs was approximately $20.1 billion. Of this amount, approximately 76% or $15.3 billion was held in property, plant and equipment.
- The industry is one of the largest owners of real property in Australia, controlling land and buildings which are currently held at $13.5 billion in the financial statements of clubs. Given that the majority of clubs hold their properties at their historical cost, it is likely that the actual market value of these assets would be significantly higher than this amount.
- The industry had total liabilities of $4.4 billion in 2011.
- The largest class of liabilities incurred by clubs related to interest bearing debt which totalled approximately $2.5 billion. Of this amount the majority was classified as non-current meaning that it is not due for a period greater than 12 months.
- On average, the industry paid effective interest rates of between 6.5% and 8.6% per annum on its interest bearing debt.

4.2 Assets

4.2.1 Overview

Clubs in Australia hold a significant variety of assets. These assets take the form of items used in the day to day running of the club including land and buildings, furniture, equipment, and facilities such as sporting fields and accommodation facilities. Clubs also hold a significant amount of working capital related assets including cash (both at bank and on hand) and receivables. Some clubs also own large investments including real property assets, securities and term deposits.

In 2011, the total value of assets held by clubs in Australia was approximately $20.1 billion.

4.2.2 Types of assets held by clubs in Australia

The nature of the assets held by clubs in Australia during 2011 are summarised below in Figure 4.1:
As shown above, the majority (approximately $15.3 billion) related to property, plant and equipment. This included land and depreciable assets such as buildings, capital improvements, gaming machines, motor vehicles, furniture and fittings.

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

**Table 4.1: Split of property, plant and equipment**

<table>
<thead>
<tr>
<th>Types of property, plant and equipment</th>
<th>ACT</th>
<th>NSW</th>
<th>NT</th>
<th>QLD</th>
<th>SA</th>
<th>TAS</th>
<th>VIC</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>20.3%</td>
<td>21.4%</td>
<td>24.5%</td>
<td>22.7%</td>
<td>28.2%</td>
<td>30.5%</td>
<td>26.9%</td>
<td>29.6%</td>
</tr>
<tr>
<td>Buildings</td>
<td>51.4%</td>
<td>50.8%</td>
<td>46.4%</td>
<td>48.6%</td>
<td>44.9%</td>
<td>44.5%</td>
<td>45.7%</td>
<td>45.6%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>71.7%</td>
<td>72.2%</td>
<td>70.9%</td>
<td>71.3%</td>
<td>73.1%</td>
<td>75.0%</td>
<td>72.6%</td>
<td>75.2%</td>
</tr>
<tr>
<td>Plant &amp; equipment</td>
<td>11.6%</td>
<td>12.3%</td>
<td>14.0%</td>
<td>13.2%</td>
<td>13.5%</td>
<td>13.4%</td>
<td>13.3%</td>
<td>12.7%</td>
</tr>
<tr>
<td>Sports facilities</td>
<td>1.1%</td>
<td>1.2%</td>
<td>2.2%</td>
<td>2.1%</td>
<td>6.5%</td>
<td>6.5%</td>
<td>3.0%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Accommodation</td>
<td>2.5%</td>
<td>2.8%</td>
<td>0.9%</td>
<td>1.4%</td>
<td>0.4%</td>
<td>-</td>
<td>1.1%</td>
<td>-</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>5.8%</td>
<td>5.5%</td>
<td>4.7%</td>
<td>4.8%</td>
<td>1.5%</td>
<td>0.9%</td>
<td>4.2%</td>
<td>-</td>
</tr>
<tr>
<td>Gaming licences</td>
<td>3.3%</td>
<td>2.2%</td>
<td>3.8%</td>
<td>3.6%</td>
<td>1.3%</td>
<td>1.1%</td>
<td>3.0%</td>
<td>-</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Other</td>
<td>3.8%</td>
<td>3.6%</td>
<td>3.2%</td>
<td>3.4%</td>
<td>3.5%</td>
<td>2.9%</td>
<td>2.5%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

Table 4.1 indicates the composition of assets within the class of property, plant and equipment based on club location.
In aggregate, club land and buildings total approximately $13.5 billion. Table 4.1 shows that the value of land and buildings significantly outweighs the remaining property, plant and equipment assets. Much of this property is valued at its historical cost meaning the actual value may be well in excess of this amount. Combined, this makes the club industry one of the largest property owning segments of the national economy.

NSW has the greatest value of land and buildings owned by clubs of all states and territories ($7.1 billion), and this is reflective of the higher number of registered clubs in that state, compared to the other states and territories. Queensland and Victorian clubs have similar amounts of property, plant and equipment ($3.6 billion and $2.7 billion respectively) and this is due to these states having a similar number of clubs and aggregate revenues.

4.3 Liabilities

4.3.1 Overview

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

Liabilities can be classified as being current liabilities (being those that are due to be paid within a 12 month period) or non-current being those that are not due to be settled for a period greater than 12 months.

4.3.2 Types of liabilities incurred by clubs in Australia

Clubs in Australia had $4.4 billion in liabilities in 2011. Figure 4.2 summarises the composition of these liabilities in terms of type:

*Figure 4.2: Types of liabilities incurred by clubs*

As shown above, the majority (approximately $2.5 billion) related to loans and borrowings. This included loans that were classified as current liabilities and non-current liabilities.

4.3.3 Loans and borrowings

The prevalence of loans and borrowings within the industry varied significantly between the states and territories. Figure 4.3 below shows the value of loans and borrowing based on state or territory. In 2011, NSW had the greatest amount of the industry’s debt, followed by Queensland and Victoria.
Over 86% of clubs in the ACT had some form of debt. This was slightly lower for clubs in NSW and NT, where the rate of occurrence of debt was 72% and 73% of clubs respectively. Queensland and Victorian clubs both had over half of clubs having some form of debt (56% and 63% respectively), while the remaining states all has lower proportions than this.

A greater proportion of large clubs had some form of debt liability, as 84% of clubs with EGM revenue of between $5 million and $10 million and 81% of clubs with EGM revenue of greater than $10 million indicated that they had some debt. This contrasts to smaller clubs, where only 29% of clubs of clubs with no gaming revenue and 50% of clubs with less than $200,000 of EGM revenue indicated that they had some form of debt.

As NSW has a significantly higher proportion of larger clubs and represents a large proportion of the national industry, the total loans and borrowings of NSW clubs is significantly higher of all other states and territories.

**Figure 4.3: Total loans and borrowings**

Source: Club Census 2011; KPMG analysis

**Maturity profile**

Table 4.2 below shows that the majority of club debt was classified as a non-current liability, not due in the next 12 months. Nevertheless, a large proportion of debt is classified as current (between 15% to 31%) which may require repayment or renegotiation over the next 12 months.

The classification of the majority of debt being non-current signifies that the loans have been acquired for the purchase of long term assets, rather than for short term funding purposes.

**Table 4.2: Maturity profile of club loan and borrowings**

<table>
<thead>
<tr>
<th>Loan classification</th>
<th>ACT</th>
<th>NSW</th>
<th>NT</th>
<th>QLD</th>
<th>SA</th>
<th>TAS</th>
<th>VIC</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>26.4%</td>
<td>26.3%</td>
<td>31.4%</td>
<td>28.3%</td>
<td>20.7%</td>
<td>20.5%</td>
<td>25.8%</td>
<td>15.8%</td>
</tr>
<tr>
<td>Non-current</td>
<td>73.6%</td>
<td>73.7%</td>
<td>68.6%</td>
<td>71.7%</td>
<td>79.3%</td>
<td>79.5%</td>
<td>74.2%</td>
<td>84.2%</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis
4.4 Interest

4.4.1 Interest expenses

Overall interest payments made by clubs amounted to $165 million in 2011. Figure 4.4 below shows the value of interest expense incurred by clubs in all states and territories. Interest expense in each state and territory was generally reflective of the level of debt held by clubs as shown in Figure 4.4.

*Figure 4.4: Interest payments in 2011*

![Graph showing interest payments by state/territory](image)

*Source: Club Census 2011; KPMG analysis*

4.4.2 Effective interest rate

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

*Table 4.3: Average effective interest rate by club size*

<table>
<thead>
<tr>
<th></th>
<th>NSW</th>
<th>NT</th>
<th>QLD</th>
<th>SA</th>
<th>TAS</th>
<th>VIC</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average effective interest rate</td>
<td>8.3%</td>
<td>7.4%</td>
<td>7.4%</td>
<td>8.6%</td>
<td>7.5%</td>
<td>6.5%</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

*Note: ACT data not available*

*Source: Club Census 2011; KPMG analysis*

The effective interest rate for clubs in all states and territories is comparatively similar, ranging from between 6.5% to 8.6%. This indicates that clubs in all states and territories have access to similar types of financing arrangements, and are not disadvantaged based on location.
5. Economic contribution

5.1 Key findings

- The licensed clubs industry is highly fragmented, comprising more than 6,500 individual venues spread across Australia.
- Clubs across Australia make a significant contribution to the Australian economy. In 2011, licensed clubs generated an estimated combined revenue of approximately $9.6 billion across their operations.
- The industry is also a large employer in both metropolitan and regional locations. In 2011, licensed clubs across Australia are estimated to have employed approximately 96,000 people across a variety of roles.
- 54,000 employees are located in metropolitan locations while 39,000 are located in regional locations (excluding employees in ACT and NT).
- Clubs also provide a significant amount of formal training to employees, spending more than $28 million in 2011.
- Licensed clubs also invest heavily in capital assets. In 2011, licensed clubs across Australia invested an estimated $1.3 billion.
- Licensed clubs also generate flow-on impacts to other industries through:
  - increased demand for goods and services that support the supply chains for clubs;
  - increased demand for consumer-orientated industries that cater to clubs; and
  - impacts on the cost of business inputs generated by changes in the price of some goods and services as a result of the operation of clubs.
- It is estimated the total (direct and indirect) contribution of the licensed clubs across Australia to value added (i.e. the value of production less the value of intermediate goods used in production) was $7.2 billion in 2011.
- It is estimated the total (direct and indirect) contribution of licensed clubs across Australia to employment was almost 75,000 full-time equivalent jobs in 2011.

5.2 Overview

Licensed clubs in Australia directly impact the economy through:

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

The following sections outline a number of indicators of the direct economic contribution of the licensed clubs sector. In addition, this section also draws comparisons to highlight the estimated direct economic contribution by club size and location.

In this survey, clubs were categorised as regional or metropolitan based on the postcode district in which they are located. The locations of clubs were mapped to statistical local areas (SLAs) based on the 2011 Australian Standard Geographical...
Consistent with the ASGC, KPMG defined SLAs as metropolitan if they either:

- formed part of the major capital city districts of Sydney, Melbourne, Brisbane, Adelaide or Perth; or
- formed part of a statistical district. Statistical districts are defined by the Australian Bureau of Statistics (ABS) as “predominately urban areas, the boundaries of which are designed to contain the anticipated urban spread of the area for at least 20 years. They are generally defined as containing an urban centre population of 25,000 or more.”

Information broken down by location for the ACT and the NT has not been reported by KPMG due to low reliability. The data reliability was reduced because of the low number of respondents, particularly in regional areas.

The distribution of club size by jurisdiction is presented in Table 5.1.

<table>
<thead>
<tr>
<th>Annual gaming machine revenue ($)</th>
<th>$0 &lt; $1m</th>
<th>%</th>
<th>&gt;$1m</th>
<th>%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>31</td>
<td>54%</td>
<td>26</td>
<td>46%</td>
<td>57</td>
</tr>
<tr>
<td>NSW</td>
<td>1,028</td>
<td>70%</td>
<td>443</td>
<td>30%</td>
<td>1,471</td>
</tr>
<tr>
<td>NT</td>
<td>53</td>
<td>82%</td>
<td>12</td>
<td>18%</td>
<td>65</td>
</tr>
<tr>
<td>QLD</td>
<td>1,229</td>
<td>87%</td>
<td>181</td>
<td>13%</td>
<td>1,410</td>
</tr>
<tr>
<td>SA</td>
<td>1,227</td>
<td>98%</td>
<td>31</td>
<td>2%</td>
<td>1,258</td>
</tr>
<tr>
<td>TAS</td>
<td>161</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>161</td>
</tr>
<tr>
<td>VIC</td>
<td>1,000</td>
<td>84%</td>
<td>197</td>
<td>16%</td>
<td>1,197</td>
</tr>
<tr>
<td>WA</td>
<td>958</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>958</td>
</tr>
<tr>
<td>Australia</td>
<td>5,687</td>
<td>86%</td>
<td>890</td>
<td>14%</td>
<td>6,577</td>
</tr>
</tbody>
</table>

Note: Clubs in WA do not provide gaming machines for patrons.

The table shows that the ACT and NSW have higher proportions of larger clubs with annual gaming machine revenue exceeding $1 million than all other jurisdictions. The proportion of large clubs in the ACT is about three times the national average, while the proportion in NSW is a little over double the national level. The differences in club sizes are expected to have had a material impact on the relative levels of employment and investment, and this effect is discussed in this section.

5.3 Employment

5.3.1 Employment by type

The survey responses indicate that clubs in Australia employed approximately 96,000 people in 2011 in full time, part time, casual and trainee or apprentice capacities. About 80% of employees are estimated to have been employed in clubs located in the eastern states of NSW, QLD and VIC.
The distribution of employment type in Australian clubs is presented in Figure 5.1:

**Figure 5.1: Employment type**

![Bar chart showing employment type distribution by jurisdiction.](chart)


As outlined in Figure 5.1, employment in clubs is estimated to comprise of:

- 27,000 full time employees or 28%;
- 20,000 part time employees or 21%;
- 47,000 casual employees or 49%; and
- 2,000 trainees and apprentices or 2%.

It is estimated that clubs employed approximately equal proportions of full time employees and trainees and apprentices across jurisdictions. The survey responses indicate that clubs in WA, TAS, SA, QLD and the NT employed greater proportions of casual employees than VIC and NSW. This was predominately accounted for by decreased proportions of part time employees.

The distribution of employment type by jurisdiction is presented in Table 5.2.
### Table 5.2: Distribution of employment type

<table>
<thead>
<tr>
<th></th>
<th>Full time</th>
<th>Part time</th>
<th>Casual</th>
<th>Trainee and apprentice</th>
<th>Total</th>
<th>% of Accommodation and food services</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>660</td>
<td>560</td>
<td>1,040</td>
<td>60</td>
<td>2,320</td>
<td>18</td>
</tr>
<tr>
<td>NSW</td>
<td>12,290</td>
<td>10,950</td>
<td>17,240</td>
<td>920</td>
<td>41,400</td>
<td>16</td>
</tr>
<tr>
<td>NT</td>
<td>260</td>
<td>170</td>
<td>570</td>
<td>20</td>
<td>1,020</td>
<td>14</td>
</tr>
<tr>
<td>QLD</td>
<td>5,530</td>
<td>3,750</td>
<td>11,110</td>
<td>520</td>
<td>20,910</td>
<td>13</td>
</tr>
<tr>
<td>SA</td>
<td>2,110</td>
<td>1,150</td>
<td>4,960</td>
<td>180</td>
<td>8,400</td>
<td>16</td>
</tr>
<tr>
<td>TAS</td>
<td>260</td>
<td>130</td>
<td>610</td>
<td>20</td>
<td>1,020</td>
<td>6</td>
</tr>
<tr>
<td>VIC</td>
<td>4,200</td>
<td>2,920</td>
<td>8,200</td>
<td>360</td>
<td>15,680</td>
<td>8</td>
</tr>
<tr>
<td>WA</td>
<td>1,470</td>
<td>720</td>
<td>3,310</td>
<td>120</td>
<td>5,620</td>
<td>8</td>
</tr>
<tr>
<td>Australia</td>
<td>26,780</td>
<td>20,350</td>
<td>47,040</td>
<td>2,200</td>
<td>96,370</td>
<td>12</td>
</tr>
</tbody>
</table>

Note: Totals may not add due to rounding
Source: KPMG analysis of Club Census 2011 responses; ABS 2012b

The survey responses suggest that employment in NSW clubs exceeds all other jurisdictions and comprises over 40% of the national club workforce. This is driven by the majority of the larger clubs with annual gaming machine revenue exceeding $1 million being located in NSW, as evidenced in Table 5.1.

The majority of employment in clubs is concentrated in the eastern states of NSW, QLD and VIC. Clubs in TAS and the NT are the smallest employers. This is expected, given that these jurisdictions have a low number of clubs relative to other states. The ACT had a similar number of clubs to TAS and the NT. However, the territory workforce was estimated to be over double the size of the workforces in TAS and the NT. This difference is likely driven by the higher incidence of large clubs in the ACT relative to TAS and the NT.

Club employment in TAS, VIC and WA accounted for low proportions of employment in the accommodation and food services industry relative to other jurisdictions. Employment in the ACT, NSW and SA accounted for the highest proportion of employment in the industry, which is consistent with both the high numbers of clubs in these jurisdictions as well as relatively high proportions of larger clubs in the ACT and NSW.

#### 5.3.2 Employment by location

Estimates of employment at clubs in metropolitan and regional areas are presented in Table 5.3.

---

10 Registered clubs are part of the accommodation and food services industry. Totals are reported as a percentage of industry employment in each state. Industry employment was calculated as an average of total employment in the four quarters in 2011.
Table 5.3: Regional and metropolitan employment

<table>
<thead>
<tr>
<th></th>
<th>Regional clubs</th>
<th>Metropolitan clubs</th>
<th>All clubs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>no.</td>
<td>%</td>
<td>no.</td>
</tr>
<tr>
<td>ACT</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NSW</td>
<td>20,670</td>
<td>50</td>
<td>20,730</td>
</tr>
<tr>
<td>NT</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>QLD</td>
<td>8,940</td>
<td>43</td>
<td>11,970</td>
</tr>
<tr>
<td>SA</td>
<td>1,990</td>
<td>24</td>
<td>6,410</td>
</tr>
<tr>
<td>TAS</td>
<td>260</td>
<td>25</td>
<td>760</td>
</tr>
<tr>
<td>VIC</td>
<td>5,920</td>
<td>38</td>
<td>9,760</td>
</tr>
<tr>
<td>WA</td>
<td>1,000</td>
<td>18</td>
<td>4,620</td>
</tr>
<tr>
<td>Australia</td>
<td>38,780</td>
<td>42</td>
<td>54,250</td>
</tr>
</tbody>
</table>

Note: Regional and metropolitan splits are not available for the ACT or the NT due to data reliability. Totals may not add due to rounding.


The split between the regional and metropolitan for clubs located in NSW is approximately equal. All other jurisdictions, however, have consistently lower employment in regional areas than metropolitan areas.

This trend is generally driven by relatively lower average employment per club in regional areas compared to metropolitan areas in jurisdictions outside of NSW, as evidenced in Figure 5.2. Overall, regional employment accounted for about 42% of total club employment.

The average number of employees per club is illustrated in Figure 5.2.

Figure 5.2: Average employees per club

Note: Regional and metropolitan splits are not available for the ACT or the NT due to data reliability.


The survey responses suggest that clubs in the ACT and NSW tend to employ a greater number of people per club than all other jurisdictions. This higher employment is likely to be driven by the higher proportion of larger clubs in the ACT and NSW compared to the remainder of Australia.
Metropolitan clubs in NSW are estimated to have employed a significantly larger number of people per club than regional clubs in NSW, suggesting that there may be a higher proportion of these larger clubs in metropolitan NSW than in regional NSW. Employment in metropolitan clubs in SA, TAS and WA, on average, was significantly higher than in regional clubs in these states.

The distributions of employment type by location are presented in Figure 5.3.

**Figure 5.3: Employment type by location**

```
<table>
<thead>
<tr>
<th>Employment Type</th>
<th>Regional clubs</th>
<th>Metropolitan clubs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full time</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>Part Time</td>
<td>48%</td>
<td>50%</td>
</tr>
<tr>
<td>Casual</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>Trainee/Apprentice</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>
```

*Note: Regional and metropolitan splits are not available for the ACT or the NT due to data reliability.*

*Source: KPMG analysis of Club Census 2011 responses.*

The survey responses suggest that there are minimal differences in the distribution of employment type between regional and metropolitan areas as the majority of club workforces are comprised of casual employees. This high proportion of casual employees is the key driver for the high incidence of employee agreements being the Registered and Licensed Club Award (RLCA) (see Section 5.3.4).

**5.3.3 Demographic profile of employees**

The age distribution of employees is outlined in Figure 5.4.
The Club Census 2011 responses suggest that the age profiles of employees across jurisdictions in 2011 did not differ significantly:

- approximately 40% of club employees were aged between 25 years and 44 years;
- about the next 30% of employees were aged 24 years and under; and
- the next 27% were aged between 45 years and 64 years; and
- the final 3% were aged 65 years and over.

The age distributions of employees in regional and metropolitan areas are outlined in Figure 5.5.

**Figure 5.5: Age distribution of employees by location**

Note: Regional and metropolitan splits are not available for the ACT or the NT due to data reliability.

Overall, metropolitan clubs employ a greater proportion of younger people, aged 24 years and under, than regional clubs. Conversely, a greater proportion of employees in regional clubs are aged between 25 years and 64 years compared to metropolitan clubs. This is likely driven by lower proportions of younger persons in regional areas of Australia.

The distributions of employee gender by state/territory are presented in Figure 5.6.

**Figure 5.6: Employee gender**

The survey responses suggest that clubs in Australia consistently employed a greater proportion of females, with only 46% of the national workforce being male. The estimates suggest that clubs in NSW, the NT and VIC employed a similar gender mix to the accommodation and food services industry. However, clubs in the ACT employed a lower proportion of males than the accommodation and food services industry benchmark. Conversely, clubs in TAS employed a significantly higher proportion of males relative to the industry benchmark.11

### 5.3.4 Conditions of employment

Club employees are employed under a variety of contractual forms and awards. The survey responses indicated that the following employment agreement types were used:

- Collective or certified enterprise agreements (CCEA);
- Union collective or certified agreements (UCCA);
- Australian workplace agreements (AWA);
- Individual transitional employment agreements (ITEA);
- State or federal award (SFA);
- Registered and licensed club award (RLCA); and
- Individual flexible arrangements (IFA).

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11 Industry employment by gender was calculated as an average of total employment in the four quarters in 2011 from ABS 2012b.
The use of employment agreements types in Australian clubs is detailed in Table 5.4.

### Table 5.4: Club employment agreements\(^\text{12}\)

<table>
<thead>
<tr>
<th></th>
<th>CCEA</th>
<th>UCCA</th>
<th>AWA</th>
<th>ITEA</th>
<th>SFA</th>
<th>RLCA</th>
<th>IFA</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>10</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>10</td>
<td>40</td>
<td>5</td>
<td>-</td>
<td>70</td>
</tr>
<tr>
<td>NSW</td>
<td>225</td>
<td>35</td>
<td>125</td>
<td>35</td>
<td>320</td>
<td>1,020</td>
<td>190</td>
<td>30</td>
<td>1,980</td>
</tr>
<tr>
<td>NT</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>10</td>
<td>30</td>
<td>5</td>
<td>55</td>
</tr>
<tr>
<td>QLD</td>
<td>115</td>
<td>30</td>
<td>55</td>
<td>15</td>
<td>245</td>
<td>565</td>
<td>125</td>
<td>35</td>
<td>1,185</td>
</tr>
<tr>
<td>SA</td>
<td>55</td>
<td>10</td>
<td>20</td>
<td>10</td>
<td>190</td>
<td>275</td>
<td>105</td>
<td>35</td>
<td>700</td>
</tr>
<tr>
<td>TAS</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25</td>
<td>40</td>
<td>15</td>
<td>5</td>
<td>90</td>
</tr>
<tr>
<td>VIC</td>
<td>90</td>
<td>20</td>
<td>40</td>
<td>15</td>
<td>185</td>
<td>350</td>
<td>115</td>
<td>35</td>
<td>850</td>
</tr>
<tr>
<td>WA</td>
<td>35</td>
<td>5</td>
<td>10</td>
<td>10</td>
<td>145</td>
<td>190</td>
<td>80</td>
<td>25</td>
<td>500</td>
</tr>
<tr>
<td>Total</td>
<td>540</td>
<td>100</td>
<td>260</td>
<td>85</td>
<td>1,130</td>
<td>2,510</td>
<td>640</td>
<td>165</td>
<td>5,430</td>
</tr>
</tbody>
</table>

| Proportion (%) | 10 | 2 | 5 | 1 | 21 | 46 | 12 | 3 | 100 |

Note: Totals may not sum due to rounding


Registered and licensed club award (RLCA) arrangements comprise about 46% of employee agreements in Australian clubs. This high proportion is expected, given:

- around half of the clubs workforce is comprised of casual employees; and
- the legislative changes arising from the introduction of the Fair Work Act (2009).

### 5.3.5 Outsourcing

Clubs engage contractors to provide services related to:

- cleaning;
- catering;
- security;
- cash handling;
- maintenance;
- information technology; and
- management.

*Club Census 2011* responses indicate that about $460 million was paid by clubs in 2011 to contractors for services. The distribution of the average payments to contractors per club is illustrated in Figure 5.7.

---

\(^{12}\) There may be more than one employee covered under a single employment agreement. For this reason, KPMG was unable to estimate the number of employees covered under each agreement category.
The survey responses suggest that average payments contractors per club were larger in the ACT and NSW than other jurisdictions. This is likely driven by the significantly higher proportion of large clubs in these jurisdictions which would potentially require a greater volume and range of contractor services. The chart shows that metropolitan clubs consistently have higher expenditure on contracted services than regional clubs and the jurisdiction averages. This is expected, given that:

- regional clubs tend to be smaller than metropolitan clubs; and
- there may be restricted access to contractor services in regional areas.

### 5.4 Investment

Capital expenditure by clubs involves investments in the extension or maintenance of existing facilities and purchases of additional capital items or club facilities. The average level of capital expenditure per club by jurisdictions in regional and metropolitan areas is illustrated in Figure 5.8.
In general, average capital expenditure is related to club size. The survey responses suggest that clubs in both the ACT and NSW allocated a significantly greater amount per club to capital expenditure than other jurisdictions. These levels are likely a result of the relative size of clubs in these states compared to other jurisdictions. Further, the difference between average capital expenditure in regional and metropolitan clubs in NSW is reflective of the higher proportion of larger clubs in metropolitan NSW.

The distribution of capital expenditure by asset category is presented in Figure 5.9.

Generally, new buildings, refurbishment and gaming machines comprised the greatest share of capital expenditure by clubs in 2011. Clubs in TAS and SA allocated a small proportion of their capital expenditure to gaming machines relative to other
jurisdictions. This is likely a result of high proportions of clubs in these states earning low gaming machine revenue relative to other jurisdictions. Clubs in WA, TAS and SA had greater proportions allocated to sport and recreational facilities than other jurisdictions.

5.5 Training

Club employees and volunteers are engaged in both formal and informal training. Formal training is structured and includes courses, seminars and classes, whereas informal training is generally provided on-the-job. The type of training provided to club employees in regional and metropolitan areas are presented in Table 5.5.

<table>
<thead>
<tr>
<th></th>
<th>Regional clubs</th>
<th>Metropolitan clubs</th>
<th>All clubs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Formal</td>
<td>Informal</td>
<td>Formal</td>
</tr>
<tr>
<td>ACT</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NSW</td>
<td>32</td>
<td>48</td>
<td>45</td>
</tr>
<tr>
<td>NT</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>QLD</td>
<td>30</td>
<td>50</td>
<td>38</td>
</tr>
<tr>
<td>SA</td>
<td>19</td>
<td>40</td>
<td>35</td>
</tr>
<tr>
<td>TAS</td>
<td>17</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>VIC</td>
<td>30</td>
<td>50</td>
<td>39</td>
</tr>
<tr>
<td>WA</td>
<td>15</td>
<td>34</td>
<td>36</td>
</tr>
<tr>
<td>Australia</td>
<td>30</td>
<td>48</td>
<td>40</td>
</tr>
</tbody>
</table>

Note: Regional and metropolitan splits are not available for the ACT or the NT due to data reliability. Source: KPMG analysis of Club Census 2011 responses.

The responses suggest that a greater proportion of club employees engaged in informal training than formal training in 2011. In addition, levels of both formal and informal training in regional clubs across all jurisdictions were consistently lower than in metropolitan clubs. The estimates suggest that levels of formal training increase with club size, given that jurisdictions with high proportions of large clubs (ACT and NSW) had higher rates of employees receiving formal training than jurisdictions with lower proportions of large clubs (TAS, WA and SA).

In 2011, clubs spent more than $28 million on formal training to employees. The average cost of formal training per employee is presented in Table 5.6.

13 KPMG was unable to account for employees receiving both formal and informal training. Accordingly, KPMG was unable to estimate the proportions of employees not receiving any type of training.
Table 5.6: Average cost of formal training per employee receiving formal training ($)

<table>
<thead>
<tr>
<th></th>
<th>Regional clubs</th>
<th>Metropolitan clubs</th>
<th>All clubs</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>-</td>
<td>-</td>
<td>680</td>
</tr>
<tr>
<td>NSW</td>
<td>730</td>
<td>700</td>
<td>710</td>
</tr>
<tr>
<td>NT</td>
<td>-</td>
<td>-</td>
<td>780</td>
</tr>
<tr>
<td>QLD</td>
<td>800</td>
<td>770</td>
<td>780</td>
</tr>
<tr>
<td>SA</td>
<td>620</td>
<td>1,080</td>
<td>1,010</td>
</tr>
<tr>
<td>TAS</td>
<td>560</td>
<td>1,120</td>
<td>1,040</td>
</tr>
<tr>
<td>VIC</td>
<td>840</td>
<td>850</td>
<td>850</td>
</tr>
<tr>
<td>WA</td>
<td>290</td>
<td>1,110</td>
<td>1,050</td>
</tr>
<tr>
<td>Australia</td>
<td>750</td>
<td>820</td>
<td>790</td>
</tr>
</tbody>
</table>

Note: Regional and metropolitan splits are not available for the ACT or the NT due to data reliability.


Formal training costs appear to have been relatively consistent across the ACT, NSW, NT, QLD and VIC. On average, clubs in SA, TAS and WA spent about 36% more per employee on formal training, yet had lower formal training participation rates compared to other jurisdictions. This suggests that the ACT, NSW, NT, QLD and VIC may have benefited from relative economies of scale.

5.6 Flow-on economic contributions

5.6.1 Overview

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

In addition to the direct economic contribution, clubs also have an indirect impact on the state, territory and the national economy which are important to consider. These indirect, or flow-on, impacts are related to the operations and investment made by clubs.

This section is structured as follows:

- Section 5.6.2 discusses the main features of KPMG’s regional CGE model which was used to estimate the total (direct and indirect) contribution of clubs to the Australian economy;
- Section 5.6.3 outlines the scenarios for analysis;
- Section 5.6.4 details key model inputs and outlines some limitations of the analysis; and
- Section 5.6.5 presents the modelling results for both the operational and capital expenditure scenario.

5.6.2 Approach

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

- turnover;
- full-time equivalent employment; and
- value-added (or Gross Domestic Product (GDP)).
The following figure shows the difference between turnover and value-added.

**Figure 5.10: Value added and turnover**

![Diagram showing the difference between turnover and value-added.]

Source: KPMG

More detailed information about KPMG’s regional CGE model is presented in Appendix C.

**5.6.3 Scenarios**

To examine the economic contribution of clubs to the Australian economy, KPMG developed three scenarios. These scenarios have been designed to provide ‘snapshots’ of how each state and territory economy and the Australian economy would look without the current economic contribution of clubs.

To estimate the total (direct and indirect) economic contribution of clubs to the Australian economy, the following scenarios were modelled.

- **Baseline scenario:** This scenario models the current state of state and territory economies and the Australian economy, which incorporates the total (direct and indirect) contribution of clubs.

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

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

The difference between each scenario and the Baseline scenario highlights the total (direct and indirect) economic contribution of clubs to the Australian economy. Impacts on each state and territory were also modelled and the distribution of impacts are outlined.

**5.6.4 Model inputs**

**Limitations**

It is important to note that the analysis undertaken as part of this project focuses on the gross benefits of clubs to the Australian economy, as opposed to the net benefits. A gross analysis differs from a net analysis in the following two ways:

- Firstly, it has been widely acknowledged that problem gambling creates a social cost, or dis-benefit, driven by addictive behaviour and its subsequent social costs. A net analysis of the benefits of clubs would measure the benefits of the clubs as the sum of the direct and indirect economic benefits net of any dis-benefits, including those driven by problem gambling.
Secondly, gambling involves a transfer of wealth between two parties. In a state or territory economy, gambling revenue derived from interstate and international tourists represents a net gain to the local economy. However, gambling losses by local residents only represent a partial transfer between two sectors of the economy. On this basis, consumer expenditure on gambling would therefore be substituted elsewhere in the economy if clubs did not operate. The economic and social benefits driven by these changes in expenditure would potentially be different to those realised from expenditure at registered clubs. A complete net analysis would account for these expenditure substitutions and their potential economic and social benefits.

Data

For the clubs operation scenario, total Australian clubs revenue data was used in estimating the economic impacts.

Table 5.7: Australian club revenue ($m)

<table>
<thead>
<tr>
<th></th>
<th>ACT</th>
<th>NSW</th>
<th>NT</th>
<th>QLD</th>
<th>SA</th>
<th>TAS</th>
<th>VIC</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership subscriptions</td>
<td>3</td>
<td>90</td>
<td>3</td>
<td>52</td>
<td>42</td>
<td>6</td>
<td>51</td>
<td>37</td>
</tr>
<tr>
<td>Food</td>
<td>28</td>
<td>410</td>
<td>10</td>
<td>194</td>
<td>38</td>
<td>4</td>
<td>143</td>
<td>23</td>
</tr>
<tr>
<td>Beverage</td>
<td>47</td>
<td>810</td>
<td>28</td>
<td>456</td>
<td>166</td>
<td>20</td>
<td>341</td>
<td>101</td>
</tr>
<tr>
<td>Facilities and venue rental</td>
<td>3</td>
<td>60</td>
<td>1</td>
<td>26</td>
<td>13</td>
<td>2</td>
<td>22</td>
<td>11</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>179</td>
<td>3,080</td>
<td>49</td>
<td>969</td>
<td>87</td>
<td>4</td>
<td>686</td>
<td>-</td>
</tr>
<tr>
<td>Other gaming</td>
<td>4</td>
<td>50</td>
<td>2</td>
<td>29</td>
<td>7</td>
<td>1</td>
<td>22</td>
<td>3</td>
</tr>
<tr>
<td>Entertainment</td>
<td>2</td>
<td>40</td>
<td>1</td>
<td>12</td>
<td>3</td>
<td>0.3</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Professional sport</td>
<td>1</td>
<td>10</td>
<td>0.3</td>
<td>8</td>
<td>1</td>
<td>9</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Non professional sport and recreation</td>
<td>3</td>
<td>90</td>
<td>2</td>
<td>35</td>
<td>18</td>
<td>2</td>
<td>24</td>
<td>13</td>
</tr>
<tr>
<td>Accommodation</td>
<td>2</td>
<td>50</td>
<td>1</td>
<td>13</td>
<td>1</td>
<td>0.1</td>
<td>10</td>
<td>0.1</td>
</tr>
<tr>
<td>Ancillary business activities</td>
<td>2</td>
<td>30</td>
<td>1</td>
<td>30</td>
<td>40</td>
<td>5</td>
<td>37</td>
<td>31</td>
</tr>
<tr>
<td>Interest income</td>
<td>2</td>
<td>30</td>
<td>1</td>
<td>13</td>
<td>5</td>
<td>1</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>Other income</td>
<td>11</td>
<td>230</td>
<td>7</td>
<td>101</td>
<td>59</td>
<td>8</td>
<td>88</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>287</td>
<td>4,980</td>
<td>106</td>
<td>1,938</td>
<td>487</td>
<td>54</td>
<td>1,452</td>
<td>271</td>
</tr>
</tbody>
</table>

Source: Club Census 2011 responses and KPMG analysis

Based on the Club Census 2011 responses, total Australian club revenue was $9.6 billion in 2011. The primary source of revenue for clubs was from gaming machines and from the sale of food and beverages. KPMG used state and territory clubs’ revenue data as inputs into the model to estimate the total (direct and indirect) economic impact of the operation of clubs on the Australian economy.

For the capital scenario, total capital expenditure data were used in estimating the economic impacts. Table 5.8 shows capital expenditure by type for each state and territory.
### Table 5.8: Australian club capital expenditure ($m)

<table>
<thead>
<tr>
<th></th>
<th>ACT</th>
<th>NSW</th>
<th>NT</th>
<th>QLD</th>
<th>SA</th>
<th>TAS</th>
<th>VIC</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>New buildings</td>
<td>10.8</td>
<td>160.0</td>
<td>3.9</td>
<td>72.0</td>
<td>29.6</td>
<td>3.2</td>
<td>69.3</td>
<td>20.6</td>
</tr>
<tr>
<td>Purchase of land and pre-existing buildings</td>
<td>4.6</td>
<td>50.0</td>
<td>1.7</td>
<td>31.5</td>
<td>5.4</td>
<td>0.4</td>
<td>24.7</td>
<td>0.2</td>
</tr>
<tr>
<td>Refurbishment</td>
<td>7.5</td>
<td>130.0</td>
<td>2.3</td>
<td>38.1</td>
<td>15.4</td>
<td>1.6</td>
<td>36.4</td>
<td>9.0</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>0.7</td>
<td>10.0</td>
<td>0.2</td>
<td>3.9</td>
<td>1.6</td>
<td>0.3</td>
<td>3.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>12.9</td>
<td>210.0</td>
<td>3.2</td>
<td>60.9</td>
<td>7.1</td>
<td>0.6</td>
<td>47.9</td>
<td>-</td>
</tr>
<tr>
<td>Sport and recreational facilities</td>
<td>1.1</td>
<td>30.0</td>
<td>0.8</td>
<td>16.4</td>
<td>14.4</td>
<td>1.8</td>
<td>17.1</td>
<td>10.8</td>
</tr>
<tr>
<td>Ancillary facilities</td>
<td>1.1</td>
<td>20.0</td>
<td>-</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
<td>0.6</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>3.0</td>
<td>50.0</td>
<td>1.3</td>
<td>21.4</td>
<td>9.1</td>
<td>0.9</td>
<td>20.2</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Total capital expenditure</strong></td>
<td><strong>41.7</strong></td>
<td><strong>660.0</strong></td>
<td><strong>13.4</strong></td>
<td><strong>244.4</strong></td>
<td><strong>82.6</strong></td>
<td><strong>8.8</strong></td>
<td><strong>219.4</strong></td>
<td><strong>47.0</strong></td>
</tr>
</tbody>
</table>

Source: Club Census 2011 responses and KPMG analysis

Based on the Club Census 2011 responses, total Australian club capital expenditure in 2011 was $1.3 billion. KPMG used state and territory clubs’ capital expenditure data as inputs into the model to estimate the total (direct and indirect) economic impact of the capital expenditure of clubs on the Australian economy.

### 5.6.5 Economic contribution of clubs

This section summarises the total (direct and indirect) economic contribution of clubs to the Australian economy.

The measures of the economic impact of these clubs on the Australian economy are expressed in terms of value-added (GDP) and employment, where:

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

#### Scenario 1: Operational Impacts

The impact of the operation of clubs in Australia on employment is illustrated in Figure 5.11. It is estimated that the operation of clubs in Australia supports approximately 75,000 jobs across Australia.
Figure 5.11: Clubs contribution to employment, operational impacts

Figure 5.11 above shows a large proportion of the gains are generated in the Cultural and Recreational Services and Accommodation, Cafes and Restaurants industries. Furthermore, the positive impacts on consumer focussed industries such as Cultural and Recreational Services and Accommodation, Cafes and Restaurants industries, generates flow-on economic impacts in industries that support these services such as Health and Community Services, Education, and Finance and Insurance Industries.

However, increased demand for goods and services produced by some industries leads to an increase in prices. Higher prices increases the costs faced by industries that use these goods and services as intermediate inputs. As a result, these industries are negatively affected. For example, employment is lower in Property and Business Services.

Figure 5.12 shows the operation of clubs are estimated to contribute $7.2 billion in value-added on average each year.
Figure 5.12: Clubs contribution to value added, operational impacts

There is an annual boost of $3.8 billion in value-added in the Cultural and Recreation Services industry and almost $1.2 billion in the Accommodation, Cafes and Restaurants Industry than would otherwise be the case without clubs in Australia.

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

Economic impacts were also estimated for each state and territory. The distributions of impacts are outlined in Figure 5.13.

Figure 5.13: State and territory distribution, operational impacts

NSW accounts for the majority of the estimated economic impacts as approximately half of the revenue of all Australian clubs is in NSW.
The distribution of the estimated operational employment impacts across sectors is illustrated in the following chart.

**Scenario 2: Capital Expenditure Impacts**

The impact of the capital expenditure by clubs in Australia on employment is illustrated in Figure 5.14. It is estimated that the capital expenditure of clubs in Australia supports approximately 12,000 jobs.

**Figure 5.14: Contribution of clubs to Employment (FTEs) in Australia, capital expenditure impacts**

Figure 5.14 above shows a large proportion of the gains are generated in the Construction and Manufacturing industries. Furthermore, the positive impact in the Construction and Manufacturing industries generates flow-on gains to industries that support these sectors such as Finance and Insurance industries.

However, increased demand for goods and services produced by some industries leads to an increase in prices. Higher prices increases the costs faced by industries that use these goods and services as intermediate inputs. As a result, these industries are negatively affected. For example, employment is lower in Property and Business Services.

Figure 5.15 shows that the capital expenditure of clubs are estimated to contribute $1.0 billion in value-added to the Australian economy on average each year.
The increases in prices caused by an increase in demand for some goods and services raises the cost of business inputs into some industries and results in a negative effect through the operation of clubs in Australia. For example, value added in Australia is lower in Retail Trade.

Economic impacts were also estimated for each state and territory. The distributions of impacts are outlined in the following chart.

Further details of the contributions to employment and value-added in the Australian economy can be found in Appendix C.
6. Social contribution

6.1 Key findings

- Australian clubs provided an estimated $2.3 billion in social contributions in 2011.
- The social contributions provided by clubs included cash donations and in-kind support to communities, the subsidisation of a broad range of facilities, volunteer services, social inclusion activities and intangible benefits such as the sense of belonging to a club.
- Clubs in the ACT and NSW made the most significant community contributions on average due to the relatively large proportions of large clubs generating annual gaming machine revenue in excess of $1 million, in these jurisdictions.
- The proportion of community contributions made by regional clubs was relatively larger than their share of the total club population. This suggests that regional clubs are important sources of community activity.

6.2 Overview

This section outlines the nature and value of social contributions that clubs provided to their local and extended communities in 2011. Australian clubs provided financial support to communities through the sponsorship of local sporting teams and donations made to charities and other non-profit organisations. In addition, clubs subsidised meals, beverages, the use of facilities and the provision of social inclusion activities such as social events for seniors.

The following sections discuss the social contributions of clubs through:

- describing our approach;
- club membership;
- sporting facilities;
- non-sporting and recreational facilities;
- cash and in-kind support; and
- volunteers.

6.3 Approach

The analysis of social contributions is based on the expenditure approach used by IPART in the 2008 Review of the Registered Clubs Industry and survey data collected from Club Census 2011 respondents. The expenditure approach estimates the value of direct social contributions provided to club members, visitors and the wider community by considering:

- total expenditure on community and social programs (including state/territory mandated or incentivised expenditure schemes), for both cash and in-kind support;
- revenue forgone through the provision of facilities and venues at low cost; and
- the value of volunteer time not implicitly included in the provision of low cost facilities and venues.
To be consistent with the IPART methodology, KPMG distinguished between direct and indirect social contributions:

- **Direct contributions**: direct action taken by clubs to provide social benefits to the community. Generally, these direct contributions are readily measurable, for example the provision of low cost facilities.

- **Indirect contributions**: benefits that accrue to the community without direct club involvement. Examples include the utility that club members receive from belonging to a club, and the health benefits arising from participating in club-sponsored sports. Indirect contributions were not quantified because they could not be reliably estimated. Even so, indirect contributions are expected to be a significant and valuable component of total social contributions. A list of indirect social benefits is provided in Section 6.9.

### 6.4 Membership

Club membership provides material benefits to members and their guests in the form of access to low cost facilities, meals and services. Club members may also derive utility from belonging to their clubs and participating in community and social events with like-minded people.

The number of members and the average membership fees for popular club types are presented in Table 6.1.

**Table 6.1: Total membership and average fees by club type**

<table>
<thead>
<tr>
<th>Club type</th>
<th>Estimated total membership</th>
<th>Average fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowling</td>
<td>1,640,000</td>
<td>$50</td>
</tr>
<tr>
<td>Golf</td>
<td>1,710,000</td>
<td>$440</td>
</tr>
<tr>
<td>RSL and Services</td>
<td>1,140,000</td>
<td>$15</td>
</tr>
<tr>
<td>Sporting and Recreation</td>
<td>1,130,000</td>
<td>$125</td>
</tr>
<tr>
<td>Leagues and Football</td>
<td>1,800,000</td>
<td>$35</td>
</tr>
<tr>
<td>Community and Workers</td>
<td>2,080,000</td>
<td>$25</td>
</tr>
<tr>
<td>Cultural and Religious</td>
<td>1,440,000</td>
<td>$90</td>
</tr>
<tr>
<td>Other</td>
<td>660,000</td>
<td>$125</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,600,000</strong></td>
<td><strong>$120</strong></td>
</tr>
</tbody>
</table>

*Source: KPMG analysis of Club Census 2011 responses.*

Community and Workers clubs had the largest number of members, accounting for approximately 18% of total memberships, followed by Leagues and Football clubs at 16%. Other popular types of clubs, in terms of club memberships, were bowling, sporting and recreation and RSL and services clubs, each accounting for 14%, 10% and 10% respectively.

RSL and services clubs, and community and workers clubs have the lowest average fees, while golf clubs have the highest average fees. Fees may be driven by the capital and operational costs involved in providing sporting facilities. For example, golf courses (provided by golf clubs) require large capital and upkeep outlays.

The share of club memberships by state/territory is presented in Figure 6.1.
6.5 Sporting facilities

A significant component of the social contribution of clubs is the provision of low cost sporting facilities to the community. The analysis of Clubs Census 2011 identified that at the time access to sporting facilities is provided below cost.\(^{14}\)

The number of clubs providing sporting facilities is documented in Table 6.2.

**Table 6.2: Number of clubs providing sporting facilities\(^{15}\)**

<table>
<thead>
<tr>
<th>Facility</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowling green</td>
<td>2,840</td>
</tr>
<tr>
<td>Carpet bowling facility</td>
<td>1,130</td>
</tr>
<tr>
<td>Ten-pin bowling</td>
<td>20</td>
</tr>
<tr>
<td>Gym/fitness centre</td>
<td>300</td>
</tr>
<tr>
<td>Sporting field(s)</td>
<td>710</td>
</tr>
<tr>
<td>Golf course</td>
<td>1,450</td>
</tr>
<tr>
<td>Aquatic centre/ swimming pool</td>
<td>90</td>
</tr>
<tr>
<td>Tennis court</td>
<td>580</td>
</tr>
<tr>
<td>Squash court</td>
<td>210</td>
</tr>
<tr>
<td>Billiard table(s)</td>
<td>1,780</td>
</tr>
<tr>
<td>Boating/ski facilities</td>
<td>140</td>
</tr>
<tr>
<td>Dart board(s)</td>
<td>1,750</td>
</tr>
<tr>
<td>Racing facility</td>
<td>240</td>
</tr>
<tr>
<td>Other</td>
<td>740</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,980</td>
</tr>
</tbody>
</table>


\(^{14}\) IPART 2008

\(^{15}\) Clubs may provide more than one facility, depending on the type of facility.
The majority of clubs surveyed provided at least one sporting facility. The most common sporting facilities provided by clubs were:

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

The distribution of clubs providing facilities by state/territory is similar to the distribution of the number of clubs by state/territory.

### 6.6 Non-sporting and recreational facilities

Clubs provide access to low cost non-sporting and recreational facilities including:

- meeting rooms;
- accommodation;
- entertainment venues; and
- memorials.

The number of clubs providing non-sporting and recreational facilities is presented in Table 6.3.
Table 6.3: Number of clubs providing non-sporting and recreational facilities

<table>
<thead>
<tr>
<th>Facility</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting room(s)</td>
<td>4,010</td>
</tr>
<tr>
<td>Memorial area</td>
<td>630</td>
</tr>
<tr>
<td>Historical display / Museum area</td>
<td>780</td>
</tr>
<tr>
<td>Children’s play area</td>
<td>900</td>
</tr>
<tr>
<td>Child-care facility</td>
<td>180</td>
</tr>
<tr>
<td>Bar</td>
<td>5,180</td>
</tr>
<tr>
<td>Bistro / Restaurant</td>
<td>2,790</td>
</tr>
<tr>
<td>Café</td>
<td>860</td>
</tr>
<tr>
<td>Entertainment venue</td>
<td>3,360</td>
</tr>
<tr>
<td>Theatre / Concert hall</td>
<td>70</td>
</tr>
<tr>
<td>Night club</td>
<td>60</td>
</tr>
<tr>
<td>Onsite accommodation</td>
<td>160</td>
</tr>
<tr>
<td>Offsite accommodation</td>
<td>80</td>
</tr>
<tr>
<td>Library / Collection</td>
<td>380</td>
</tr>
<tr>
<td>Aged care facility</td>
<td>30</td>
</tr>
<tr>
<td>Hair / Beauty salon</td>
<td>50</td>
</tr>
<tr>
<td>Movie theatre</td>
<td>10</td>
</tr>
<tr>
<td>Retail shops</td>
<td>160</td>
</tr>
<tr>
<td>RSL sub-branch office</td>
<td>630</td>
</tr>
<tr>
<td>Other</td>
<td>270</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,590</strong></td>
</tr>
</tbody>
</table>


The most common non-sporting facilities provided by Australian clubs in 2011 were:

- bars;
- meeting rooms;
- entertainment venues; and
- bistro and restaurants.

From survey responses, a significant proportion of the registered club population provided both sporting and non-sporting facilities in 2011. Consistently across jurisdictions, the proportions of clubs providing at least one sporting or non-sporting facility were equal to their share in the overall club population.

The number of clubs in regional and metropolitan areas that provided at least one sporting and non-sporting facility of any type is shown in Table 6.4.
Table 6.4: Number of clubs providing at least one facility by location

<table>
<thead>
<tr>
<th></th>
<th>Sporting facilities</th>
<th>Non-sporting facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>no.</td>
<td>%</td>
</tr>
<tr>
<td>Regional clubs</td>
<td>3,045</td>
<td>50</td>
</tr>
<tr>
<td>Metropolitan clubs</td>
<td>2,970</td>
<td>48</td>
</tr>
<tr>
<td>ACT clubs</td>
<td>55</td>
<td>1</td>
</tr>
<tr>
<td>NT clubs</td>
<td>60</td>
<td>1</td>
</tr>
<tr>
<td>All clubs</td>
<td>6,130</td>
<td>100</td>
</tr>
</tbody>
</table>

Note: Regional and metropolitan splits are not available for the ACT or the NT due to data reliability.
Totals may not add due to rounding

The survey responses suggest that approximately equal numbers of clubs provide sporting and non-sporting facilities for their patrons. The number of regional clubs providing at least one type of facility accounted for higher proportions than their share in the club population. This may suggest that regional clubs were important providers of social activity in their communities.

6.7 Cash and in-kind support

Clubs made cash donations and provide in-kind support to their communities in the form of payments to charities and non-profit organisations, sponsorship of local sporting teams, the provision of free social events and socially inclusive activities, and funding of health and education programs.

Based on survey responses, it was estimated that Australian clubs contributed approximately $220 million to their communities in the form of cash and in-kind support in 2011. This comprised of cash payments of approximately $150 million and in-kind support of approximately $70 million.

The size of cash and in-kind support by state and territory is shown in Figure 6.2.

Figure 6.2: Average community support per club ($’000)

The survey responses indicated that on average, clubs in the ACT accounted for the largest contribution to cash and in-kind support in level terms, followed by clubs in NSW. The size of these clubs relative to other jurisdictions is a key driver of these higher contributions. On average, clubs in the NT, QLD and VIC contributed roughly the same as the national average, while clubs in SA, TAS and WA made the lowest cash and in-kind contributions. These lower contributions are again reflective of the relatively lower size of these clubs compared to other states.

The levels of cash payments as proportions of overall net profit before tax and donations and EGM profit before tax are illustrated in Figure 6.3.

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

![Figure 6.3: Cash payments (%)](image)

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

*Source: KPMG analysis of Club Census 2011 responses.*

The survey responses indicate that the highest contributions made by clubs as a proportion of profit were made by clubs in the ACT and NSW. Conversely, the lowest proportions were contributed by clubs in SA and TAS and WA. These trends suggest that the level of cash donations is driven by the size of clubs. Generally, contributions as a proportion of gaming machine profit were considerably lower than contributions as a proportion of net profit.

The average cash and in-kind contributions for each state/territory are presented in Figure 6.4.
The survey responses suggest that metropolitan clubs made greater average cash and in-kind contributions than regional clubs, especially in SA, TAS, VIC and WA. This suggests that clubs in metropolitan areas with larger amounts of gaming machine revenue may have greater financial capacity to provide higher levels of support.

The distribution of cash support provided by Australian clubs by activity is presented in Figure 6.5.

**Figure 6.4: Average cash and in-kind support by location ($’000)**

**Figure 6.5: Cash support**

The estimates indicate that about 55% of activities which received cash payments from clubs were related to sports. Charities, local community and health and welfare activities each received a large share of total cash payments (between 10% and 12%).

The distribution of in-kind support by activity is shown in Figure 6.6.

**Figure 6.6: In-kind support**

![In-kind support chart](chart.png)

*Source: KPMG analysis of Club Census 2011 responses.*

The distribution of in-kind support is similar to that of cash payments, as non-professional sports activities received the largest share of in-kind support at 32%. Local community activities received a quarter of all in-kind support and charities received about 12%.

The share of total cash payments made by clubs is shown in Figure 6.7.
The survey responses suggest that non-professional sports received approximately 30% to 45% of cash payments in each jurisdiction except WA. Professional sports received approximately 31% of cash payments in WA. Although the relative mix between donations to professional and non-professional sports changed by state/territory, the overall proportion of cash payments made to sporting activities tended to remain relatively constant across Australia.

The distribution of in-kind support by state/territory is presented in Figure 6.8.
Non-professional sports received between 30% and 40% of in-kind support in each jurisdiction. Professional sports represented approximately 10% and 25% of in-kind support. Local communities received in-kind support in the range of 12% and 20% of in-kind support. Local communities received higher proportions of in-kind support than cash payments, across each jurisdiction. Generally across jurisdictions, employment accounted for a larger share of in-kind support compared to cash payments.

6.7.1 Community funding schemes and reporting requirements

Clubs in some jurisdictions are required or incentivised to participate in funding schemes that divert portions of EGM revenue to community initiatives and charitable activities. Other jurisdictions are required to contribute a portion of their EGM revenue to a community fund administered by a regulatory authority, which in turn is used to fund community initiatives and charitable activities. Clubs in WA do not face these requirements because they do not earn any revenue from gaming machines.

Contributions to funding schemes as reported to relevant state or territory regulatory bodies are presented in Table 6.5.

Table 6.5: Cash and in-kind contributions to community funding schemes

<table>
<thead>
<tr>
<th>Year</th>
<th>Contributions ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>1 July 2010 - 30 June 2011</td>
</tr>
<tr>
<td>NSW</td>
<td>1 September 2010 - 31 August 2011</td>
</tr>
<tr>
<td>NT</td>
<td>1 July 2010 - 30 June 2011</td>
</tr>
<tr>
<td>QLD</td>
<td>1 January 2010 - 31 December 2010</td>
</tr>
<tr>
<td>VIC</td>
<td>1 July 2010 - 30 June 2011</td>
</tr>
</tbody>
</table>

Notes:  
(1) Reported contributions for QLD clubs are only for those with greater than 50 EGMs.  
(2) South Australia has a voluntary scheme for clubs to donate to the community, and hence no figures are reported to a regulatory body.  
(3) Contributions by TAS clubs to the Community Support Levy scheme unavailable, due to published contributions of $4.8m from 1 July 2010 to 30 June 2011 being inclusive of contributions made by hotels.

Community contribution regulations for each applicable jurisdiction are discussed below.

New South Wales: ClubGRANTS

Clubs in NSW earning in excess of $1 million in annual gaming machine revenue are offered tax deductions on the basis of funding of community programs. The deductions are on a dollar-for-dollar basis up to 2.25% of taxable gaming machine revenue.

Allowable community contributions fit into three expenditure categories:

- Category 1: specific community and social welfare, development, health and employment activities;
- Category 2: other community development initiatives; and
- Category 3: large scale health, sports and community infrastructure projects.

16 ACT Gambling and Racing Commission, 2011  
17 ClubsNSW, 2012  
18 NT Community Benefit Fund Committee, 2011.  
19 QLD Office of Liquor and Gaming Regulation, 2012  
21 Tasmanian Gaming Commission, 2011.
The 2.25% maximum tax deduction is split into the three categories as follows:

- 0.75% for Category 1;
- 1.1% for Category 2; and
- 0.4% for Category 3.

Prior to September 2011, ClubGRANTS was referred to as the Community Development and Support Expenditure (CDSE) scheme. Major changes to the NSW funding scheme, following the introduction of ClubGRANTS included:

- increasing the cap from 1.5% of taxable gaming machine revenue over $1 million to 2.25%;
- increasing the claimable rate for community development and support services expenditure (Category 2) from 0.75% to 1.1%;
- the expansion of eligible payments under Category 2 to include professional sports; and
- the introduction of a new category – Category 3 – for large scale projects associated with sport, health and community infrastructure.22

**Victoria: Community Benefit Statements**

Victorian clubs are required to spend 8.33% of gaming machine revenue on their local communities. Clubs prepare annual statements documenting how gaming machine revenue has been directed to community and social initiatives.23

**Australian Capital Territory: Community Contribution Reports**

Clubs in the ACT are required to provide a minimum of 7% of their net gaming machine revenue in community contributions to the Gambling and Racing Commission. Net gaming revenue is calculated by deducting 24% of gross gaming revenue, as well as any payable gaming tax, from gross gaming revenue.

Gross gaming revenue is equal to gaming machine collections less distributions to players and approved reserves for the payment of jackpots. The 24% deduction recognises the expenses incurred by licensees in the provision of gaming machine operations.

Clubs must report the total value of contributions annually to the Gambling and Racing Commission.24

**Queensland: Community Benefit Statements**

As part of their annual reporting responsibilities, QLD clubs with 51 or more gaming machines are required to submit a Community Benefit Statement with the Office of Liquor and Gaming Regulation.25 8.5% of current gaming machine taxes are paid into a Community Investment Fund.

**Northern Territory: Contribution Reporting Statements**

Clubs in the NT are required to make a direct contribution to community development and improvement, particularly in their geographic areas of influence. The level of contribution is expected to be commensurate with the level of gaming activity

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22 NSW OLGR, 2011b
23 VIC Commission for Gambling and Liquor Regulation, 2012
24 ACT Gambling and Racing Commission, 2011
25 QLD Office of Liquor and Gaming Regulation, 2010
undertaken. Clubs must report the total value of contributions bi-annually to the Community Benefit Committee appointed by the NT Minister for Racing, Gaming and Licensing.

**Tasmania: Community Service Levy**

Clubs in Tasmania are required to contribute 4% of their annual gross profits to the Community Service Levy Fund administered by Tasmanian Treasury.

### 6.8 Volunteers

Clubs are able to provide low cost facilities and fund local community activities because of large networks of volunteer labour. Using volunteer labour enables clubs to reduce labour costs and pass on savings to their members and the community. Clubs use volunteers in many business areas including the management and organisation of club activities and operations, trading and sporting functions. Volunteers may also gain utility by participation in the community.

The number of volunteers in each state/territory is presented in Table 6.6.

#### Table 6.6: Volunteer type

<table>
<thead>
<tr>
<th></th>
<th>Director</th>
<th>Trading</th>
<th>Sporting</th>
<th>Other</th>
<th>Total</th>
<th>Average per club</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>460</td>
<td>90</td>
<td>1,660</td>
<td>470</td>
<td>2,680</td>
<td>47</td>
</tr>
<tr>
<td>NSW</td>
<td>11,000</td>
<td>2,370</td>
<td>26,050</td>
<td>9,740</td>
<td>49,160</td>
<td>33</td>
</tr>
<tr>
<td>NT</td>
<td>540</td>
<td>320</td>
<td>1,230</td>
<td>420</td>
<td>2,510</td>
<td>39</td>
</tr>
<tr>
<td>QLD</td>
<td>11,770</td>
<td>7,810</td>
<td>27,310</td>
<td>9,050</td>
<td>55,940</td>
<td>40</td>
</tr>
<tr>
<td>SA</td>
<td>10,810</td>
<td>10,250</td>
<td>22,940</td>
<td>7,540</td>
<td>51,540</td>
<td>41</td>
</tr>
<tr>
<td>TAS</td>
<td>1,380</td>
<td>1,280</td>
<td>2,850</td>
<td>970</td>
<td>6,480</td>
<td>40</td>
</tr>
<tr>
<td>VIC</td>
<td>10,180</td>
<td>8,380</td>
<td>24,580</td>
<td>7,400</td>
<td>50,540</td>
<td>42</td>
</tr>
<tr>
<td>WA</td>
<td>8,240</td>
<td>8,060</td>
<td>17,320</td>
<td>5,670</td>
<td>39,290</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>54,380</td>
<td>38,560</td>
<td>123,940</td>
<td>41,260</td>
<td><strong>258,140</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

**Average per club** 8 6 19 6 39

*Note: Totals may not add due to rounding*

*Source: KPMG analysis of Club Census 2011 responses.*

The majority of volunteers were directors or involved in sporting activities. *Club Census 2011* responses suggest that approximately half of all volunteers were involved in sporting functions in 2011. SA had the largest number of volunteers, closely followed by VIC and NSW. On average, ACT clubs have the most volunteers. Clubs in SA, TAS, VIC, QLD and WA also had higher averages than the national average of volunteers per club. NSW is the only state that has a lower average than the national average.

The number of volunteers by volunteer type for regional and metropolitan clubs is given in Figure 6.9.
Overall, metropolitan clubs had more volunteers than regional clubs. This was largely due to the number of sporting volunteers, since metropolitan clubs account for approximately 59% of sporting volunteers. Compared to metropolitan clubs, regional clubs used more volunteers in the areas of directors and trading. Volunteer hours are presented in Table 6.7.

### Table 6.7: Volunteer hours

<table>
<thead>
<tr>
<th></th>
<th>Number of volunteers</th>
<th>Number of volunteer hours</th>
<th>Number of clubs</th>
<th>Average number of volunteers per club</th>
<th>Average volunteer hours per club</th>
<th>Average hours per volunteer</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>2,680</td>
<td>54,100</td>
<td>57</td>
<td>47</td>
<td>949</td>
<td>20</td>
</tr>
<tr>
<td>NSW</td>
<td>49,160</td>
<td>1,605,800</td>
<td>1,471</td>
<td>33</td>
<td>1,092</td>
<td>33</td>
</tr>
<tr>
<td>NT</td>
<td>2,510</td>
<td>59,500</td>
<td>65</td>
<td>39</td>
<td>915</td>
<td>24</td>
</tr>
<tr>
<td>QLD</td>
<td>55,940</td>
<td>1,193,800</td>
<td>1,410</td>
<td>40</td>
<td>847</td>
<td>21</td>
</tr>
<tr>
<td>SA</td>
<td>51,540</td>
<td>1,053,500</td>
<td>1,258</td>
<td>41</td>
<td>837</td>
<td>20</td>
</tr>
<tr>
<td>TAS</td>
<td>6,480</td>
<td>135,300</td>
<td>161</td>
<td>40</td>
<td>840</td>
<td>21</td>
</tr>
<tr>
<td>VIC</td>
<td>50,540</td>
<td>977,600</td>
<td>1,197</td>
<td>42</td>
<td>817</td>
<td>19</td>
</tr>
<tr>
<td>WA</td>
<td>39,290</td>
<td>797,900</td>
<td>958</td>
<td>41</td>
<td>833</td>
<td>20</td>
</tr>
<tr>
<td>Australia</td>
<td>258,140</td>
<td>5,877,500</td>
<td>6,577</td>
<td>39</td>
<td>894</td>
<td>23</td>
</tr>
</tbody>
</table>

**Note:** Totals may not add due to rounding

**Source:** KPMG analysis of Club Census 2011 responses.

NSW had the lowest average number of volunteers per club compared to other states and territories. This is likely due to clubs in NSW being of a larger size and thus enabling a greater number of people to be employed, as discussed in Section 5.3.

Although NSW had the lowest average number of volunteers per club, the state registered the highest average volunteer hours per club. This supports the observation
that, on average, volunteers in NSW worked more hours relative to volunteers in other states/territories. The number of volunteers per employee for regional and metropolitan areas is given in Table 6.8.

### Table 6.8: Volunteers per employee

<table>
<thead>
<tr>
<th></th>
<th>Regional clubs</th>
<th>Metropolitan clubs</th>
<th>All clubs</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>n/a</td>
<td>n/a</td>
<td>1</td>
</tr>
<tr>
<td>NSW</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>NT</td>
<td>n/a</td>
<td>n/a</td>
<td>2</td>
</tr>
<tr>
<td>QLD</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>SA</td>
<td>12</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>TAS</td>
<td>11</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>VIC</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>WA</td>
<td>18</td>
<td>5</td>
<td>7</td>
</tr>
</tbody>
</table>

Australia 3 2 3

Note: Regional and metropolitan splits are not available for the ACT or the NT due to data reliability. Totals may not add due to rounding.


The survey responses suggest that regional clubs have higher volunteer to employee ratios than in metropolitan areas. NSW, QLD and VIC have the lowest ratios of volunteers to employees, especially for metropolitan clubs. The higher incidence of larger clubs with higher revenues, particularly in the ACT and NSW, suggest that these clubs have relatively low dependence on volunteers compared to smaller, regional clubs.

### 6.9 Total social contributions

As outlined in Section 6.3, the size of total social contributions was estimated for Australia. The estimation methodology and estimate are presented below.

#### 6.9.1 Estimation methodology

**Community cash payments and in-kind support**

As discussed in Section 6.7, clubs contribute to communities through cash payments and in-kind support. Clubs surveyed in the Club Census 2011 provided details of cash payments made to support community and estimates of the value of in-kind support. Self-reported cash payments and in-kind support were uplifted to estimate the value of cash and in-kind support for the population of Australian clubs.

The survey responses indicate that cash payments of just over $150 million and in-kind support of about $70 million were made by clubs in 2011.

**Low cost facilities and venues**

Clubs in Australia provide access to sporting and non-sporting facilities at prices lower than market value. The benefit that club users receive from consuming facilities at lower than market value prices is assumed to represent a social contribution.

The social contribution from facilities was calculated by subtracting the estimated revenue generated by using facilities from the market value of those facilities. The market value of facilities represents the revenue that clubs could earn if they did not provide low cost access to their facilities.
Market values for Australia were estimated by indexing and adjusting the market values of facilities in NSW used in the Review of Registered Clubs Industry published by IPART. NSW market values were indexed to account for price changes and adjusted to account for land value and area differences across states/territories. These values were inflated by changes in price indices from 2007 to 2011 to obtain estimates of market values in 2011 dollars. The inflators used depended on the nature of the facility:

- Internal facilities such as meeting rooms were inflated using the cost of renting office space over the period 2007 to 2011 given the likelihood that alternative uses of internal facilities would be office space.

- External facilities such as golf courses were inflated by the residential rents expenditure class of the Sydney CPI because of the likely alternative use of these facilities. Billiard tables were inflated by CPI. This was chosen given that the provision of billiard tables does not require a significant investment in land and the market value of the service is not likely to track the rental costs associated with the service.

To obtain market values for Australia, the weighted and indexed NSW market values were adjusted by factors accounting for differences in club area and either commercial or residential land value. The rationale of this procedure was to account for factors that would influence the market values of club facilities in each state/territory.

The area factor was estimated by calculating the differential between the average floor space (in square metres) of clubs in Australia and the average floor space (in square metres) of clubs in NSW. The commercial land value factors were estimated by the differentials between the total value of commercial land in each state/territory and the total value of commercial land in NSW. The residential land value factors were estimated by the differential between the total value of residential land in each state/territory and the total value of residential land in NSW.

For the purpose of applying the land value factor:

- Internal facilities such as meeting rooms were classified as commercial land since internal facilities space is likely to track the price of commercial land given the likely use of these facility if they were not available for community use by the club; and

- External facilities such as golf courses were classified as residential land because of the likelihood of these facilities having alternative residential uses.

The estimated factors are presented in Table 6.9.
Table 6.9: Estimated area and land value factors

<table>
<thead>
<tr>
<th></th>
<th>Area factor</th>
<th>Commercial land value factor</th>
<th>Residential land value factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>1.25</td>
<td>0.03</td>
<td>0.06</td>
</tr>
<tr>
<td>NSW</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>NT</td>
<td>0.58</td>
<td>0.04</td>
<td>0.02</td>
</tr>
<tr>
<td>QLD</td>
<td>0.55</td>
<td>0.45</td>
<td>0.55</td>
</tr>
<tr>
<td>SA</td>
<td>0.27</td>
<td>0.22</td>
<td>0.20</td>
</tr>
<tr>
<td>TAS</td>
<td>0.27</td>
<td>0.03</td>
<td>0.04</td>
</tr>
<tr>
<td>VIC</td>
<td>0.46</td>
<td>0.88</td>
<td>0.98</td>
</tr>
<tr>
<td>WA</td>
<td>0.24</td>
<td>0.41</td>
<td>0.39</td>
</tr>
<tr>
<td>Australia</td>
<td>0.54</td>
<td>3.06</td>
<td>3.26</td>
</tr>
</tbody>
</table>

Source: KPMG analysis of Club Census 2011 responses; ABS 2011b

The estimated market value of facilities is detailed in Table 6.10.

Table 6.10: Estimated market value of facilities ($m)

<table>
<thead>
<tr>
<th></th>
<th>Estimates of 2011 NSW market values</th>
<th>Weighted market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowling green</td>
<td>56.2</td>
<td>112.3</td>
</tr>
<tr>
<td>Gym/fitness centre</td>
<td>82.7</td>
<td>155.3</td>
</tr>
<tr>
<td>Sporting fields</td>
<td>10.9</td>
<td>21.8</td>
</tr>
<tr>
<td>Golf course</td>
<td>638.8</td>
<td>1,276.3</td>
</tr>
<tr>
<td>Billiard tables</td>
<td>7.6</td>
<td>14.3</td>
</tr>
<tr>
<td>Meeting room</td>
<td>169.6</td>
<td>318.5</td>
</tr>
<tr>
<td>Entertainment</td>
<td>77.8</td>
<td>146.1</td>
</tr>
<tr>
<td>Accommodation</td>
<td>99.6</td>
<td>187.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,143.2</strong></td>
<td><strong>2,231.7</strong></td>
</tr>
</tbody>
</table>

Source: KPMG analysis of Club Census 2011 responses; KPMG, 2012

Revenue was calculated by allocating facility, membership, professional sporting and non professional sport and recreation revenue to each sporting facility, according to usage of facilities. KPMG included membership revenue based on the assumption that people joining clubs do so to use the facilities provided by clubs. Revenue for non-sporting facilities was estimated by allocating facility, membership, entertainment and non professional sport and recreation revenue to meeting rooms and entertainment facilities. The revenue for accommodation facilities was estimated from the survey results.

The estimated revenue attributable to use of sporting and non-sporting facilities is shown in Table 6.11.
Table 6.11: Revenue generated by sporting and non-sporting facilities ($m)

<table>
<thead>
<tr>
<th>Facility</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowling greens</td>
<td>13.8</td>
</tr>
<tr>
<td>Gyms and fitness centres</td>
<td>24.1</td>
</tr>
<tr>
<td>Sporting fields</td>
<td>9.6</td>
</tr>
<tr>
<td>Golf courses</td>
<td>214.3</td>
</tr>
<tr>
<td>Tennis courts</td>
<td>13.3</td>
</tr>
<tr>
<td>Billiard tables</td>
<td>8.4</td>
</tr>
<tr>
<td>Meeting rooms</td>
<td>3.0</td>
</tr>
<tr>
<td>Entertainment</td>
<td>4.0</td>
</tr>
<tr>
<td>Accommodation</td>
<td>81.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>371.5</strong></td>
</tr>
</tbody>
</table>


Value of volunteer labour

To be consistent with the expenditure method used by IPART in their Review of the Registered Clubs Industry report, KPMG included an estimate of the value of volunteer time. The rationale for classifying volunteer time as a social contribution is that volunteers aid in the provision of social infrastructure and activities. The value of volunteer time is implicit in the estimation of the social contributions of facilities, given that the use of volunteers enables the provision of low cost club facilities.

Hourly rates for directors and other volunteers are estimated using the approaches of ACG and The Centre for Volunteering. ACG assumed a standard rate of $20 per hour for an employee in the clubs industry. KPMG applied this rate to the ‘other volunteers’ category. The Centre for Volunteering estimated the value of director volunteers at $120 per hour. KPMG used this rate for directors as it reflects the increased value derived from the provision of specialist services.

The value of volunteer labour is given in Table 6.12.

Table 6.12: Value of volunteer labour ($m)

<table>
<thead>
<tr>
<th></th>
<th>Annual volunteer hours (000)</th>
<th>Estimated hourly rate ($)</th>
<th>Total value ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>1,530</td>
<td>120</td>
<td>183.6</td>
</tr>
<tr>
<td>Other</td>
<td>1,320</td>
<td>20</td>
<td>26.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,850</strong></td>
<td></td>
<td><strong>210.0</strong></td>
</tr>
</tbody>
</table>


Total direct social contribution

Given the methodology described in this section, the total social contribution of Australian clubs was estimated at about $2.3 billion in 2011. The breakdown of total social contribution of Australian clubs is provided in Table 6.13.

---

29 Allen Consulting Group, 2008
30 The Centre for Volunteering, 2010
Table 6.13: Total social contribution ($m)

<table>
<thead>
<tr>
<th>Contribution</th>
<th>153.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash payments</td>
<td></td>
</tr>
<tr>
<td>In-kind support</td>
<td>68.9</td>
</tr>
<tr>
<td>Market value of facilities</td>
<td>2,231.7</td>
</tr>
<tr>
<td>Less Revenue generated by facilities</td>
<td>(371.5)</td>
</tr>
<tr>
<td>Value of volunteer labour</td>
<td>210.0</td>
</tr>
<tr>
<td>Total social contribution</td>
<td>2,292.1</td>
</tr>
</tbody>
</table>


Indirect social contributions

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

- courtesy buses;
- free and subsidised concerts;
- trivia nights;
- raffles, meat trays, lucky badge draws, and other member promotions;
- bingo games;
- organised social outings;
- free seminars;
- seniors programs and events;
- mentoring programs and junior sports coaching; and
- subsidised food and beverages.

Clubs also provide subsidised facilities that are not easily valued given the difficulty in comparing them with similar facilities provided by the for-profit sector. These facilities include:

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

These services and facilities have not been quantified as a part of this analysis; however, it is noted that they form an important part of the total social contribution of clubs in Australia.
7. Outlook

7.1 Key findings

- Clubs in Australia plan to invest a total of $5.8 billion in club and sporting facilities over the next three years. The majority of this spending (68%) is intended to be spent on developing the club’s principal operating premises.
- 55% of clubs intend to invest in club facilities during the next three years.
- Investment in new buildings and extensions to existing buildings is the most significant type of planned expenditure.
- Clubs intend to invest $1.9 billion over the next three years on sporting facilities.
- Increasing the prices of food and beverage was the most likely strategy if clubs were faced with a potential decrease of 10% and 20% of revenue.

7.2 Future investment

7.2.1 Overview

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

Clubs in Australia continue to invest in the development of facilities, indicated by the $1.3 billion of capital expenditure in 2011 as discussed in Section 5.6. Development includes extensions to, and refurbishment of existing facilities, purchases of new facilities, purchases of club equipment and furniture and costs incurred in developing sporting fields and grounds.

Clubs continue to be a significant provider of sporting and recreational facilities to the Australia community. Clubs in Australia plan to invest a total of $5.8 billion in club and sporting facilities over the next three years. The majority of this spending (68%) is intended to be spent on developing the club’s principal operating premises.

7.2.2 Club and sporting facilities

Overall, 55% of clubs intend to invest in club facilities during the next three years, and 35% of clubs intend to invest in sporting facilities during the next three years. Figure 7.1 below indicates the percentage of clubs with an intention to invest, based on state or territory.
In NSW, ACT, NT, Queensland and Victoria, a greater proportion of clubs intended to invest in club facilities compared to sporting facilities. On the other hand in South Australia, Tasmania and WA, clubs were more likely to invest in sporting facilities.

Figure 7.2 indicates that over 90% of clubs in the two largest size categories have an intention to invest in club facilities. Clubs in the smallest category show a 20% intention to develop club facilities. This reduction is reflective of clubs in this category being unable to access significant funds to conduct development and a further indicator that many clubs in this category have ongoing financial viability concerns.

On average, 71% of clubs with EGM revenue of $200k to $1m indicated that they had an intention to develop club facilities. This may indicate unrealistic expectations of
investment, given that 57% of clubs in this size category appear to be in some form of financial distress, as discussed in Section 3.6.

### 7.2.3 Planned club facilities

Additionally, Table 7.1 below shows the types of facilities that clubs plans to invest in, with an aggregate intended spending of almost $4.0 billion.

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

<table>
<thead>
<tr>
<th>Non-sport facilities</th>
<th>ACT</th>
<th>NSW</th>
<th>NT</th>
<th>QLD</th>
<th>SA</th>
<th>TAS</th>
<th>VIC</th>
<th>WA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New buildings</td>
<td>53</td>
<td>900</td>
<td>21</td>
<td>388</td>
<td>113</td>
<td>12</td>
<td>300</td>
<td>57</td>
<td>1,844</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>33</td>
<td>443</td>
<td>9</td>
<td>175</td>
<td>14</td>
<td>1</td>
<td>124</td>
<td>-</td>
<td>799</td>
</tr>
<tr>
<td>Refurbishment</td>
<td>23</td>
<td>362</td>
<td>7</td>
<td>146</td>
<td>34</td>
<td>4</td>
<td>110</td>
<td>19</td>
<td>705</td>
</tr>
<tr>
<td>Ancillary facilities</td>
<td>7</td>
<td>152</td>
<td>2</td>
<td>39</td>
<td>7</td>
<td>-</td>
<td>38</td>
<td>-</td>
<td>245</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>1</td>
<td>16</td>
<td>-</td>
<td>6</td>
<td>1</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>29</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>220</td>
<td>3</td>
<td>77</td>
<td>12</td>
<td>2</td>
<td>32</td>
<td>5</td>
<td>361</td>
</tr>
<tr>
<td>Total</td>
<td>127</td>
<td>2,093</td>
<td>42</td>
<td>831</td>
<td>181</td>
<td>19</td>
<td>609</td>
<td>81</td>
<td>3,983</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

Across all states and territories, investment in new buildings and extensions to existing buildings followed by gaming machine expenditure are the most significant types of planned expenditure.

### 7.2.4 Planned sporting and recreational facilities

Table 7.2 below provides detail as to the types of sporting facilities that clubs plan to develop. In aggregate, clubs intend to invest almost $1.9 billion over the next three years on sporting facilities.

#### Table 7.2: Investment in sporting facilities over the next 3 years ($m)

<table>
<thead>
<tr>
<th>Sporting facilities</th>
<th>ACT</th>
<th>NSW</th>
<th>NT</th>
<th>QLD</th>
<th>SA</th>
<th>TAS</th>
<th>VIC</th>
<th>WA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sporting infrastructure</td>
<td>11</td>
<td>118</td>
<td>7</td>
<td>131</td>
<td>137</td>
<td>17</td>
<td>148</td>
<td>103</td>
<td>672</td>
</tr>
<tr>
<td>Fields/grounds</td>
<td>11</td>
<td>114</td>
<td>8</td>
<td>125</td>
<td>72</td>
<td>8</td>
<td>130</td>
<td>43</td>
<td>511</td>
</tr>
<tr>
<td>Equipment</td>
<td>2</td>
<td>53</td>
<td>1</td>
<td>30</td>
<td>7</td>
<td>2</td>
<td>11</td>
<td>4</td>
<td>110</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
<td>187</td>
<td>7</td>
<td>109</td>
<td>73</td>
<td>8</td>
<td>118</td>
<td>49</td>
<td>560</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>472</td>
<td>23</td>
<td>395</td>
<td>289</td>
<td>35</td>
<td>407</td>
<td>199</td>
<td>1,853</td>
</tr>
</tbody>
</table>

Source: Club Census 2011; KPMG analysis

In aggregate, the intended spending on sporting fields and sporting infrastructure amounts to 64% of total spending. Planned spending for sporting facilities tends to be evenly spread across all club size categories, unlike planned club facilities (discussed in section 7.2.2) where clubs in the largest category dominated.
Comparatively greater intended development of sporting facilities by smaller clubs is due to the majority of clubs in these size categories comprising bowling, golf and other sporting clubs. This makes it essential that these types of clubs conduct a regular level of spending on sporting facilities to enable them to maintain their core service offering of sporting facilities.

7.3 Future outlook

Figure 7.3: Club responses to a 10%, 20% and 30% decrease in revenue

- Increase prices charged for food and beverage
- Reduce staffing levels
- Increase facilities and venue rental
- Reduce amount paid to professional sport
- Unable to adjust club operations
- Reduce capital expenditure
- Increase membership fees
- Reduce community support
- No change
- Closure of site
As part of Club Census 2011, clubs were asked what strategies they would implement should their club be faced with a decrease in revenue of 10%, 20% and 30% respectively.

Increasing the prices of food and beverage was the most popular response when faced with a potential decrease of 10% and 20% of revenue, with 53% of respondents saying that they would implement this measure respectively. When faced with a 30% decrease in revenue, reducing capital expenditure was the most popular response.

The number of clubs who would implement a strategy to increase membership fees, increase food and beverage prices or increase venue rental fees did not vary significantly depending upon whether the revenue decrease was 10%, 20% or 30%. This signifies that clubs are likely to implement the strategy chosen regardless of how great the decrease in revenue is. The number of clubs that indicated that they would pursue a strategy to increase prices charged ranged from 37% to 53% of clubs, depending upon the type of strategy and the severity of the decrease in revenue.

Clubs indicated that when faced with a revenue decrease of between 10% to 30% they would on average increase membership fees by 24%, increase food and beverage prices by 15% and increase venue rental fees by 24%.

The number of clubs who would implement a strategy to decrease community support ranged from between 36% to 40%. This is similar to the number of clubs who would reduce capital expenditure and reduce staffing levels, where clubs that would reduce capital expenditure ranged between 43% to 50% and clubs that would reduce staffing levels ranged between 40% to 43% of clubs.

Clubs indicated that when faced with a revenue decrease of between 10% to 30% they would on average decrease community support payments by 37%, reduce capital expenditure by 47%, reduce staffing levels by 21% and reduce amounts paid to professional sport by 50%.

In comparison, with regards to potential closure of a club, less than 9% of clubs would close if faced with a 10% or 20% reduction in revenue, but over 26% of clubs would close if revenue decreased by 30%.
In addition, on average 11% of clubs indicated that they would not implement any changes and 13% indicated that they would be unable to adjust club operations.

**Table 7.3: Changing conditions**

<table>
<thead>
<tr>
<th>Anticipated trading conditions in the next 12 months</th>
<th>Percentage of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get a lot better</td>
<td>5%</td>
</tr>
<tr>
<td>Get a little better</td>
<td>26%</td>
</tr>
<tr>
<td>Stay the same</td>
<td>32%</td>
</tr>
<tr>
<td>Get a little worse</td>
<td>28%</td>
</tr>
<tr>
<td>Get a lot worse</td>
<td>9%</td>
</tr>
</tbody>
</table>

*Source: Club Census 2011; KPMG analysis*

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

Table 7.3 indicates that almost a third of clubs anticipate trading conditions will stay the same during 2012 and one quarter anticipate that the trading conditions will improve a little. Over one quarter anticipate that the trading conditions will deteriorate a little, while 9% of clubs believe that the trading environment will get a lot worse.

It should be noted that *Club Census 2011* was conducted at the time the Australian Government was considering the introduction of mandatory pre-commitment legislation (discussed in Section 2.4.3.1). Accordingly, the anticipated trading conditions reporting by clubs with EGM revenues showed a heightened level of pessimism than was reflected at a National level (given the significant number of clubs with no EGM revenue within the industry).

**Table 7.4: Future employee outlook**

<table>
<thead>
<tr>
<th>Item</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clubs that anticipate redundancies to occur in the next 12-24 months</td>
<td>8%</td>
<td>92%</td>
</tr>
<tr>
<td>Clubs that expect to be able to attract suitably qualified employees in the future</td>
<td>79%</td>
<td>21%</td>
</tr>
</tbody>
</table>

*Source: Club Census 2011; KPMG analysis*

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

Table 7.4 indicates that over 90% of clubs do not expect any redundancies to occur, and that close to 80% expect to be able to hire qualified staff in the future. Of the clubs that responded as anticipating redundancies to occur, most were generally larger in size, i.e. with over $1 million in EGM revenue. Of the clubs that identified as being unable to hire qualified staff, the most common reasons given were that the club was in a regional location and that there was a lack of prospective employees.
A Project methodology

KPMG was engaged to examine the economic and social contribution of licensed clubs in Australia. This examination relied upon data obtained from Australian clubs during the course of Club Census 2011.

Structure of Club Census 2011 survey

All 6,577 clubs who were licensed with the respective state and territory licensing bodies as at May 2011 were invited to complete Club Census 2011. Participants were provided with two options to complete the survey:

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

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

Approximately 71% of participants completed the survey using the online interface.

The following chart summarises the progress of returns:

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

Source: KPMG
Overview of data sources

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

- Primary research conducted by KPMG as part of Club Census 2011;
- Analysis of information provided by Clubs Australia in respect of their membership base;
- Data obtained from the various state/territory based authorities;
- Analysis of earlier studies conducted in respect of licensed clubs.

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

Primary research conducted by KPMG

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

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

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

Timeliness of data collected

Club Census 2011 asked clubs to provide information based on two distinct time periods depending on the type of information sought:

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

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

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

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

**Participation rates**

Of the 6,577 licensed clubs in Australia invited to participate in Club Census 2011, 1,015 completed the survey, representing a total response rate of 15%.

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

**Figure A.3 Proportion of respondent club types vs. total industry (by number)**

Source: Club Census 2011; KPMG analysis

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**Club Census 2011** sought information from all 6,577 clubs licensed with various licensing authorities. Of these clubs, 1,015 responded, representing a participation rate of 15%.
As shown above, there were some differences between the proportions of club type who responded to Club Census 2011 compared with the industry as a whole. This is principally attributed to differences in the average size and resources of some club types.

For instance, sporting clubs were found to be, on average, smaller than the average size of all club categories. Reduced resources accordingly meant that proportionately fewer responses were received from sporting clubs (16%) than they represent within the broader industry (24%).

This trend is further emphasised by Figure A.4 which summarises the number of clubs that completed the survey according to their Electronic Gaming Machine (EGM) revenue compared with the number of clubs in each EGM revenue category within the entire industry:

*Figure A.4: Proportion of respondents clubs by EGM revenue category vs. total industry (by number)*

Source: Club Census 2011; KPMG analysis

As is shown in Figure A.4, a relatively higher proportion of clubs with larger EGM revenues completed the survey compared with the industry as a whole. This is attributed to the differences in the resources of different size clubs that was discussed above.

*Figure A.5: Proportion of respondents clubs by state/territory vs. total industry (by number)*

Source: Club Census 2011; KPMG analysis
Figure A.5 shows that the greatest number of respondents were from NSW clubs, followed by South Australian clubs and Victorian clubs.

Extrapolating the results of the survey

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

These categories were as follows:

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

Survey responses within these six categories were then extrapolated using standard methods of statistical inference. This was based on the relative proportions of the sample who responded to the survey represented within each EGM revenue category represented compared with the total population in each category. Population data was sourced from the various state/territory based authorities and club membership associations in each state or territory.

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

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

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

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

Reliability of results

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

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

Sampling error

Given that survey respondents are self-selected, there is potential for variance between the data derived from the sample of clubs who responded to the survey and the actual population data.
In conducting the survey, KPMG and Clubs Australia agreed that in order for the results of Club Census 2011 to be considered sufficiently robust, the absolute sampling error at a 95% confidence interval should be less than ± 10%. Based on the number of responses received by KPMG, the overall sampling error is calculated at 2.83%. The error within individual EGM Revenue categories is between 3.77% and 9.80%.

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

**Other errors**

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

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

A total of 1015 completed survey responses were received, representing a response rate of 16%. Additionally, a further 51 responses were received from clubs who provided responses to financial questions only.

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

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

Table B1: Survey sampling error

<table>
<thead>
<tr>
<th>Club size (EGM Revenue)</th>
<th>Australian Club Population</th>
<th>Minimum sample required</th>
<th>Obtained sample</th>
<th>Maximum sample error 95% confidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nil</td>
<td>4,458</td>
<td>94</td>
<td>410</td>
<td>4.61</td>
</tr>
<tr>
<td>$1-$200k</td>
<td>496</td>
<td>81</td>
<td>112</td>
<td>8.16</td>
</tr>
<tr>
<td>$200k - $1m</td>
<td>733</td>
<td>85</td>
<td>141</td>
<td>7.42</td>
</tr>
<tr>
<td>$1m - $5m</td>
<td>652</td>
<td>84</td>
<td>217</td>
<td>5.44</td>
</tr>
<tr>
<td>$5m - $10m</td>
<td>155</td>
<td>60</td>
<td>61</td>
<td>9.80</td>
</tr>
<tr>
<td>$10m+</td>
<td>83</td>
<td>45</td>
<td>74</td>
<td>3.77</td>
</tr>
<tr>
<td>Totals</td>
<td>6,577</td>
<td>449</td>
<td>1,015</td>
<td>2.83</td>
</tr>
</tbody>
</table>

Note: (1) Due to the categorisation of clubs based on EGM revenue, the required sample size is greater than what would be required if the 6,577 clubs represented a homogeneous population of similarly sized clubs.

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

Table B2: Uplift factors

<table>
<thead>
<tr>
<th>Club size (EGM Revenue)</th>
<th>Uplift by gaming machine revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nil</td>
<td>11.54</td>
</tr>
<tr>
<td>$1 - $200k</td>
<td>4.56</td>
</tr>
<tr>
<td>$200k - $1m</td>
<td>5.44</td>
</tr>
<tr>
<td>$1m - $5m</td>
<td>3.00</td>
</tr>
<tr>
<td>$5m - $10m</td>
<td>2.54</td>
</tr>
<tr>
<td>$10m+</td>
<td>1.12</td>
</tr>
</tbody>
</table>
C Detailed modelling reports

The KPMG regional CGE model produces a number of different industry measures, including:

- turnover;
- employment; and
- value-added (Gross State Product (GSP)).

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

![Diagram showing the difference between turnover and value-added.]

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

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

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

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

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

<table>
<thead>
<tr>
<th>Industry</th>
<th>Value added ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>(27)</td>
</tr>
<tr>
<td>Mining</td>
<td>(11)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>(169)</td>
</tr>
<tr>
<td>Electricity, Gas and Water Supply</td>
<td>103</td>
</tr>
<tr>
<td>Construction</td>
<td>547</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>280</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>476</td>
</tr>
<tr>
<td>Accommodation, Cafes and Restaurants</td>
<td>1,191</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>(97)</td>
</tr>
<tr>
<td>Communication Services</td>
<td>199</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>435</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>(924)</td>
</tr>
<tr>
<td>Government Administration</td>
<td>324</td>
</tr>
<tr>
<td>Education</td>
<td>362</td>
</tr>
<tr>
<td>Health and Community Services</td>
<td>554</td>
</tr>
<tr>
<td>Cultural and Recreational Services</td>
<td>3,753</td>
</tr>
<tr>
<td>Personal and Other Services</td>
<td>208</td>
</tr>
<tr>
<td>Ownership of Dwellings</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,204</strong></td>
</tr>
</tbody>
</table>

Source: KPMG analysis

Contribution of clubs to employment (FTEs) in Australia, operational impacts Clubs’

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment (FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>(251)</td>
</tr>
<tr>
<td>Mining</td>
<td>(25)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>(1,650)</td>
</tr>
<tr>
<td>Electricity, Gas and Water Supply</td>
<td>390</td>
</tr>
<tr>
<td>Construction</td>
<td>6,110</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>3,418</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>6,072</td>
</tr>
<tr>
<td>Accommodation, Cafes and Restaurants</td>
<td>16,473</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>(961)</td>
</tr>
<tr>
<td>Communication Services</td>
<td>1,777</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>2,929</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>(12,720)</td>
</tr>
<tr>
<td>Government Administration</td>
<td>4,232</td>
</tr>
<tr>
<td>Education</td>
<td>5,092</td>
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<tr>
<td>Health and Community Services</td>
<td>7,747</td>
</tr>
<tr>
<td>Cultural and Recreational Services</td>
<td>33,951</td>
</tr>
<tr>
<td>Personal and Other Services</td>
<td>2,792</td>
</tr>
<tr>
<td>Ownership of Dwellings</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>75,376</strong></td>
</tr>
</tbody>
</table>

Source: KPMG analysis
Contribution of clubs to value-added ($m) in Australia, capital expenditure impacts

<table>
<thead>
<tr>
<th>Industry</th>
<th>Value added ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>(4)</td>
</tr>
<tr>
<td>Mining</td>
<td>(2)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>91</td>
</tr>
<tr>
<td>Electricity, Gas and Water Supply</td>
<td>14</td>
</tr>
<tr>
<td>Construction</td>
<td>417</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>40</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>(39)</td>
</tr>
<tr>
<td>Accommodation, Cafes and Restaurants</td>
<td>23</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>(17)</td>
</tr>
<tr>
<td>Communication Services</td>
<td>18</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>64</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>129</td>
</tr>
<tr>
<td>Government Administration</td>
<td>52</td>
</tr>
<tr>
<td>Education</td>
<td>58</td>
</tr>
<tr>
<td>Health and Community Services</td>
<td>85</td>
</tr>
<tr>
<td>Cultural and Recreational Services</td>
<td>18</td>
</tr>
<tr>
<td>Personal and Other Services</td>
<td>32</td>
</tr>
<tr>
<td>Ownership of Dwellings</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>979</strong></td>
</tr>
</tbody>
</table>

*Source: KPMG analysis*

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

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment (FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>(65)</td>
</tr>
<tr>
<td>Mining</td>
<td>(27)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>713</td>
</tr>
<tr>
<td>Electricity, Gas and Water Supply</td>
<td>215</td>
</tr>
<tr>
<td>Construction</td>
<td>4,577</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>611</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>(636)</td>
</tr>
<tr>
<td>Accommodation, Cafes and Restaurants</td>
<td>345</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>(255)</td>
</tr>
<tr>
<td>Communication Services</td>
<td>275</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>979</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>1,964</td>
</tr>
<tr>
<td>Government Administration</td>
<td>800</td>
</tr>
<tr>
<td>Education</td>
<td>884</td>
</tr>
<tr>
<td>Health and Community Services</td>
<td>1,305</td>
</tr>
<tr>
<td>Cultural and Recreational Services</td>
<td>279</td>
</tr>
<tr>
<td>Personal and Other Services</td>
<td>488</td>
</tr>
<tr>
<td>Ownership of Dwellings</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,452</strong></td>
</tr>
</tbody>
</table>

*Source: KPMG analysis*
D Survey instrument
Measuring the contribution of the Australian registered clubs industry

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

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

Why are we seeking this information?

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

Who is undertaking the survey?

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

What is participating in the survey?

I-View Pty Limited, KPMG Australia and 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 agree to the collection and use by I-View Pty Limited, KPMG Australia and Clubs Australia of your personal and commercially confidential information according to the terms below.

How long will it take to complete?

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

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

What information will I need?

To complete this survey, you will require:

- Your Club's latest annual report
- Your Club's internal accounting records (including management reports and trading reports) from your most recently completed financial year
- Payroll reports
- Licensing / Registration details
- Your Club's latest income tax return

What types of questions are contained within the survey?

<table>
<thead>
<tr>
<th>Part A to Part F</th>
<th>General Club Related Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part G to Part H</td>
<td>Club Finances</td>
</tr>
<tr>
<td>Part I to Part J</td>
<td>The Future</td>
</tr>
</tbody>
</table>

Questions regarding club finances and taxation

Questions regarding future development plans and future outlook

Privacy / Confidentiality

I-View Pty Limited, KPMG Australia and 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 agree to the collection and use by I-View Pty Limited, KPMG Australia and 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 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 allow KPMG to quantify and report on the social and economic contributions of the industry.

In addition, the information you provide will be retained by Clubs Australia to be 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;

- 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;

- 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.

Access and correction

Subject to some exceptions that are set out in the National 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 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 make a complaint to Survey Matters.

Complaints

If you have any queries about this Privacy Policy, please contact the Officer responsible for Privacy, Clubs Australia, 52 Duff 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.

Alternately, 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).

Contact us

For further information about this Privacy Policy, please contact the Officer responsible for Privacy, Clubs Australia, 52 Duff 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

1a What is the formal name of your Club?

Please enter the full name of your Club in the box below.

1b What is the Club’s Liquor Licence Number?

Please enter the Liquor Licence Number in the box below.

1c In which state is your Club based?

Use block letters and print one character per box.

1d What is your Club’s postcode?

Use the boxes below and print one character per box.

2a Is your Club part of an amalgamated group?

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

- Yes
- No → Skip to Question 3

2b If Yes to 2a: Is your Club the head entity of this amalgamated group?

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

- Yes
- No → Skip to Question 3

2c If yes to 2b: Are separate accounting records kept for each individual location?

Please choose one answer.

- Yes
- No → Skip to Question 3

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

Please list the names or locations in the box below.

3 Which of the following best describes the type of Club?

Please choose one answer from the list below that best describes your Club.

- RSL / Services
- Community / Workers / Union / Political
- Cultural / Religious
- Bowling
- Golf
- League / Football
- Surf lifesaving supporters club
- Yacht / Boating
- Racing
- Other sporting
- Other → Enter details in the box below

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

☐ ☐ ☐ ☐

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

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

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

<table>
<thead>
<tr>
<th>members</th>
</tr>
</thead>
</table>

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

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

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

<table>
<thead>
<tr>
<th>Membership type</th>
<th>Minimum fee ($)</th>
<th>Maximum fee ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>m²</th>
</tr>
</thead>
</table>

Total floor space relates to the total area of the club which members have access to such as bar areas, gaming areas, restaurants, bistro areas and indoor sporting facilities and those areas which members do not have general access to such as administration, delivery and preparation areas.
PART B – SPORTING AND RECREATION FACILITIES

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

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

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

<table>
<thead>
<tr>
<th>Facility</th>
<th>Does your Club have this facility?</th>
<th>Average charge per visit for use of facilities (or best estimate):</th>
<th>Number of times facilities are used per annum:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Free of charge</td>
<td>By members</td>
<td>By non-members</td>
</tr>
<tr>
<td>Bowling green</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Carpet bowling</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Ten-Pin bowling</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Gym / fitness</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Sporting field(s)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Golf course</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Aquatic centre / Swimming Pool</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Tennis court</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Squash court</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Billiard table</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Boat / Ski facility</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Dart board(s)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Racing facility</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Other – list here</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
11 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 you are unsure please provide your best estimate. If there are no bookings for a particular facility then please enter 0.

<table>
<thead>
<tr>
<th>Facility</th>
<th>Does your Club have this facility?</th>
<th>Standard charge per booking for use of facilities (or best estimate):</th>
<th>Number of times facilities are used per annum:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting room / Conference facility</td>
<td>Yes o</td>
<td>Free of charge</td>
<td>By members</td>
</tr>
<tr>
<td>Memorial area</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Historical display / Museum area</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children’s play area</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child-care facility</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entertainment / Function venue</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Night club</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library / Collection</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car wash</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hair / Beauty salon</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movie theatre</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Onsite accommodation</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offsite accommodation</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bar</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bistro / Restaurant</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cafe</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail shops</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RSL Sub branch office</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theatre / Concert hall</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aged care facility</td>
<td>Yes o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other – Please list here</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

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

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

<table>
<thead>
<tr>
<th>Onsite accommodation</th>
<th>rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offsite accommodation</td>
<td>rooms</td>
</tr>
</tbody>
</table>

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

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

None of the above
PART C – EMPLOYMENT AND TRAINING

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

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

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

   employees

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

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

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

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

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

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

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

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

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

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

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

$ 

17 What types of employment agreements does your Club use?

Please select all that apply.

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

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

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

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

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

hours

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

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

$ 

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

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

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

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

hours

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

Please select all that apply.

- Cleaning
- Catering
- Security
- Cash handling
- Maintenance
- Information technology
- Management
- Other

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

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

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

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

$[ ]

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

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

Please choose one answer.

☐ Yes

☐ No → Skip to Question 21a

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

Please select one from the following:

☐ Secondary Education

☐ Vocational / Technical Training

☐ Diploma

☐ Bachelor Degree

☐ Postgraduate Diploma

☐ Masters Degree

☐ Doctoral Degree

☐ Have not completed any of the above

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

Please choose one answer.

☐ Yes

☐ No

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

Please choose one answer.

☐ Yes → Skip to Question 22a

☐ No

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

Please select one or more from the following.

☐ Lack of prospective employees

☐ Prospective employees do not have appropriate skills

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

☐ Small club, with perceived limited career advancement opportunities

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

☐ Other → Enter details in the box below

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

Please fill in the box below.

[ ] Directors (or equivalent)

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

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

<table>
<thead>
<tr>
<th>Employed full time including employment outside of the club</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed part time including employment outside the club</td>
<td></td>
</tr>
<tr>
<td>Retired / not working</td>
<td></td>
</tr>
</tbody>
</table>

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

Please select all that apply.

☐ Roles and Responsibilities of Board Members

☐ Strategic Planning

☐ Leadership

☐ Finance for Boards

☐ Risk Management and Governance

☐ Chair and CEO Relationship

☐ Other → Enter details in the box below

☐ Don’t know

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

Please choose one answer.

- Yes
- No → Skip to Question 23
- Don’t know → Skip to Question 23

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

Please select one or more from the following:

- Constitutional constraints
- High level of risk assumed
- Large workload
- Inability to remunerate effectively
- Lack of interest
- Poor governance structure
- Other → Enter details in the box below

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

Please choose one answer.

- Yes
- No
- Don’t know

PART D – VOLUNTEERS

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

24a Are there any volunteers involved with your Club?

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

- Yes
- No → Skip to Question 25a
- Don’t know → Skip to Question 25a

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

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

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

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

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

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

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

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

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

26 Over the next three years, do you anticipate that the number of gaming machines in your Club will:
   Please select one of the options and enter the relevant number in the box below.
   ○ Increase → by how many machines? Enter details in the box to the right
   ○ Decrease → by how many machines? Enter details in the box to the right
   ○ No Change
   ○ Don’t know

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

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

---

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

Please choose one answer.

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

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

Please choose one answer.

- Yes
- No
- Don’t know

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

Please choose one answer.

- Yes
- No
- Don’t know

PART F – COMMUNITY SUPPORT

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

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

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

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

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

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

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

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

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

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

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

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

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

Please enter the amounts in the box below:

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

Proceed to Question 30g

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

Please enter the amount in the box below:

$ 

Proceed to Question 31

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

Please enter the amount in the box below:

$ 

Proceed to Question 31

○ NSW → If your Club has gaming machines proceed to Question 30a, otherwise skip to Question 31
○ VIC → If your Club has gaming machines proceed to Question 30b, otherwise skip to Question 31
○ TAS → If your Club has gaming machines proceed to Question 30c, otherwise skip to Question 31
○ QLD → If your Club has gaming machines proceed to Question 30d, otherwise skip to Question 31
○ ACT → If your Club has gaming machines proceed to Question 30e, otherwise skip to Question 31
○ NT → If your Club has gaming machines proceed to Question 30f, otherwise skip to Question 31
○ SA → Skip to Question 31
○ WA → Skip to Question 31

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

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

3 In Tasmania, 4% of the gross profit derived from gaming machines in clubs in Tasmania is paid into the Community Support Levy administered by the Department of Treasury and Finance.
30d  QLD only: If your Club has greater than 50 gaming machines, what was the total of your annual contributions (monetary and non-monetary) as reported on your latest Community Benefit Statement?

Please enter the amount in the box below:

| Total of Cash | $ |
| Total of Non-Cash | $ |

Proceed to Question 31

30e  ACT only: How much did your Club put towards annual community contributions per your latest Community Contributions Report?

Please enter the amount in the box below:

| Total of Monetary (M) | $ |
| Total of In-Kind (IK) | $ |

Proceed to Question 31

30f  NT only: What was the total of your contributions (monetary and non-monetary) as reported on your two latest Community Benefit Statements?

Please enter the amount in the box below:

Community Benefit Statement 1

| Total of monetary | $ |
| Total of Non-Monetary, In-Kind | $ |

Community Benefit Statement 2

| Total of monetary | $ |
| Total of Non-Monetary, In-Kind | $ |

Proceed to Question 31

30g  NSW and ACT only: Was this contribution above the required legislated amount?

Please choose one answer.

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

30h  NSW and ACT only: By how much was this contribution above the required legislated amount?

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

$ 

- Don’t know

---

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

2 In the ACT, a club is required to make a minimum level of community contributions equal to 7% of the club's net gaming machine revenue (NGMR). NGMR, as defined in the legislation, is calculated as follows:
   Gross Gaming Machine Revenue (GGMR) derived by the licensee, less:
   a) Any amount of gaming machine tax payable on the GGMR; and
   b) 24% of GGMR.
   GGMR is the total of all moneys inserted into machines less winnings to players and approved amounts set aside for the payment of linked jackpots. The 24% deduction is recognition of the expenses a licensee incurs in gaming machine operations. Community Contributions Report returns are provided annually to the ACT Gambling and Racing Commission.

3 In the NT, Community Benefit Statements are provided twice a year to the Department of Justice.
31 Please complete the following profit and loss statement for your Club’s most recently completed financial year-end:

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

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

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

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

Fill in the amounts in the spaces provided.

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

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

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

<table>
<thead>
<tr>
<th>Asset Description</th>
<th>Written Down Value ($)</th>
<th>Have these assets been re-valued since purchase?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Club Land</td>
<td>$</td>
<td>Yes ☐</td>
</tr>
<tr>
<td>Club Buildings (excluding land)</td>
<td>$</td>
<td>Yes ☐</td>
</tr>
<tr>
<td>Club Plant and Equipment</td>
<td>$</td>
<td>Yes ☐</td>
</tr>
<tr>
<td>Sports Facilities &amp; Equipment</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Accommodation Facilities</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Gaming Machines and equipment</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Gaming Machines licences</td>
<td>$</td>
<td>Yes ☐</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

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

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

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

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

---

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

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

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

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

PART H – TAXATION ISSUES

38 Is your Club exempt from paying income tax?

Please choose one answer.

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

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

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

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

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

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

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

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

41a Does your Club have plans for development / expansion of sports and recreation facilities over the next three years?
   Please choose one answer.
   ○ Yes → Skip to Question 42a
   ○ No → Skip to Question 42a
   ○ Don’t know → Skip to Question 42a

41b Please indicate the expected cost of redevelopment of your Club’s sporting and recreation facilities over the next three years
   Please answer by entering a whole number in the box below. If you are unsure please provide your best estimate.

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

42a Does your Club have plans for development / expansion of other facilities (e.g., construction or refurbishment of restaurant, aged care, accommodation, purchase of gaming machines, resealing of parking area) over the next three years?
   Please choose one answer.
   ○ Yes
   ○ No → Skip to Question 44
   ○ Don’t know → Skip to Question 44

42b Please indicate expected cost of redevelopment of your Club’s other types of facilities over the next three years.
   Please answer by entering a whole number in the box below. If you are unsure please provide your best estimate. If a box is not applicable please leave blank.

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

43 Will your plans for development / expansion be impacted by the introduction of mandatory pre-commitment legislation?
   Please choose one answer.
   ○ Yes
   ○ No
   ○ Don’t know

(Development / expansion includes construction of new facilities and upgrading or refurbishment of existing facilities.)
PART J – FUTURE OUTLOOK

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

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

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

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

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

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

47b Which option best suits the reason for your Club to amalgamate with another Club? Please choose one answer.
- Financial pressures
- Significant financial distress
- Strategic positioning
- Other → Enter details in the box below
KPMG may need to follow-up on some of your survey responses. Would you be willing to be re-contacted? Please be assured you will not be contacted for any other research purposes.

Please choose one answer.

☐ Yes, I can be contacted → Please complete your contact details below

☐ No, I would prefer not to be contacted → Go to END

Please enter details in the boxes below

Contact name:

Name of club(s) represented:

Email address:

Telephone number:

END

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

Please enter the above data online using the link provided in your email invitation.

For any technical queries, please contact I-View via email clubaustsurvey@iviewclients.com.au

For any general queries regarding this survey, please call the Clubs Australia Members enquiry centre on 1300 730 001 or email clubsaust2011@kpmg.com.au
Appendix 1

Examples of Community Support That Your Club May Provide (To Be Used for Question 70)

Health and Welfare
- Funding for hospitals
- Funding for early childhood, palliative, women’s and Aboriginal and Torres Strait Islander health services
- Funding for community nursing
- Community transport particularly for older residents
- Funding, catering and use of vehicles for services such as Meals on Wheels
- Affordable meals
- Involvement in aged care hostels or retirement homes
- Seniors events and hospital visitation
- Recreational facilities such as bowling greens
- Funding and housing of internal and external day care centres
- Funeral services
- Child and family services
- Mental health services
- Support of health promotion initiatives
- Drug and alcohol services
- Dental services
- Home and community care services
- Disability services (including equipment such as wheelchairs)
- Veteran welfare activities / RSL sub-branch accommodation

Education
- Sponsorships and scholarships
- Funding of specific educational purposes such as the construction of wheelchair ramps and school crossing attendants
- Training opportunities
- Use of facilities, catering and administrative support for training programs
- Career development seminars for the young, disadvantaged or unemployed

Employment
- Employment placement services
- Group training
- Employment advocacy
- Community enterprises
- Local job creation schemes

Sport (Professional)
- A sport is professional when every player on the team is paid to play the sport. In the case of individual sports, the sport is professional when the player is paid.

Sport (Non-Professional) and Recreation
- Funding or sponsorship of activities for in-house and external sporting clubs, teams and individuals
- Construction and maintenance of sporting fields and facilities
- Grants to junior sporting associations and other sports clubs/groups, schools and other organisations for the supply or provision to players, referees and officials of uniforms, trophies, insurance, medical kits, administration, referees payments, travelling and accommodation expenses
- Junior coaching clinics
- Sporting scholarships
- Meeting rooms and offices for junior sports administration
- Gymnasiums and equipment including maintenance of these facilities
- Grounds and ground improvements including but not limited to council fees, lighting, change rooms, ground rentals and maintenance

Non-profit organisations and registered charities
- Funding and support of counselling services, child care, aged, disability or youth services and volunteer services such as surf life-saving and rural fire services
- Funding for various children’s charities such as Starlight Foundation and Variety
- Club of Australia
- Funding for charitable and community organisations, welfare groups and churches
- Organising and/or hosting of charitable fund raising events
- Subsidising or providing free the use of venues and facilities, including providing the services of club staff

Local Community
- Construction and maintenance of local community infrastructure (including sporting facilities)
- Providing venues and facilities for use by local residents (e.g. for weddings, functions, training events) and by visitors (e.g. conference facilities), and in some instances, by State agencies
- Providing venues and facilities at a subsidised rate or free of charge to local community groups, charitable groups and sporting groups
- Use of Club staff for grounds and facility maintenance, in some cases, relieving councils of ongoing 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.
E References


Queensland Office of Liquor and Gaming Regulation 2010, *Gaming Machine Statistics*


Tasmanian Gaming Commission, *Annual Reports 2008-2011*


<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>Australian dollars</td>
</tr>
<tr>
<td>$'000</td>
<td>Australian dollars in thousands</td>
</tr>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
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<tr>
<td>ACG</td>
<td>Allen Consulting Group</td>
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<tr>
<td>ANZIC</td>
<td>Australia and New Zealand Industry Code</td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investments Commission</td>
</tr>
<tr>
<td>ATM</td>
<td>Automatic teller machine</td>
</tr>
<tr>
<td>CDSE</td>
<td>Community Development and Support Expenditure</td>
</tr>
<tr>
<td>CGE</td>
<td>Computable general equilibrium</td>
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<tr>
<td>Club</td>
<td>Organisation licensed as a club under a Liquor Act</td>
</tr>
<tr>
<td>ClubsNSW</td>
<td>The Registered Clubs Association of NSW</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer price index</td>
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<tr>
<td>EBIT</td>
<td>Earnings before interest and income tax</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings before interest, income tax, depreciation and amortisation</td>
</tr>
<tr>
<td>EBITDA %</td>
<td>EBITDA as a proportion of revenue</td>
</tr>
<tr>
<td>EBITDARD</td>
<td>Earnings before interest, income tax, depreciation, amortisation, rent and donations</td>
</tr>
<tr>
<td>EBITDARD %</td>
<td>EBITDARD as a proportion of revenue</td>
</tr>
<tr>
<td>EGM</td>
<td>Electronic gaming machine</td>
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<tr>
<td>FTE</td>
<td>Full time equivalent</td>
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<tr>
<td>FY</td>
<td>Financial year</td>
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<tr>
<td>GSP</td>
<td>Gross state product</td>
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<tr>
<td>GST</td>
<td>Goods and services tax</td>
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<td>IPART</td>
<td>NSW Independent Pricing and Regulatory Tribunal</td>
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<tr>
<td>k</td>
<td>Thousands</td>
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<tr>
<td>KPI</td>
<td>Key performance indicator</td>
</tr>
<tr>
<td>KPMG</td>
<td>KPMG, an Australian partnership</td>
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<tr>
<td>LGA</td>
<td>Local government area</td>
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<tr>
<td>m</td>
<td>Millions</td>
</tr>
<tr>
<td>MOU</td>
<td>Memorandum of understanding</td>
</tr>
<tr>
<td>MP</td>
<td>Member of Parliament</td>
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<td>NSW</td>
<td>New South Wales</td>
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<tr>
<td>OLGR</td>
<td>Office of Liquor, Gaming and Racing (NSW)</td>
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<tr>
<td>pa</td>
<td>Per annum</td>
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<tr>
<td>RSL</td>
<td>Returned Services League</td>
</tr>
<tr>
<td>SEIS</td>
<td>Socio-economic impact study</td>
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</tbody>
</table>
National Club Census 2011

Report on the economic and social contribution of licensed clubs in Australia

July 2012

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