



Welcome

Our article on the predicament of small clubs in the last edition certainly struck a chord with readers.

We were contacted by a number of clubs for more information and I'm delighted to day we've been able to assist them.

In this edition we offer some practical tips on managing your biggest overhead.

I trust you find the contents of value.

Ian Neale
PARTNER

ClubsNSW

INDUSTRY SUPPORTER 2010-2011

in this issue...

How to monitor and manage your biggest expense.

How is your club performing?

Did you know...

How to monitor and manage your biggest expense.

One of your Club's most valuable assets is the staff that provides the service that keeps your customers coming back. On the other side of the coin, staff remuneration accounts for one of your biggest expenses.

Regular reviews and monitoring of this large expense can assist in improving your Club's bottom line. This not only involves minimising costs, but also keeping up to date with legislative changes.

In our experience, the following tips can help you stay on top of this important operational area.

Review timesheets. Do this each payroll period to ensure that staff are paid for actual work performed. Incorrect time sheets could mean you're paying more than you should be.

Be roster smart. The majority of clubs have seasonal periods where trade is quieter than others. Reducing the number of staff rostered on during these quieter times will have an immediate impact on your bottom line.

Prepare a budget. This is often underestimated as an effective way to reduce costs as it can be a bit time consuming to do initially. However, because it forces you to focus on every aspect of your business, preparing a budget will almost certainly reveal numerous cost cutting opportunities. Once done the budget is a great tool for demonstrating those potential savings to management.

Multiskill your teams. Training your employees to perform more than one role creates options in busy times and may negate the need to have high-value supervisory staff

perform these roles. Ensuring that you have the right mix of skill levels in your teams will also help to reduce costs by improving efficiency.

Check current pay rates. Ensuring staff are paid as per the *Registered and Licensed Club Award 2010* (if applicable to your Club) is the responsibility of management. Using the incorrect rates could create a significant dent in your cashflow when it eventually comes to light.

Consider contracts and EBAs. One way to minimise your payroll processing costs is to enter into an Enterprise Bargaining Agreement with your employees. Streamlining pay rates and allowances for all employees can provide efficiencies in the system as well as flexibility for your employees.

Control fraud. Management should ensure that the payroll system has controls in place to minimise the risk of fraud and incorrect payments. Such controls would include exception reporting, review of masterfile amendments, manager approval on a weekly basis, a regular review for dummy employees and duplicate bank accounts and ensuring that your payroll clerk takes leave regularly.

If you'd like a no-obligation chat to one of our club experts, please contact Ian Neale or Nick Nancarrow on 1800 988 522.





How is your club performing?

% Change of Cutcher & Neale Clubs Revenue compared to the same period as last year			
	Bar Revenue	Poker Machine Revenue	Total Revenue
2010 Annual Results	(0%)	(5%)	(2%)
September 10 Quarter	2%	0%	1%
December 10 Quarter	3%	9%	9%
March 11 Quarter	3%	10%	10%
2011 YTD Results	3%	6%	7%



The table above provides an analysis of our clubs bar, poker machine and total revenue when compared to the same periods as last year. After 2010 being a tough year for the club industry, 2011 has been of greater success especially for the larger clubs. Our clubs have experienced good growth in poker machine income again this quarter of 10% backing up the 9% recorded for the prior quarter.

YTD, our clubs clients on average have seen a 3% increase in bar revenue, 6% increase in poker machine revenue and 7% increase in total revenue. Hopefully this trend will continue for the remainder of 2011 and into the 2012 financial year.

Did you know...

Diversity can be the key to viability

Diversifying your club's income is one way of ensuring its future viability. Given the uncertainty surrounding the introduction of pre-commitment, clubs cannot afford to rely on poker machine income as the main revenue stream. Identifying opportunities in your community and thinking outside the square in terms of asset utilisation, may provide your club with income streams not thought possible previously.

Minimum wage increase

The beginning of the 2012 financial year brings with it an increase in wages paid under the Registered and Licensed

Club Award 2010. Fair Work Australia approved a 3.4% minimum wage increase effective for the first pay period on or after 1 July 2011. Management should ensure that payrates reflect the increase from this date. Where clubs have an EBA in place, care should be taken to ensure that the rates are at least equal to the relevant rate in the Award.

Superannuation Guarantee increase

The Federal Treasurer Wayne Swann announced in the May 2011 budget plans for the superannuation guarantee to be increased to 12%. The increase will be introduced gradually with initial increments of 0.25 percentage points on 1 July 2013 and 1 July 2014. Further increments of 0.5 percentage points will apply annually up to 2019-20, when the rate will be set at 12%.



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