



Congratulations to all club board members, management and staff for being named as finalists in the 2007 Awards for Excellence.

In this issue, we give you updates on the Registered Clubs Amendment Act 2006, we also look at cashless gaming and when the new technology will be introduced to NSW clubs and also on the saving side for clubs with less than \$1m in annual gaming machine income.

If you require any further information on any of the topics we have touched on, please contact Cutcher & Neale to discuss your club's needs and how we can work with you to meet these challenges and move forward with accuracy and confidence.



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# Update on the Registered Clubs Amendment Act

As you may be aware, the Registered Clubs Amendment Act 2006 is being legislated over stages with the initial changes being enforced on the 22 December 2006 and included:

- Prohibition on club employees voting at club elections
- Reduction in the number of club members who must be full voting members
- For the information of member and guests
- 5 kilometre rule
- Honorary membership for serving defence force personnel
- General defence to prosecutions
- Disclosure of fees received from affiliated bodies
- Amendments to club rules.

This Amendment Act was developed by the Club Industry Working Group that comprises representatives from Government, club industry organisations and experienced CEO's of clubs.

The following changes to the Registered Clubs Act 1976 will take effect once supporting regulations have been prepared. The expected date of the changes to be legislated is within the next few months.

### Club Amalgamations

- The number of clubs a parent or principal club is able to amalgamate with will be increased from 4 to 10.
- A club seeking to amalgamate with a principal club must explore all avenues with other clubs within a 50 kilometre radius through an expression of interest.

### Club Governance

#### Conduct of Club Elections

Of the 175 plus clubs registered in NSW that have a membership base exceeding 10,000 members, new rules apply which require a person or body approved by the Director of Liquor and Gaming to conduct the election of the clubs governing body.



Clubs that have less than 10,000 members have the option of using an external person / body to conduct their elections. Procedures on the conduct of elections will be developed and included in the Registered Clubs Regulation 1996 in the future.

#### Training of Club Directors

A person will not be eligible to for election to a clubs governing body unless they have receipt of education and training material approved by the Director of Liquor and Gaming. The acknowledgement will be informed of a written declaration which will be maintained by the club in a register for a period of at least three years.

#### Definition of Top Executive

The definition of top executive will be clarified so that it applies only to those club employees with clear managerial responsibilities.

#### Disposal of Club Property

A new definition has been introduced which defines "core property" as the premises of the club and any facility used by club members. All other assets will be considered "non core property" and include land that has been purchased with a view to selling or developing and other residential and commercial property that provides an income stream to the club. This combined with the fact that the property was never intended to be part of the club's premises or facilities, or to be used by member's results as "non core" property.

# Did you know?

Cutcher & Neale Registered Clubs Division have been consulting to the Registered Club industry for well over 35 years and have worked with a large number of both small and large venues to further develop their business. Our dedicated team of industry professionals can offer you:

- Preparation of business plans
- Development of business improvement plans
- Preparation of social impact assessments for increased gaming machines
- Merger/amalgamation feasibility studies
- Review & negotiation of catering contracts
- Tenders for banking facilities
- Restructuring of finance packages
- Procurement of finance for asset purchase including poker machines and premises expansions
- General advice regarding the most suitable gaming machines
- Advice regarding building & capital improvement projects
- Management recruitment services

## Cashless Gaming Introduced to NSW Clubs

**On Wednesday, 16 May 2007, the NSW Club Industry welcomed the State Government announcement to support cashless gaming.**

Under existing technology a person who presses the 'Collect' button on a poker machine usually waits several minutes for an available attendant to cash them out. Ticket In Ticket Out (TITO) technology allows the player to walk away with their winnings stored on a ticket as soon as the 'Collect' button is pressed. The ticket can then be redeemed for cash or cheque at the cashier booth or the player can insert the ticket into another TITO technology equipped poker machine and continue playing.

Clubs NSW expects TITO technology to begin being installed in poker machines across NSW over the coming months. Gaming room machines with IGT's blue chip machines have the capability to be upgraded to be fully TITO operational. However, some older machines will not have the hardware or software capacity to be upgraded.

The technology is set to benefit everyone, with improvement on operational efficiency on a gaming room floor, security issues which now can be avoided by having less cash on the premises as well as improved reconciliation processes.

## Savings for clubs on poker machine tax

The current annual poker machine tax rates are:

CURRENT ANNUAL RATES				
\$0 – \$200k	>\$200k to \$1m	>\$1m to \$5m	>\$5m to \$10m	>\$10m
0%	10.0%	19.5%	24%.0%	26.2%

From 1 September 2007, no tax is payable for clubs that do not exceed \$1m in annual gaming machine income. New rates are listed below as well phase in rates for clubs with annual gaming machine income between \$1m and \$1.8m.

ANNUAL GAMING MACHINE INCOME \$1M TO \$1.8M		
\$0 to \$200k	>\$200k to \$1m	>\$1m to \$1.8M
0%	0%	29.5%

ANNUAL GAMING MACHINE INCOME OVER \$1.8M					
\$0 to \$200k	>\$200k to \$1m	>\$1m to \$5m	>\$5m to \$10m	>\$10m to \$20m	>\$20m
0%	10.0%	19.5%	24.5%	27.5%	29.4%

### Example

A club that had gaming machine income in 2006 of \$950k would have paid poker machine tax of \$75,000. With the changes to tax rates from 1 September 2007, this results in this club saving \$75,000 in the following year.

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