

Clubs New Zealand

Annual Report 2020



CLUBS
NEW ZEALAND INC





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MISSION STATEMENT

CLUBS NEW ZEALAND

The mission of Clubs New Zealand is to promote and safeguard the interests, rights and privileges of member clubs.

Our Vision and Values

Clubs New Zealand's vision is to lead a sustainable club industry that makes a growing contribution to New Zealand and its communities. In fulfilling this vision, Clubs New Zealand upholds the following values;

We Maintain high standards of honesty and integrity in our work and in dealing with others.

We Communicate openly with each other and our members.

We Take Responsibility for our performance, decisions and actions.

We Respect the views of clubs and members and value their contributions.

We Encourage our people to show initiative, exhibit leadership and think progressively.

We Promote teamwork and diversity among our staff to leverage experience, knowledge and skills.

We Treat members equally and their well-being is our main concern.

Our Focus

Clubs New Zealand supports member clubs with guidance and education to help generate benefits and services that assist clubs in becoming successful commercial businesses.

We work to develop the club community through sports tournaments, conferences, area meetings and other activities. As well, we seek to represent member's interests at national and local government level.

We share and communicate the community good derived from clubs and club members which has evolved over time to become a critical contributor to many communities' health and wellbeing.

Clubs New Zealand has a rich heritage of providing hospitality to members for over 120 years, with a network of clubs stretching from Kaitaia to Bluff. We celebrate the achievements and uniqueness of our members while uniting the network of clubs through the use of technology, so that they may share and leverage off each other's success.



Presidents Report

Bryan Ferguson

We have had another positive year-end result to report to members and given that 2019 was tougher than expected my Board and staff can be extremely proud of this. The small surplus and increase in new member clubs is a welcome trend as we work to offset the budget against expenses and unplanned costs. Also, it is a given that we will continue to develop our digital technology because simply if we don't, we will be edged out of business over time.

The Sky TV increase at the end of last year is an example of how something can hugely challenge our members financial viability. I am aware there are clubs who will consider their future pay TV options and there are a few who will just give up their TAB systems altogether. Our CEO is working alongside Hospitality New Zealand and the TAB to work through several solutions including live streaming options. This will continue to be work in progress. There are new developments in the pipeline, however, it is the fear of over promising and under delivering to clubs that keeps me from saying too much yet.

Balancing increased costs from suppliers against looking for new and innovative ideas to bring into the club environment is a constant. I applaud our National Office Team for their great work in this space and I sincerely thank them for this.

The work and subsequent win for clubs last September over the renewal of a club license was serious and significant to us all. Now confirmed as case law for our reference does not give permission to be clumsy as we should be even more watchful when applying for license renewals and variations.

We are now in an election year and more than ever when there is a chance to make a point about any issue involving our family of clubs we should take it. The monopolistic and unreasonable behaviour from Sky TV is a good example of what can happen if we let them. 2020 will be no different from previous elections and there will be many pre-election promises with guaranteed memory loss. We can ill afford to run out of steam when advocating on-behalf of member clubs and their members.

I want to congratulate my Board for a great year but just as importantly for the several years we have been together. We have achieved many goals during my time as president all of which I am very proud of, however, the investment in a high-end digital technology system will serve us for years to come. I urge members to understand what this means and to embrace it for this will be the way of the future. Don't dismiss technology because you don't understand it - your future members and the club will be left behind.

I have enormous respect for my Board and thank them for their loyalty and commitment over my time as president. I advised some time ago that I needed to step aside from the role and given there will be a changeover at this year's AGM I cannot say enough about the amazing experience and fun I have had. I have made lifelong friends and will continue to enjoy your company. To the staff, Larry and his team I think we are blessed. Thank you for your dedication and fantastic contributions. Our organisation is the much better for the team we have at National Office and around the country. Those old enough only have to look back at the challenging times when every meeting was a battle and every issue was life threatening.

By now you will have noticed I am the new Area Board member for Waikato - Thames Valley and King Country. I am looking forward to this role once again. I wish Terry all the best and welcome back all the Area Board members. While there is a changing governance model pending, these will be changes for the better be it now or in the future.

I look forward to having a beer with you all at the fabulous Club Hastings. Have a great and safe year and thank you once again for your support.

Bryan Ferguson
President, Clubs New Zealand



CEO REPORT LARRY GRAHAM

2019 results

The National office and Board worked solidly as a team last year to provide members with another positive annual result. This report is about communicating our achievements and position to members and we are always happy to present an encouraging result. Details of the year-end surplus is covered in the attached finance report – as always, thanks to Michelle and Dave for keeping watchful eyes over it.

While we are pleased with our results this year, we must consider the big question - how do we define success? The Board at its Christmas meeting discussed this and supported a view that the time is right to invest in finding out what makes a good club a great club. There is also a belief that the club industry and member clubs should come out of the shadows and start to promote themselves as a credible hospitality option in their communities. This is a something I am sure of.

Club staff

Clubs New Zealand, like most clubs in these tough economic times, are doing their best with limited resources. The National Office is continually thinking of how we can best grow our business, and with little or the same income year in year out. I know clubs are no different, but what stands out is our seeming reluctance to utilise the collective intelligence and capability of staff. To achieve this, we of course need to have confidence in staff in order to invest in them. The hardest job in the hospitality business is to change bad habits of employees which is why it is always better to start with a good solid employment process complete with a budget to retain, train and value them. I know this is easier said than done but we must in the first instance make it a high budget priority. A well-trained capable staff member is worth it in the long run, especially as the new labour employment minimum hourly rate laws start to bite.

This brings me onto the most concerning aspect of my travels throughout 2019 and that's the challenges club staff are experiencing within their work environments, mostly at the hands of managers, committees and senior staff.

How often do we hear that staff are our biggest asset yet personal grievances, staff dismissals and bullying still outstrip all other issues that a club faces on a day to day basis? Both Keith and Dave have the same experiences when visiting clubs and while unexpected, we assist where we can.

The Board and staff of Clubs New Zealand are under no illusions in that the employment environment will get tough and become very challenging these next few years.

National Office staff

I certainly don't take good staff for granted as we are blessed with great people and during 2019 all have made fantastic contributions. I don't expect much to change as we set our goals for 2020. Just before Christmas we welcomed Leigh Williams to the national office and his good history of the workings of the hospitality industry will be huge asset for us all.

I thank Dave, Michelle, Lucy, Kate, Keith, Leigh and Regan for their work and we even managed to add a baby to the team. Just before Christmas Lucy had Violet who was born with a huge smile on her face and is a seriously cute baby.

Club Hastings

Our 2020 conference, AGM and Expo to be held at Club Hastings is set to be as good as any staged before. The host club is a very impressive world class facility and clearly well equipped to stage an event like ours. I am sure members will enjoy this 2020 conference and AGM. It must be mentioned again that finding sponsors and businesses to partner with us at these events is always a challenge, and we genuinely thank them for their continual support. Best we can do is make sure we look after those who look after us.



“THERE IS A GREAT DEAL TO DO AS WE CONTINUE TO MAKE OUR VOICES HEARD ACROSS THE BACKDROP OF LEGISLATION.”

Doing our best for clubs

The most notable piece of work and subsequent win for our clubs was our investment in a lawyer to oversee an application for the renewal and variation of a Club licence, initially on behalf of the Otorohanga Club but ultimately on behalf of all clubs. This was a significant result for the club industry. While we can celebrate the success of the hearing back in September last year it is important clubs don't get complacent about their licence renewals. I acknowledge the financial contribution from the Otorohanga club towards the expenses of this case and I urge all clubs to ensure their own licences are in order and well understood.

Election year

There is a great deal to do as we continue to make our voices heard across the backdrop of legislation. 2020 will be no different although as its election year there will be more promises with increased disappointment.

I am hopeful that a submission drafted and lodged with the DIA to host the on-line gambling platform on behalf of member clubs will be seriously considered. The process for this will take some time and if successful will be considerable for the on-going viability for all clubs. I have had many meetings with various regulators throughout last year, most often related with class 4 regulations, including the first round of discussions on the future of EMS as this contract is under review. The focus for clubs around the EMS will be the fees to clubs for pokies and the elimination for the duplication of reporting. Time will tell if they are listening.

There have been several submissions and other matters which are works in progress and I am hopeful that 2020 will be a good year for our clubs.

Clubs New Zealand Board

Our Board continue to be a great source of knowledge and support for staff and I am pleased that there will be no board member changes for the 2020 year. Whatever happens at the AGM regarding the draft remit for a new structure for Clubs New Zealand, I am confident we will continue to represent member clubs in a consistent and

professional manner.

While Ferg is stepping away from the role of president, he is remaining on the Board as an area board member so not lost to us and I am certainly grateful for that. I have been fortunate to have had a close working relationship with Ferg. He gets the challenges I have faced and has willingly supported me in a way I have never known in all my years as a Chief Executive.

Thanks Ferg, while we still have some work in the pipeline to get across the line your great advice has been inspirational and our organisation is in the best shape it can possibly be because of it.



Larry Graham
CEO, Clubs New Zealand



NORTHERN REPORT

DAVE TILLEY

The past twelve months has seen an upsurge in enquiries from clubs needing assistance with HR matters. In particular, committee members ignoring the need to abide by the law when dealing with staff, feeling they are immune from the consequences of their actions.

We have borne witness to mediation hearings where committee members have been accused of swearing at staff who have refused illegal instructions, e.g. being instructed by their president to withhold staff pay if they forget to logoff the point of sale software in the till when their bar shift has finished, and a duty manager who was abused by a committee member for following club policy and not handing over the keys to the eight ball lights on a night when there was no adjunct activity, leading to the police being called. This is the extreme, but it is a concern that it happens at all.

The impact of this kind of behaviour can be seen in our insurance stats still showing a bias towards committee members causing way to many problems with their abusive behaviour towards staff.

Operational audits

We have again seen clubs recognising that they are facing a tough battle, and more than 10 have sought our advice via operational audits as a means to improve their financial position. The audit focus is to improve revenue and reduce expenses. Most clubs that implement our findings get some respite from their difficulties, perhaps not immediately, but certainly obvious improvements after 6 – 12 months. Most clubs who take part in the audit process embrace the recommendations, and certainly do better than those that pay only lip service to the suggested changes.

Liquor licensing

Licensing matters still demand a significant portion of our time. The most obvious challenge being one from the Otorohanga DLC where they challenged Clubs New Zealand's right to administer Reciprocal Visiting Rights. Whether this was a whim or flight of fancy no-one really knows for certain but \$15,000 plus later we had a favourable decision following the presentation of our case

by our advocate Alastair Sherriff. Using New Zealand's foremost expert on the Sale and Supply of Liquor has its advantages but didn't come cheap! Reciprocal rights are a cornerstone of our very existence that we will always fight for.

Whilst that was an interesting case, and one that we are happy to have put to bed, other clubs found themselves not having their licences renewed immediately - delayed until their committees received adequate training in the SSLA - so we pulled together a quick course covering the key points of host responsibility - who you can sell to, and when to stop selling – which has satisfied the authorities. We think more of this will occur in future, so contact us if training is required.

And please don't overlook your Liquor Licence renewals! Remember it's incumbent upon you all to ensure that doesn't happen in your club.

Club Smart courses

We continue to run Club Smart courses on demand and invariably they are well received.

I ran one at Eden Park for a large group of RSA Committee members from the various RSAs throughout Auckland, which was appreciated and resulted in a couple of RSAs joining us. We are happy to come to your club for a small session or if you can group neighbouring clubs together even better.

Remember, we are here to help. BUT we are not miracle workers. The sooner you ask for help the better your chances of a positive outcome, don't be shy!

Sometimes a simple Club Smart course to remind committee members of their role is all that's required to straighten things out, sometimes it's more than that. Whatever the issues, please talk them through with us.

Dave Tilley
General Manager (Northern), Clubs New Zealand



SOUTHERN REPORT

KEITH BALLANTYNE

Another year has flown by and currently I find myself in the beautiful Far North, completing the final Harm Minimisation and Armed Robbery courses throughout the regions. It has been a busy year but very rewarding catching up with clubs throughout the South & North islands. There is nothing better than sitting down across a table and discussing issues that have arisen face to face.

The training modules that we continue to update and present are very valuable to attendees and we will look to increase the offerings as we are bombarded with new issues all the time. Hospitality is becoming very regulated and a potential compliance mine field.

2020 is a new decade and it will be interesting to see where hospitality heads, but we can always guarantee that people's expectations won't go backwards. Life is full of risk, but the greatest risk of all is doing nothing! If my travels have taught me anything, it is that most clubs have the same issues - aging membership, difficulty attracting younger members and getting bums on seats.

You must look at how and why you do things, look at change not as a dirty word but as a necessity. Just because that's how we always have done it, doesn't mean it fits today's marketplace.

I look forward to catching up with people I have met on my travels at the AGM and throughout 2020. We are here to assist you and will endeavor to continue upping our game in providing assistance and guidance to member clubs.

Thanks to the Governor (LG) for putting up with me and the guidance he gives, to the rest of the team at National Office, it truly is a pleasure working with people who share a passion.

Special thanks to retiring president Ferg, whom I have thoroughly enjoyed working alongside for many years, the Board and incoming president Terry. I look forward to working with you all as we plot the future of the organisation into a new decade.

Keith Ballantyne JP
General Manager (Southern), Clubs New Zealand

“THERE IS NOTHING BETTER THAN SITTING DOWN ACROSS A TABLE AND DISCUSSING ISSUES THAT HAVE ARISEN FACE TO FACE.”



CLUB MANAGERS REPORT

LEE DAVIS

Over 70 managers, partners and several committee members attended last years' Club Managers Group AGM and Conference in Sydney, timed to coincide with the Australasian Gaming Expo in Darling Harbour.

We have done this before and as part of the programme separate from the Gaming Expo, we visited several clubs of various sizes, but as a group based ourselves at the Bankstown Sports Club just outside Sydney. This club, which we had visited several years earlier, is the perfect venue with many dining options and extensive facilities including an interactive gaming lounge for the new generation of online gamers, and their own onsite microbrewery/craft beer bar in a semi basement, formerly their Pool Lounge.

This initiative has significantly increased their bar revenue and profits from what was once a traditional club activity but now a dying sport. It has attracted a younger market, 50% of whom are female, and it has also assisted in the growth of their food operations.

It is an excellent example of how Australian clubs, due to pressures on their gaming operations over recent years, are redesigning their efforts to put more into their food and beverage offerings and sacrificing a more traditional aspect of their club to secure a more lucrative future-focussed market. We can learn a lot from this as we face similar growing pressures here.

The Club Management Conference this year is at the Whangamata Club 17 - 19 November 2020. Our conference is not just for club managers but anyone with an interest in running a club. Networking is still one of the greatest strengths that we have in our movement with most managers freely making themselves available to assist where they can. There is no better place to be doing just that than at one of the many networking opportunities that our annual conference provides.

As usual our group continues to grow and develop thanks to the efforts and support from the Board and the team at National Office. The resources, expertise and experience available to all club managers is immense and there to be utilised by all to the benefit of our respective clubs.

Lee Davis
Club Managers Group President

“THE RESOURCES, EXPERTISE AND EXPERIENCE AVAILABLE TO ALL CLUB MANAGERS IS IMMENSE”



SPORTS REPORT

KATE SMITH

2019 has seen a total of 52 Clubs New Zealand tournaments. It has been a fantastic year of sport and I always love hearing how much fun the players have had, catching up with old friends and sharing a few stories over a drink - this is what our club sporting activity is all about.

Numbers growing

The popular North Island Mah Jong tournament has been held in Whangamata for the last three years and run by a super-efficient team at the RSA. With the tournament growing in numbers and a few South Island players wanting to be a part of this, a remit went through unanimously to change the tournament to 'National Mah Jong'. It has been fantastic to open it up and reach out to more members across New Zealand.

Another popular tournament which only began in 2017, is the South Island Mixed Pairs Golf. This started as a bi-annual event, but with the popularity of this tournament and growth in numbers it is now to be held annually. Next year is being hosted by the Waimate Town & Country Club which is great as this club has not hosted a Clubs New Zealand tournament in a long time. Great to see these tournaments being shared around the clubs.

Junior membership

Clubs New Zealand donated some junior sponsorship funding to Cody Unkovich from the Hamilton Cosmopolitan Club in June. He is a talented snooker player who headed off to Russia to compete in the World Under 16 Snooker Championship. An amazing experience for Cody and to be representing New Zealand at such a young age is outstanding.

As always, please continue to encourage junior membership at your club, it's an important way to keep it vibrant now and successful in the future. Don't forget we have sponsorship money set aside to help the young ones along, so do keep an eye out for talented young people in your area.

Merchandise for our players

There is growing interest in the resources that we have put together for the players. This year over half of the tournaments on the 2019 Sports Calendar received chocolates for every participant as well as a goodie box with fantastic prizes in for the convener to use as spot prizes. These are so well received I have already had emails from conveners asking us to assist with this for tournaments in 2020. We have added a few new products to the merchandise cupboard, one being sports towels which we will be handing out to the golfers and outdoor bowls players early in the year. I always get lovely feedback from players thanking Clubs New Zealand for the gifts and how grateful they are to boost their prizes at the tournaments. Sport is so important to the club industry and I'm excited that we are recognising this by investing in resources for participants.

A sincere thank you to our volunteers

Again, a massive thank you to the volunteers in our clubs who make many of our sporting events what they are. These people are extremely valuable and deserving of considerable praise and recognition in the club industry. We have an amazing bunch of volunteers in the club family and I can't emphasise enough how grateful and lucky we are to have such wonderful community driven people.

Congratulations on a wonderful year and I look forward to working with you to ensure 2020 is another great one.

Kate Smith
Sports co-ordinator, Clubs New Zealand



OPERATIONS REPORT

LUCY WATERREUS

2019 - what a whirlwind that turned out to be! In writing this report I have spent a lot of time going over the year, reflecting on our successes (which is what this is all about), but also looking at the challenges we faced and how as a team and an association we worked together to overcome them. It is our association's resilience which I believe is our greatest asset, the ability to come together, tune out the negative noise and focus on finding solutions and opportunities that keep us moving forward collectively. We must preserve that resilience always.

All things digital

Both Larry and Ferg have discussed Clubs New Zealand's digital strategy in their reports and the importance of continuing with this work. Digital transformations are not a set and forget project, they are ongoing, they are intensive, and they can offer huge rewards when done with intent. The new website was launched early in the year and we have received so much positive feedback. The app is continuing to grow in popularity and once again I want to extend my sincere gratitude to the clubs that have jumped on board and supported this project from the get-go, even if it doesn't entirely float your own boat. We are doing this to ensure the future viability of our clubs and that must be a collaborative effort.

We are very lucky to have Leigh join the National Office team late last year, he has brought with him a wealth of knowledge and with his assistance we are going to see some exciting opportunities arise in the digital space.

Reciprocal Rights and the Sale and Supply of Alcohol Act

Never did I think I would find myself happy dancing in Otorohanga following a District Licensing Committee hearing, but there I was. We knew that a challenge to reciprocal rights was brewing for some time and 2019 was the year that it came to a head.

I don't want to rehash all the details in this report, but if you haven't familiarised yourself with the Otorohanga hearing, I strongly recommend that you do. There is information on our website along with a link to download the full renewal decision.

This hearing was up there with the most important for clubs and that cannot be underestimated. The outcome legitimises and acknowledges the reciprocal rights arrangement administered through Clubs New Zealand membership, however, as highlighted in the decision paperwork it does not excuse clubs from ensuring that their rules are up to date and appropriate and that you have adequate tools, processes and procedures in place for identifying authorised visitors.

Reciprocal rights is just one challenge, there will be more. We are seeing a lot of clubs heading to hearings over little mistakes or omissions in their licence renewals and that shouldn't be happening as it opens the club up to much greater scrutiny. Do not be shy to ask for help, talk to the national office team, get your licence inspector in and talk to them about any concerns they have prior to renewal time, be proactive.

I am genuinely excited to see what challenges 2020 throws our way (there are already a couple) and how we come together as an association to find solutions and create even more successes.

Lucy Waterreus
Operations Manager, Clubs New Zealand



FINANCIAL REPORT

BRYAN FERGUSON

We are pleased to confirm a surplus for the year of **\$2,663**.

Like last year, the past twelve months have been very successful in terms of services provided - in particular Club Smart courses, armed robbery training and harm minimisation courses and operational audits - completed for clubs. This is made even more satisfying when noting the additional resources utilised to directly assist clubs.

Overall however it has been a difficult twelve months off the back of some irregular forecasting of insurance commissions and the subsequent reduction of income from that source. We are disappointed with the income from those commissions as a drop in receipts was not signalled by our partners who administer the scheme. It may well be the reduction is the result of heavy discounting, but we have not been made privy to the reasons, despite our best endeavours to get information.

The largest chunk of expenditure came in one very big bite - the funding of legal counsel in defending Clubs New Zealand's right to administer Reciprocal Visiting Rights, one of the cornerstones of our very existence (almost as important as sport). We retained one of the country's foremost sale and supply of liquor experts, Barrister Alastair Sherriff, and the DLC Hearing Committee appeared almost in awe of his appearance before them and his submissions. It was a very important victory for us, and the club at the centre of it. We acknowledge their contribution to costs.

Overall, Income Received was **\$96,621** under budget. Expenses were **\$115,023** under budget creating a healthy surplus of **\$2,663** for the year.

As with last year this has come about by prudent spending and close monitoring of our expenditure on a vigorous basis.

We continue to monitor costs against income and make adjustments during the year when necessary.

All in all we are satisfied that it has been a good year.

Bryan Ferguson
President, Clubs New Zealand

Independent Auditor's Report

To the Members of Clubs New Zealand Incorporated

Opinion

We have audited the financial information in the accompanying performance report of Clubs New Zealand Incorporated (the 'Association'), which comprises the statement of financial position as at 31 December 2019, and the statement of financial performance and statement of cash flows for the year then ended, and the statement of accounting policies and other explanatory information in notes 1 to 8.

In our opinion, the financial information in the performance report presents fairly, in all material respects, the financial position of the Association as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-for-Profit) issued by the New Zealand Accounting Standards Board ('PBE SFR – A (NFP)').

Basis for opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised) ('ISAE (NZ) 3000 (Revised)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the entity in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and the provision of taxation compliance services, we have no relationship with or interests in the Association.

Other information

The Board is responsible on behalf of the Association for the other information. The other information comprises the entity information and the statement of service performance, that accompanies the financial information included in the performance report and the audit report.

Our opinion on the performance report does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

The Board's responsibilities for the performance report

The Board is responsible on behalf of the Association for:

- Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- the preparation and fair presentation of the performance report on behalf of the Association in accordance with PBE SFR – A (NFP), and
- for such internal control as the Board determines is necessary to enable the preparation of a performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Board is responsible on behalf of the Association for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the performance report

Our objectives are to obtain reasonable assurance about whether the financial information in the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs and ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information in the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information in the performance report, including the disclosures, and whether the financial information in the performance report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on use

This report is made solely to the Members, as a body, in accordance with Section 18.1 of the Constitution. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Wellington, New Zealand
14 February 2020

CLUBS NEW ZEALAND INCORPORATED

ENTITY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2019

Legal Name: Clubs New Zealand Incorporated
 Type of Entity: Incorporated Society
 Registration Number: 218850

Entity Structure:

(a) Board Structure: "The regulation and government of the Association shall be vested in:

- (a) A Board of Management; and
- (b) Such other committee or committees as may be created by the Association in General Meeting.

Entity Mission:

(a) Our Mission Statement is: "The Mission of Clubs New Zealand Incorporated is to promote and safeguard the interests and privileges of Member Clubs".

(b) Objectives:

- i. To promote membership of the Association to Clubs within New Zealand.
- ii. Generally to take all necessary steps to promote, develop, maintain and safeguard the interests, rights and privileges of Member Clubs.
- iii. To review all matters relating to or arising from Legislation; to consider existing statutes and their effect on Members; to originate and promote such beneficial amendments as may from time to time be found.
- iv. To promote and facilitate sporting activities between members at provincial, island and national inter-club levels.

(b) Operational Structure: Our operations are managed by a team of eight paid employees. We employ a Chief Executive, General Manager - Northern, General Manager - Southern, PA / Finance Manager, Sports Advisor, Operations Manager, Support Co-ordinator and Designer.

Main Source of Entity's Cash and Resources: Clubs New Zealand's main income is a Annual Subscription fee set at the General meeting each year.

Contact Details:

Physical address: Level 5 ANZAC House, 181 Willis Street, Wellington
 PO BOX 11749, Manners Street, Wellington

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CLUBS NEW ZEALAND INCORPORATED

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2019

DESCRIPTION OF CLUBS NEW ZEALAND'S OUTCOMES

Clubs New Zealand is tasked with enhancing and promoting all aspects of Club business.

DESCRIPTION AND QUANTIFICATION (TO THE EXTENT PRACTICABLE) OF THE ASSOCIATION'S OUTPUTS

	ACTUAL	BUDGET	ACTUAL
	THIS YEAR	THIS YEAR	LAST YEAR
CLUBS SMART TRAINING – GOVERNANCE COURSE FOR CLUB EXECUTIVES	45	50	52
BEING A RESPONSIBLE GAMBLING HOST FOR CLUB STAFF	232	20	29
BACK TO BASICS COURSE – CLUB MANAGERS TRAINING	6	15	15
E-NEWSLETTER'S SENT TO MEMBERS - WEEKLY AND UPDATE E-NEWSLETTERS	213	100	231
SUPPORT TO CLUBS NEW ZEALAND SPORTS TOURNAMENTS	\$24,273	\$42,500	\$38,544
SALES FORCE DATABASE IMPLEMENTED	\$3,933	\$5,000	\$4,761
INTERNAL CLUB AUDITS - ASSISTING WITH RESTRUCTURING, POLICIES	8	10	14
GOVERNMENT SUBMISSIONS	3	5	3
ARMED HOLD UP TRAINING (PEOPLE) *	257	-	-
ADVOCACY *	\$26,337	\$20,000	-

CLUBS NEW ZEALAND INCORPORATED

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	2019	2019	2018
		\$ AUDITED	\$ UNAUDITED	\$ AUDITED
		ACTUAL	BUDGET	ACTUAL
OPERATING REVENUE				
CONFERENCE & AGM INCOME		120,859	128,000	142,396
TECHNOLOGY DEVELOPMENT		-	-	81,283
INSURANCE COMMISSIONS	5,6	211,949	320,000	305,053
INTEREST RECEIVED		3,679	4,000	3,442
MEMBER SUBSCRIPTIONS		1,107,892	1,097,000	1,098,426
LESS CLUBS NEW ZEALAND INSURANCE DISCOUNT		(47,540)	(47,000)	-
OTHER INCOME		51,829	42,000	53,411
SKY TV COMMISSION		15,548	16,000	16,115
VTNZ REBATE INCOME		15,112	16,000	15,576
TOTAL OPERATING REVENUE		1,479,327	1,576,000	1,715,701

LESS OPERATING EXPENSES				
ADVERTISING AND PUBLICITY		9,500	10,000	19,210
BOARD EXPENSES AND HONORARIA		154,044	157,000	168,824
BODY CORPORATE FEES AND RENT		54,034	60,000	36,024
CLUBS ADVISORY		26,337	20,000	25,613
CLUBSMART EXPENSES		2,479	5,000	4,613
COMPUTER & WEBSITE COSTS		45,715	39,000	72,151
CONFERENCE & AGM EXPENSES		115,076	124,000	116,895
DEPRECIATION		42,709	45,000	43,777
FEES PAID TO DELOITTE - OTHER SERVICES		4,750	3,000	6,500
FEES PAID TO DELOITTE - AUDIT SERVICES		14,400	18,000	15,500
INSURANCE AND ACC LEVIES		14,743	15,000	14,591
LEGAL EXPENSES & GOVT SUBMISSIONS		8,368	15,000	9,601
MARKETING AND PROMOTION		25,844	25,000	32,922
OTHER EXPENSES		117,482	139,800	134,297
PROVISION FOR DOUBTFUL DEBTS		-	8,000	-
REPAIRS AND MAINTANANCE		-	10,000	-
GAMING ASSIST PROGRAM		860	-	26,652
SPORTS AWARDS AND PROMOTIONS		24,273	42,500	38,544
STAFF REMUNERATION		700,231	727,350	690,607
STAFF TRAVEL AND TRAINING		79,671	91,000	106,354
VTNZ REBATE PAYMENT TO CLUBS		15,112	16,000	15,576
TOTAL OPERATING EXPENSES		1,455,627	1,570,650	1,578,251

SURPLUS FOR YEAR BEFORE TAX		23,700	5,350	137,451
TAX EXPENSE		(21,038)	-	(53,573)
SURPLUS FOR THE YEAR AFTER TAX		2,663	5,350	83,878

The accompanying notes on pages 17-18 form part of the Performance Report

CLUBS NEW ZEALAND INCORPORATED

STATEMENT OF MOVEMENT IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 \$ AUDITED	2018 \$ AUDITED
OPENING ACCUMULATED FUNDS AT 1 JANUARY	998,216	914,338
SURPLUS FOR THE YEAR AFTER TAX	2,663	83,878
CLOSING ACCUMULATED FUNDS AT 31 DECEMBER	1,000,879	998,216

CLUBS NEW ZEALAND INCORPORATED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	NOTE	2019 \$ AUDITED	2018 \$ AUDITED
ACCUMULATED FUNDS		1,082,350	998,216

REPRESENTED BY:			
CURRENT ASSETS			
ACCOUNTS RECEIVABLE	5,6	210,923	227,812
ACCRUED INTEREST		22	22
CASH AND BANK ACCOUNTS		300,327	272,533
INVESTMENT IN CLUBS INSURANCE SERVICES LTD	5	5,518	5,518
OTHER CURRENT ASSETS		12,116	17,189
TERM DEPOSITS - BANK	1.D.5	100,000	100,000
GST RECEIVABLE		4,611	8,156
TOTAL CURRENT ASSETS		633,517	631,230

NON-CURRENT ASSETS			
PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES		527,289	566,065
TOTAL ASSETS		1,160,807	1,197,295

CURRENT LIABILITIES			
ACCOUNTS PAYABLE AND OTHER CREDITORS		29,978	88,097
INCOME TAX LIABILITY		22,447	31,906
OTHER LIABILITIES		107,503	79,077
TOTAL CURRENT LIABILITIES		159,928	199,080

NET ASSETS		1,000,879	998,216
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The accompanying notes on pages 17-18 form part of the Performance Report

LARRY GRAHAM
CHIEF EXECUTIVE OFFICER



BRYAN FERGUSON
PRESIDENT



DATE: 14 FEBRUARY 2020

DATE: 14 FEBRUARY 2020

CLUBS NEW ZEALAND INCORPORATED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	2019 \$ AUDITED	2018 \$ AUDITED
CASH WAS RECEIVED FROM:		
GRANTS/DONATIONS	-	81,283
INSURANCE COMMISSIONS	217,131	207,429
FEES, SUBSCRIPTIONS AND OTHER RECEIPTS FROM MEMBERS	1,167,803	1,225,934
RECEIPTS FROM PROVIDING GOODS OR SERVICES	108,932	61,535
INTEREST INCOME	3,679	3,442
	1,497,545	1,579,623
CASH WAS APPLIED TO:		
PAYMENTS TO SUPPLIERS AND EMPLOYEES	(1,436,321)	(1,523,078)
INSURANCE REBATES PAID	-	(49,037)
OTHER	(29,498)	(35,214)
	(1,465,819)	(1,607,329)
NET CASH FLOWS TO OPERATING ACTIVITIES	31,726	(27,706)
CASH FLOWS TO INVESTING AND FINANCING ACTIVITIES:		
CASH WAS APPLIED TO:		
PAYMENTS FOR FIXED ASSETS	(3,932)	(56,674)
NET CASH FLOWS TO INVESTING AND FINANCING ACTIVITIES:	(3,932)	(56,674)
NET DECREASE IN CASH	27,794	(84,380)
OPENING CASH	272,533	356,913
CLOSING CASH	300,327	272,533
THIS IS REPRESENTED BY:		
CASH AND BANK ACCOUNTS	300,327	272,533

CLUBS NEW ZEALAND INCORPORATED

NOTES TO AND FORMING PART OF THE PERFORMANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Statement of Accounting Policies

a Reporting Entity

Clubs New Zealand Incorporated (the "Association") is a society registered under the Incorporated Societies Act 1908.

b Basis Of Preparation

The entity has elected to apply PBE SFR-A (NFP) (Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit)) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

c Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position of the Association on a historical basis are followed by the Association.

d Particular Accounting Policies

The following is a summary of the particular accounting policies adopted by the Association in the preparation of the financial statements.

(1) Goods and Services Tax

The financial statements have been prepared exclusive of Goods & Services Tax with the exception of Accounts Receivable and Accounts Payable.

(2) Accounts Receivable

Accounts Receivable are stated at their estimated net realisable value.

(3) Joint Ventures

Joint ventures are accounted for using the equity method, in accordance with PBE IPSAS 8.

(4) Revenue

Subscription and commission revenues are recognised as earned over the 12 month period to 31 December 2019.

(5) Bank Deposits

Bank Deposits are stated at cost.

(6) Interest Income

Interest Income is recognised using the effective interest rate method.

(7) Income Tax

Income tax is calculated using the taxes payable method.

(8) Property, Plant and Equipment and Intangibles

Items of property, plant & equipment and intangibles are measured at cost less accumulated depreciation and impairment losses. Depreciation is charged on a diminishing value basis over the useful life of the assets except for buildings. Buildings are depreciated on a straight line basis.

Depreciation is charged at the following rates:

- Buildings: 2% straight-line basis
- Other: 8% to 67% diminishing value
- Intangibles: 10% diminishing value

e Changes in Accounting Policies

There have been no changes in accounting policies and all policies have been applied on a consistent basis with the previous reporting period.

2 Nature of Business

The principle objectives of the Association are to advance the interests of and provide services to member clubs.

3 Taxation

The Association is liable for income tax on earnings outside its membership activities.

	2019 \$ AUDITED	2018 \$ AUDITED
PROFIT FOR YEAR BEFORE TAX	23,701	137,451
ADD BACK: SURPLUS FROM MEMBER ACTIVITIES	51,436	87,368
TAXABLE PROFIT FROM NON-MEMBER ACTIVITIES	75,137	224,819
TAX AT 28%	21,038	62,948
ADJUSTMENT TO PRIOR YEARS	-	(9,376)
NET TAXABLE INCOME / (ASSESSED LOSS)	21,038	53,572
TAX EXPENSE	21,038	53,573

CLUBS NEW ZEALAND INCORPORATED

NOTES TO AND FORMING PART OF THE PERFORMANCE REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Property, Plant & Equipment and Intangibles

	COST AUDITED \$	DEPRECIATION EXPENSE AUDITED \$	ACCUMULATED DEPRECIATION AUDITED \$	BOOK VALUE AT YEAR END AUDITED \$
AS AT 31/12/19				
PROPERTY PLANT & EQUIPMENT				
BUILDING	250,000	5,000	27,917	222,083
OTHER	333,784	15,617	227,399	106,385
INTANGIBLES				
CLIENT RELATIONSHIP MANAGEMENT SYSTEM	258,865	22,091	60,044	198,821
	842,649	42,709	315,359	527,289

AS AT 31/12/18				
PROPERTY PLANT & EQUIPMENT				
BUILDING	250,000	5,000	22,917	227,083
OTHER	329,851	16,764	211,782	118,069
INTANGIBLES				
CLIENT RELATIONSHIP MANAGEMENT SYSTEM	258,865	22,014	37,953	220,912
	838,716	43,778	272,652	566,064

5. Clubs Insurance Limited

The Association holds a 50% share in Clubs New Zealand Insurance Services Limited, a company formed to facilitate the distribution of insurance commission. During the year the Clubs Insurance Limited distributed \$211,949 (2018: \$305,053) to the Association. There are no significant profits or equity retained in Clubs Insurance Limited, and hence there is no equity investment balance reflected on Statement of Financial Position of the Association.

6 Related Party Transactions

As a member body subscriptions are charged annually to each member club. In prior years where a club insured with Clubs New Zealand Insurance Services a rebate may have been paid. At the 2019 AGM it was confirmed an upfront discount of 0.25 per member would be given at the time of subscriptions to all members part of Clubs New Zealand Insurance.

7. Commitments & Contingencies

The Association had no capital commitments or contingencies at year end. (2018:nil)

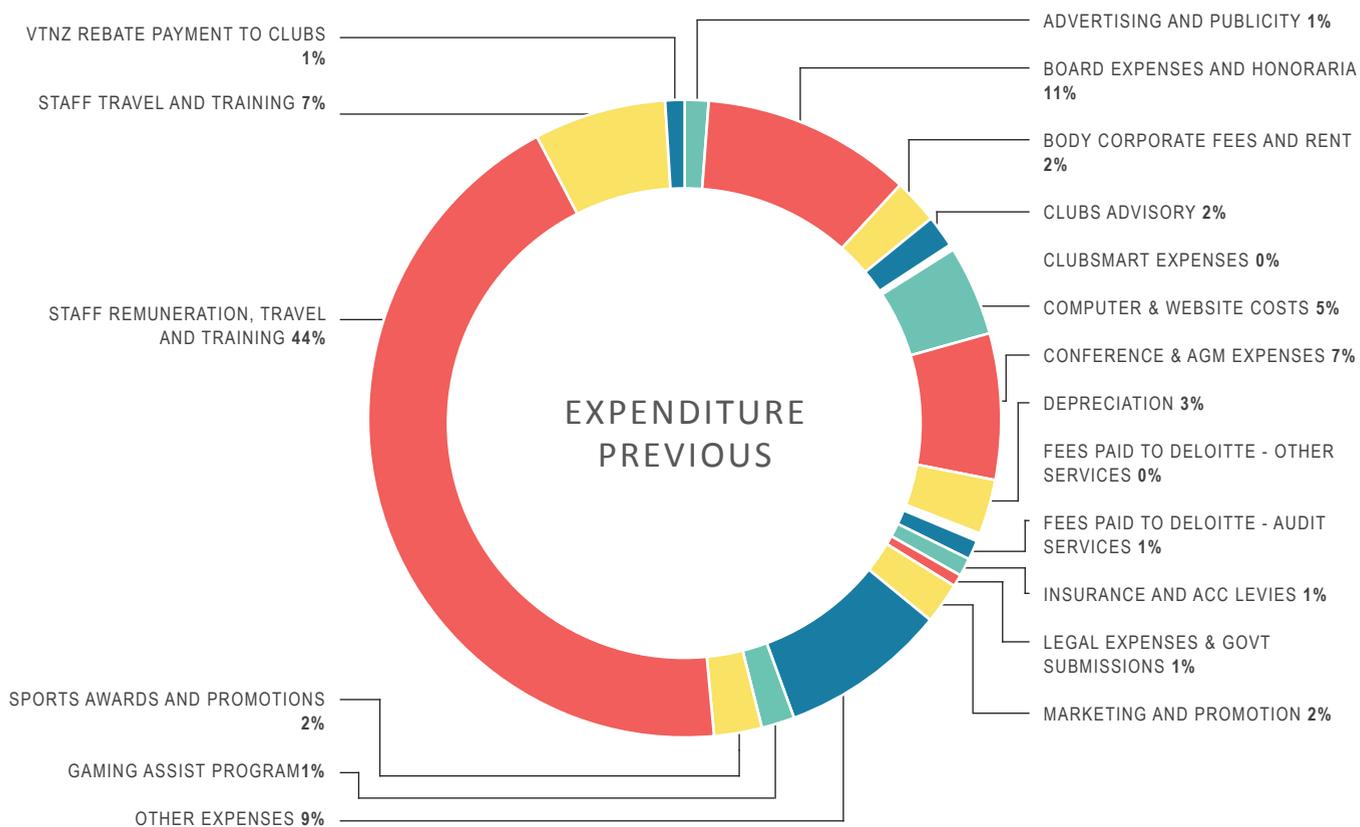
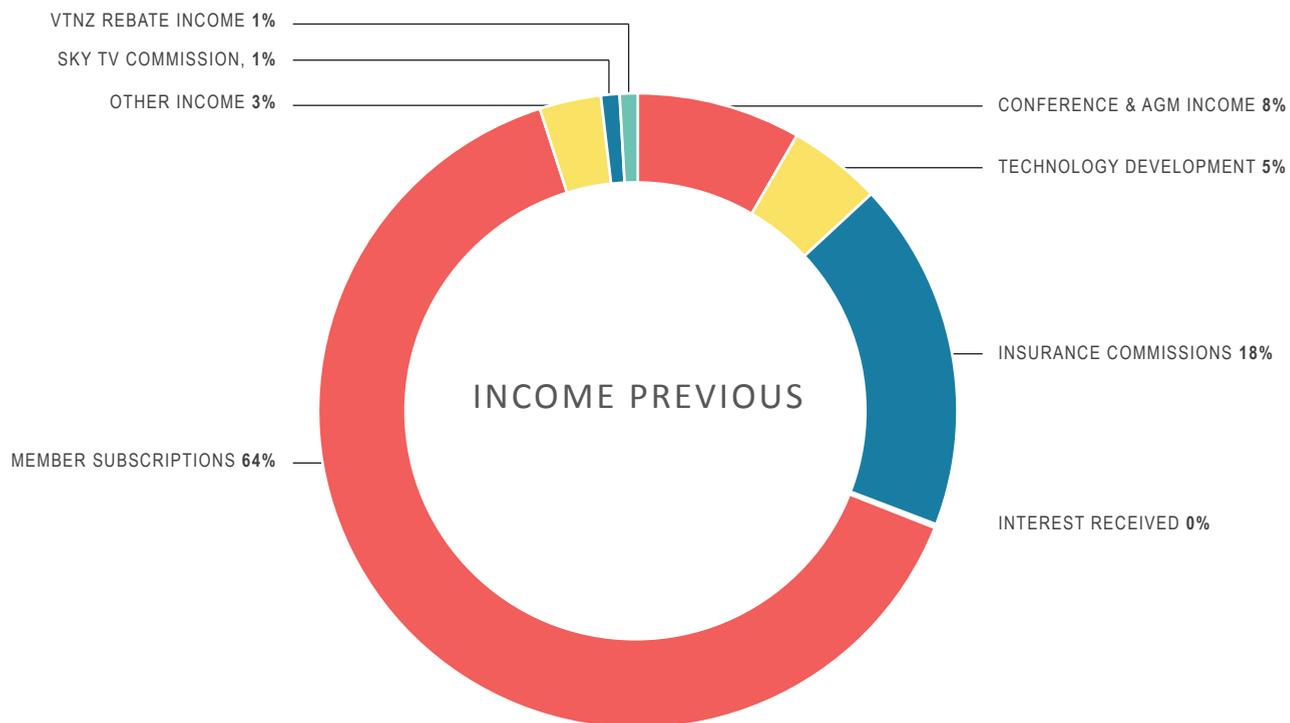
LEASE COMMITMENTS	CURRENT \$	TERM \$	TOTAL \$
AS AT 31/12/19	23,370	25,930	49,300
AS AT 31/12/18	44,974	30,789	75,763

8. Subsequent Events

There have been no significant events subsequent to balance date.

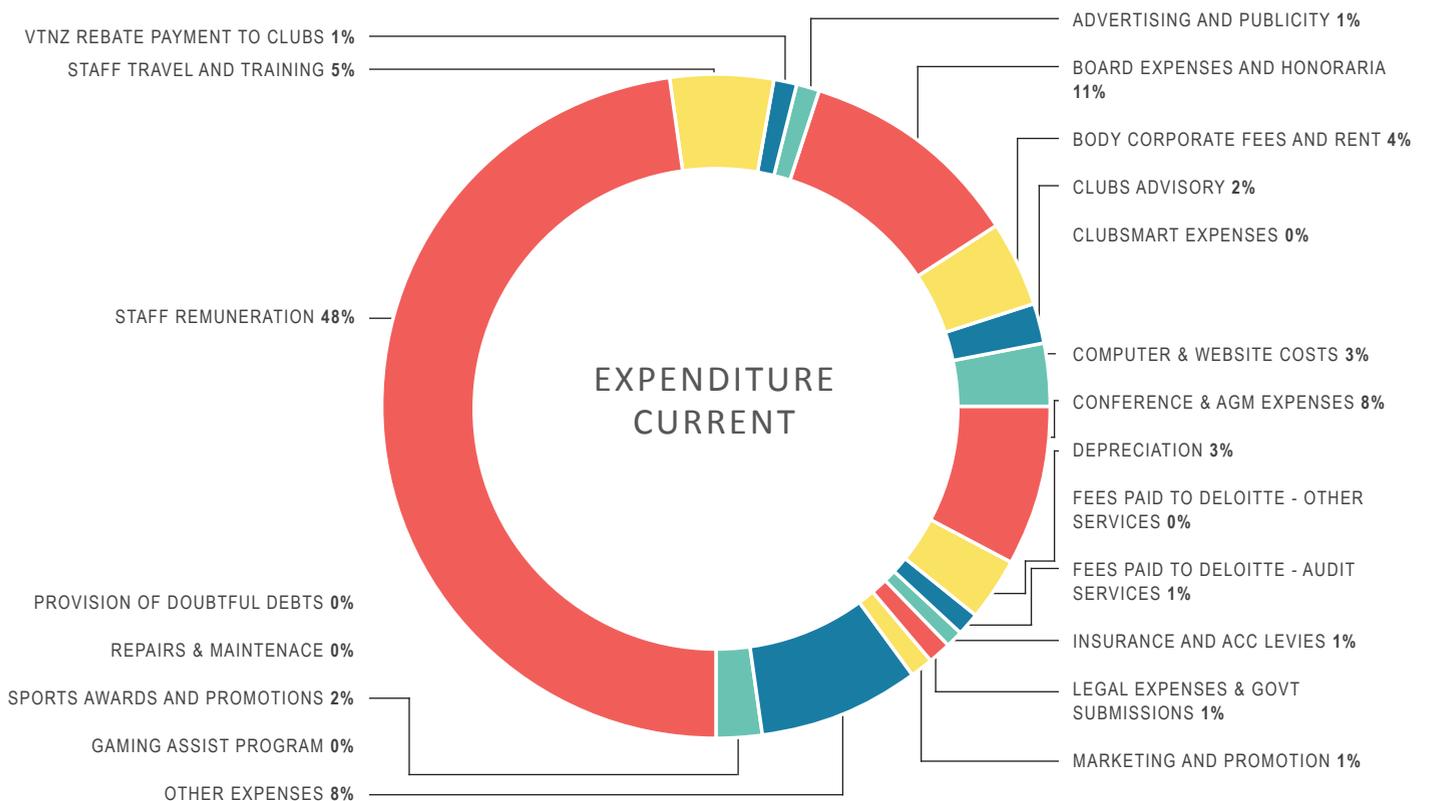
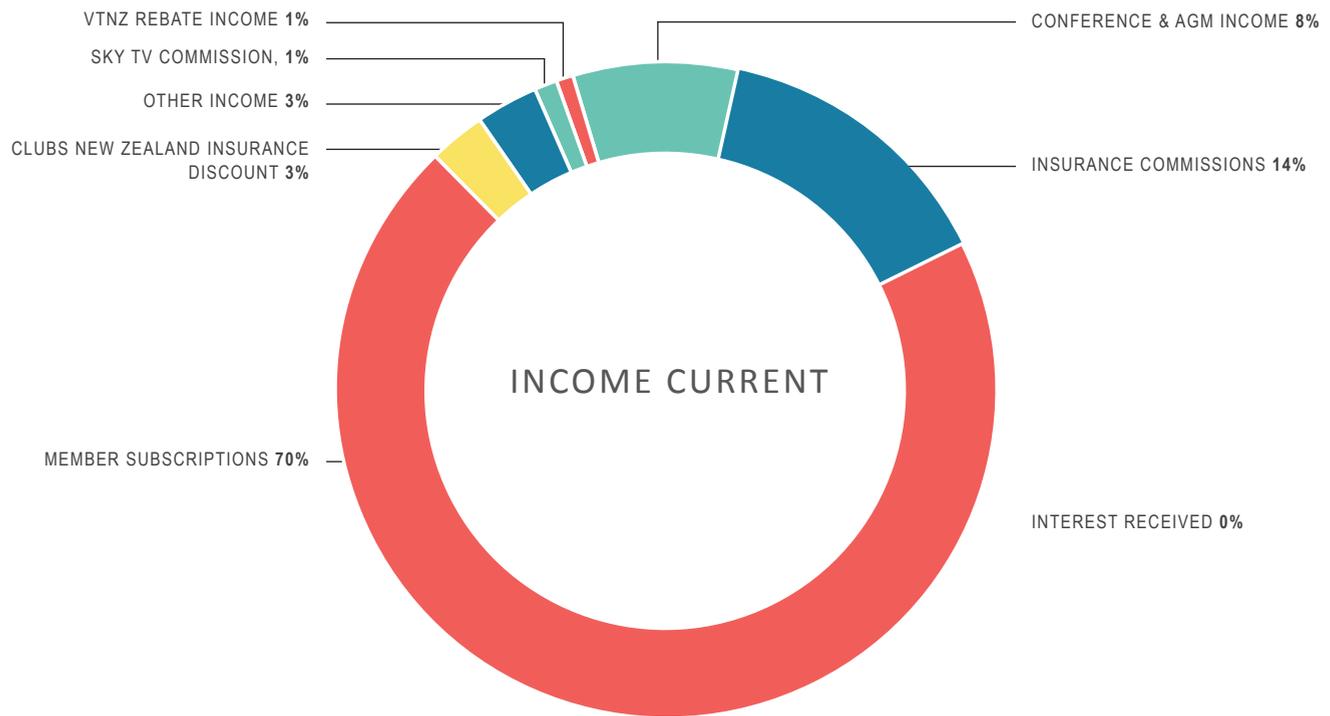
PREVIOUS - 2018

INCOME AND EXPENDITURE



CURRENT - 2019

INCOME AND EXPENDITURE



REMIT 1: CASE FOR CHANGE

This remit proposes amending section 12 of the Clubs New Zealand constitution.

Currently section 12 reads;

12. OFFICERS

12.1. The officer of the Association shall be:

- (a) A President;
- (b) One Deputy Chair, who will be elected from within the Board immediately following the AGM and;
- (c) One (1) Area Board Member elected by Member Clubs in each of the following thirteen (13) Areas, as defined by the Board from time to time:
 - I. Northland;
 - II. Greater Auckland;
 - III. Waikato and Thames Valley;
 - IV. South Waikato and Bay of Plenty;
 - V. King Country;
 - VI. Hawkes Bay and Poverty Bay;
 - VII. Manawatu, Wanganui and Taranaki;
 - VIII. Wellington, Wairarapa and Howowhenua;
 - IX. Marlborough and Nelson;
 - X. Buller and West Coast;
 - XI. Canterbury;
 - XII. North Otago, Mid and South Canterbury; and
 - XIII. Otago and Southland

The Board recommends that the above clause be amended to read;

12. OFFICERS

12.1. The officer of the Association shall be:

- (a) A President;

- (b) One Deputy Chair, who will be elected from within the Board immediately following the AGM and;

- (c) One (1) Area Board Member elected by Member Clubs in each of the following nine (9) Areas, as defined by the Board from time to time:

- I. Northland;
- II. Greater Auckland;
- III. Waikato and Thames Valley and King Country
- IV. South Waikato and Bay of Plenty;
- V. Manawatu, Wanganui and Taranaki
- VI. Wellington, Wairarapa, Howowhenua, Hawkes Bay and Poverty Bay
- VII. Marlborough, Nelson, Buller and West Coast (Upper South Island);
- VIII. Canterbury and North Otago (Mid South Island);
- IX. Otago and Southland (Lower South Island)

Update of By-Law

Currently our By-Law says;

2. CRITERIA FOR MEMBERSHIP

- 2.1 (C) May be authorised to sell or supply liquor to its members pursuant to the Sale of Liquor Act 1989;

It was proposed and accepted that this By-Law be amended to read;

2. CRITERIA FOR MEMBERSHIP

- 2.1 (C) May be authorised to sell or supply liquor to its members pursuant to the Sale and Supply Alcohol Act 2012 or such law as pass by parliament;

This would make the By-Law relevant.

ANNUAL GENERAL MEETING AGENDA 2020

Saturday 21st March 2020
Club Hastings
308 Victoria Street
HASTINGS

1. Welcome and Apologies
2. Confirmation of the minutes of the AGM held in Tauranga, 23 March 2019.
3. Matters arising from the 2019 AGM Minutes
4. Presidents Report – Bryan Ferguson
5. 2019 Financial Report – David Tilley
 - Confirmation Auditor for 2020
 - Confirmation of capitation fees for 2020
6. Chief Executive Report – Larry Graham
7. Remits
8. Election of officers
9. Update from 2021 host club – Canterbury Area
10. Selection / application from clubs for hosting March 2022 AGM
11. General Business

Please note the next Conference and AGM is SUNDAY 21st - TUESDAY 23rd March 2021 in Christchurch.

AGM Closure

2019

BOARD MEMBERS



BRYAN FERGUSON
PRESIDENT /
KING COUNTRY



ROLY REARDON
GREATER AUCKLAND



TERRY RAY
SOUTH WAIKATO / BAY OF
PLENTY



BERNARD HICKEY
HAWKES BAY / POVERTY BAY



ROYCE TUNBRIDGE
WANGANUI / TARANAKI /
MANAWATU



DAVID DALTON
WELLINGTON / WAIRARAPA /
HOROWHENUA



GLEN BEATTIE
NELSON / MARLBOROUGH



GRAEME OLSON
BULLER / WEST COAST



MAURICE NUTIRA
CANTERBURY



PREM NATH
NORTH OTAGO / MID & SOUTH
CANTERBURY



NEIL MCDOWELL
OTAGO / SOUTHLAND

2019

LIFE MEMBERS

BRUCE BRODERSON
QSM

RUSSEL COTTAM

TOM FISHER

CAROLINE KELLAWAY
ONZM / JP

JOHN TAYLOR





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