

### **1. Social and economic impacts of the club industry in Queensland**

Clubs Queensland commissioned KPMG to undertake an independent assessment of the social and economic impact of the Club Industry in Queensland in June 1999. Clubs Queensland will be presenting key elements of this report and a full copy may be made to the Commission, to accompany a detailed response to the draft report.

### **2. Responsible service of gaming in clubs in Queensland**

Clubs Queensland acknowledges that there is a percentage of the population that has a problem with gambling and has recognised and have been addressing this issue for many years. Many Club's throughout Queensland currently have procedures and initiatives in dealing with responsible service of gaming. Recently Clubs Queensland has developed a whole-of-industry policy, which is in its final stage of completion.

Clubs Queensland will outline this program to the Commission in its verbal presentation and a copy of the final policy document will be provided to the Commission on completion.

### **3. Chapter 20 –The Mutuality Principle**

Clubs Queensland will be addressing a number of concerns that it has with respect to the research, conclusions and policy considerations contained in Chapter 20 of the draft report.

In particular, the Association is concerned with the following:

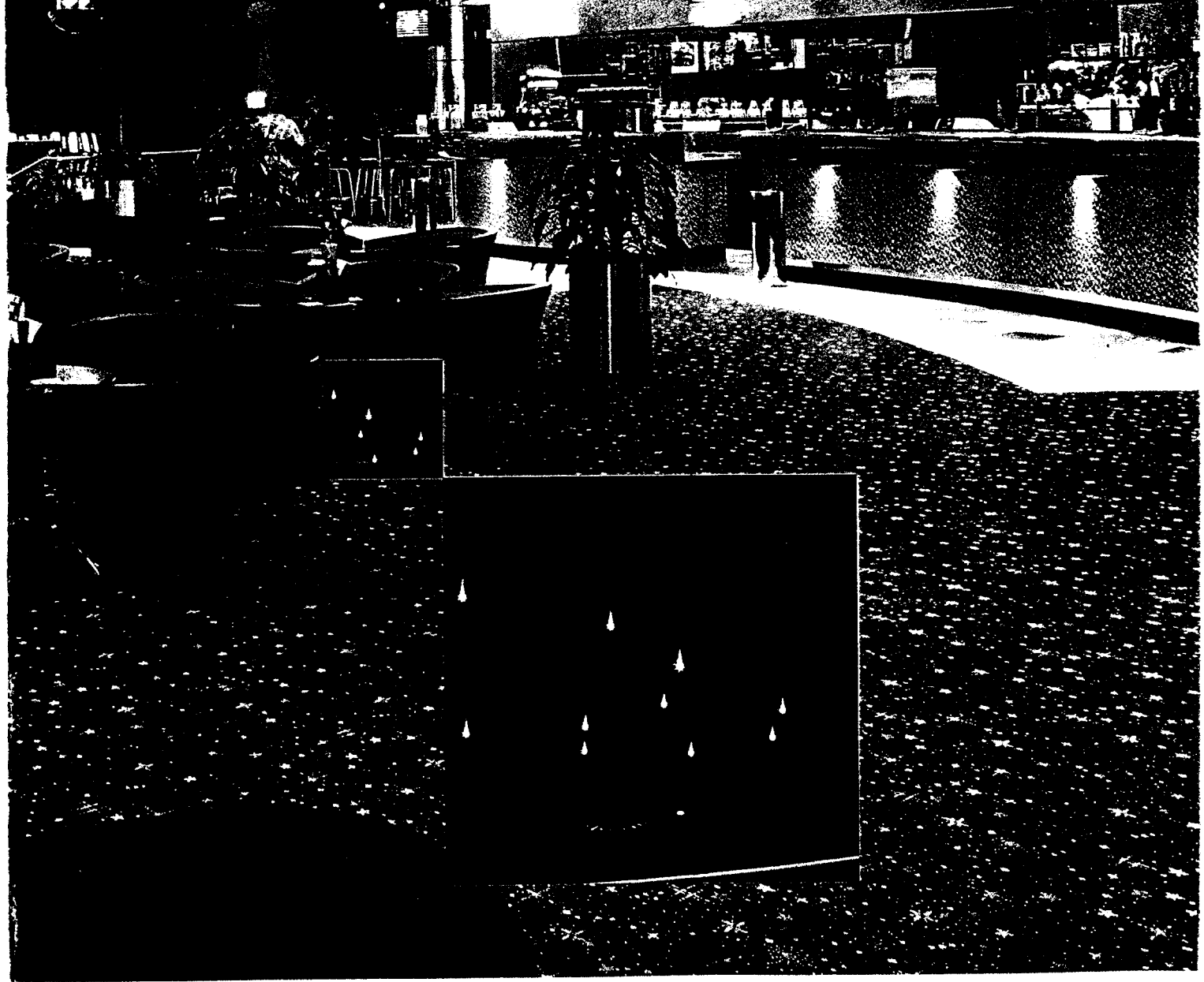
- The sample of clubs considered by the Commission in developing its policy initiatives options is not representative of the clubs industry generally in Australia and particularly not indicative of the Queensland environment.
- The Commission asserts that clubs engage in significant price discounting and cross subsidisation of bar and catering operations as a result of the mutuality principle. However, no concrete evidence is produced to support this assertion. The Association will be providing the Commission with independent research to the contrary.
- The Commission concluded that clubs are able to increase the odds on gaming machines because of economies of scale associated with access to high number of machines. Clubs Queensland will be producing independent research to refute this argument.
- The Commission asserts that clubs invest cash surpluses inefficiently and inequitably. Clubs Queensland provide information and examples to establish an alternative view.
- The Commission is seeking evidence of the amount of community contributions made by clubs. The Association will be providing detailed information from the independent report referred to earlier.

- The Commission suggests that the governance arrangements in clubs may be weaker than in most private commercial businesses. The Association will provide examples and arguments to the contrary.
- The 5 policy options suggested by the Commission in Chapter 20 will each be addressed by Clubs Queensland. Clubs Queensland considers that none of these options is viable. We will produce evidence and arguments to conclude that the Club Model, both socially and economically is the most efficient, effective and equitable means of distributing funds from gaming back to the community.

CLUBS  
QUEENSLAND

An Industry In

# REVIEW





Dear Members,

As a result of a number of strategic planning sessions, Clubs Queensland embarked upon a comprehensive research programme. The results of the research provided valuable insight and information into the motivations behind clubs, the Club industry, the general public, and community groups. Due to the nature of the information recorded, Clubs Queensland believed that this, in turn, should be communicated to all Clubs. The findings in this brochure are the major issues to arise out of all stages of the research.

Commencing in May 1998, CMP Marketing Services, a strategic marketing company, undertook the research programme. Areas of the study were completed in association with Pathfinder, a Brisbane based training and strategic planning consultancy. The research was conducted in order to ascertain the needs, wants, and desires of both Member Clubs and potential Members of Clubs Queensland. It was also used to gain an insight into the general public and community group perceptions of the Club industry. The research programme was conducted in the following four stages:

- Satisfaction and Benchmarking Member and Non Member Clubs towards Clubs Queensland;
- General Public Attitudinal Study towards Licensed Clubs;
- Study of the Donations Provided to Community Groups by the Club industry; and
- Focus Groups with Managers and Directors of Clubs Queensland Member Clubs.

Of particular interest was the positive study of our Managers' perceptions of Clubs Queensland and the work performance of our organisation. The research through the questionnaire recorded in the first stage of the research programme, Satisfaction and Benchmarking Member and Non Member Clubs, compared with the last stage of the research programme, Focus Groups with Managers and Directors of Clubs Queensland Member Clubs.

It is envisaged that the findings of this comprehensive research programme will be used as a basis for Clubs Queensland to ensure that Clubs effectively provide for the industry and community needs. It will also assist in developing further strategies on the ways in which Clubs might promote and market their products and services to the community.

This brochure enables the reader and more specifically your Club to utilise this invaluable information to your advantage. For further assistance, information or suggestions, please do not hesitate to contact CMP Marketing Services on 072 27 2100 or [cmpms@b022.aone.net.au](mailto:cmpms@b022.aone.net.au).

Kind regards,  
GEOFF O'BRIEN

*Geoff O'Brien*  
Geoff O'Brien  
General Manager

## Satisfaction and Benchmarking Member & Non Member Clubs

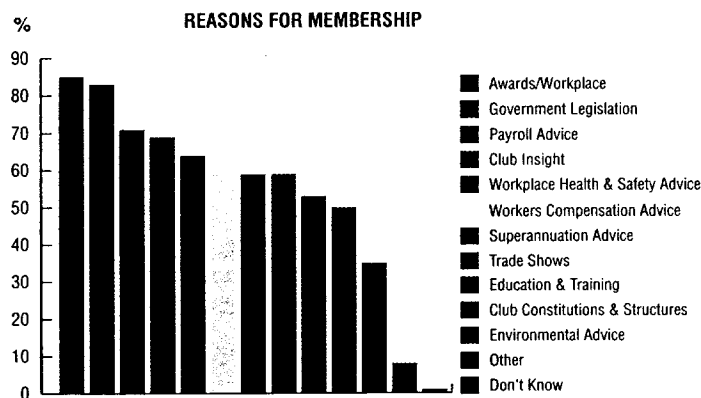
This stage of the research was conducted using a structured quantitative questionnaire. Club Managers from Clubs Queensland Member and Non Member Clubs were interviewed over the telephone. To assist in the participation process, an initial facsimile was sent from Clubs Queensland explaining the nature of the research and that a representative would contact them shortly. Of the 575 registered Clubs, that are Member Clubs, 194 participated in the research (33.7%). Only 29 out of 181 Non Member Clubs participated in the research (16.0%).

Member and Non Member Clubs were asked to comment and grade a number of issues pertaining to the Club industry and Clubs Queensland. Below is an overview of the outcomes of the research.

### Awareness & Usage of Services and Facilities Provided by Clubs Queensland

In terms of awareness and usage, Member Clubs identified the following as the most important reasons for membership:

- Awards and Workplace Agreements Advice;
- Government Legislation, Regulations and Codes of Practice Advice;
- Payroll Advice;
- Club Insight.



Products that rated a low awareness included the following:

- Environmental Protection Legislation Advice;
- and
- Club Constitutions & Structures Advice.

As was anticipated for Non Members, there was a low awareness of all products.

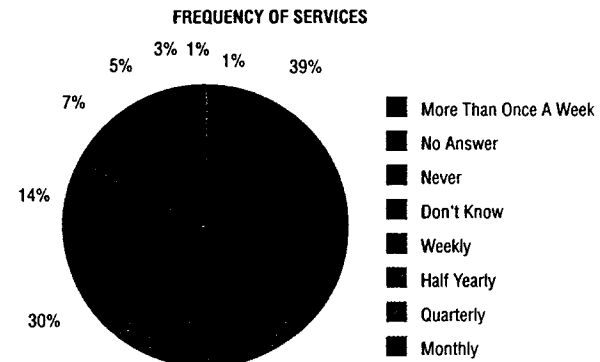
The highest usage of products by Member Clubs were recorded as follows:

- Awards & Workplace Agreement Advice; and
- Government Legislative Advice.

For Non Member Clubs, the usage of external consultants was highest in Awards and Workplace Agreement Advice and then Club Constitutions and Structures.

In terms of frequency of usage, Member Clubs used Club Queensland on the following basis:

- Monthly – 39%
- Quarterly – 30%
- Half Yearly – 14%
- Weekly – 7%
- Don't Know – 5%
- Never – 3%
- No answer – 1%
- More than once a week – 1%



- Almost half the Members use the services of Clubs Queensland monthly or more frequently.
- 3% never use the services and 5% do not know how often they use the services.
- 71% had used the services within the last three months

### Current Satisfaction Levels of Services Provided by Clubs Queensland

All respondents were asked to rate the services as provided by Clubs Queensland. The service levels were rated from 1 to 4, with 4 being the highest score possible.

It is fair to say that overall the satisfaction levels are reasonable. The highest score achieved was 3.19; this was for Awards and Workplace Agreement Advice. The lowest score achieved was 2.98; this was for Environmental Protection Legislation Advice.

The ratings were broken down as follows:

#### Product or Service Total Mean

Awards & Workplace Agreement Advice	3.19
Payroll Advice	3.17
Club Constitutions & Structures Advice	3.17
Government Legislation, Regulations & Codes of Practice Advice	3.15
Superannuation Advice	3.11
Workplace Health & Safety Advice	3.09
Workers Compensation Advice	3.01
Environmental Protection Legislation Advice	2.98

## Satisfaction and Benchmarking Member & Non Member Clubs

Of particular concern to Clubs Queensland was the fact that 8% rated Government Legislative Advice and 7% rated both Workers Compensation Advice and Occupational Health and Safety Advice as only fair. The research also indicates that Clubs Queensland needs to raise the awareness of the benefits of all the products. Over 20% of respondents were unsure how to rate all products, with the exception of Awards and Workplace Agreement Advice.



All respondents were asked to gauge their attitude towards Clubs Queensland. Respondents were asked to rate ten statements on a scale of 1 to 5, with 5 being the highest score possible. Generally, the attitude towards Clubs Queensland was positive. Seven out of the ten statements rated above 4. These statements included the following:

- *Clubs Queensland understands Clubs needs* – 4.43
- *The information provided by Clubs Queensland is always accurate, timely and useful for my Club* – 4.28
- *Membership to Clubs Queensland represents value for money in terms of the services it provides our Club* – 4.27
- *Clubs Queensland communicates effectively with Members about its products and services* – 4.23
- *The current structure of Clubs Queensland is accountable* – 4.22
- *Clubs Queensland should take a more active role in political lobbying to protect the interests of Clubs* – 4.43
- *Clubs Queensland should take a more active role in improving community perceptions of the Club industry in Queensland* – 4.29



The three statements that scored below 4 follow:

- *The current structure of Clubs Queensland is effective* – 3.97
- *Clubs Queensland are strong and effective political lobbyists* – 3.93
- *The current structure of Clubs Queensland is representative of Member Clubs* – 3.87

Again, Non Member ratings were in line with expectations; all scores were significantly lower than those of Member Clubs. Of particular interest was the rating for the statement – *Clubs Queensland represents value for money in terms of services it provides* (2.5). This score is in keeping with the fact that Non Members were unaware of most of the products and, therefore, would probably not consider Clubs Queensland membership as value for money.

### Potential New Products for Clubs Queensland

Member Clubs were asked to identify internal operational areas that they believed required improvement. The following areas were identified:

- Marketing activities: increasing community awareness (40%), understanding Members' wants and needs (36%), and general marketing (36%); and
- Training (36%).

Interestingly enough, given the same options, Non Member Clubs identified purely in-house operational areas as requiring improvement. The following were identified:

- The provision of bar and beverage offerings (52%)
- Understanding Members' wants and needs (38%); and
- The provision of food offerings (38%).

Following is a list of products that rated over 50% in terms of demand by Member Clubs, that is Member Clubs consider using Clubs Queensland for these products:

- Club management advice (73%);
- Training (67%);
- Public Relations (61%);
- Marketing (59%);
- Strategic Planning (52%);
- Director Training (51%); and
- Sponsorship (50%).



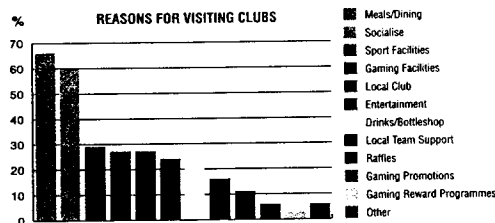
# General Public Attitudinal Study towards Licensed Clubs

This stage of the research was conducted using a quantitative survey. The interviewees were contacted via randomly generated telephone numbers.

This stage of the research was important for both Clubs Queensland and Clubs in identifying the perceptions and attitudes that the general public possess about Clubs. It was also useful in identifying strategies to assist in promoting positive community perceptions about Clubs in Queensland.

In total 1,713 people were surveyed. Of all the persons surveyed 784 (46%) were Members of Clubs and 929 (54%) were not Members of Clubs. Further to this 1,230 (72%) had visited a Club in the last year and 483 (28%) had not visited a Club.

As is evident from the graph below respondents listed the following as reasons they visited Clubs:



Characteristics of those Members that chose the following reasons:

## Reason 1: Meals/Dining

- Most likely to visit RSLs or Workers Club
- Older people
- Homemakers
- Completed post graduate studies
- Female

## Reason 2: Socialise

- Most likely to visit golf, bowls, and surf Clubs
- Visit several times/once a week
- Students and unemployed
- Completed degrees
- Male

## Reason 3: Sporting facilities

- Golf or bowls Club
- Several times a week/once a week
- Younger people 18-29
- Working full time/students
- Completed degrees
- Males

## Reason 4: Gaming facilities

- RSLs, workers or bowls Clubs
- Once a week/once a fortnight
- Homemakers
- Completed senior/TAFE
- Females

## Reason 5: Local Club

- Golf or workers Club
- Visit several times a week
- 40-49 age group

## Reason 6: Entertainment

- RSL, workers, bowls, surfing, or other
- Once a week/once a fortnight
- 40-49 age group
- Homemakers

## Reason 7: Bottleshop

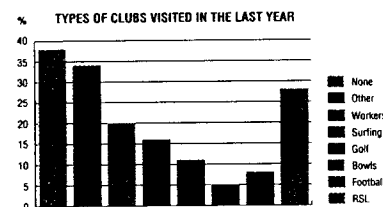
- Surf Clubs
- Once a fortnight
- 18-29 and 30-39
- working full time, unemployed, students
- completed senior TAFE, degrees
- males

## CLUB PROFILING

The following Clubs were listed as being the most frequently visited:

1. RSL/Services
2. Football
3. None
4. Golf
5. Surfing

The research also enabled Clubs Queensland to profile the characteristics of the people that visit Clubs. Following is a brief outline of those characteristics:



## RSL Profile

- More likely to visit very frequently
- Over 50
- Retired
- More likely to have left school prior to senior or completed diplomas or TAFE

## Football Profile

- More likely to visit very frequently
- Under 30
- Working part time
- Completed diplomas or TAFE

## Bowls Profile

- More likely to visit very frequently
- Over 50
- Retired
- Completed diplomas or TAFE

## Not Visit Clubs Profile

- Evenly spread across all age groups
- More likely to be students or unemployed
- Completed a degree or post graduate studies

## Golf Profile

- More likely to visit once a week or more
- Under 60
- 18-29
- Working full time
- Completed degrees or post graduate

## Surf Club Profile

- More likely to visit several times a week
- 18-29
- Students
- Completed degree or post graduate studies

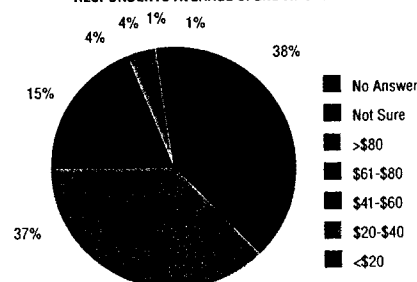
## Visitation

Of the 46% of respondents that visited Clubs, over 60% visited at least once a fortnight and usually more. Those respondents visiting several times a week were more likely to be male, attend golf, bowls or surf Clubs, aged 18-29 and 60+, and be students or retired. Further to this, those respondents visiting weekly are more likely to be attending workers, bowls, surfing, or other Clubs.

## Expenditure

The majority of respondents recorded less than \$20 as the most common amount spent. This was followed by \$20-40 and then \$41-60. Older respondents were more likely to spend less than \$20, be retired or students and were more likely to have completed a degree. Club Members were more likely to spend more than non-Club Members.

RESPONDENTS AVERAGE SPEND AT CLUBS



## Refurbishment

Of those respondents that visited Clubs, it was identified that a clear majority, that is 63%, visited Clubs in which refurbishment had taken place in the last year. Further to this, it was noted that the following Clubs were more likely to have undertaken refurbishment:

- RSL;
- Workers;
- and
- Surfing.

## Donations Provided to Community Groups by the Club Industry

The scope of the research was comprised of a postal questionnaire addressed to the Funding Directors of selected community groups as nominated by Club Managers throughout Queensland. The scope of this project addressed the direct donations that community groups received from the Club industry and not those received indirectly from Clubs via the Queensland Government.

It was revealed that the majority (68%) of respondents received some form of funding from Clubs in the previous year. Of these organisations receiving funding 58% received \$10,000 or less and only 12% received more than \$10,000. The research suggests that more community groups only receive small donations from Clubs, that is, 28% receive less than \$2,000.

### Attitudes

As a general comment, it was evident that community groups had a much more cynical view towards Clubs than that of the general public, as compared with Stage 1 of the research programme. It was also noted that those community groups that received Club funding were much more likely to agree with positive statements and disagree with negative statements. Again, this suggests a strong link between actually receiving donations and having a positive view towards Clubs and the Club industry. The following

is a list of positive and negative statements pertaining to the Club industry. Respondents were asked to agree or disagree with these statements.

The Club industry is vital for funding and provision of local sports - 53% agree.

The growth in the size and number of Clubs since 1997 has been a bad loss to communities - 58% agree.

Generally, Clubs care about their local communities - 58% agree.

Gambling related problems are increasing in our community - 57% agree.

Clubs benefit local communities because the profits go back into the community - 61% partly agree and 12% strongly agree.

Clubs provide vital employment and tourism opportunities in local communities - 57% agree.

Government would need to increase assistance to organisations like ours if Club funding stopped - 44% agree and

Club industry funding is vital for funding of community bodies such as hospitals, aged care, schools and welfare organisations - 67% agree.

The research reflected a direct correlation between the size of the organisation and the amount of funding received; that is larger organisations received larger amounts of funding and smaller

organisations received smaller amounts of funding.

Respondents were asked to comment on a number of topics. The largest single group of respondents (43%) which had operating budgets over \$500,000 formed the following comments.

Agree that the growth of Clubs throughout Queensland has been bad.

Disagree that Clubs care about local communities.

Disagree that gambling problems are increasing in the community.

Disagree that the profits of Clubs go back to benefit local communities.

Disagree that Clubs provide vital employment and tourism opportunities.

Agree that they would operate without Club funding, and

Disagree that Clubs are vital for funding of community bodies.

### Profile of Community Groups

Community groups stated that the majority of funding came from their own local fundraising activities closely followed by government funding. 61% of those groups receiving donations indicated that they would have to decrease service if Club funding ceased. The beneficiaries most likely to be affected by these cuts in funding include elderly, handicapped, sick, mentally ill, and the homeless.

## Club Member Focus Groups

This stage of research involved five focus groups attended by representatives of Member Clubs within the zones of Capricorn, Far North Queensland, Brisbane, Gold Coast and Sunshine Coast. Participants were asked to comment and give suggestions in relation to a number of issues that originally came from the Association and Benefactor surveys.

A summary of the focus groups comments would be to have Clubs meet and focus on the following issues: growth of the industry, employment issues, campaigning and fundraising, community awareness, and the role of the Club industry in the community.

Appointment of a public figurehead to assist in issues such as community education, lobbying and media relations.

Development of a marketing product that offers information on how to combat competitors, advice on marketing tools, and research into business trends. Development of a training course that is based regionally and developed on input from members. Issues to be covered include: financial management, marketing, and the role of the Club industry.

Improvement of Club advertising and getting to know the members in greater detail. A focus on the role of the Club industry in the community.

Development of a more proactive lobbying campaign focused on contributions and community awareness.

Following the change in structure Clubs Queensland satisfaction levels and attitudes of Members have vastly improved. Members believe that the Club industry is more representative with ongoing meetings and information channels. More efficient and articulate. Respondents were impressed with the new structure of both the head and zone.


It is a common realisation of Members that the above issues are not the sole responsibility of Club Queensland with each stating that they are prepared to assist in the development of these issues.



**Pricing Survey - Greater  
Brisbane Licensed Clubs and Hotels**

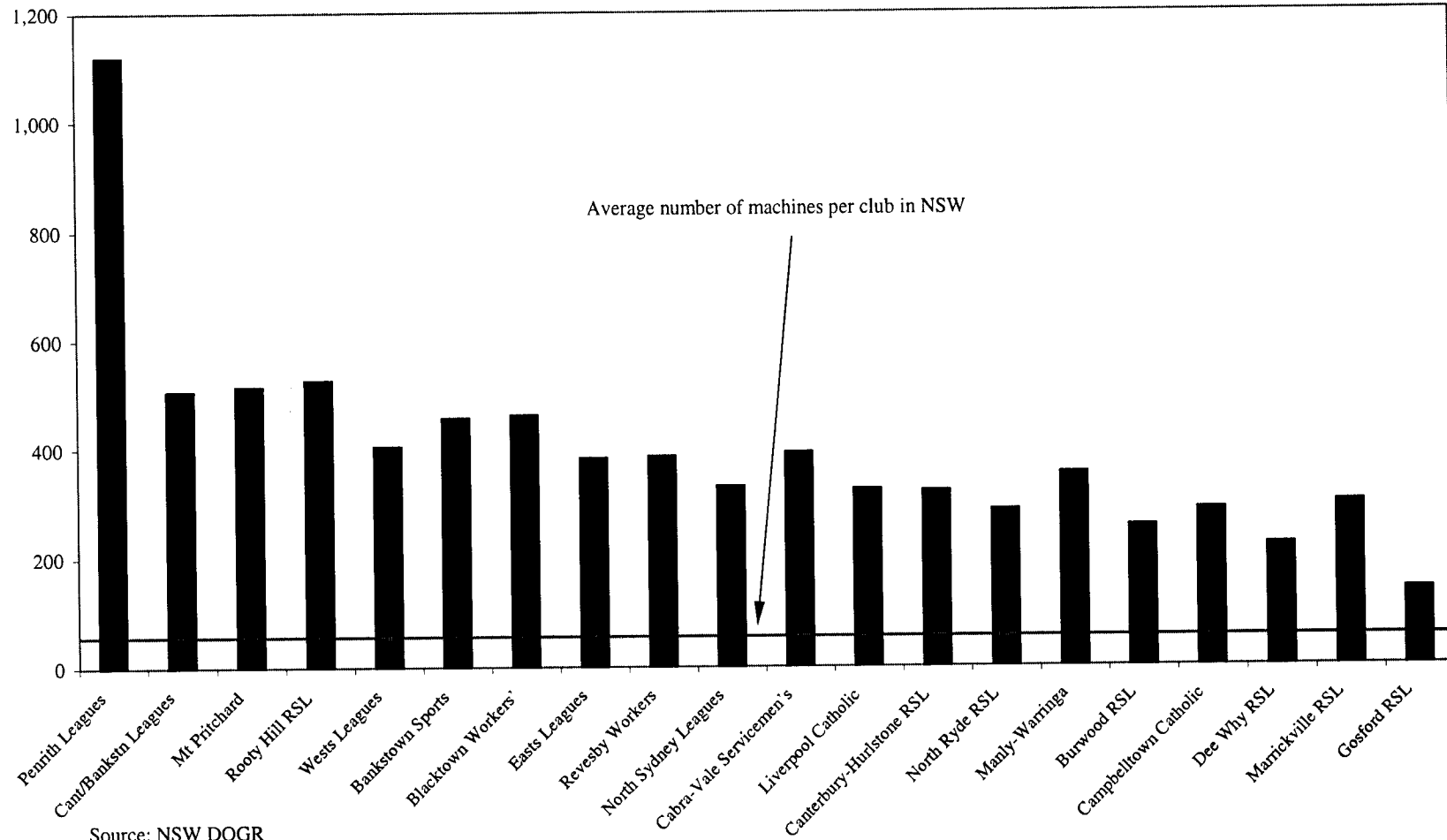
Licensed Club Sample		Pot Heavy \$	Pot Light \$	Basic Spirit \$	Regular happy hours/specials
1	Kedron Wavell Services Club 3359-9122	\$ 1.95	\$ 1.75	\$ 3.40	
2	Greenbank Services Club 3800-7746	\$ 1.70	\$ 1.69	\$ 3.50	No
3	Caboolture RSL 5495-1699	\$ 1.80	\$ 1.60	\$ 3.30	
4	Easts Leagues Club 3397-8885	\$ 1.60	\$ 1.55	\$ 3.40	\$1 pots Mon-Fri
5	Arana Leagues Club 3354-1333	\$ 1.85	\$ 1.70	\$ 2.80	\$1.20 beers Fri-Sun
6	Broncos Leagues Club 3858-9000	\$ 1.70	\$ 1.80	\$ 2.95	\$1.40 heavy beers, \$1.20 light Mon-Fri
7	Brothers Community and Sports Clu 3262-4166	\$ 1.95	\$ 1.80	\$ 3.55	No
8	Queensland Irish Association 3221-5699	\$ 1.90	\$ 1.75	\$ 3.30	\$1.30 beers, \$2.30 spirits Th-Fri
9	Apley AFL and Sports Club 3263-5522	\$ 1.80	\$ 1.60	\$ 2.80	Discount for discount card holders
10	Everton Park Bowls Club 3355-5588	\$ 1.75	\$ 1.55	\$ 2.70	\$1.00 Fridays
11	Ashgrove Golf Club 3366-1842	\$ 1.95	\$ 1.85	\$ 3.10	\$1.60 beers Fri
12	Redlands RSL Club 3286-3736	\$ 1.85	\$ 1.65	\$ 3.30	
13	Indooroopilly Bowls Club 3371-1828	\$ 1.80	\$ 1.60	\$ 3.10	No
14	Jindalee Bowls Club 3376-1240	\$ 1.80	\$ 1.70	\$ 2.55	\$1.35 beers Fri
15	Brisbane Lions Soccer Club 3271-3636	\$ 1.85	\$ 1.75	\$ 2.80	\$1.50 beers Fri
16	Blue Fin Fishing Club 3372-4133	\$ 1.75	\$ 1.65	\$ 2.90	\$1.00 Sat and Sun 10am to 11am
17	Sunnybank Rugby Union Club 3344-7222	\$ 1.90	\$ 1.80	\$ 2.80	No
18	QEII Sports Club 3274-8888	\$ 1.80	\$ 1.80	\$ 3.20	Discount Mon-Fri
19	Logan City Rugby Leagues Club 3808-8500	\$ 1.80	\$ 1.60	\$ 2.90	\$1.20 beers Mon-Sat
20	Sherwood Services Club 3379-8555	\$ 1.95	\$ 1.85	\$ 3.15	Members discount of 20cents for beer and 30cents for mixed
Mean		\$ 1.82	\$ 1.70	\$ 3.08	

**Pricing Survey - Greater  
Brisbane Licensed Clubs and Hotels**

<b>Hotel Sample</b>	<b>Phone</b>	<b>Pot Heavy \$</b>	<b>Pot Light \$</b>	<b>Basic Spirit \$</b>	<b>Regular happy hours/specials details</b>
1 Club Crocodile Tavern	3229-5288	\$ 2.00	\$ 2.00	\$ 3.40	No
2 Alliance Tavern	3832-7355	\$ 2.00	\$ 2.00	\$ 3.50	No
3 Breakfast Creek Hotel	3262-5988	\$ 1.85	\$ 1.75	\$ 2.70	Thu/Fri from 12pm \$1.20 pots and \$8.40 jugs
4 Albion Hotel	3262-2733	\$ 1.90	\$ 1.80	\$ 3.80	No
5 Hamilton Hotel	3268-2564	\$ 2.10	\$ 2.10	\$ 4.00	\$7.50 Jug Sunday, Friday \$1.00 beer and \$2.00 spirit
6 Taigum Tavern	3865-3888	\$ 1.85	\$ 1.65	\$ 2.45	\$1.30-\$1.40 beers no specific days Sunday sessions \$7 jugs
7 Albany Creek Tavern	3264-1477	\$ 2.00	\$ 1.85	\$ 3.70	
8 Victory Hotel	3221-0444	\$ 1.85	\$ 1.60	\$ 3.40	\$10 Jug basic spirit Saturday and Sunday
9 Ferny Grove Tavern	3351-2390	\$ 2.00	\$ 1.90	\$ 3.70	
10 The Gap Tavern	3366-6090	\$ 1.90	\$ 1.80	\$ 2.15	\$1.30 beers daily for 2hrs
11 Centenary Tavern	3376-8111	\$ 1.90	\$ 1.75	\$ 2.85	\$2.15 VB, \$1.50 pots & \$1.45 Gold Mon-Thu
12 Richlands Tavern	3372-1433	\$ 1.90	\$ 1.65	\$ 2.50	
13 Kellys Tavern	3844-9777	\$ 1.50	\$ 1.50	\$ 4.00	Mon-Fri Aussie pots \$1.30
14 Ship Inn Tavern	3846-4321	\$ 2.00	\$ 2.00	\$ 4.00	
15 Woolloongabba Hotel	38911589	\$ 1.85	\$ 1.60	\$ 3.80	\$1.50 beers Mon-Sun
16 Cheers Tavern	3272-5710	\$ 2.00	\$ 1.80	\$ 2.90	\$1.50 beers Mon-Thu
17 Logan City Tavern	3208-3666	\$ 1.95	\$ 1.85	\$ 3.50	Discounts for VIP members
18 Mansfield Tavern	3343-3111	\$ 1.85	\$ 1.75	\$ 3.25	\$1.50 beers Mon-Sun, \$2.50 spirits Fri
19 Capalaba Tavern	3390-1033	\$ 1.85	\$ 1.70	\$ 2.75	\$2.00 beers two days a week
20 Jubilee Hotel	3252-4508	\$ 1.70	\$ 1.60	\$ 3.00	
Mean		\$ 1.90	\$ 1.78	\$ 3.27	

<b>Sample of Licensed Clubs Presented in Productivity Commission Draft Report</b> <b>Gaming Machine Net Revenue Ranking and Number of Gaming Machines</b> <b>For three months 1 December 1998 to 28 February 1999</b>		
<b>Club Name</b>	<b>Number Machines as at February 98</b>	<b>Ranking in Sydney</b>
Penrith Rugby League Club	1,119	1
Canterbury-Bankstown League Club	506	2
Rooty Hill RSL Club	527	6
Mt Pritchard & District Community Club	515	4
Bankstown District Sports Club	457	10
North Sydney Leagues Club	331	15
Eastern Suburbs Leagues Club	383	13
Blacktown Workers' Club Limited	462	12
Cabra-Vale Ex-Active Servicemen's Club	393	16
Revesby Workers Club	386	14
Western Suburbs Leagues Club	405	9
Canterbury-Hurlstone Park RSL Club	322	18
Manly-Warringa Rugby League Club	354	22
Liverpool Catholic Club	325	17
Campbelltown Catholic Club	288	26
North Ryde RSL Club	287	20
Dee Why RSL Club	223	27
Marrickville RSL Club	300	43
Burwood RSL Club	257	23
Gosford RSL Club	140	77
Total machines for sample	7,980	
Total machines in clubs in NSW	71,795	
Sample percentage machines in NSW	11.1%	
Average number of machines per sample club	399	
Average number of machines in NSW clubs Feb 1999	50	
Source: NSW Department of Gaming and Racing		

Number Machines as at February 1999



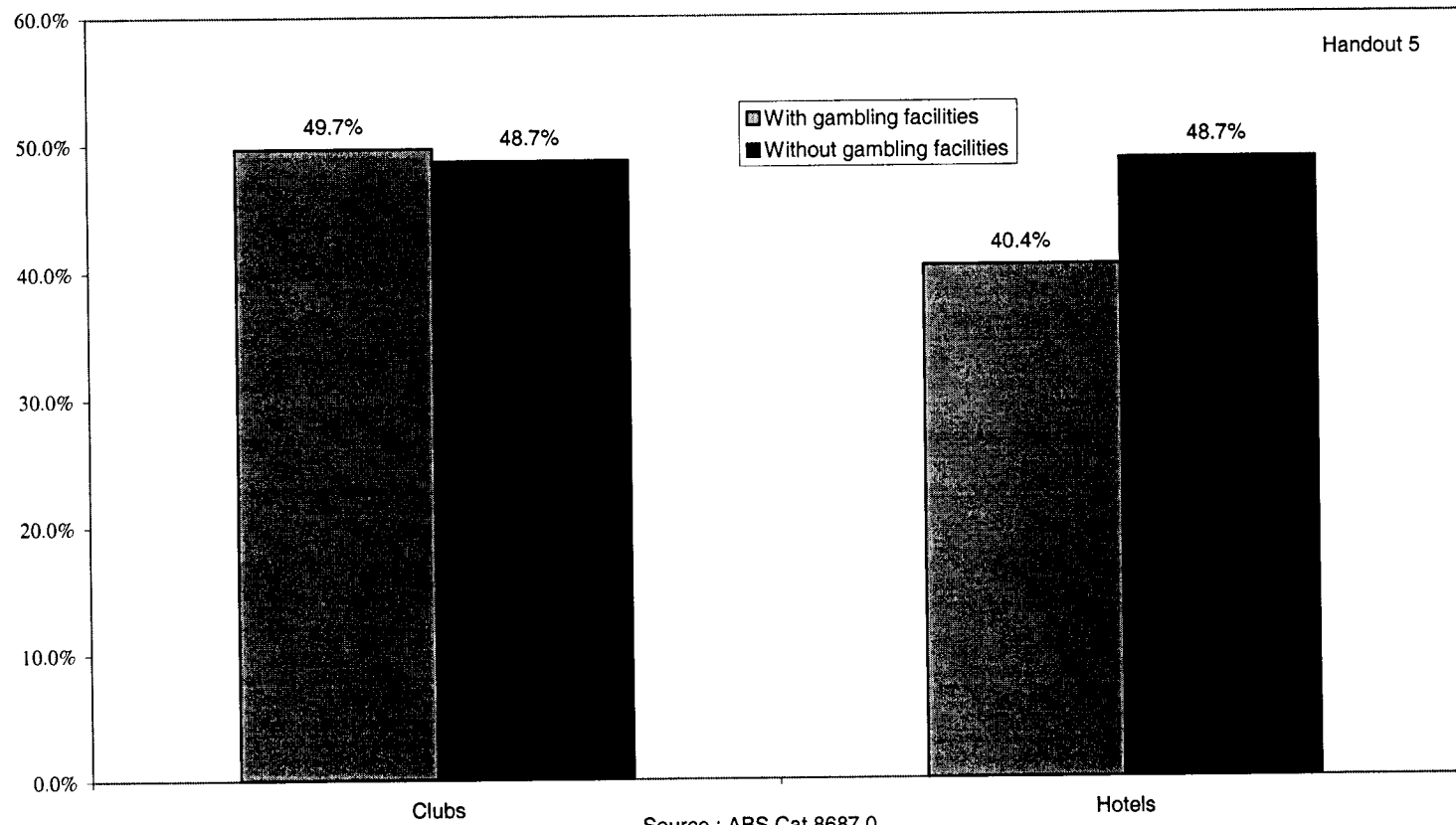
Source: NSW DOGR

Sample of Licensed Clubs Presented in Productivity Commission Draft Report			
Reported profit before income tax and Gaming Machine Net Profit			
Club Name	Total revenue	Gaming machine net revenue	Operating profit before income tax
	\$000	\$000	\$000
Penrith Rugby League Club	Not reported	Not reported	573
Canterbury-Bankstown League Club	42,577	37,340	6,846
Rooty Hill RSL Club	Not reported	Not reported	6,682
Mt Pritchard & District Community Club	Not reported	Not reported	6,686
Bankstown District Sports Club	Not reported	Not reported	4,069
North Sydney Leagues Club	25,173	20,956	4,017
Eastern Suburbs Leagues Club	25,385	18,397	2,472
Blacktown Workers' Club Limited	31,705	20,410	1,896
Cabra-Vale Ex-Active Servicemen's Club	25,087	20,167	5,341
Revesby Workers Club	24,394	16,042	1,120
Western Suburbs Leagues Club	22,078	17,331	3,009
Canterbury-Hurlstone Park RSL Club	22,319	16,620	1,598
Manly-Warringa Rugby League Club	20,696	16,005	2,562
Liverpool Catholic Club	22,540	15,197	2,632
Campbell Town Catholic Club	Not reported	Not reported	4,009
North Ryde RSL Club	Not reported	Not reported	3,018
Marrickville RSL Club	15,569	13,338	661
Dee Why RSL Club	16,594	13,459	Not reported
Burwood RSL Club	16,104	11,951	2,223
Gosford RSL Club	Not reported	Not reported	648
Sample average \$ million	23.9	18.2	3.2
Average for NSW Clubs (with gaming) 1997/98 \$ million	*2.8	**1.7	***0.26
Source: Productivity Commission Draft Report July 1999			
* ABS cat 8670			
** DOGR 1997/98			
*** application of average profit level all clubs ABS cat 8670			

	Average full-strength 10 ounce beer	Average reduced alcohol 10 ounce beer	Basic mixed spirit 7 ounce
Clubs	\$1.82	\$1.70	\$3.08
Hotels	\$1.90	\$1.78	\$3.27
Difference	4.0%	4.5%	5.9%

Handout 4

**Beverage sales gross margins in clubs compared with hotels 1997/98**



Source : ABS Cat 8687.0

Handout 5

Summary of catering operations in Queensland clubs Based on 1998 financial results		
Item	\$m	%
Sales revenue	91.8	100
Expenses		
Cost of goods	42.3	46
Wages	30.4	33
Other	8.1	9
Total expenses	80.8	88
Contribution	11.0	12
Source: KPMG Consulting, Audited financial statements of clubs		

Handout 6



<b>Incidents of fraud in gaming and liquor retailing</b>			
	<b>Non-gaming venues (Non-gaming fraud)</b>	<b>Gaming venues (Gaming fraud)</b>	<b>Gaming venues (Non-gaming fraud)</b>
<b>Experienced fraud</b>			
Total	20%	15%	15%
Licensed Clubs	13%	11%	
Licensed Hotels	25%	20%	
<b>Avg # of frauds</b>			
Total	0.41	0.36	0.18
<b>Avg cost per fraud</b>			
Total	\$873	\$838	\$147
Source: KPMG Forensic Accounting, 1997			

Handout 8

**Case example**

Kedron Wavell Services Club is a club that is at the forefront of the industry when it comes to contributing to its local community through discretionary contributions. The following specific community projects were initiated by the Club:

**1998 contributions*****Chermside swimming pool and library***

In 1994, Kedron Wavell Services Club worked with the Brisbane City Council to develop the precinct surrounding the Club. The development plan included the redevelopment of the Chermside Swimming Pool and the construction of a new library. The Club will also fund the development of a synthetic hockey field, at Burringbar Park at the rear of the Club.

The Club has agreed to contribute \$7.6 million in periodic payments from 1995 to 2005 for the development of the area in addition to a further \$800,000 for the development of adjoining hockey fields.

Assessed contributions to the project in 1998 totalled \$1.0 million:

\$1,000,000

***Shaw Park sporting fields (Shawsporz)***

Kedron Wavell Services Club acquired the lease of Shaw Park, a 32 hectare sporting complex and parkland, during 1998 and immediately implemented a five year plan to upgrade the facilities and support the sports which use the venue. Since acquiring the lease, the Club has built four cricket pitches, completed earthworks to improve access, developed better parking and spectator facilities and installed improved lighting. The Club also provided staff to operate the sporting and licensed facilities at Shaw Park.

Kedron Wavell Services Club has agreed to contribute a total of \$4.0 million to Shaw Park over the next five years. In 1998, the Club spent \$466,890 on the venue:

\$467,000

***Additional projects***

Kedron Wavell contributed the following monetary and in-kind support to community ventures and activities during 1998:

Sponsorship of community and sporting groups:

\$316,000

Donations:

\$44,000

**\$1,827,000****Total contributions 1998**

It is acknowledged and noted that Kedron Wavell Services Club is one Queensland's premier clubs and its level of community contribution, in total dollar terms, is possibly the highest of any club in the State. Accordingly, this case example is not intended to represent the "typical" club, but is included to gauge the level of contributions possible for larger clubs in Queensland.

Source: Kedron Wavell Services Club