



GolfAustralia

Annual Report

For the period ending June 30 2007



Golf Australia Board

John Buckley
Judy Onto
David Martin

Jerry Ellis – Chairman

Tom Crothers
Carol Humphreys
Vivien Beer



Finance, Audit & Risk

Vivien Beer (Chairwoman)
Jerry Ellis
Ian Lewis
Alison Watkins

Foundation

Jerry Ellis (Chairman)
Carol Humphreys
Sally Capp
Richard Hattersley

Rules, Amateur Status, Handicapping & Course Rating

John Buckley (Chairman)	John Hopkins
Joan Coles	Andrew Langford-Jones
Frank Gal	Val Oswald
Jenny Hoff	Barry Shepherd

Championships

David Martin & Judy Onto (Joint Chairs)
Sue Fabian
Jan Plaisted

Management

Tony Hallam
Paul McNamee
Jason Bennett
Nick Green
Trevor Herden
Peter Knight
Alex McGillivray

Chief Executive Officer
Executive Chairman – Australian Opens
Commercial Operations and Marketing Manager
Director – Game and Club Development
Director – Championships
Director – National Elite Development
Support Services

Golf Australia Council Delegates

Golf Tasmania	John Fennell	WAGA	Ray Turner AM
Golf Queensland	Barry Shepherd, Carmel Smith	WGNSW	Anne Lenagan
NSWGA	Stuart Cox, Alan Harrison	WGSA	Joan Coles
SAGA	Gordon Scott	WGV	Jenny Hoff
VGA	Darryl Buxton, John Hobday	WGWA	Dianne Tomlin

Associate Members

Golf NT	Colin Fuller AM
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Life Members

Patricia M. Bridges OBE



To our Member States and the Australian Golf Community,

I am pleased to report on your Interim Board's activities over the 17 months since the amalgamation of the Australian Golf Union and Women's Golf Australia which led to the creation of the Association named Golf Australia.

Much has been achieved during the Interim Period as envisaged by those far sighted, dedicated few who argued for the amalgamation and gained Australian Sports Commission support for the creation of golf's National Sporting Organisation.

The amalgamation of the men's and women's national organisations is complete and since Golf Australia's inception we have

- Built a highly skilled management team;
- Strengthened, through renegotiated contracts, our commercial relationships;
- Rationalised our assets giving us greater financial flexibility;
- Formed a widely accepted long-term plan; and
- Agreed a new constitution which will continue to be reviewed and developed in future years.

We have in place an agreed procedure for ending the Interim Period with elections in November 2007 leading to a new Board taking over on 1 February 2008. This will mark the end of the Interim Period and the start of the next chapter of operation of Golf Australia under its new Constitution and as a Company limited by guarantee.

It is our view that we, the Interim Board, have done what was expected of us by our Council, the Australian Sports Commission, and the golf community.

I wish to thank the Council for its support, my fellow Interim Directors for their commitment to the critical task of establishing Golf Australia, and to our CEO, management team, and staff for their dedication and outstanding achievements.

We pass on to the next Board a professional organisation ready to press ahead with further development of the National Sporting Organisation.

Finally, and on a personal note, I wish to thank my colleagues for granting me the honour of being their Chairman, a task I have very much enjoyed.

Jerry Ellis
Chairman
Golf Australia

CEO LETTER OF INTRODUCTION

To our Member States and the Australian golf community,

I am pleased to provide this report on the progress of Golf Australia for the 17-month period 20 January 2006 to 30 June 2007. Since its inception, Golf Australia – the National Sporting Organisation for golf and the governing body for amateur golf in Australia - has made solid progress in implementing its vision and purpose.



Our Vision for the Industry:

Golf is a game for life where participation in the game contributes to a healthy Australian community.

Golf Australia's Purpose:

As the National Sporting Organisation for golf, Golf Australia works in a commercial and inclusive manner to develop the game of golf and grow participation in all forms, at all levels.

In our half-year report to 30 June 2006, Golf Australia identified a number of key objectives. These included:

- Building a management team capable of delivering our strategy;
- Ensuring that the organisation was inclusive of men, women and all golfers; and
- Listening and communicating with all stakeholders as Golf Australia prepared a strategic plan.

The new organisation is operational, works cohesively, and conducts business effectively. Above all, we are committed to the modern version of accountability through a transparent management style.

The 17 months since our formation has seen us set solid foundations.

Lead

Create and commercialise our brand and products;

Continue building relationships with our Member States and industry stakeholders to move the industry forward in one direction; and

Deliver innovative ideas in game and club development.

Communicate & Listen

Create two-way communication channels to all industry stakeholders to build an Australian golf community.

Invest

Build the capabilities of our organisation through people and key alliances;

Provide direct assistance and best practice to clubs and the industry;

Deliver successful Australian Opens;

Build a High Performance pathway for the industry; and

Establish a sound financial base.

Everyone from occasional golfers to aspiring professionals will stand to benefit from these developments.

Our strategic plan, launched in 2006, sets the platform for growth and development, expanding our focus across all levels of participation and securing the necessary funding to underpin the future growth of golf in Australia.

We continue to focus on improving our communication and to strengthen the level of engagement between Golf Australia and the Member States.

We will also continue to consult widely with, and listen to, the golf community and industry stakeholders by opening up communication and discussions between all stakeholders to identify issues and develop plans for the future of the golf industry in Australia.

We recognise we have more work to do in order to deliver fully on our strategy over the next three years. Our objectives for this period include:

- Further growth in revenue to fund investment in new and exciting programs;
- Continuing to work within the golf industry to design and implement national programs for local conditions;
- Continued growth of successful Australian Opens to promote the game in Australia;
- A smooth transition to the first elected Board of Golf Australia;
- Promotion of the game to fuel interest and attractiveness; and
- Continued promotion of 'whole industry' thinking.

Golf Australia's aim is to provide increasing support to players and their clubs, and through our Member States to invest increasing resources at all levels of the game. The past 17 months have shown Golf Australia to be a proactive and progressive organisation and together with our strategic plan, the future for golf in Australia is promising.

2006 – 2007 REVIEW OF OPERATIONS

Commercialise Our Portfolio

Golf in Australia needs further investment in game and club development to ensure participation grows into the future.

Golf Australia has adopted well-accepted commercial practices in order to grow our revenue base. Inherited agreements and contracts have been reviewed and as a result additional benefits are available to both Golf Australia and the contracted parties.

In order for the industry to be able to invest in itself, Golf Australia together with the Member States, needs to grow the revenue base. In seeking corporate support our main aim has been to integrate involvement across the whole range of Golf Australia activities in order to maximise revenue and ensure the strongest possible benefit for our corporate partners.

We would like to acknowledge all our partners and sponsors who have continued to support our growth. In particular, MFS is to be congratulated for supporting the growth of the Australian Opens, along with the Senior and Mid-Amateur Championships, in the multi-million dollar sponsorship agreement which was extended to 2010. They have set a tremendous example for other Australian corporates in supporting the game of golf and we thank them on behalf of the Australian golf community and the industry.



In addition, we have worked hard to rebuild the relationship with the Australian Sports Commission (ASC) which resulted in the return of funding for Golf Australia and the re-introduction of the AIS golf program in April 2007 (see ASC report attached).



Other commercial milestones include the:

- Creation of the Golf Australia Foundation which provides a tax-effective means to attract support from individuals and corporates;
- Successful negotiation of a restructured relationship with Moonah Links which will maximise the long term value to Golf Australia and the Moonah Links investors by ensuring the course will host future Opens, continue as an elite training facility for Australian golfers, and build its reputation as the 'Home of Australian Golf'; and
- Restructuring of the AGU/IMG contract to return full ownership and control of the Men's Australian Open to Golf Australia.

Golf Australia Organisation and Governance

A new constitution has now been developed and was approved by members at a Special General Meeting in September 2007. The constitution provides for a move forward to company status and clears the way for a new election process to be held in November 2007.

Our organisational structure is complete, the financial process has been completely re-engineered, and work is ongoing to streamline these processes.

Our communication plan is based around communicating openly with our stakeholders and increasing the awareness of golf and our activities to the broader community and the creation of a national Australian golf community database. We have invested in a new brand and new website, along with a consistent flow of information to all levels of the Australian golf community.

Industry Repositioning

Since amalgamation in January 2006 we have continued to work with other peak bodies towards industry structure reform at a national level.

We worked with these bodies to create the Australian Golf Industry Council (AGIC) which focuses on the key issues facing all stakeholders in the Australian golf industry. The first year of the AGIC has seen the first national golf industry forum held in September 2007. We jointly undertook a national water survey which formed the basis of an industry position paper to government.

Golf Australia also continues to build positive relationships and support its Member States as they respectively progress their plans for amalgamation.

Game and Club Development

Our main purpose as an organisation is to grow participation in the game in all forms at all levels. We aim to increase participation, breakdown barriers of entry, and ultimately be inclusive and accessible to all.

During the past 17 months we have developed a number of initiatives which are helping us work towards our objectives:

- As part of its approach to junior development, Golf Australia formed the Australian Junior Golf Advisory Board and prepared and launched a strategy entitled 'Vision 2018: The Future of Junior Golf in Australia'. The report delivers a clear and unified vision to all Member States, junior foundations, and junior golf stakeholders;
- We have worked closely with the government resulting in golf being confirmed as an on-going part of the 'Active After School Communities' program;
- To further increase general participation, we are currently reviewing the membership growth program 'Golf Access Australia';
- We are developing a national club-based campaign and competition entitled '9 Hole – Your Time, Your Choice'. The campaign is focussed on further diversifying the demographic participating in the sport;
- Bearing in mind Golf Australia's aim to be inclusive and accessible to all, 'Sports Connect' was put in place, with the aim of developing policy and partnerships for athletes with disabilities. Golf Australia has also commenced research into the benefits of playing golf for people suffering from arthritis;
- Another important initiative is the attraction of participants from the indigenous community. The organisation has endorsed the National Indigenous Championship in Alice Springs, which took place on 8 October 2007. We have also formed an Indigenous Golf Advisory Board and distributed \$50,000 directly to Member States for state-based indigenous programs, as well as funding proposals for better engagement – Identification, Community and Education;
- We have been keen to secure community participation. We will achieve this by developing a local council strategy for the support of golf participation both in and outside of clubs;
- Golf Australia supports charitable organisations and has raised more than \$50,000 for charities such as the National Breast Cancer Foundation through the Australian Opens as well as donating memorabilia to various other charities for fundraising events;
- In order to provide direct support to golf clubs and the wider industry, Golf Australia has put in place a Club Assistance Program and club industry advisory services;
- A review of Handicapping and Course Rating systems has been commenced and we held the National Handicapping and Course Rating Forum in August; and
- We confirmed the position of a golf display at the new National Sporting Museum at the MCG where over 250,000 visitors are expected each year.



We are pleased with progress in these areas. It remains a major strategic priority to significantly increase the level of annual investment in game and club development programs.

Championships

In early 2006 we commenced a review of the National Championships schedule managed by Golf Australia using the guiding objectives that our schedule should focus on the following objectives:

1. Promotion of the game;
2. Development needs of our elite players; and
3. Financial sustainability.

Based on this review the following innovations have been introduced:

- Combining the Australian Amateur for men and women to be played at the same venue;
- Introduction of the Trans Tasman Trophy which combines the competitions between Australia and New Zealand for men, women, boys, and girls;
- Introduction of a Mid-Amateur National Championship for men and women; and
- Scheduling the Interstate Series in 2008 for men, women, and colts in Sydney during the same week.

We are pleased with the response to these changes and will continue to refine the content of the National Schedule as we move beyond 2008.



Elite Development

Golf Australia has successfully initiated and delivered the ASC Elite Pathways Review, the first review to be jointly supported by the four peak bodies in Australian golf – Golf Australia, the PGA of Australia, the ALPG Tour and the PGA Tour of Australasia – and with input from all stakeholders, including Member States.

Since the completion of the review we have commenced the implementation of the recommendations of the High Performance Pathways Review, including:

- Creation of a High Performance Advisory Panel chaired by Steve Bann to oversee the implementation of each of the recommendations from the High Performance Pathways Review as well as to provide input into the direction of other aspects of elite development;
- In partnership with the Australian Institute of Sport, re-introduced the AIS golf program in March 2007;
- Appointment of Mark Holland to position of Head Coach for AIS golf program;
- Appointment of National team managers & selectors in accordance with reviewed policy;
- Introduction of AIS/National Squad Draft Camps to select squad members with the first of such camps being held in September and October 2007;
- A review of the national ranking system for women. A new system was launched in July 2007 and is based on a rolling 12-month points average derived from performances in the 'National Ranking Events'. Both male and female squad members will also play other events including overseas tournaments and some professional events. The results of these are taken into account when determining non-automatic choices for national teams;
- A new national team selection policy has now been put in place. This ensures the players under consideration for national team selection will know what their status is regarding automatic selection;
- Golf Australia has joined with Karrie Webb to create the Karrie Webb Series for women amateurs; and
- Srixon and the Greg Norman Collection (distributed by Sporte Leisure) have joined us as sponsors of the Golf Australia National Squad which provides tremendous support in the development of these golfers.

Australian Opens

Our aim has been to rebuild the reputation of the Australian Opens by positioning them as regionally significant sporting events through effective marketing and scheduling. We are now investing in these tournaments with a view to building them over the next five years. We want to continue to increase the involvement of sponsors and spectators, as well as increasing our own involvement with community issues and charities.

The organisation wants to ensure that the Opens promote the game of golf, provide a financial return to Golf Australia and provide aspirational opportunities for Australian players.

Key achievements include:

- Restructuring the IMG contract to return full ownership and control of the Australian Open to Golf Australia;
- Securing the future of the Women's Australian Open for the next four years under the renegotiated MFS sponsorship;
- Securing the support of leading Australian players for both Championships;
- Investment of significant funding in promotion of both events; and
- Introduction of the National Breast Cancer Foundation as the official charity of the events.



Women's Golf

One of our key strategic priorities is to increase the number of women participating in golf in Australia. To address this we have taken the following actions:

- The organisation has brought the Women's Australian Open back onto the Tour schedule with a four-year commitment, introduced the Fisher & Paykel Classic, and extended the Peugeot Women's Classic for a further three years;
- The allocation of a team subsidy to each participating state, to address the challenge created by having two Women's Interstate Series in the 06/07 financial year;
- Support for elite women amateurs (National Squad) has been brought into line with the support of male amateurs;
- Successful application to ASC, resulting in \$200,000 over three years being given to put in place a three-year 'Building a Better Sport: Better Management Practices' program;
- Golf Australia has reduced affiliation fees for women from \$6.50 to \$5.50 (incl GST); and
- In line with our commitment to increase women's participation in the golf industry at all levels of playing, coaching, administration and, governance, Golf Australia has created the position of Women's Golf Development Officer.



Finance Report

Golf Australia reports to its members for the first time on a financial period extending 17 months and 11 days. Golf Australia's financial statements present a net loss of \$216,528 for the period. This result is in line with the budget approved by the Board and the forecasts communicated to the Member States during the period.

The financial statements provide full disclosure of the results. The following is a summary of some key aspects:

- The result consists of an operating loss of \$895,705 before charges relating to impairment and restructuring of non current assets, and the net profit on the sale of property, plant and equipment;
- Total revenue for the period was \$15.7m. On an annualised basis, when compared with the combined final year of the AGU and WGA, this represents an increase in excess of 200%;
- This significant increase in revenue is primarily a result of the return of full ownership of the MFS Australian Open and the re-introduction of the MFS Women's Australian Open. These championships produced a combined deficit of \$30,000 excluding salaries during the period;
- Additional revenues have been generated in relation to:
 - Growth in federal government grants to \$1.7m for the 17 months; and
 - Sponsorships for national participation events and elite development;
- Affiliation fees represent 20% of Golf Australia's revenue compared to 43% for the AGU and 62% for WGA;
- The balance sheet has been restructured during the reporting period. In particular Golf Australia has sold or transferred its ownership in three inherited properties resulting in significant cash inflows which have been re-invested. At year-end Golf Australia held \$6.7m in cash and cash equivalents;
- Cash flow management has been a major focus and resulted in interest revenue of \$222,382. By actively managing our cash investments Golf Australia has developed the flexibility to manage its cash outflows without needing to incur additional debt financing costs. The current investment strategy is to continue to hold secure interest bearing deposits.



Tony Hallam
Chief Executive Officer
Golf Australia



Message from the Australian Sports Commission

Australia, for its small population and remoteness of location, continues to confound the world with its achievements on the international sporting stage. This position has been reached by the development of a comprehensive and effective national sport system that encourages sport and physical activity for all Australians and creates opportunities to enable those who are talented and motivated to reach their potential. This system has evolved with the strong support of the Australian Government, State/Territory and local governments, the private sector and sporting organisations at all levels.

At the national level, primary responsibility for developing and directing sport lies with national sporting organisations. On behalf of the Australian Government, the Australian Sports Commission plays central leadership, co-ordination, funding and advocacy roles in the operation of the Australian sport system, largely through the national sporting organisations. Indeed the Australian Government, through the Commission, is the major investor in Australian sport.

In 2006/07, the Australian Government, through the Commission, provided Golf Australia with funding of approximately \$965,000 for the development of the sport and its continued enhancement at the grass-root and elite levels, including an allocation of \$205,600 for the Australian Institute of Sport Golf program.

The Australian Sports Commission recognises that Golf Australia has continued to work to build its membership base and has provided significant support to its Member Associations. The Junior Golf Advisory Board has developed a blueprint for youth participation which will serve as an excellent guide for leading the golf industry and for ensuring a cooperative approach to growing the sport of golf in Australia.

On behalf of the Commission, I look forward to working with Golf Australia in future for the betterment of Australian sport.



Mark A Peters
Chief Executive Officer
Australian Sports Commission

Golf Australia proudly thanks our major partners:





GolfAustralia

www.golfaustralia.org.au