



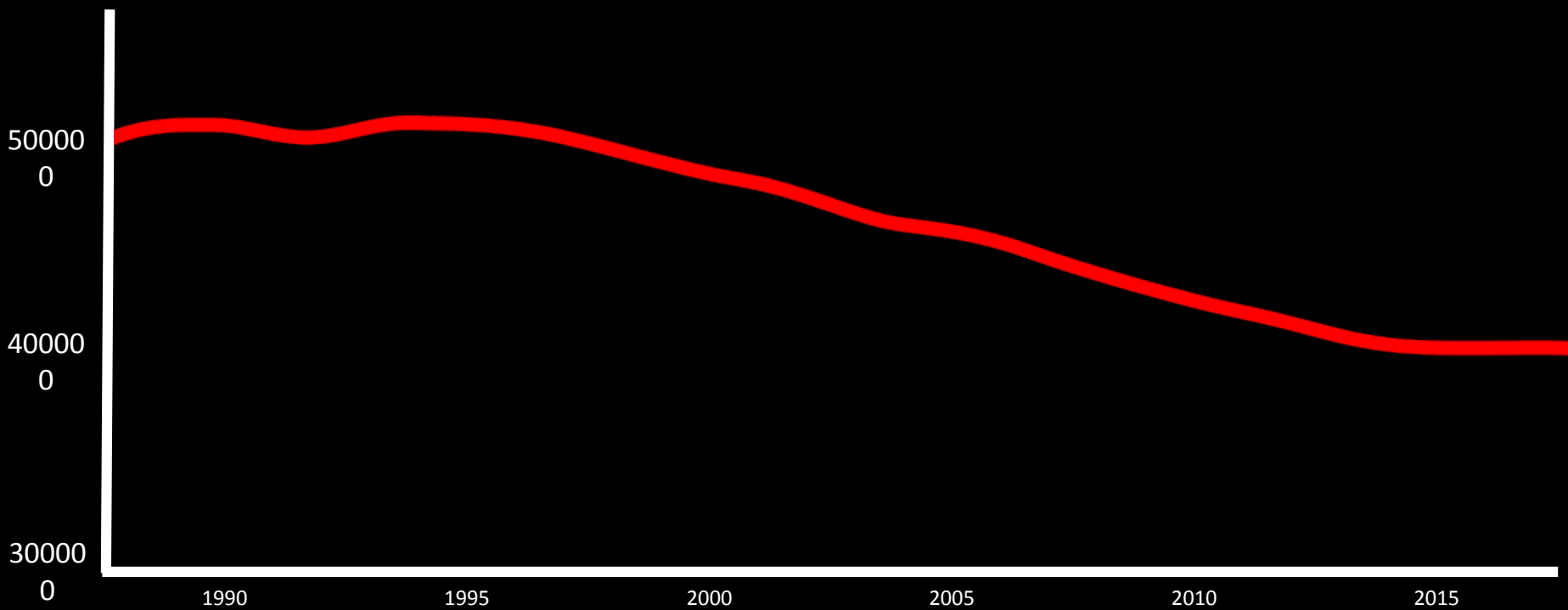
GolfAustralia

ONE GOLF

The Need for Change

- Membership / Club Health
- Eliminating duplication
- Golf must be competitive in the Australian sporting market
- The ASC's Position

Australian Golf Club Membership 1990-present





Golf Australia

Northern Territory

Queensland

New South Wales

Western Australia

South Australia

Tasmania

Victoria



Golf Australia

CCA
CORPORATE MEMBER

Audi **ISPS**

ADUNET **get it**

get it direct.com

airnorth

QAMPS **nab** **UHooker**

tempo

CCA
CORPORATE MEMBER

debus **FAYDE**

NSR **First Care** **Serious**

healthway

Department of Education and Training

traveltree **BOWRA & O'DEA**

SRIXON **malaysia**

GMA

SRIXON

be active. **Little Heroes**

golfcar

MAZDA **NSR**

SRIXON

LOREAL **Adapt**

Charmant Golf **Jawa Golf**

Victoria

Telstra **CCA**

bold **Bostrel**

SRIXON **club plus** **CCA**

NSR

The Australian Sporting Landscape

BROADCAST REVENUES

SPORT	APPROXIMATE ANNUAL BROADCAST RIGHTS
AFL	\$420m
NRL	\$360m
Cricket Australia	\$180m
Tennis Australia	\$60m
FFA	\$58m
Golf	-\$2m



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The ASC Position

“The ASC fully supports One Golf as not only the optimal model for golf in this country but also a benchmark for other sports to emulate.”

What is One Golf?

- A different structure for Australian golf
- Currently SEVEN State/Territory bodies, plus GA deliver services
- One Golf would bring EIGHT companies together to form ONE operating company
- Extra money generated Invested to grow golf

How does One Golf Work?

- Each State/Territory enters a services agreement with GA.
- GA contracted to perform the operations within SA, including:
 - All staff employed by GA (SA staff continue to be located in SA. More staff to be based in each State rather than less)
 - Centralised revenue processes & corporate functions
 - Single National Brand & National Programs
 - Guarantee that SA revenue must be spent in SA. Investment and service standards must be met
- GSA monitors GA's performance and elects the GA Board
- States retain their assets

The Service Agreement – Key Components

- Sets out the term of the agreement – 5 years with a mutual option for a further five years
- Stipulation of expenditure of money in SA
- GA and GSA obligations within the agreement
- Outlining of KPI's to be met by GA
- Termination options for the parties for material breaches

What's the Impact for SA Districts & Clubs?

- Districts will continue to elect the GSA Board
- Districts will continue to be the conduit between clubs and GSA
- There will be a continued focus on growing services in all of SA
- District events and State events will not be negatively impacted in any way
- Less reliance on affiliation fees
- Districts set their own fees & and GA will work with Districts about the collection of fees

What is the Current Status of One Golf?

- Five states have agreed in-principle to support One Golf
- Service Agreements are complete
- We will continue discussion with GNSW and GWA
- GA will operate with five states working under One Golf
- Implementation of smaller States will occur in March and April
- Member consultation will occur in the first and second quarter of 2018
- Implementation of five States to be done by August 2018

Why Should we do One Golf

- We all understand industry fragmentation is hurting golf
- Other unifications will occur
- The broader industry is looking for change
- Risks have been mitigated
- Independent, expert advice is that the game will be significantly better off

Why Should we do One Golf

- The ASC engaged three independent, highly experienced and reputable firms:
 1. KPMG – Efficiency Analysis
 2. Bastion EBA – Commercial Revenue Study
 3. GEMBA – Membership & Participation Research

Why Should we do One Golf

- The collective benefits for golf are massive:
 - **14,000** additional members
 - **40,000** extra program participants
 - Additional investment into programs **\$3m - \$4.1m p.a.**

One Golf GSA Financial Model & Implementation Plan



4. Financial Model – Current State

One Golf (5 States) Consolidated Group* - Base P&L

Income	GA	NT	Qld	SA	Tas	Vic	Total
Affiliation Fees (incl GOLF Link)**	7,162,770	46,401	1,713,155	723,403	328,000	4,476,923	14,450,652
Government Grants	1,763,550	179,715	415,000	90,000	79,506	543,000	3,070,771
Commercial	1,932,778	-	526,875	23,000	12,500	475,000	2,970,153
Other Major Event Income	945,432	-	-	-	-	763,000	1,708,432
Foundation	950,000	-	-	-	-	-	950,000
Other (Entries, registrations, resource sales etc.)	979,304	112,454	492,512	240,025	64,309	268,929	2,157,533
Interest & Dividends	149,597	-	75,000	77,400	7,600	90,000	399,597
Total Income	13,883,431	338,570	3,222,542	1,153,828	491,915	6,616,852	25,707,138
Expenses							
Member Services (GOLF Link, insurance, mag., & foundation)	1,703,518					413,000	2,116,518
Programs							-
Golf Development	1,921,757	81,834	723,179	218,500	61,506	366,947	3,373,723
High Performance	2,323,927	47,426	147,270	175,780	79,704	427,500	3,201,607
Golf Operations (Events, Rules & Handicapping)	492,335	58,343	275,323	66,000	59,862	142,020	1,093,883
COGS (Deliverer payments, resources etc.)	488,531	-	5,000	35,250	-	-	528,781
Additional One Golf Programs Investment							
Commercial	227,106						227,106
Corporate Services	1,335,720	52,008	353,417	156,060	98,397	832,022	2,827,624
Employment Costs	3,266,009	123,338	1,360,845	476,468	163,877	2,818,029	8,208,566
Major Event Expenses	2,273,871		535,897			1,433,425	4,243,193
Total Expenses	14,032,774	362,949	3,400,931	1,128,058	463,346	6,432,943	25,821,001
Total Surplus/(Loss)	- 149,343	- 24,379	- 178,389	25,770	28,569	183,909	- 113,863

*Source info:

GA 2016/17 FY Forecast
 NT 2015/16 Financial Statements
 Qld 2017 Budget
 SA 2016/17 Budget
 Tas 2016/17 FY Forecast
 Vic 2017 Budget

**Affiliation Fees

State Affiliation Fee income consolidation
 adjustment to exclude GA Fee income

One Golf GSA Financial Model & Implementation Plan



4. Financial Model

One Golf (5 States) Consolidated Group – Forecast P&L 2017/18-2019/20

	Consolidated Consolidated Total	Year 1			Year 2			Year 3		
		Total	YoY Variance	%	Total	YoY Variance	%	Total	YoY Variance	%
Income										
Affiliation Fees (incl GOLF Link)**	14,450,652	14,962,543	511,891	3.5%	15,086,826	124,284	0.8%	15,532,966	446,140	3.0%
Government Grants	3,070,771	2,892,500	- 178,271	-5.8%	2,895,500	3,000	0.1%	2,905,500	10,000	0.3%
Commercial	2,970,153	3,632,874	662,721	22.3%	4,339,041	706,167	19.4%	4,821,541	482,500	11.1%
Other Major Event Income	1,708,432	1,772,494	64,062	3.7%	1,798,944	26,450	1.5%	1,806,106	7,162	0.4%
Foundation	950,000	950,000	-	0.0%	950,000	-	0.0%	950,000	-	0.0%
Other (Entries, registrations, resource sales etc.)	2,157,533	2,358,526	200,993	9.3%	2,603,973	245,447	10.4%	2,955,543	351,570	13.5%
Interest & Dividends	399,597	177,400	- 222,197	-55.6%	177,400	-	0.0%	177,400	-	0.0%
Total Income	25,707,138	26,746,337	1,039,199	4.0%	27,851,684	1,105,348	4.1%	29,149,056	1,297,372	4.7%
Expenses										
Member Services (GOLF Link, insurance, mag., & foundation)	2,116,518	2,033,167	- 83,351	-3.9%	1,705,167	- 328,000	-16.1%	1,613,500	- 91,667	-5.4%
Programs	-	-	-	-	-	-	-	-	-	-
Golf Development	3,373,723	2,984,449	- 389,274	-11.5%	2,898,218	- 86,231	-2.9%	2,980,687	82,469	2.8%
High Performance	3,201,607	3,053,073	- 148,534	-4.6%	3,075,786	22,714	0.7%	3,099,213	23,426	0.8%
Golf Operations (Events, Rules & Handicapping)	1,093,883	1,075,221	- 18,663	-1.7%	1,177,755	102,534	9.5%	1,110,563	- 67,192	-5.7%
COGS (Deliverer payments, resources etc.)	528,781	757,747	228,966	43.3%	960,485	202,738	26.8%	1,257,052	296,567	30.9%
Additional One Golf Programs Investment		335,000	335,000		1,253,000	918,000		1,802,500	549,500	
Commercial	227,106	192,500	- 34,606	-15.2%	182,500	- 10,000	-5.2%	182,500	-	0.0%
Corporate Services	2,827,624	2,913,606	85,983	3.0%	2,535,106	- 378,500	-13.0%	2,531,471	- 3,635	-0.1%
Employment Costs	8,208,566	9,108,661	900,095	11.0%	9,475,949	367,287	4.0%	9,731,731	255,782	2.7%
Major Event Expenses	4,243,193	4,241,238	- 1,955	0.0%	4,324,587	83,349	2.0%	4,407,347	82,760	1.9%
Total Expenses	25,821,001	26,694,663			27,588,553			28,716,563		
Total Surplus/(Loss)	- 113,863	51,674			263,131			432,493		

Current consolidated loss of \$114k improves to \$430k surplus including an additional \$1.8m in programs investment

One Golf GSA Financial Model & Implementation Plan



4. Financial Model – SA Branch

One Golf SA Branch – Forecast P&L 2017/18-2019/20

	Base	Year 1	Year 2	Year 3
	SA	SA	SA	SA
Income				
Affiliation Fees (incl GOLF Link)	723,403	716,253	726,916	738,604
Government Grants	90,000	90,000	90,000	90,000
Commercial	23,000	23,000	23,000	23,000
Other Major Event Income	-			
Foundation				
Other (Entries, registrations, resource sales etc.)	240,025	238,200	238,200	238,200
Interest & Dividends*	77,400	77,400	77,400	77,400
Total Income	1,153,828	1,144,853	1,155,516	1,167,204
Expenses				
Member Services (GOLF Link, insurance, mag., & foundation)				
Programs				
Golf Development	218,500	202,402	208,072	213,912
High Performance	175,780	181,053	186,485	192,080
Golf Operations (Events, Rules & Handicapping)	66,000	67,980	70,019	72,120
COGS (Deliverer payments, resources etc.)	35,250	35,000	35,000	35,000
Additional One Golf Programs Investment		175,400	200,250	185,068
Commercial				
Corporate Services	156,060	121,205	123,879	126,695
Employment Costs	476,468	360,197	330,118	339,872
Major Event Expenses				
Total Expenses	1,128,058	1,143,238	1,153,824	1,164,747
Total Surplus/(Loss)	25,770	1,615	1,692	2,457

**Note: Interest & Dividends controlled by GSA but assumed they are spent within State*

What is the Golf SA View?

- GSA Board have been involved in the development and refinement of One Golf
- GSA have provided detailed input and shaped the structure through the process
- GSA have reviewed the service agreement and provided feedback which has been used to improve the agreement
- The GSA Board has given in-principle support for One Golf

The Next Steps

- We will assess any feedback that is provided
- If you have any queries or concerns please contact Stephen Pitt @ stephenp@golf.org.au or Gerard Kennedy @ gerardk@golf.org.au
- We are looking for endorsement from GSA constituents for the GSA Board to enter into the Service Agreement
- Following this it is planned that implementation will occur in July 2018.