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CLUBS' FINANCIAL STRAIN GROWS

NSW clubs have suffered their worst financial year ever, with overall club income falling by \$385 million during the financial year 2007/08. This represents a fall of 11% on the previous 12 months.

The downturn is largely the result of the indoor smoking ban which commenced on July 2 last year.

The overall financial impact upon clubs is much greater with clubs spending \$422 million building outdoor smoking areas which have prevented smokers from moving to the footpath or street when wishing to light up.

The year also saw the closure or amalgamation of another 25 clubs, bringing the total number of clubs lost during the past decade to 270.

The worst affected region during 2007/08 was the Sydney CBD, where club income fell by 21.7%. The second worst affected area was outer western Sydney where revenue fell by 15.5%. Sydney's eastern suburbs was close behind, with club income falling by 14.2% for the 12 months.

CEO of ClubsNSW David Costello said he expected the massive fall in club revenue would send shockwaves through both the Government and community groups.

"Many not for profit organisations rely on club donations to the tune of more than \$120 million a year. With corporate Australia drastically cutting back its support for charity and community groups this year, clubs are increasingly the glue that is holding many groups together.

"Similarly, massive cuts in sporting grants are having a significant impact on junior and senior teams. The impact of leagues clubs being forced to reduce their annual football grants by millions of dollars is now playing out daily in the media, with the long term viability of some Sydney NRL teams in question.

"Ironically, the final figure for the first year of the indoor smoking bans comes just a month after IPART found that clubs make an overall positive social contribution to the community of \$811 million a year.

"Unfortunately, with clubs closing and a record number of clubs currently in administration, this social contribution is now buckling under the enormous strain of the smoking bans and the devastating increases in poker machine tax.

"Despite the doom and gloom that hangs over the industry, I am proud of the continuing strong support clubs have provided to the indoor smoking bans.

"Many clubs have launched programs to encourage their smoking members to kick the habit once and for all such as providing nicotine patches, Nicabate tablets and even employing a hypnotist."

For information relating to how clubs across NSW have suffered during the past 12 months, please contact Jeremy Bath on **0419 267 789** or **jbath@clubsnsw.com.au**.