



CLUBS QUEENSLAND

Voice of Queensland Clubs

The Social and Economic Profile of Community Clubs in
Queensland

June 2009

Commissioned by
Clubs Queensland

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1. Executive Summary

1.1 Background

Clubs have been an integral part of the community and not-for-profit sector in Queensland for over 100 years.

Community clubs have been established from scratch in towns, cities and suburbs throughout the State, providing areas for communities to gather, engage in social, leisure and sporting activities and to assist and support their fellow colleagues through adversity. By the end of 2008 close to 1,000 community clubs (operating with a liquor licence of some type) of all nature and size exist in Queensland.

Community clubs vary in size and type, from sporting clubs (bowls, golf, football, cricket, surf, multi-sports etc) to RSLs, ethnic and special interest organisations. Clubs are now so diverse that it is difficult to group their range of activities in short.

The success of clubs is greatly influenced by government legislation and policy. The Federal Government's acceptance of the common law principle of mutuality combined with taxation exemptions ensures that community clubs are not overburdened with tax liabilities. Sporting clubs vie for state, federal and local government grants to assist with the development of sporting facilities. Many of Queensland's clubs are licensed to sell liquor and provide gaming activities, and the surpluses generated from such revenue are applied to achieving the core objectives of each club as stated in its constitution.

At the time of this report's analysis, 939 community clubs in Queensland could be identified as holding a liquor licence. There are certainly more clubs than this in the State, however the total number is difficult to assess because of the small size and nature of some clubs. Additionally there is no one legislation requirement for clubs to register. Community clubs range widely in size. For example, a small club is described as a local neighbourhood sporting club that operates with a canteen on game days only, is generally staffed by the parents of the players and number only its teams' players as members. Whereas, a larger venue offers major dining, bar and gaming facilities that operate every day and provide a variety of entertainment options to fund extensive community programs.

1.2 Clubs Queensland

Clubs Queensland is the peak Industry Association and Union of Employers of registered and licensed community clubs in Queensland.

The Association promotes and protects interests of the Board or Management Committee and assists them to ensure their clubs operate efficiently and within legislative requirements and prevailing community standards.

The membership of Clubs Queensland includes over 95% of all clubs with liquor and gaming licences.

Member clubs benefit through the Association's provision of expert knowledge and competent advice on industrial and legislative issues and its delivery of other value-

add services, including industry events, training, research, and networking opportunities.

Clubs Queensland guides and leads the community clubs industry by:

- providing an excellent level of service, relevant information, products and assistance to members
- being the voice of the club industry to government, media and the community
- protecting the interests of clubs from the impacts of potentially unfair legislation and competition.

A pivotal role of the Association is to prepare submissions and lobby government, statutory and regulatory authorities and other industry stakeholders on all matters affecting the Club industry.

Clubs Queensland is a member of the Clubs Australia national body.

1.3

Dickson-Wohlsen Strategies

Dickson-Wohlsen Strategies (DWS) is a specialist consulting firm engaged by Clubs Queensland to conduct this research project. DWS delivers a range of services to the tourism, leisure and hospitality sectors. DWS clients include casinos, the government sector, clubs, hotels, gaming and hospitality corporations and tourism operators.

DWS combines the skills and experience of John Dickson's 40 years in hospitality, leisure and tourism and Geoff Wohlsen's financial and consulting capabilities, developed within the leisure sector.

DWS and its training company, Club Training Australia (CTA), employ over 20 staff in Brisbane and have offices in Townsville and the Gold Coast. Together DWS and CTA deliver quality training to over 30,000 student lessons in hospitality each year and undertake over 200 consulting assignments to a wide range of hospitality clients.

DWS completed the core research and analysis components of this project. DWS consultants worked closely with specialists from global accounting and consulting firm BDO Kendalls to provide reviews to ensure that the survey processes and analysis were appropriate.

BDO Kendalls

BDO Kendalls is a member of BDO, a world-wide network of public accounting firms. BDO Kendalls in Australia is a leading accounting and advisory firm with over 140 partners and directors and 1,200 people in 13 offices across the country.

The firm offers a depth of experience and expertise in the specialist areas of audit and assurance, business recovery and insolvency, corporate finance, private and entrepreneurial activities, performance improvement, risk advisory, corporate and international tax, and forensic services as well as a number of key specialisations and industry sectors.



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BDO Kendalls

BDO Kendalls has been involved in the not-for-profit sector for over 30 years, with clients crossing the full gamut of size and organisation category found in this sector. This involvement is supplemented by our experience in Risk Advisory Services and expertise in analytical techniques and reviews. We understand this sector and are in a position to provide constructive advice on the survey approach and the integrity of the results provided in the way that the data was received and intended to be used.

While Dickson-Wohlsen Strategies (DWS) administered the survey and were responsible for the survey design, survey management, data entry etc., BDO Kendalls were regularly advised of the status of the project and attended meeting with Clubs Queensland and DWS staff. The first review completed by BDO Kendalls was with regards to the database for the survey results. The database was confirmed by BDO Kendalls as appropriate for the survey requirements. The process for data collection and inputting was also confirmed as being correct and proper for a survey of this nature.

A sample of the surveys received has been reviewed by BDO Kendalls for data integrity to the information provided. BDO Kendalls was also able to confirm that this report reflects the information provided by the survey respondents or as supplemented by other relevant information generally available regarding the club industry (e.g. annual reports, Office of Liquor Gaming and Racing data) and were from a sufficient spread of size, type and location of clubs.

1.4 Social and economic research project

The State's 939 licensed community clubs were provided the opportunity to respond to a substantial survey of their operations from October 2008 to January 2009. The project sought to:

1. Quantify community contributions that clubs provide, by way of grants, donations, gifts, in-kind support and services, voluntary labour.
2. Quantify the contributions that clubs make to the general wellbeing of the community through the support and coordination of sporting and leisure activities.
3. Quantify the economic contributions that flow from clubs via tax generation and employment.
4. Profile the array of community facilities that clubs have provided the State.

5. Profile the general economic basis under which clubs operate.
6. Profile the asset base of community clubs.
7. Profile the geographic distribution of clubs, access to clubs for the wider population and the nature and size of community clubs.

This report is a summary of information gathered as a result of this survey's conduct.

Categorisation

Categorisations of survey results were completed in three separate methods to allow comparisons and discussion of the results to occur. Categorisations employed are:

1. Club size
2. Club type
3. Region

Further detail of the categorisation of clubs is contained in Appendix 19.

Club Size

Survey responses from clubs were categorised by size, using the number of approved gaming machines (EGMs) as a size measure. Club size ranges from those venues with no EGMs, such as local soccer clubs that provide a small, limited trading bar facility and canteen on game days only for the enjoyment of the player's parents and friends, to very large venues, which would include venues providing full bar, catering, gaming, functions and sporting facilities. Range classifications used are:

1. No EGMs – clubs that operate with no gaming machines
2. Very Small – clubs that have approval for any amount up to and including 20 EGMs
3. Small – clubs that have approval for 21 EGMs and up to and including 50 EGMs
4. Medium – clubs that have approval for 51 EGMs and up to and including 100 EGMs
5. Large – clubs that have approval for between 101 EGMs and up to and including 150 EGMs
6. Very Large – clubs that have approval for 151 EGMs or more

Club Type

Survey responses from the clubs were also categorised by type. The "predominant" purpose for the club was adopted. Club types used are:

1. Bowls clubs
2. Football clubs – including rugby union, rugby league, soccer and AFL

3. Golf clubs
4. RSL clubs – including sub-branches
5. Sports / Community clubs – including, for example, cricket, boating, multi-sports, workers, aero, horse racing, hockey, ethnic
6. Surf clubs – including supporters

Regions

Four regional areas have been established for this report. The regions are based on a combination of statistical divisions that were considered similar in nature.

1. Far Northern – comprises the statistical divisions from north of Mackay region up to Cape York Peninsula.
2. Central – comprises the statistical divisions commencing at the Sunshine Coast and continuing north to include the Mackay region.
3. West – comprises the statistical divisions commencing from West Moreton and continuing north-west to the Gulf of Carpentaria.
4. South-East – comprises the two statistical divisions of Gold Coast and Brisbane ranging from the NSW border up to Sunshine Coast and West as far as West Moreton.

A map showing the Regions adopted for this analysis is provided below:



1.5 Summary of key findings

The principal findings of the research, based on uplifting the results of 212 completed surveys received, are:

1. Community clubs play an important role in the socio-economic fabric of Queensland. On a per capita basis, there are relatively high concentrations of community clubs in regional parts of the State, providing access for regional and rural residents to community services and facilities. Not only are clubs in regional areas relied upon by residents of local communities as a venue for congregation, but without them, many sporting and community groups would either cease to exist or operate upon a substantially weakened foundation. Community clubs also play a key role in coordinating and attracting volunteers that support these sporting teams and community welfare activities.
2. Community clubs boast an estimated total membership of 3.48 million, representing one membership for every 1.3 persons in the State.
3. Clubs range in size from the smallest, volunteer based type with a handful of members to the largest with over 60,000 members. The average community club in Queensland has around 3,700 registered members.
4. Community clubs are not-for-profit community and membership-based, incorporated organisations that provide a range of direct and indirect social and economic benefits. Clubs have a general charter to provide services and facilities to members and other beneficiaries. Direct and indirect social and economic benefits are provided by way of:
 - a. Direct cash donations, grants and sponsorships, estimated to total \$222.77 million for the 939 community clubs.
 - b. In-kind services and benefits, e.g. free room hire that, across the State in 2008, totalled \$22.39 million in value.
 - c. Coordination and administration of extensive volunteer labour, e.g. volunteer input to the maintenance of sporting fields, coaching of teams and the attendance to administrative functions, valued at \$103.97 million of labour input, and equating to 2,998 full time equivalent jobs. In 2008, 4.83 million hours were provided by volunteers within the community club sector.
 - d. The provision of community assets such as sporting facilities, welfare offices, memorials, museums and equipment to the value of \$1.776 billion (at current replacement value). It is noted that the survey question asked for only the value of the community asset fully funded by the club, therefore, excluding part or full value of assets that were funded by government grants. These community assets continue to be maintained and improved by the community clubs each year. Sporting facilities include, for example, golf courses, bowling greens, football fields, cricket nets, tennis courts, swimming pools, squash courts, gymnasiums, soft ball / base ball diamonds and billiard / pool tables.
 - e. Replacement and finance associated costs for these community assets, including depreciation and interest costs. The estimated value of

depreciation on community assets held by community clubs is \$36.67 million and interest costs associated with the facilities totalled \$9.16 million.

- f. Economic benefits of payment of government gaming machine taxes including gaming machine GST and State poker machine tax, that in 2008, across the State, totalled \$76.20 million and \$196.83 million respectively.

The total estimated value of these direct community and economic benefits in 2008 is \$668 million or an average of \$711,000 for every community club.

Direct benefits represented over 35% of total revenues raised in clubs in 2008.

5. Whilst they are not-for-profit entities, community clubs can trade and generate surpluses to finance a range of activities. In 2008, total revenues through clubs were estimated to be \$1.895 billion or 1% of gross state product. On average each club generated revenues of \$2.02 million in 2008.
6. Community clubs generated a total cumulative net surplus of \$145.7 million in 2008, representing 7.7% of revenues and in the range of \$160,000 per club. The surpluses generated by clubs are then distributed in grants, donations and sponsorships within the community, re-invested in the club's community assets, used to repay debt and support long term viability of the club.
7. Total net assets (net assets equals assets less liabilities) held by community clubs is estimated at \$1.763 billion. These include all assets owned by the club such as land, club house and the full value of community assets.

Net Assets for a club is the difference between total assets as listed on the balance sheet, as at financial year end, less the total liabilities. Total assets include any asset purchased by the club ranging from buildings, investments, club house and improvements, gaming machines, cash at bank, debtors, stock, plant & equipment and full value of community assets. Total liabilities include creditors, prepayments, provisions, loans and leases.

Community assets are described above include, for example, sporting facilities such as golf courses, bowling greens, football fields etc, welfare offices, museums, storage facilities and equipment. As per the survey question the value of community assets excludes part or full contribution by government grants.

8. Community clubs incurred net wages costs totalling \$480 million in 2008 (wages and superannuation) and directly employed 26,900 staff. A further 3,400 contractors were engaged to work within community clubs.
9. Community clubs pay all forms of taxation and government levies with the exception of income and land tax for certain tax exempt clubs (sporting). Income tax is levied on a concessional basis applying the principle of mutuality, whereby taxation is applied to the club's non-mutual income, less non-mutual expenditure, at the company tax rate. Total government taxes and levies generated by community clubs in 2008 amounted to \$377 million or just over \$400,000 per club.
10. Community clubs support a range of active public participation in sport and recreation. The majority of clubs in Queensland constitutionally have as their primary focus the fostering and support of sporting and leisure activities. Those active hours were distributed throughout a broad age and gender mix.

Community clubs that are not sports and leisure centred tend to have a broad community focus, as is the case with Services/RSL clubs.

- a. It is estimated that community clubs generated, coordinated and oversaw 51.64 million active hours in social and organised sports and leisure activities in 2008. On average this equates to 55,000 in active hours for each club during 2008.
 - b. Bowling clubs, for example, are very important elements of the social fabric of Queensland's aged communities with 54% of Queensland bowling clubs' estimated active hours being generated by persons aged 65 years and over.
 - c. Football and surf clubs are equally important for the generation of youth sport and activity. Approximately 57% of active hours in football clubs and 41% of active hours in surf clubs are generated within the junior age groups.
 - d. Services/RSL clubs at 71% and golf clubs at 70% are also important in that they generate active hours for the mature and aging sector of the community.
11. For over 100 years, community clubs have developed, built, refurbished, purchased and acquired a range of sporting, leisure and recreational assets. In some cases, the assets have been jointly provided in partnership with various levels of government and other community stakeholders.
12. Community clubs are most concerned with increasing regulation and the labour intensive complexities of regulations surrounding liquor and gaming. Growing operating costs and gaining access to government grants are also significant concerns for community clubs.

2. Regional distribution and membership of community clubs

2.1 Access to clubs for Queensland residents

Clubs are located all over the State of Queensland. In many cases, it would appear that communities in rural centres have a greater propensity to form community clubs.

The concentration of clubs demonstrates that clubs play an important role in regional Queensland.

The high concentration of RSL and sporting clubs in regional areas has implications for access to sporting facilities and community services that might be provided via other delivery methods in more populated areas of the State.

The results highlight the reliance placed on community clubs in regional areas to support sporting and welfare activities for these communities and to coordinate and administer the volunteers that are required to maintain various activities.

The table below indicates the distribution of the licensed clubs throughout the State and by region.

Table 2-1 Distribution of community clubs by Region

Region	# Clubs	% of clubs	Clubs per head of population (per 10,000 residents)
Far Northern	110	12%	2.3
West	176	19%	4.6
Central	293	31%	3.0
South East	360	38%	1.5
Total	939	100%	2.2

The map below illustrates the distribution of licensed clubs throughout the State as at January 2009, on a per capita basis.

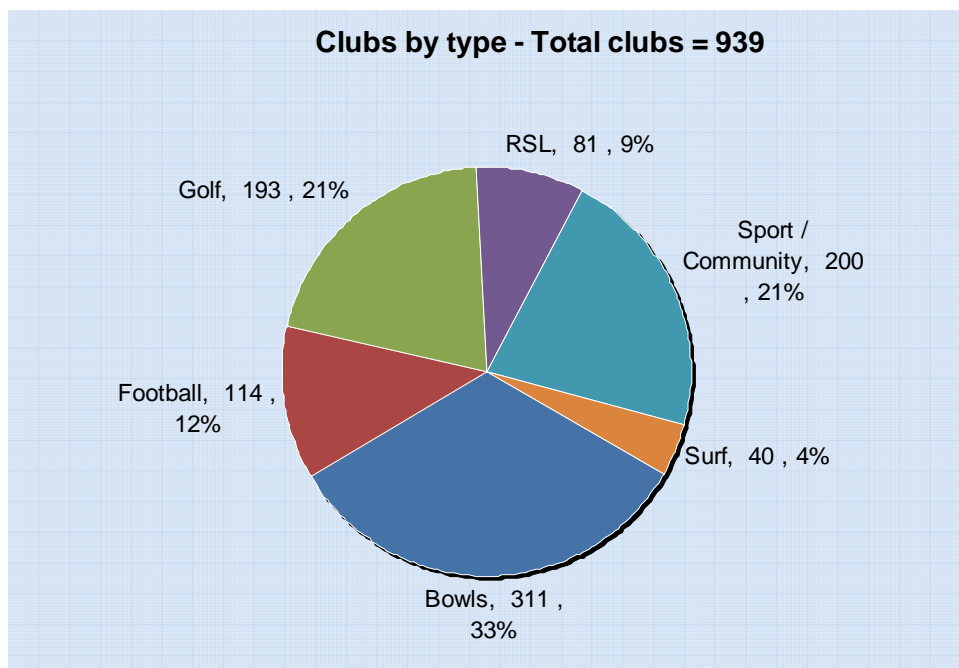
Map 2-2 Distribution of community clubs by Region



2.2 The number of clubs by type

The chart below indicates the distribution of licensed clubs throughout the State and by club type.

Chart 2-3 Distribution of community clubs by type of club

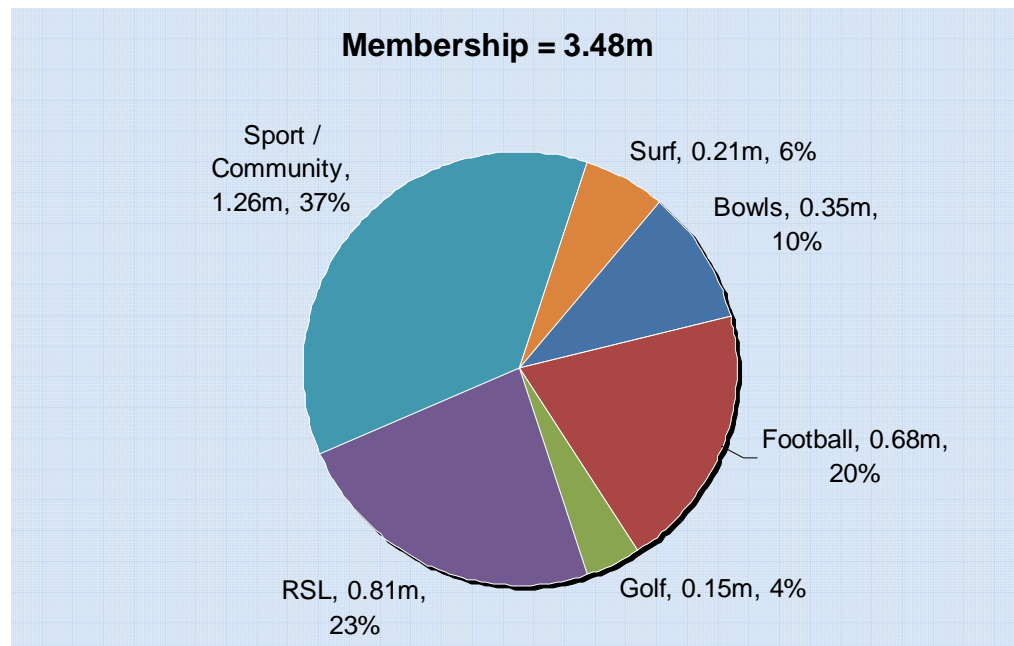


2.3 Membership by club type

The total number of memberships held in clubs across Queensland is estimated to be 3.48 million, representing one membership for every 1.3 Queensland residents (both adults and juniors).

There is a great diversity across Queensland clubs. The smallest club to have participated in the survey was a regional bowling club reporting just 44 members. The largest club respondent reported a membership of over 57,000 people.

Chart 2-4 Spread of membership by club type



* may not add due to rounding

- General sporting and community clubs account for the largest proportion of memberships, with 1.26 million members or 37% of total memberships.
- RSL clubs and football clubs also account for substantial membership bases in the State. The average membership for RSL clubs is over 10,000.
- Membership numbers are highest for sports / community clubs, RSL clubs and football clubs in the South East region.

Table 2-5 Spread of membership by Club type

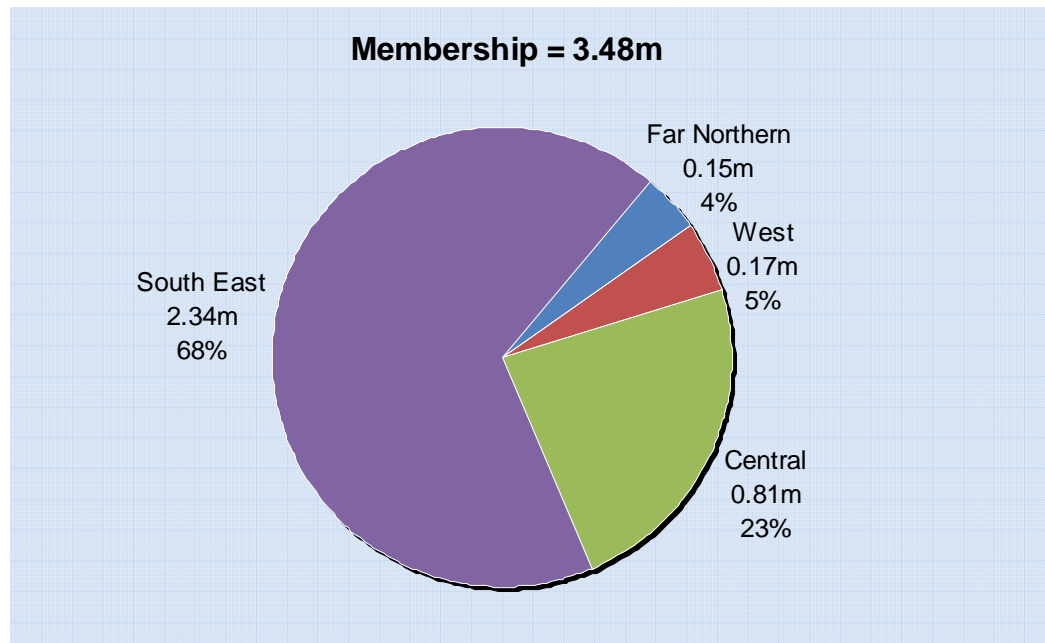
	Bowsls	Football	Golf	RSL	Sport / Community	Surf	Total
Total (million)	0.35	0.68	0.14	0.81	1.26	0.21	3.48
Avg membership /club	1,144	6,027	761	10,043	6,321	5,297	3,706

* may not add due to rounding

2.4 Membership of clubs by region

Clubs' 3.48 million memberships are distributed across the State in the following way.

Chart 2-6 Spread of membership by Region



* may not add due to rounding

- While the regional areas of Queensland feature a relatively high number of clubs when compared with population levels, on average clubs in regional area operate with fewer members. The average size of clubs in regional areas, in terms of membership, is considerably smaller than the average size of club in the South East corner of Queensland.
- The majority of memberships are held in clubs located in South East Queensland; 2.34 million memberships in total and representing 68% of all memberships held from 38% of clubs in the State.
- The Central region shows a relatively high level of memberships, accounting for 31% of clubs and 23% of memberships.

Table 2-7 Spread of membership by Region

	Far Northern	West	Central	South East	Total
Total (million)	0.15	0.17	0.81	2.34	3.48
Avg membership /club	1,335	990	2,777	6,513	3,706

* may not add due to rounding

3. Direct community benefits of clubs in Queensland

3.1 Summary

Clubs provide direct contributions to their local communities via a number of mechanisms. The most direct benefits are provided by way of cash (and close to cash) contributions to affiliated and non-affiliated recipients.

Cash contributions are often made as donations, grants and sponsorship payments. Additional cash (close to cash) contributions are made through the payment of costs on behalf of affiliated and non-affiliated recipients.

Significant in-kind benefits are also provided. These might include free use or subsidised use of facilities and equipment, such as venue space, meeting rooms, buses and sporting facilities.

Clubs have created and maintain extensive community assets, such as sporting fields, playing areas, welfare offices, libraries and memorials. The depreciation allowances and the notional interest costs associated with the provision of these assets are also included as direct community benefits.

For clubs that operate with 51 or more gaming machines, there is a requirement by Office Liquor Gaming and Racing (OLGR) to complete an annual community benefit statement linked to the club's financial year period. The statement contains total values of community benefits provided by clubs for the period and are segregated between affiliated and non-affiliated.

The results of this survey provide an overall picture of the total community benefits being provided across the State, categorised by club type, size and region. Further, the survey instrument and accompanying instructions for completion encouraged participants to value, in a more complete way, the total benefits they provided for the 2008 period. Clubs Queensland Board and Management believe that clubs have likely under-valued community contributions when completing the statements for OLGR. For these reasons, the results presented in this assessment differ from those cumulative results issued by OLGR.

Detailed definitions of community benefits are included at Appendix 19.

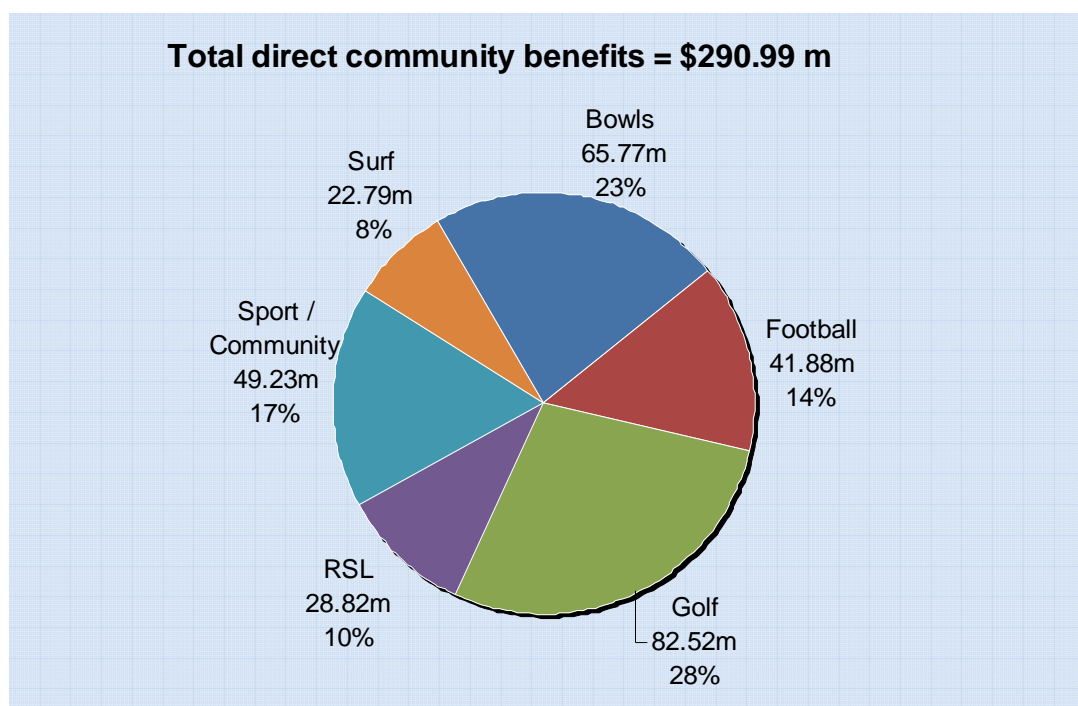
3.2 Total direct community benefits of clubs in Queensland

The following chart and table highlights the direct community benefits flowing from clubs back to their local areas.

Total direct benefits can be measured in many ways. In this analysis, we include the direct value of cash benefits, in-kind benefits and the depreciation and interest costs associated with community assets. The total cumulative value of these direct benefits is approximately \$291 million. The chart below shows the break down of the community benefits by club type and highlight that golf clubs at \$82 million contribute the largest amount to the local community.

If the value of volunteer labour and direct taxes derived from club operations are added to this, community contributions total \$668 million.

Chart 3-1 Total direct community benefits by club type



* may not add due to rounding

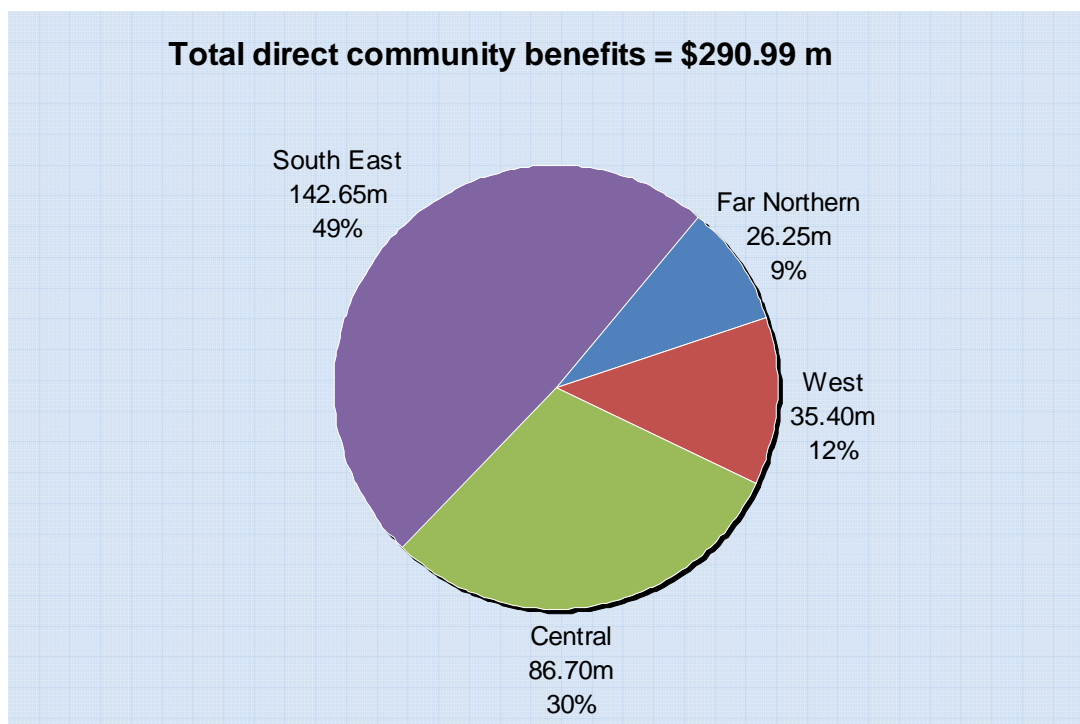
- The total of annual community benefits provided by community clubs across Queensland is shown below and valued at approximately \$291 million.
- On average, it is estimated that every club provides direct community benefits of over \$310,000 per annum.
- Cash benefits make up 77% of the total community benefits made by community clubs, whilst community asset depreciation contributes 13%, in-kind benefits 8% and the remainder of 2% by community asset interest expense.

Table 3-2 Total direct community benefits by club type in \$m

Community Benefit	Bows	Football	Golf	RSL	Sport / Comm'ty	Surf	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Cash benefit	59.54	29.61	70.33	10.86	35.65	16.79	222.77
In – kind benefit	2.23	2.11	5.43	6.16	4.41	2.05	22.39
C'ty asset deprn *	3.28	7.63	5.81	9.82	6.83	3.30	36.67
C'ty asset interest *	0.72	2.53	0.95	1.98	2.34	0.65	9.16
Total	65.77	41.88	82.52	28.82	49.23	22.79	290.99
Average per club	0.21	0.37	0.43	0.36	0.25	0.57	0.31

* C'ty and Comm'ty = community

Chart 3-3 Total direct community benefits by region



* may not add due to rounding

- The concentration of clubs in the South East region provided the majority (49%) of community benefits at \$142.65 million.
- Regional clubs as noted tend to be smaller and therefore are unable on average to generate the scale of benefits that clubs in the South East region do.
- On average, regions across the State provide annual community benefits in the range of \$200,000 in the West to \$400,000 in the South East.

The table below identifies each direct community benefit and the values for each region.

Table 3-4 Total direct community benefits by Region

	Far Northern	West	Central	South East	Total
	\$m	\$m	\$m	\$m	\$m
Cash benefit	21.45	30.03	68.96	102.34	222.77
In – kind benefit	1.10	2.03	5.78	13.48	22.39
C'ty asset deprn *	2.81	2.06	9.71	22.09	36.67
C'ty asset interest *	0.89	1.28	2.25	4.74	9.16
Total	26.25	35.4	86.7	142.65	290.99
Average per club	0.24	0.20	0.30	0.40	0.31

* c'ty = community * may not add due to rounding

4. Community clubs providing a network of volunteers

4.1 Summary

Clubs provide one of the State's main focal points for the coordination and administration of volunteer services to local communities. Clubs apply their own staff and resources to coordinate and facilitate volunteers for the benefit of the community in general.

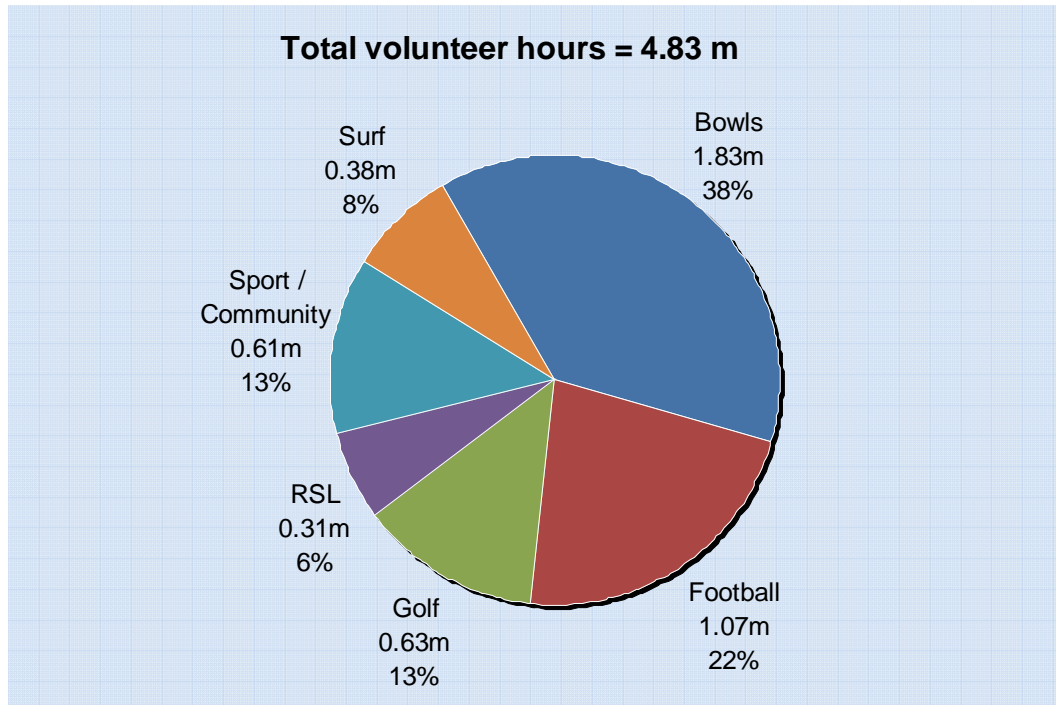
Many community clubs, particularly smaller clubs, rely heavily on volunteerism for continued operation. Without volunteers many smaller sized clubs would not be able to maintain sporting facilities, venues for social congregation and facilities for local communities.

The estimate of volunteer hours generated by community clubs in Queensland includes the following activities:

1. The provision of advocacy, educational and welfare services such as those provided by the RSL Sub-Branch network throughout the State. Welfare services include visiting the sick and lonely, attending funerals or providing support as required.
2. Providing volunteer coaching and administration for sporting teams ranging from the local junior and senior football team to scheduling sporting events and marking fields.
3. Volunteer time spent completing administrative tasks in clubs, such as account keeping, processing documentation, maintaining membership records, compliance requirements and associated activities.
4. Volunteer time for committee members involved in committee meetings, special general meetings and annual general meetings and the associated preparation time.
5. Other volunteer activities that can range from selling raffle tickets to decoration of rooms for special events to maintaining sporting fields and laundering sporting uniforms.

4.2 Total volunteer labour

Chart 4-1 Volunteer labour (hours) by club type



The chart above outlines the total annual volunteer hours estimated to have been generated in community clubs in Queensland in 2008. It is important to note that beach patrol services have been included as “active hours” for the purposes of this assessment and are outlined in section 5 of this report.

The table below details volunteer hours by club type, in addition to full-time equivalent employment, and the estimated value of volunteer labour.

Table 4-2 Volunteer labour (hours) by club type

	BOWLS	Football	Golf	RSL	Sport / Community	Surf	Total
Volunteer hrs (million)	1.83	1.07	0.63	0.31	0.61	0.38	4.83
Average per club hrs	5,891	9,347	3,281	3,859	3,029	9,419	5,140
Full time equivalent	1,138	662	393	194	376	234	2,998
Average per club	3.7	5.8	2.0	2.4	1.9	5.9	3.2
Volunteer labour (\$m)	39.47	22.96	13.64	6.73	13.05	8.12	103.97
Average per club \$	126,910	201,369	70,693	83,138	65,247	202,917	110,723

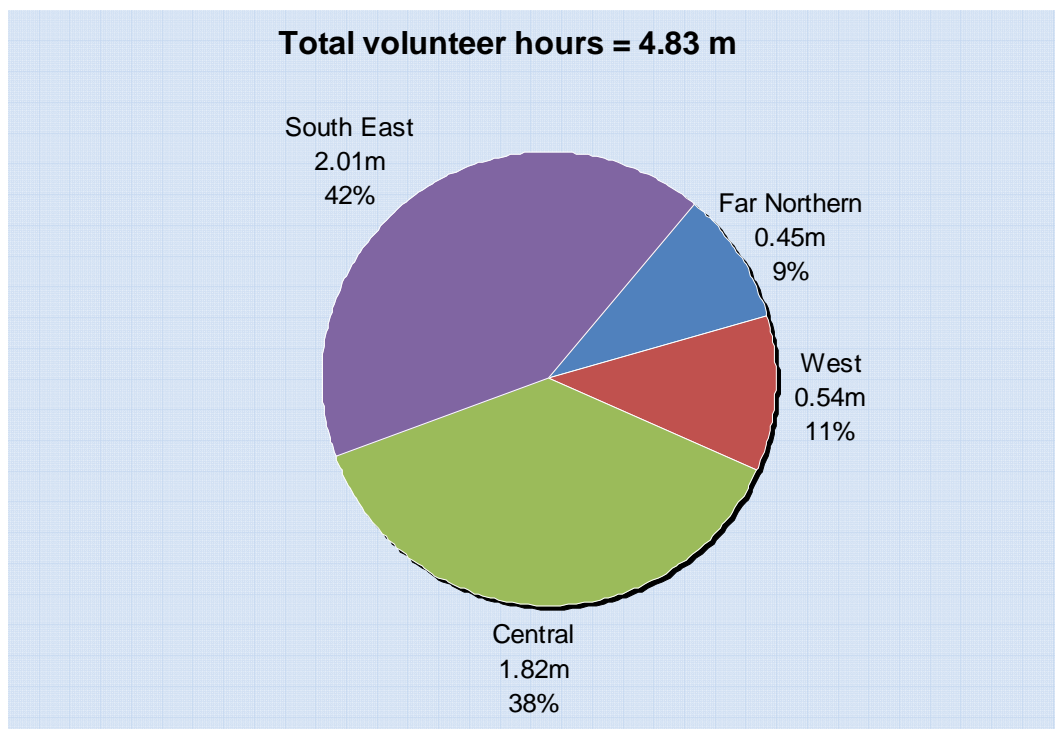
* may not add due to rounding

- The average annual number of volunteer hours per club is in the vicinity of 5,140.
- Surf clubs contribute the greatest number of volunteer hours with each club delivering on average over 9,400 hours annually. Football clubs also require a high level of volunteer hours to operate.

- We estimate that the total equivalent full-time employment in volunteer hours in the community club sector is close to 3,000 employees.
- For every club in Queensland, volunteer labour represents between two and six full-time employees, with surf clubs exhibiting the greatest input with close to six full time equivalent employees for every surf club in the State.
- Bowls clubs are the most active in terms of volunteer hours, generating over 1,100 full time equivalent employees from volunteer hours.
- Football clubs also exhibit a very high component of volunteer labour input with almost six full time equivalent employees through volunteer labour.
- The total value of volunteer labour in the community club sector is estimated to be approximately \$104 million each year.
- On average, every club in Queensland benefits from volunteer hours to the value of close to \$110,700 each year, with surf clubs benefiting most at an estimated average of close to \$203,000 in value per club per annum.

The chart below then highlights the results by regional view.

Chart 4-3 Volunteer labour (hours) by Region



* may not add due to rounding

5. Community clubs generating active sporting and leisure hours

5.1 Summary

Community clubs support a range of active participation in sport and recreation over the full calendar year. The primary constitutional objectives of the majority of clubs in Queensland are the fostering and support of sports and leisure and the provision of outdoors or indoors facilities. This focus on sport and being active also supports government programs and aims to increase the health and wellbeing of residents and communities.

Community clubs in the State are responsible for coordinating extensive active participation in sports and leisure. This section of the report, examines the role that clubs play in increasing the active participation of members.

5.2 Total active hours for clubs in Queensland

Active hours include club members' and associates' time spent engaging in sporting and active leisure participation, either on a social basis or within an organised competition or training environment. It should be noted that volunteer time attributed to beach patrols for surf clubs is included as active hours.

The chart below outlines the spread of total active hours generated by community clubs and shown by club type.

Chart 5-1 Active hours by club type

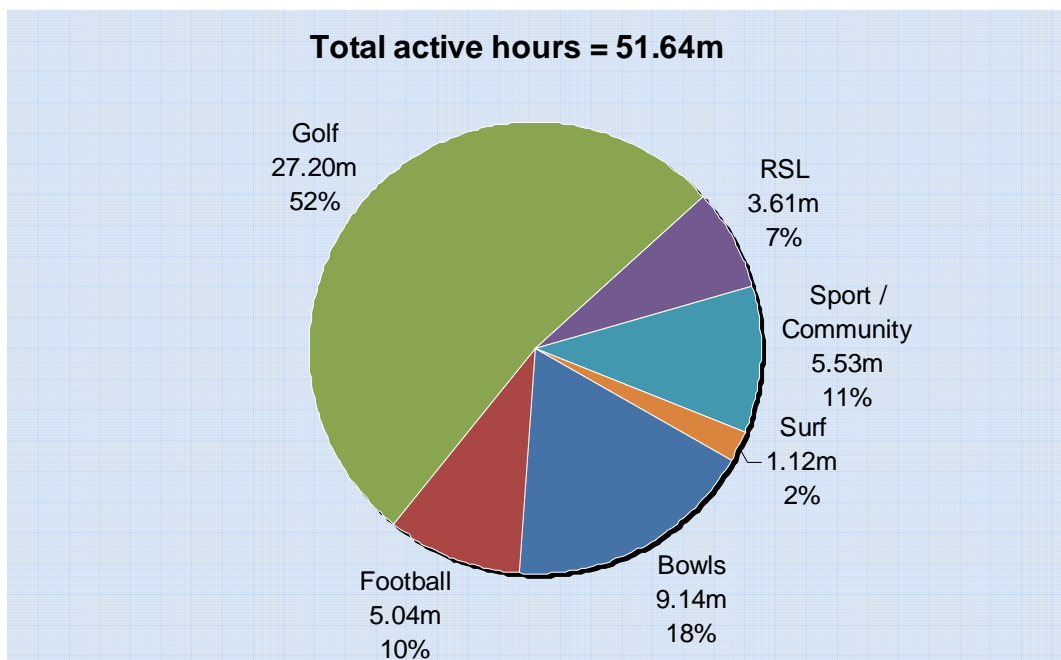
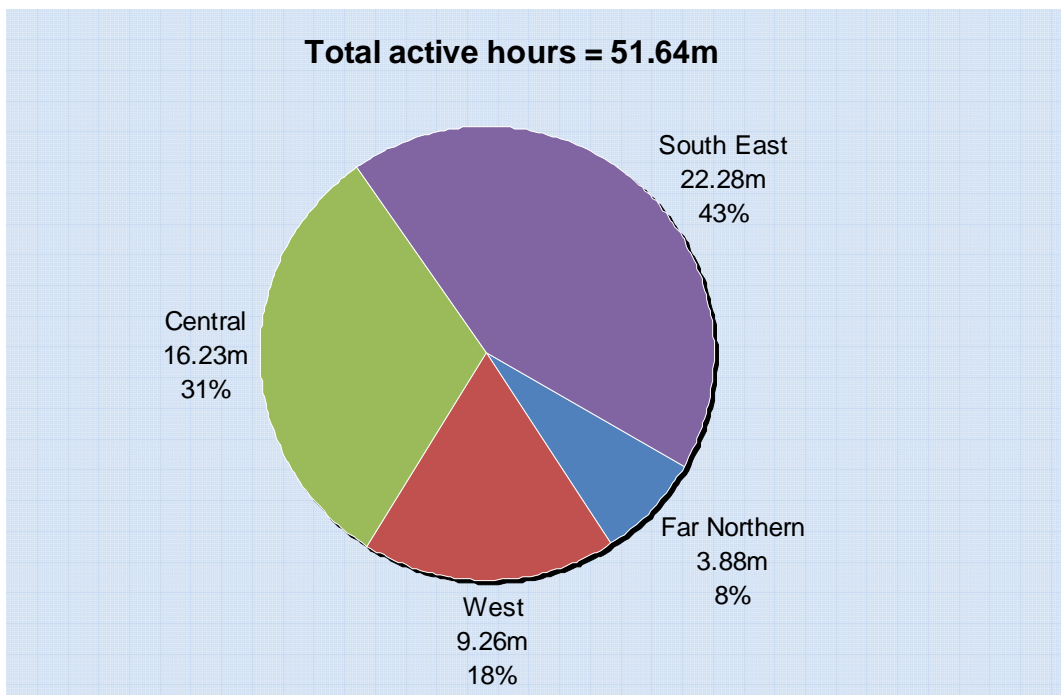


Table 5-2 Active hours by club type

Active Hours	Bowls	Football	Golf	RSL	Sport / Community	Surf	Total
Total (million)	9.14	5.04	27.20	3.61	5.53	1.12	51.64
Avg hrs per club	29,402	44,249	140,947	44,561	27,637	28,084	55,007

- It is estimated that community clubs generate, coordinate and oversee 51.64 million active hours in participation in social and organised sports and leisure activities in 2008.
- On average this equates to 55,000 hours of activity for each club.
- The greatest number of active hours is undertaken by golfers who generate over 27 million active hours playing or practising the sport. The number of active hours for golf far outweighs other sports, which is due to the average length of time taken to complete a game.
- Surf clubs should be recognised for the enormous number of active hours that they generate in delivery of beach sports and beach safety programs.
- RSL clubs, as per these clubs' constitutions, are not regarded as sporting clubs. However, as a club these venues organise social sports at various levels of fitness for members including, but not limited to, bocce, darts and fishing.

Chart 5-3 Active hours by Region



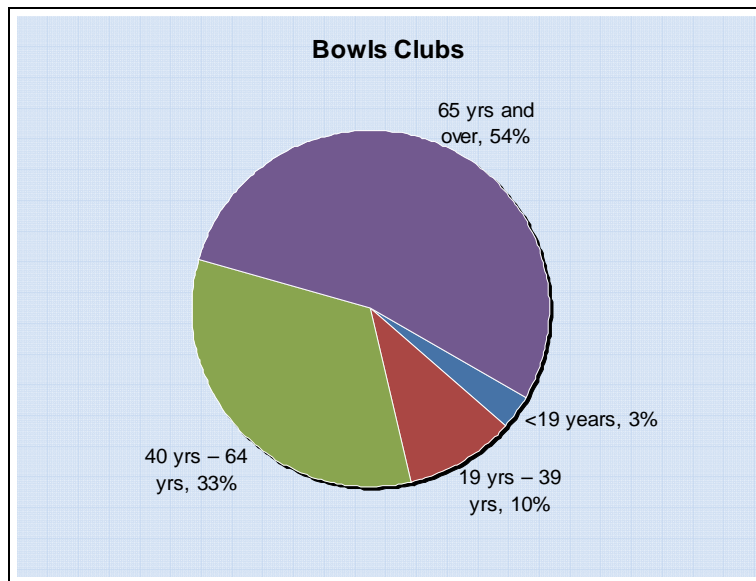
* may not add due to rounding

5.3 Demography of active hours

Community clubs cater to people of all ages across Queensland. Clubs that responded to the survey provided an estimate of the age and gender breakdown of the active hours for participants.

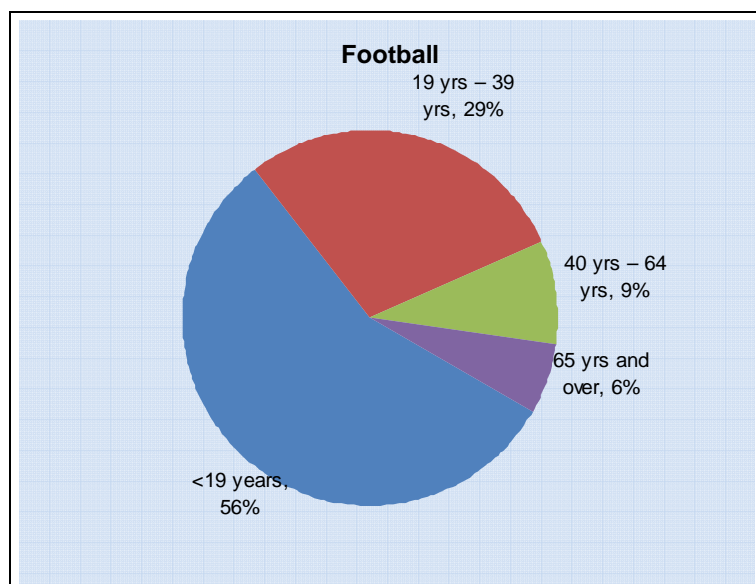
The following charts outline the proportion of total active hours by age category and by community club type in Queensland.

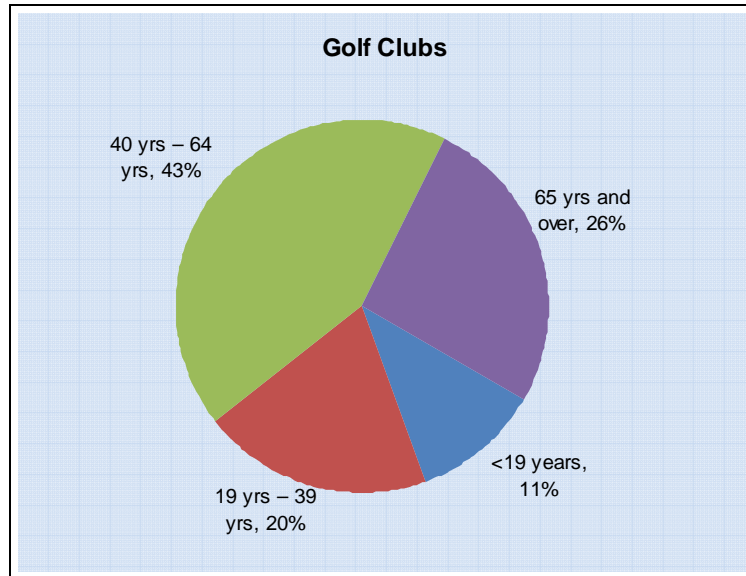
Table 5-4 Active hours by age and club type



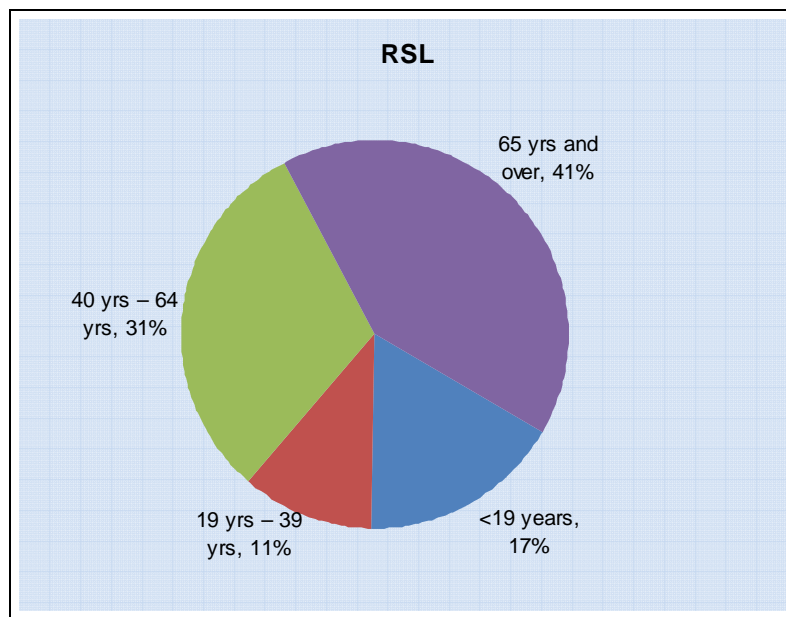
Bowling clubs are very important elements of the social fabric of the Queensland community. 54% of the estimated active hours are generated by persons aged 65 years and over.

Football clubs are important for the generation of youth sport with over 56% of the active hours generated attributable to youth under the age of 19 years.

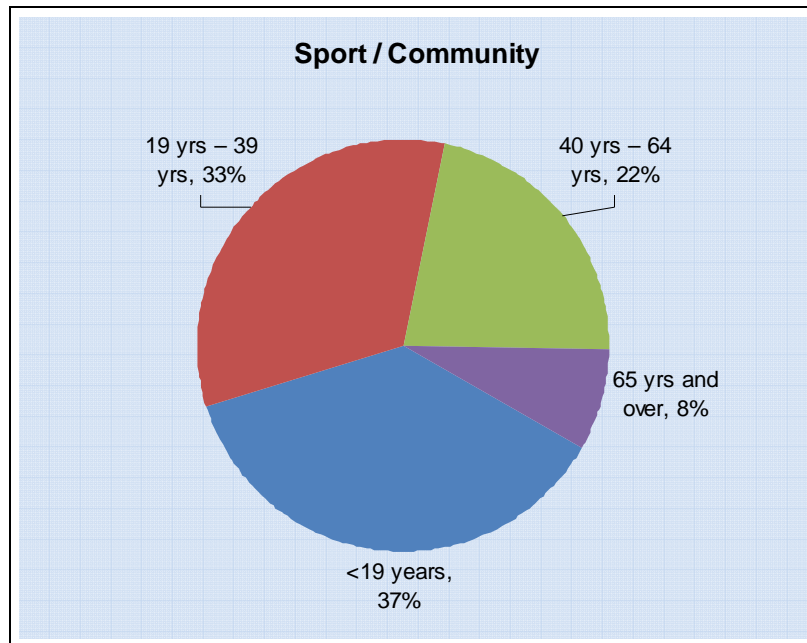




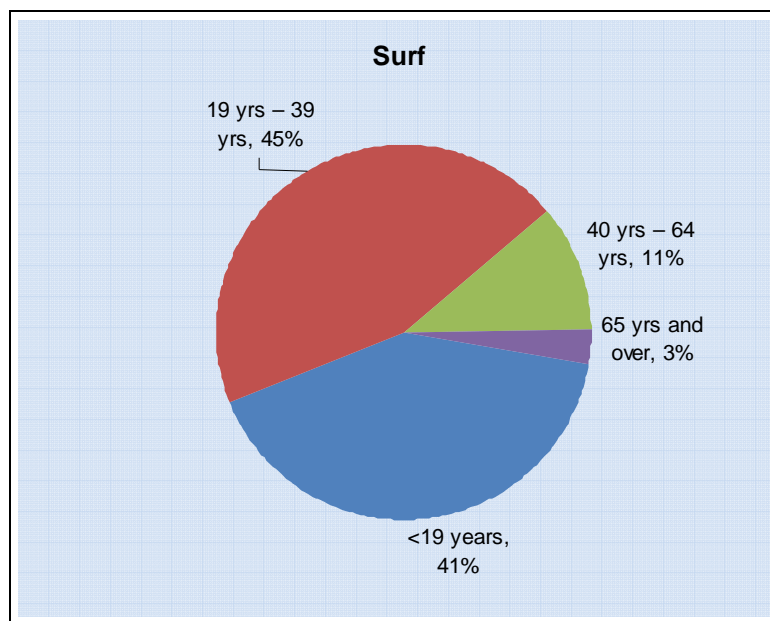
Approximately 70% of active hours generated by golf clubs are attributable to members aged 40 years of age and over.



RSL and Services Clubs are important in that they also generate active hours for the aging sector of the community by supporting team sports.



Sports and community clubs have a strong participation rate for youths up to 19 years of age and also adults up to 40 years of age.



Surf clubs are equally important, along with football clubs, for the generation of youth sport.

6. Clubs providing community assets

Club were asked to list the various community assets that their club had acquired or developed and to estimate the current replacement cost of each of those assets. Only community assets are included in this analysis, such as bowling greens, golf courses, football fields, community meeting rooms, welfare offices, light poles, surf rescue equipment and the like.

This analysis excludes assets primarily used for trading, such as licensed areas, gaming rooms and dining areas. Analysis also excludes part or the full value of community assets funded by government grants.

Chart 6-1 Community asset costs by type of club

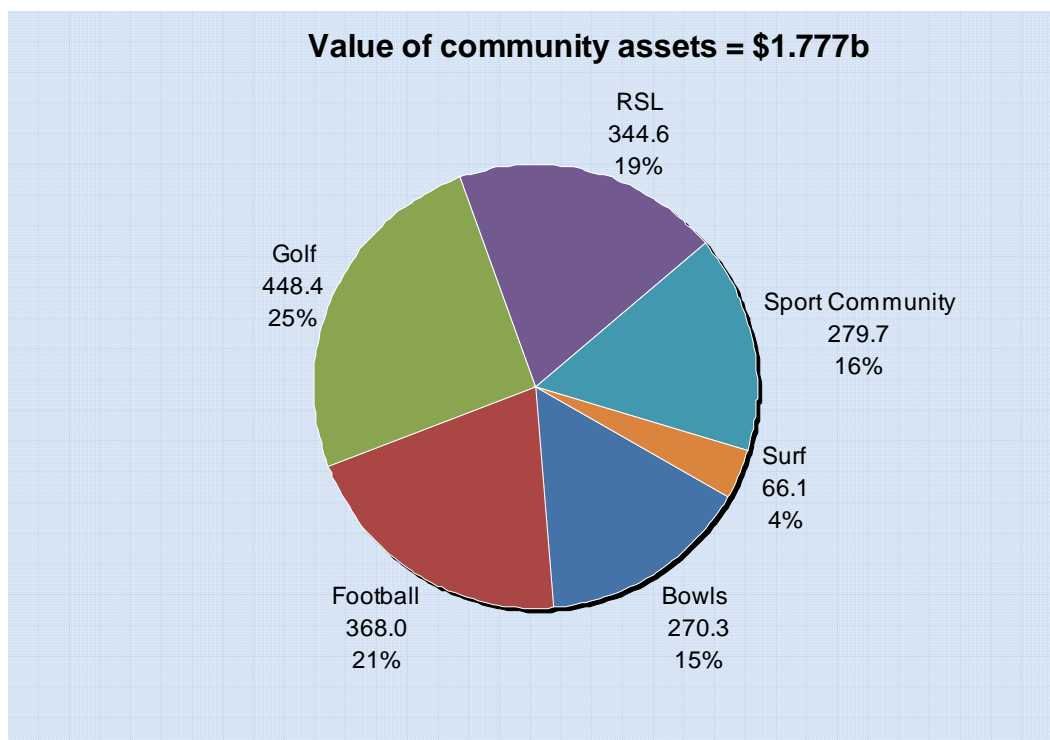


Table 6-2 Community asset costs by type of club

Community assets	Bowls	Football	Golf	RSL	Sport / Community	Surf	Total
Total \$m	270.26	367.96	448.43	344.56	279.65	66.10	1,776.97
Avg per club \$m	0.869	3.228	2.323	4.254	1.398	1.653	1.892

* may not add due to rounding

- The total value of community assets in the community club sector is estimated to be \$1.777 billion.

- Placing this investment into context, the redevelopment of Suncorp Stadium reportedly cost approximately \$280 million (approx \$320 million in 2008 dollars). Community clubs in Queensland have generated, over time, the equivalent of 5.6 Suncorp Stadium redevelopment projects in community infrastructure.
- Community clubs have provided close to 650 bowling greens throughout the State equating to over 1million m² of playing surfaces.
- There are over 170 membership golf courses (excluding resort golf courses) in the State providing close to 34million m² of playing area for golfers.
- Community clubs oversee more than 400 playing fields in the State, representing 1.8million m² of playing area.
- While community clubs provide other community assets, the combination of golf courses, bowling greens and playing fields totals close to 37 million m² (36km²) of playing area, or an area approximately the size of the entire Redcliffe Peninsula.

7. Employment in community clubs

7.1 Summary

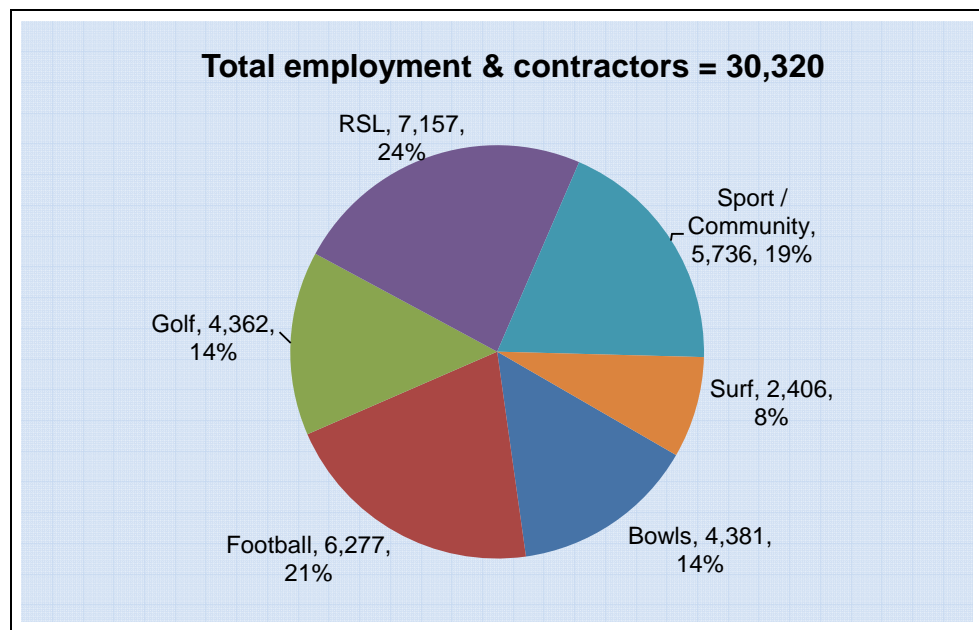
Many community clubs are trading entities, engaging a mix of employees, contractors and volunteers working together to achieve common objectives.

Respondents to the research program provided details of the number of employees and contractors engaged and total employment costs.

Employment estimates in this analysis relate to “jobs” or the total number of people employed on a full time, part time and casual basis. Contractors include those persons engaged to provide security, catering operations, functions and events, grounds maintenance, green keeping, accounting, administration and coaching, for example.

7.2 Total employment for clubs in Queensland

Chart 7-1 Employment and Contractors by club type



* may not add due to rounding

Employment and contractor engagement in the community club sector is significant. Over 30,300 persons are either directly employed or engaged under a contract arrangement in community clubs in Queensland.

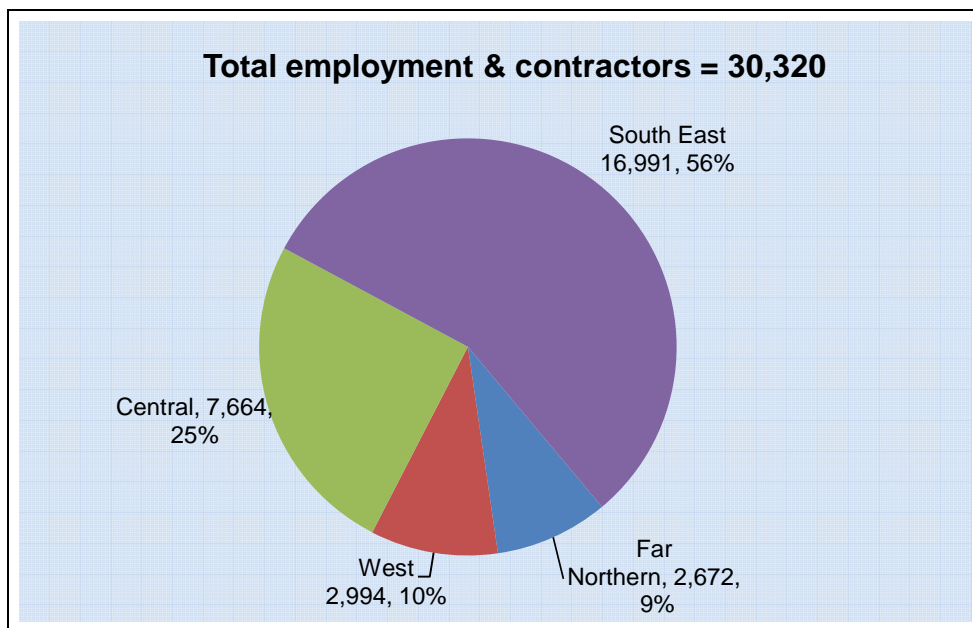
Table 7-2 Employment and Contractors by club type

	Bowls	Football	Golf	RSL	Sport / Community	Surf	Total
Total direct employment	3,118	5,879	3,762	6,411	5,507	2,235	26,913
Contractors engaged	1,263	398	600	746	229	171	3,408
Total employees and contractors	4,381	6,277	4,362	7,157	5,736	2,406	30,320*
Total wages and superannuation \$m	55.64	104.93	67.14	114.42	98.29	39.89	480.31

* may not add due to rounding

- An estimated 26,900 persons are employed directly in community clubs in Queensland on the basis of full time, part time and casual employment.
- The clubs with the smallest number of employees are surf clubs, many of which rely heavily on voluntary labour to maintain operations.
- Total wages and superannuation paid to these employees (excluding contractor payments) on an annual basis totals over \$480 million.
- Many community clubs contract some services to independent providers. It is estimated that clubs engage more than 3,400 contractors working within the premises or grounds of clubs.
- Employee and wages costs are higher in the South East region due to the size and scale of clubs operating in that region.

Chart 7-3 Employment and Contractors by Region



* may not add due to rounding

8. The economic profile of community clubs

8.1 Introduction

This section of the report outlines the economic parameters for community clubs in Queensland, profiling operating revenues, trading surpluses, taxes and net asset positions for community clubs at 2008.

8.2 Operating revenues, expenses and surplus

The following table outlines the total estimated revenues generated by community clubs from all operations, including revenues from gaming machines, bar, catering, Keno, TAB, raffles, bingo, sports, memberships and other general income sources.

The net surplus estimates are uplifted from the survey data of actual reported and audited annual profit results.

Community clubs' earnings before interest, tax, depreciation and amortisation (EBITDA), are calculated to provide an assessment of the operating surpluses generated by community clubs.

The surpluses generated by the community club industry are varyingly reinvested into sporting operations, used to pay down debts, invest in capital acquisitions, and used to maintain and expand facilities.

Table 8-1 Revenues and profitability by type

	Bowls	Football	Golf	RSL	Sport / Community	Surf	Total
Total revenues \$m	205.51	487.06	235.83	406.95	363.12	196.99	1,895.46
Revenues /club \$m	0.66	4.27	1.22	5.02	1.82	4.92	2.02
Net surplus \$m	15.50	33.65	38.42	27.16	19.84	11.08	145.66
Net surplus %	7.5%	6.9%	16.3%	6.7%	5.5%	5.6%	7.7%
Net surplus/club \$m	0.05	0.30	0.20	0.34	0.10	0.28	0.16
EBITDA \$m	30.24	70.05	62.34	72.73	53.23	24.93	313.53
EBITDA %	14.7%	14.4%	26.4%	17.9%	14.7%	12.7%	16.5%
EBITDA/club \$m	0.10	0.61	0.32	0.89	0.27	0.62	0.33

* may not add due to rounding

- The community club sector generated an estimated \$1.9 billion in revenues in 2008, close to 1% of the State's gross product.
- In 2008, on average, clubs generated annual revenues of \$2.02 million. Annual revenues of individual clubs range widely, with some smaller clubs generating less than \$50,000 up to a handful of clubs generating over \$20 million annually.
- Total estimated value of net surplus for community clubs is \$145.7 million for 2008. Total surplus represents 7.7% of total estimated revenues, with the average club achieving an annual profit of only \$0.16m.

- Bowling clubs and general sporting/community clubs appear to be operating at or around break-even levels.
- Community clubs in Queensland are estimated to have derived accumulated EBITDA of \$313.5 million or 16.5% of total revenues.
- The value of community contributions by clubs is placed into context when compared with net surplus levels. Notably, the community club sector achieved a cumulative surplus of \$145.7 million against total cash contributions of \$222.8 million, as outlined in section 3 of this report. Their community contribution is sizeable compared with the estimated EBITDA for all community clubs of \$313.5 million.

The following table provides estimates of the total estimated revenues, surplus and EBITDA for community clubs by each region.

Table 8-2 Revenues and profitability by Region

	Far Northern	West	Central	South East	Total
Total revenues \$m	166.31	144.41	530.82	1,053.93	1,895.47
Revenues /club \$m	1.51	0.82	1.81	2.93	2.02
Net surplus \$m	12.10	23.79	36.50	73.26	145.66
Net surplus %	7.3%	16.5%	6.9%	7.0%	7.7%
Net surplus /club \$m	0.11	0.14	0.12	0.20	0.16
EBITDA \$m	25.65	36.14	82.24	169.51	313.53
EBITDA %	15.4%	25.0%	15.5%	16.1%	16.5%
EBITDA/club \$m	0.23	0.21	0.28	0.47	0.33

* may not add due to rounding

Clubs in the South East region generate on average a significantly higher level of earnings, well above clubs in other regions.

8.3 Assets and liabilities

The table that follows outlines the total estimated assets and liabilities position of community clubs at 2008. These results have been obtained from the annual financial statements of clubs.

The data has been uplifted from extracts taken by respondents from audited financial accounts.

Table 8-3 Net assets by club type

	Bowls	Football	Golf	RSL	Sport / Community	Surf	Total
Net Assets * \$m	319.97	348.70	481.30	290.54	262.07	50.21	1,763.16
Net assets/club	1.03	3.06	2.49	3.59	1.31	1.26	1.87

* Net assets equals assets less liabilities

- The net assets presented in table 8-3 are derived by accumulating the book value of all assets and deducting liabilities from the total assets. The total value of all assets was \$2.42 billion. Liabilities totalled \$0.66 billion resulting in net assets of \$1.76 billion.
- RSL/Services clubs and football clubs exhibit strong net asset bases.
- Bowls clubs show relatively low liabilities against their asset bases.
- As noted, total assets for community clubs in Queensland are estimated at \$2.42 billion. With a cumulative net surplus for 2008 of \$125.7 million, the return on assets employed is estimated at 5.2%, indicating that community clubs are generally providing a satisfactory return on the asset base, despite their community and not-for-profit nature.

The following table provides estimates of the net assets (net assets equals assets less liabilities) position for community clubs by each region.

Table 8-4 Net assets by Region

	Far Northern	West	Central	South East	Total
Total Net Assets * \$m	156.96	223.71	492.97	889.52	1,763.16

* Net assets equals assets less liabilities

8.4 Taxes and government charges

Community clubs are liable to pay all forms of taxation and government levies with the exception of income tax and land tax for tax exempt clubs (sporting). Income taxation is levied on a concessional basis applying the principle of mutuality, whereby taxation is applied to the club's non-mutual income, less non-mutual expenditure, at the company tax rate.

The following table presents estimates of the total taxes and government levies applied to community clubs. Taxes include state poker machine tax, GST on gaming machine revenue (remitted to the State Government), payroll tax, company income tax, fringe benefits tax, council rates and rental.

Table 8-5 Taxes and levies by club type

Club size	Bowls	Football	Golf	RSL	Sport / Community	Surf	Total
Total \$m	29.20	113.75	18.32	112.24	75.72	27.74	376.97
Avg taxes/club \$m	0.094	0.998	0.095	1.386	3.379	0.693	0.401

- In 2008, we estimate that community clubs in Queensland generated almost \$377 million in taxes and levies for local, state and federal governments.
- The largest source of taxation is GST and state taxes on machine gaming.
- On average, each community club generated just over \$400,000 in total government taxes and levies in 2008.

The table below presents total taxation estimates by club size and by region.

Table 8-6 Taxes and levies by Region

Club size	Far Northern	West	Central	South East	Total
Total \$m	32.98	22.83	104.99	216.17	376.97
Avg taxes/club \$m	0.299	0.130	0.358	0.600	0.401

- As a region, the clubs in South East region generated the greatest amount of government taxes and levies.
- Smaller regional clubs generate lower taxes and levies.

9. Future issues identified by the Club industry

Survey respondents were asked to nominate the top three relevant issues confronting community clubs in the next two to five years. Participants selected issues from a list of topics in the survey instrument.

Valid responses were received from 159 clubs across the State. The top issues as highlighted by these clubs are:

1. Level / complexity of government regulation regarding gaming
2. Increasing operating costs
3. Level / complexity of government regulation regarding liquor service
4. The general economic climate
5. Access to government grants.

The top three rating issues by region are:

Issue / rating	Far Northern	West	Central	South East
Access to Government grants	3			
Increasing operating costs	1	1	2	2
Level / Complexity of government regulation regarding gaming	2	3	3	1
Level / Complexity of government regulation regarding liquor		2	1	3*
General economic climate				3*

* Indicates that equal response rate was received for these two issues from club respondents in the South East region.

10. Case Studies & Appendix List

10.1 Introduction

We have completed case studies for individual clubs to place the data of this analysis into context. Case studies have been completed for:

- Brothers Leagues Club (Townsville)
- City Golf Club (Toowoomba)
- Stanthorpe RSL Club (170 km south west of Brisbane)
- Alexandra Headlands Surf Life Saving Club and Supporters Club (Sunshine Coast)
- Pine Rivers Memorial Bowls Club (north of Brisbane)
- Redlands Sporting Club (South East Queensland)
- Easts Leagues Club (Coorparoo, Brisbane)

Case studies and documents included as appendices may be requested from Clubs Queensland and are available to clubs through the Clubs Queensland website members only access area.

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11. Disclaimer

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 any parties consulted as part of the reporting process.

Dickson-Wohlsen Strategies 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. The report relies on the information provided by the 212 survey respondents. The respondents were asked to use their best estimates in calculating some of the results, as the information is not normally collected or reported. These results have been reviewed and overviewed but have not been independently audited.

In the course of our work, analysis has been prepared on the basis of assumptions and methodology which have been described in our report. It is possible that some of the assumptions underlying our analysis may not materialise. Nevertheless, we have applied our professional judgement in making these assumptions, such that they constitute an understandable basis for estimates. Beyond this, to the extent that certain assumptions do not materialise, then you will appreciate that our estimates of achievable results will vary.

Dickson-Wohlsen Strategies 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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