Golf Australia

Golf Industry Report 2009 – Executive Summary

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TABLE OF CONTENTS

Introduction, Acknowledgements, Objectives, Methodology	*Pages 3-6*
An Executive Summary	*Page 7*
Section One: Background and Profile Data of Clubs	*Page 12*
Section Two: National Membership Summary	*Page 17*
Section Three: Broad Industry Data	*Page 21*
Section Four: Fees and Other Operational Data	*Page 30*
Section Five: Other Club Operational Variables	*Page 47*
Section Six: Special Section – Pay for Play	*Page 65*
Section Seven: Club Services	*Page 69*
Section Eight: Key Financials	*Page 81*
Section Nine: Special Topics	*Page 100*
Appendix – 2008 ERASS Data from the Australian Sports Commission	*Page 104*

Introduction

Golf Australia (GA) is the governing body for golf in Australia and carries a range of responsibilities for the sport including the administration of Rules of Golf and Amateur Status in Australia. Golf Australia is also responsible for Australia's major championships including the Men's and Women's Australian Opens, the Australian Amateur Championships, the Australian Interstate Teams Matches, the Australian Junior Championships and Senior Amateur Championships,

Golf Australia also conducts elite and grass roots development programs and works in conjunction with the Australian Institute of Sport's Golf Program which includes a National Squad of approximately 15 players.

In addition the organisation controls the national course rating and handicapping systems including the implementation of the USGA Handicapping and Course Rating systems which will occur systematically between now and 2012.

Golf is one of Australia's fastest-growing participation sports (according to the 2008 ERASS Report produced by the Australian Sports Commission) and one of the largest in the Australian sporting industry with playing numbers estimated at 1.18 million and employing upwards of 21,000 people on a full-time, part-time or casual basis. Club revenue is estimated to be over $1.5 billion in the financial year (2007/08) and over $27 million was raised for charity through a range of golf clubs and related sources.

Our international amateurs and Australian professionals continue to achieve consistent success overseas.

Golf Australia is committed to ensuring that the game continues to evolve and improve and this report is an important piece in assisting our member clubs and the broader golf industry in developing an effective road-map for the future.

Golf Australia continues to invest in research and key information sources so that the industry can make sound strategic decisions based on evidence-based data and information. This 2009 Golf Industry Report is a valuable resource that should be used by clubs and related bodies to help guide decisions. Additional data is available through Golf Australia.

Yours in Golf

Stephen Pitt – CEO

Golf Australia

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- Australian Sports Commission
- Sport Business Partners
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- New South Wales Golf Association
- Women's Golf New South Wales
- Golf NT
- Golf Queensland
- Golf South Australia
- Golf Tasmania
- Victorian Golf Association
- Women's Golf Victoria
- Western Australian Golf Association
- Women's Golf Western Australia
- PGA of Australia
- AGIC Research Sub Committee

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Objectives

At a broader and strategic level, the key objectives for this project include to ...

Provide the Australian Golf Industry with key benchmark data and information that can be used for improving management and operational practices .

Determine some of the key measures and impacts of Australia's golf clubs and courses on the economy.

Understand some of the challenges that the industry faces so that Golf Australia becomes more proactive in developing solutions to emerging issues at both a national and local level

The following specific topics of enquiry were asked of clubs, facilities and managers...

Collection of background data on clubs including related fees, membership numbers, rounds and capacity

Key operational data and variables – covering green fees, carts, competitions

Demographic profiles of members including age and gender mix, vacancy rates

Financial overview of clubs including revenue and expenditure, employment, volunteers and salaries.

Other issues covered include – governance and committees, charity aspects, pro-shop operations, food and beverage, juniors and development, challenges, membership, golf participation and social golf

The Methodology – TheStructure of Quantitative Research

A total of 517 clubs responded to the survey…

517 Clubs Nationally

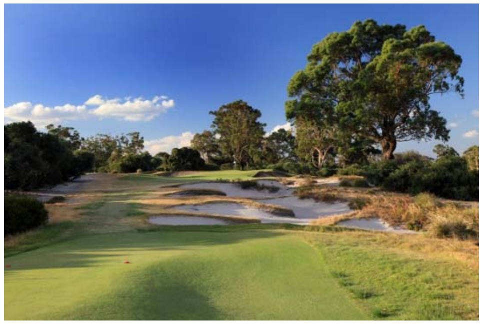
- VIC – 166
- NSW/ACT – 114
- WA – 82
- QLD – 69
- SA/NT – 64
- TAS – 22

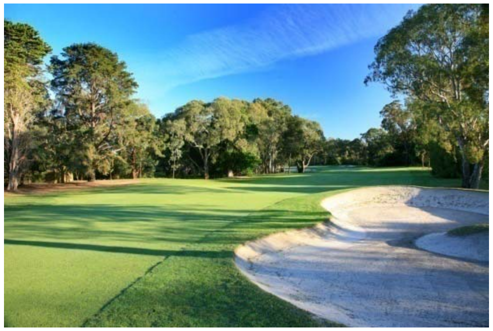
- Metro based – 171
- Country or regional based – 346

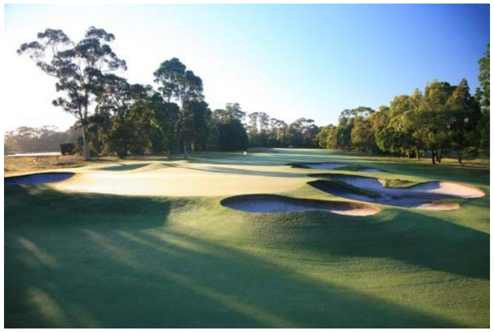
- Private/Semi Private – 365
- Public – 83
- Resort – 9
- Social Club – 55
- Not Stated – 5

Note:1655 surveys were sent out to all GA member clubs in October 2008. Responses were received from 517 clubs across the country until March 31 2009. This represents an effective response rate of approximately of 32%. The data was analysed by Street Ryan and Associates in conjunction with Golf Australia and Sport Business Partners. Where relevant, comparisons have been made to data contained in the previous surveys conducted in 2002 and 2004. Key analysis tables are presented across key sub-groups and categories.

AN EXECUTIVE SUMMARY







Executive Summary (I)

Player and Membership Numbers

Current **ERASS data** provided by the Australian Sports Commission shows that while player numbers have been under pressure over the past decade, there appears to be the start of an upward trend with growth rates of over 22% in the past 12 months in terms of raw player numbers (current national player numbers are approximately 1.18 million players).

In terms of 2000-2008 membership numbers – there was a steady decline in total membership numbers by over 10% since 2000…

- Total membership numbers were 437,179 in 2008 with the most notable declines in South Australia, New South Wales, Northern Territory (men) and Victoria. Western Australia was the only region to 'go against' the declining trend with a 1.2% decline – with males in this state at almost identical levels to that of 2000. National female memberships also declined over this period by 8.2% to just over 92,000.

Key Industry Data

- In terms of the **total revenue** across the club sector, one fifth of clubs have revenues of less than $50,000, with a quarter (26%) having revenues of more than $2 million. Total club and facility turnover in Australia is estimated at over $1.53 billion.
- In terms of **charity donation estimates** for the whole industry, some $27 million was raised in 2008 through golf clubs and facilities
- Smaller clubs (up to 300 members) are most likely to have no paid staff (27%). That said, industry estimates suggest that there are over **21,000 direct employees** in the golf club and facility industry, making it one of the largest leisure /sport employers in the country.

Executive Summary (II)

Fees and Other Operational Data

The range of **annual fees** that golfers pay in Australia highlights the variable types golf courses and the service expectations of golfers. Annual fees vary enormously across the states. There has been a noticeable increase in the number of clubs charging more than $2000 per annum and a drop in clubs charging less than $100. **The median price** point provided by clubs is around $1200 per annum.

Some seven in ten (71%) of clubs are now providing **annual fee payment options** for members. Across the annual fee categories, the payment options increase significantly once the annual fee increases to more than $500. For those clubs at the high end of the scale – with fees in excess of $2000 per annum, 92% of these clubs have payment options.

In terms of **rounds capacity**, clubs are showing that there is considerable supply available – that said, as clubs increase in size, the capacity decreases. Round capacity varies from 60% to 83% depending upon club size.

Club membership capacity averages 62% - clubs with annual fees over $1500 per annum are operating at over 87% of membership capacity. The clubs with annual fees under $500 are approximately 60% full. This data reinforces that clubs need to continue to work on their membership retention and attraction strategies.

In terms of **18 hole green fees** at clubs, the average is close to $26, with variations across club size from a low of just under $12 (for clubs with under 300 members), to a high of $39 for the largest clubs with over 1200 members.

Executive Summary (III)

Other Club Operational Variables

Course Availability - across all clubs nine in ten (88%) are open all year. Of the smaller clubs, one in five (20%) are closed through the year, while for the larger clubs (more than 700 members) only 2% or 3% are closed at some point during the year. Most common course closure reasons include too wet, major events, maintenance and climatic conditions (heat or wet seasons).

Round Times – current 18 hole round time estimates are at four and a quarter hours – the perception is that round times have remained steady - although 14% of all clubs believe round times have increased. **Tee Booking Practices** – at the smaller clubs (less than 300 members) booking in person is still popular – while at larger clubs with more than 701 members, there has been a shift to on-line bookings. **Competition Fees** – the average 18 hole competition fees at clubs vary between $5.80 at smaller clubs through to over $7.00 at larger clubs – nine hole fees are fairly consistent at around $4.00.

Reciprocal Rights – about half of all clubs (49%) claim they have access to transferable membership. Amongst those clubs with reciprocal playing rights, the average number of metro clubs that members have access to is just over four clubs. Whilst comparable data is not available, there appears to be a significant upward trend in intra-state reciprocals (estimates provided by clubs from 2008 show that there is on average 12 intra-state reciprocals where reciprocals exist).

Executive Summary (IV)

Non Member Play – some form of non-member play is allowed at approximately 98% of all clubs. However some restrictions may apply (e.g. manager introduced or reciprocal only). Of those responding to the survey 89% indicated non member visitors are allowed to play at certain times. Three quarters (72%) of clubs have **open days** as part of their income streams – with over 23% of the larger clubs (more than 701 members) holding weekly open days – there are variances across the states and territories with Queensland and NSW having high levels of weekly open days

Club Services

Other Services - across all clubs, about half are offering website, credit card and EFTPOS facilities to members. Direct debit is only available in 34% of clubs and on-line tee bookings still have a way to go to reach saturation levels.

Across all clubs, 63% have at least one cart at their disposal. Four in ten of the smaller clubs (39%) have access or use of golf carts, with penetration climbing to a high of 94% in the largest clubs. The median price points are relatively similar (varies from a low of $27.10 at the smallest clubs to a high of just over $32 at the larger clubs).

Club and Industry Challenges

Across operational and business issues, the major concerns for clubs included (at the time) fuel and petrol prices, rising maintenance costs , insurance and public liability issues. Water issues remain very topical but the attraction of women and juniors as well as an ageing membership base are of most concern for clubs and their administration. In the future there will need to be a growing focus on development of the game to ensure that participation rates climb.

Club/Facility Profile

Profile One	Metro	Regional	TOTAL	
State/Area	#	#	#	%
VIC	63	103	166	32%
NSW/ACT	29	85	114	22%
WA	31	51	82	16%
QLD	13	56	69	13%
SA/NT	26	38	64	13%
TAS	9	13	22	4%
TOTAL	**171**	**346**	**517**	**100%**
Club/Course Type				
Private/Semi Private			365	71%
Public			83	16%
Resort			9	2%
Social			55	11%
Not Stated			5	1%
TOTAL			**517**	**100%**

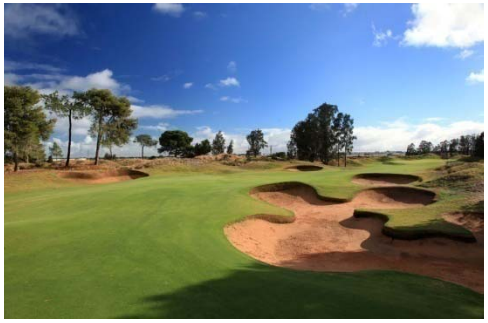
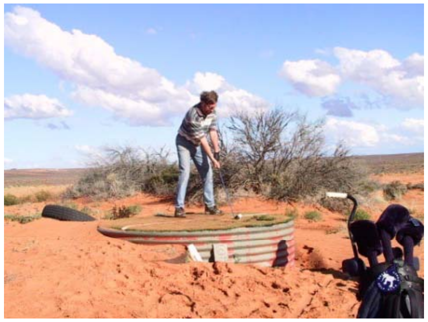
Profile One	#	%
Type of Greens		
Grass	380	73%
Sand	111	21%
Other	9	2%
Not Stated	18	4%
TOTAL	**517**	**100%**

Note: Some rounding occurs in the data and is used to improve readability of the document and does not reflect the level of accuracy of the data. There are some non-responses for some questions which lowers the totals used in the final analysis.

Club/Facility Profile

Profile Two	#	%
Number of holes		
9 Holes	122	24%
18 Holes	338	65%
27 Holes	15	3%
36 Holes	13	3%
Other	23	4%
Not Stated	6	1%
TOTAL	**517**	**100%**
Annual Fees		
Under $100	45	18%
$100-$249	51	21%
$250-$499	27	11%
$500-$999	38	15%
$1000-$1499	24	10%
$1500-$1999	11	4%
$2000	52	21%
TOTAL	**248**	**100%**

Profile Two	#	%
Club Size (Playing Members)		
Under 300	312	60%
301-700	76	15%
701-1200	82	16%
1200 Plus	29	6%
Not Stated	188	4%
TOTAL	**517**	**100%**
Total Revenue		
Under $50k	72	22%
$50k-$100k	30	9%
$100k-$250k	39	12%
$250k-$500k	35	11%
$500k-$2M	64	20%
$2M-$5M	65	20%
$5M Plus	19	6%
TOTAL	**324**	**100%**

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