

Industry Issues

Code of Practice released

ClubsNSW recently launched the new plan for self-regulation for the Club Industry at the 2004 Annual Conference at Tweed Heads. More than 10 months in the making, the Code of Practice is an independently monitored set of guidelines for the Club Industry which clearly state best practice benchmarks and principles in the nine areas most likely to present challenges for Clubs.

These are –

1. Executive remuneration
2. Major capital works
3. Community service
4. Tendering processes
5. Overseas travel
6. Board elections
7. Financial reporting
8. Board operations
9. Performance benchmarking

The Code sets out common standards of conduct for all members of ClubsNSW and will provide guidance for directors, managers, suppliers and staff.

ClubsNSW CEO David Costello said the Code of Practice will take the Club Industry "into a new and exciting era of improved corporate governance".

"Feedback from Clubs, the general public and the Government was consistently positive and supportive of the Codes direction and intention".

A key aim of the Code is to provide a single point of reference for the care and due diligence expectations of the communities served by Registered Clubs.

The Code of Practice is necessary as a result of the dramatic increase in the corporate governance demands placed upon Clubs in recent times. Directors, management and staff of Clubs are custodians of member and community property.

That responsibility carries a unique obligation to ensure the management and administration of their Club is conducted with integrity, efficiency, and fairness for the benefit of patrons and the wider community.

Threat to Mutuality

The decision by the Full Federal Court in the Coleambally Irrigation Mutual Co-operative case has put the Mutuality Principle in the spotlight. Currently, Clubs do not pay income tax on any income earned from members. The Federal Court has ruled that the principle of mutuality does not apply where an organisation has a winding up clause that does not allow for the return of any surplus to the members.

This decision has implications for many Clubs that have winding up clauses in their constitutions that prevent the distribution of profits or assets to members. In most examples, Clubs have been required to have such a clause by the Australian Tax Office (ATO) to gain *not for profit* status.

It is important to note the ATO have stated they will not be implementing this decision for Clubs until it has fully considered the implications of this decision and how it might impact on Clubs.

We understand ClubsNSW have provided a submission to the Federal Treasury suggesting a change in the law to reverse this decision.

What our clients are saying

"We have been working with Cutcher & Neale for many years. They are an important part of our Club's success. Their knowledge of our business and their commitment to service means we trust them implicitly to provide valuable and timely advice about our Club."

Bernie McCarthy – CEO – Club Macquarie



Industry Issues (continued)

Smoking bans get closer

The NSW Government have finally provided guidance as to the way in which smoking bans will be introduced into Clubs. There are still negotiations to occur as to the exact meanings of the timetable but in essence:

- From 1 July 2005, smoking is permitted in only one room (either bar or gaming)
- From 1 July 2006, the single room where smoking is allowed is restricted to 25% of the total combined area of bar/gaming/ recreation
- From 1 July 2007, a complete ban on smoking indoors

Smoking in private functions such as weddings as well as outdoor areas, such as a beer garden, will still be allowed under the current proposals.

Cutcher & Neale Finance Broking



Glen Ash has recently been appointed to our Finance Broking Division. Glen has been involved with the finance industry for over 18 years, 10 years of which were spent with a major international financier in Australia and New Zealand.

Glen joins us with extensive experience and success assisting clients in achieving their financial goals. His speciality is lending for equipment purchases such as gaming machines, point of sale equipment, motor vehicles, IT and AV equipment and furniture.

One of the main areas Glen is currently focused on with our clients is that –

"you must ensure that your working capital is used for business development and other operational necessities"

Cutcher & Neale's Finance team can assist you work towards these goals by providing a range of finance products such as –

- Leasing
- Hire Purchase
- Rental options
- Commercial Lending

If you want to free up your funds to free up your business, call Glen on (02) 4928 8500.

Helping our Clients Succeed

We have completed many successful Class 1 Social Impact Assessments (SIA) on behalf of our clients and have developed a cost effective process to ensure a smooth lodgement and positive outcome.

One of our clients obtained four additional gaming machines through the SIA process and is expecting an annual increase in their net gaming revenue of over \$180,000 per year – this translates to an annual departmental profit (revenue minus all costs) of over \$124,440.

The CEO had this to say about our service:

"I cannot understand why every Club does not rush out and engage Cutcher & Neale to

complete an SIA for them. It is fantastic value and completely reliable – they did not miss a beat in this project and we are delighted with the financial outcomes for the Club".

In summary, for an investment with Cutcher & Neale of \$850, LAB lodgement fees of \$250 and the one-off cost of the entitlements and physical machines, the Club has improved its financial bottom line by over \$124,000 per year.

If you would like to know how we can help your business succeed, contact Ian Neale on (02) 4928 8500.