

CODE OF GOVERNANCE FOR THE ACT CLUB INDUSTRY



MEMBER CLUBS 2005

ACT Rugby Union Club
Ainslie Football & Social Club
Austrian Australian Club
Belconnen Bowling Club
Belconnen Soccer Club (Hawker)
Belconnen Soccer Club (McKellar)
Brumbies Sports & Social Club
Canberra & District Bocce Club
Canberra Bowling Club
Canberra City Bowling Club
Canberra Club
Canberra Highland Society & Burns Club
Canberra Irish Club
Canberra Labor Club
Canberra Raiders Sports Club
Canberra RSL Memorial & Citizens Club
Canberra Services Club
Canberra Southern Cross Club
Canberra Southern Cross Club Tuggeranong
Canberra Southern Cross Yacht Club
Canberra Tradesmen's Union Club
Chisholm Sports Club
Deakin Sports & Social Club
Eastlake Football Club
Federal Golf Club
Ginninderra Labor Club
Gungahlin Lakes Golf Club
Harmonie German Club
Hellenic Club
Italo Australian Club
Lanyon Valley Sports Club
Murrumbidgee Country Club
National Press Club
National Sports Club
Royal Canberra Golf Club
The Braddon Club
The City Club
The Hockey Centre
The Mawson Club
The Sports Club Kaleen
The Weston Club
Thoroughbred Park
Town Centre Sports Club
Tuggeranong Valley Rugby Union & Amateur Sports Club
Vikings Capital Golf Club
West Belconnen Leagues Club
West Deakin Hellenic Bowling Club
Weston Creek Labor Club
Wests @ Jamison
Wests @ Kaleen
Wests @ Turner
White Eagle Club
Woden Tradesmen's Union Club
Yamba Sports Club
Yowani Country Club

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April 2005



Preamble

The ACT club industry has operated under a specific regulatory environment for many years and individually clubs have responded to that environment by establishing and abiding by its own rules and regulations covering responsibilities and accountabilities. The rules cover a range of issues, many of which are at a micro level which would not be appropriate for an industry Code to encompass.

It is an opportune time to pull together a more broad based and industry-wide approach in this area for a number of reasons. The clubs industry has grown significantly over the past couple of decades, its activities are extensive, its operations are more complex, it is increasingly subject to corporate laws, the distinction between clubs and other businesses have blurred (particularly in other jurisdictions), and the expectations of the community have increased and the club industry must respond, and possibly be ahead, of this more demanding operating environment.

Also after a comprehensive three year review the regulatory environment affecting gaming and clubs in the ACT has been significantly changed and made even more onerous and intrusive. A driving force behind these changes is to tighten control over undesirable practices and strengthen the role of the ACT Gambling and Racing Commission to allow it to deal more effectively with those licensees who are not abiding by the law or living up to the spirit of the legislation.

As a result there are some new requirements which have been introduced into the legislation governing the club industry in the ACT (in the Gaming Machine Act 2004 and the accompanying Gaming Machine Regulations 2004) which go to the heart of what this new Code of Governance is aimed at addressing. In addition the ACT is the first jurisdiction to have introduced a mandatory Code of Practice which provides a minimum set of operating standards that need to be met in the provision of gambling services and products.

This self regulatory Code of Governance is cognisant of this changing environment and the new legislation and regulation, but at the same time it also recognises the unique nature of clubs as not for profit, mutual organisations established by groups of people sharing a common interest that provide a safe, controlled and friendly environment for entertainment and recreation by the community.

This initiative reflects the difference between the club sector and other more commercially driven industries and the imperatives that drive us.

In particular and most importantly, the Code has been developed to demonstrate that the club industry in the ACT is conscious of the need for transparency in managing their clubs in the best interests of their members, the vital role that clubs play in the Canberra community and that they are prepared to continue to take a leadership role in enunciating a set of principles by which they operate.

The Code covers those aspects of a club's operations that relate specifically to the behaviour of directors and managers (some of which will extend to employees) and the way in which the club conducts its business.

The Code takes particular heed of developments in other jurisdictions and heightened expectations of those both inside and outside the industry relating to areas, such as:

- *elections of Boards, and the conduct of ballots;*
- *remuneration and benefits;*
- *due diligence in financial reporting and accounting;*
- *purchasing of goods/services and major capital works;*
- *community obligations;*
- *the provision of gaming; and*
- *the service of alcohol.*

It is important that individual clubs always remain sensitive to the need to conduct their affairs in a way that cultivates positive community attitudes towards our industry. Community feelings and expectations towards the club industry, both positive and negative, can help to shape government policy and thereby affect the nature of the regulatory environment. A code of conduct can assist clubs in conducting their affairs in an exemplary fashion. Acceptance of the Code of Governance is therefore a condition of membership of ClubsACT and it will be effective from 1 July 2005.

As the Code is self regulatory, if there is any conflict or inconsistency between the Code and any Territory (or Commonwealth) legislation or regulation, that legislation or regulation shall take precedence over the Code to the extent of the conflict or inconsistency.

Finally, the ClubsACT Code of Governance draws heavily on the very substantial work done by ClubsNSW during 2004, and in particular the Code of Practice which was launched in October 2004, and which also comes into effect on 1 July 2005.

To further assist Member Clubs to meet their Code obligations, ClubsNSW have developed a number of best practice Guidelines, covering:

1. *Board Operations*
2. *Board Elections*
3. *Remuneration of Club Executives*
4. *Financial Reporting*
5. *Benchmarking Club Performance*
6. *Procurement of Good and Services*
7. *Major Capital Works*
8. *Overseas Travel*
9. *Community Contributions*

While these Guidelines are not mandatory, they are designed to help Member Clubs by providing detailed guidance on how they should proceed in a number of key areas of activity covered by the Code. The statutory and regulatory environment may differ slightly between jurisdictions, but in most cases these Guidelines are equally relevant and applicable to clubs in the ACT and they have been modified slightly and are issued to all Member Clubs as part of the ClubsACT Code of Governance.



1. Introduction

What is the Code of Governance?

1. The self-regulatory Code of Governance (known as the Code) sets out common standards of conduct for all Members¹ of ClubsACT - the peak body for the clubs industry, representing registered community-based clubs in the ACT - providing guidance for directors, managers and staff.
2. The requirements of the Code are based on common sense and reflect the club industry's underlying values including honesty, fairness, integrity, mutuality, compassion and community-mindedness.

Why is the Code Necessary?

3. The corporate governance demands upon clubs have increased dramatically in recent times. The conduct of club directors and managers is now closely scrutinized by industry stakeholders including club members, suppliers, organised labour, government and the wider community.
4. Club directors, management and staff are custodians of members' and community property. That responsibility carries with it a unique obligation to ensure that the administration and management of the club is being conducted with efficiency, fairness and integrity for the benefit of the club's patrons and the wider community.
5. The service of alcohol and provision of gaming facilities increases that responsibility.

Objectives of the Code

6. The Code of Governance aims are to:
 - a. promote consistently high standards of practice across the club industry;
 - b. bolster pride and self-esteem amongst those involved in the club industry, including club directors, managers and employees;
 - c. build community trust and confidence in the proper administration of clubs; and
 - d. ensure that clubs are fulfilling their aims and purpose, and their obligations to stakeholders.

B. Member Club Commitments to the Code

Legal Obligations

7. Because the provision of gaming and alcohol form an integral part of club activity, it is acknowledged that the club industry is highly regulated and that Members have a responsibility to be fully informed as to their legal compliance requirements.
8. We² will ensure that Our Directors, Management and relevant Staff are informed about the primary instruments regulating our sector, in particular:
 - *Gaming Machine Act 2004* – outlines the fundamental regulatory requirements such as licensing, approvals, disciplinary action, community contributions, tax.
 - *Gaming Machine Regulations 2004* – provides some of the detailed aspects that are basically covered in the Act, such as community contributions. The Regulations must be consistent with the Act and cannot provide authority beyond the scope of the Act.
 - *Gambling and Racing Control (Code of Practice) Regulations 2002* – provides gambling providers with the minimum set of standards that should be met in providing members (patrons) access to their gambling products and services.
 - *Liquor Act 1975 and the Liquor Licensing Standards Manual 2003*.
9. We will provide adequate training and supervision to ensure compliance with all relevant laws relating to the club industry.

Club Aims and Purpose

10. We will have, in Our Constitution or elsewhere, a clear expression of our aims and purpose as an organisation. This will be clearly communicated to Members and stakeholders.

1: The term "Member", when capitalised, is intended to refer to entities who are ClubsACT Members. The term "member" when used to describe individuals who are members of clubs will be in lower case. Patrons cover both members and non-member visitors.

2: The term "We" and "Our" when capitalised refer to entities who are ClubsACT Members.

Conduct of Directors, Management and Staff

11. We will pursue the aims and purpose of Our club by:
- a. making decisions that are consistent with the club's role/purpose and the interests of members;
 - b. complying with any relevant legislative, industrial and administrative requirement and keeping up to date with any changes;
 - c. maintaining adequate documentation to support any decisions made;
 - d. treating each club member and other staff members with courtesy and sensitivity to their rights;
 - e. providing all necessary and appropriate assistance to members of the Club;
 - f. promoting a culture of continuous professional development;
 - g. obtaining value for club money spent and avoiding waste and extravagance in the use of club resources;
 - h. contributing to a safe, healthy and discrimination - free club environment; and
 - i. not taking or seeking to take improper advantage of any club information gained in the course of their appointment (in the case of directors) or employment (in the case of managers/staff).
- *Act: Eligibility requirements: S7, S13 & 14, S20 & 21; Club Licence Conditions: Part 3 S53- S55; Club Administration: Part 9 S145-S150;*
 - *Guidelines for Board Operation and Guidelines for Overseas Travel*

Conduct of Elections and Ballots

12. We are committed to promoting fair and democratic elections and maximising voting member involvement by following appropriate procedures for the conduct of club elections and for the conduct of ballots (required for the application of an initial/new licence, as well as for the amendment, transfer or a surrender of a licence).
- *Act: S11(3) (d); S12 (2) (b); S14 (c) (d) & (e); S24 (3) (a); S32 (1) (d) & (f); S34 (2) (b) (i). Regulation: Part 4 R13-R23.*
 - *Guidelines for the Conduct of Board Elections*

Appointment and Remuneration of Executives

13. We have in place a sound remuneration framework for Our senior executives³.
14. We have clear boundaries between the role of the Board and the role of management in developing and approving remuneration policies and practices.
15. Our remuneration framework and methodology gives due regard to work value, market rates and performance targets.
16. Our Board works actively with the club's senior managers to ensure a high performance culture exists within the club.
17. We will ensure disclosure and transparency in dealing with remuneration issues.
18. We will provide a written report to members each year (in the Annual Report) on the number of top executives whose total remuneration is \$100,000 or more.
- *Act: S54 (b); Regulation: Part 10 R 74;*
 - *Guidelines for Remuneration of Club Executives*

Human Resources Management

19. We are committed to the promotion of good industrial relations between management and all staff. In particular, management, with the full support of the Board of Directors, will ensure that minimum award conditions and rates of pay, and the requirements of all other relevant law, are applied at all times, and that any employee's legitimate grievance is promptly and fairly processed within the appropriate statutory requirements.
20. We will make the continuing professional development of Our people a priority, subject to available resources.
21. We will encourage the reporting of matters that may cause financial or non-financial loss to Our club or damage to the club industry's reputation.

³: Senior executives will be defined in a manner consistent with Gaming Machine Act 2004 and Regulations (as amended from time to time), that is, whose total remuneration is \$100,000 or greater. Clubs who do not employ a senior executive at this salary level will nevertheless be expected to apply the criteria to their highest paid executive.



Financial Management and Reporting

- 22. We will ensure that sound financial management practices are in place and that they are consistent with budgeting applicable to the financial year. Financial decisions will be consistent with the Board’s approved goals and budgets.
- 23. With respect to the actual and ongoing financial condition of the business, the manager shall not cause or allow the development of financial harm or material deviation of expenditure from Board priorities.
- 24. Financial reports which accurately reflect the true financial position of the club will be provided for each Board meeting.
- 25. The operation of financial systems and financial safeguards will be subject to external audit on an annual basis.
 - *Act: S97; S101-102; Part 11 S158-162;*
 - *Guidelines for Financial Reporting and Guidelines for Benchmarking Club Performance*

Procurement of Goods/Services and Major Capital Works⁴

- 26. We are committed to ensuring that club procurement of goods/services and major capital works represents quality and good value and is done in the best interests of the Club and its members.
- 27. We have in place and are committed to following a sound framework for the procurement of goods/services and major capital works based on the following criteria:
 - a. all procurements and projects will be properly defined, documented, cost planned and approved; and
 - b. all procurements and projects will be subject to appropriate written contracts with the chosen supplier.
- 28. The Board of Directors will act diligently and in the best interests of the club in approving procurement spending and in approving and overseeing major capital works projects.

- 29. If a Director of Our club has a material personal interest relating to the club’s procurement activities or major capital works projects:
 - a. the nature of that interest will be disclosed at the earliest possible meeting of the Board of Directors; and
 - b. conflicted Directors will absent themselves from the Board’s consideration of the procurement or project.
 - *Act: Part 3 S53-55; Regulations: Part 10 R73*
 - *Guidelines for the Procurement of Goods and Services, and Guidelines for the Major Capital Works*

Commitment to the Community

- 30. We acknowledge Our responsibility to the community in relation to key revenue-generating activities, in particular the provision of gaming facilities and alcohol.
- 31. As a not-for-profit entity, Our Club will strive to continue and, where possible, increase our financial commitment to and support for community projects subject to available financial resources and Our fiscal responsibility to the viability of the club.
- 32. In fulfilling Our obligations to the community, We will give due regard to the relevant approach promoted by ClubsACT and in any legislative requirements that are set down by the ACT Government.
 - *Act: Part 12 S164-S172; Regulation: Part 9 R63-R70.*
 - *Guidelines for Community Support*

Responsible Provision of Gaming

- 33. We seek to address problem gambling by:
 - a. providing adequate training of management and staff in the responsible serving of gaming;
 - b. providing gambling services and practices that conform to all applicable Commonwealth and ACT Acts and Regulations;
 - c. promoting responsible gambling practices that conform to local community standards and expectations;

4: Capital works projects are improvements, replacement or additions to Club’s fixed assets.

- d. establishing a pleasant and safe gambling environment;
 - e. encouraging patrons to take responsibility for their gambling activity through an effective self-exclusion procedure or other mechanisms; and
 - f. informing patrons and staff of the clubs responsible gambling policy and programs, the nature of gambling products and the availability of support services for problem gamblers.
- *Act: S8 (3); S18 & 19; S40-52; Part 10 S151-157; S178 (2) (a) & (b); Regulation: Part 3 R9-12; Part 10 R71-72; R75-76*
 - *Code of Practice 2002: The whole Code is applicable.*

Responsible Serving of Alcohol

34. We will demonstrate Our commitment to the responsible serving of alcohol by:
- a. providing adequate training of management and staff in the responsible serving of alcohol;
 - b. refusing to serve alcohol to persons who are obviously or visibly affected by alcohol;
 - c. avoiding the promotion of alcohol in a way that could encourage minors to seek to purchase or to consume alcohol
 - d. avoiding the promotion of alcohol in a way that could encourage the excessive consumption of alcohol;
 - e. refusing alcohol service to under-age persons and requiring the presentation of Proof of Age and other approved forms of identification before providing services to persons we suspect of being minors;
 - f. making club patrons aware of their responsibility under the law in respect of the supply of alcohol to minors and intoxicated persons; and
 - g. not supporting any pricing practice which encourages the excessive consumption of alcohol.
- *Liquor Act 1975: all the provisions of the Act, as well as the Liquor Licensing Standards Manual 2003.*
 - *Code of Practice 2002: S28 (1) (g) & S30 (1) (c)*

Conduct of Patrons⁵

35. We will have procedures in Our Constitution for dealing with unacceptable behaviour by patrons. We are committed to ensuring that these procedures are faithfully followed and will apply the principles of natural justice in the hearing of a complaint against any individual.

C. Code Monitoring

36. ClubsACT will establish a Code of Governance Sub-committee (CGSC) of the Board to oversee Member compliance with the Code. It will comprise a Vice President and two Directors of ClubsACT and 2 representatives will be co-opted from the club industry to reflect the diversity and size of clubs. The membership of the Sub-committee will be renewed annually (October). The CEO will be an ex-Officio member of the CGSC.
37. The role of the CGSC will be to:
- a. consider complaints against Members involving alleged breaches of the Code with the full cooperation of Members;
 - b. prepare a report for inclusion in the ClubsACT Annual Report on the operation of the Code and any major developments; and
 - c. respond to Members about Code related matters and its application, and from time to time suggest, for consideration by the Board of ClubsACT, changes or additions to make the Code more effective.

⁵: The term "patrons" in this context is intended to refer to a club's members and (non-member) visitors.



APPENDICES

Appendix 1: Applicable Legislation

Listed below are the main Territory and Federal Acts (and their accompanying Regulations) that apply to the club industry.

- Gaming Machine Act 2004;
- Gaming Machine Regulations 2004;
- Gambling and Racing Control (Code of Practice) Regulations 2002;
- Gambling and Racing Control (Code of Practice) Amendment Regulations 2004;
- Liquor Act 1975
- Liquor Licensing Standards Manual 2003
- Legislation Act 2001
- Criminal Code 2002;
- Corporations Act 2001;

Appendix 2: Specific Guidelines

Listed below are the Guidelines covering key areas of Board operations which have been prepared to assist Member Clubs meet the ClubsACT Code of Governance.

1. Board Operations
2. Board Elections
3. Remuneration of Club Executives
4. Financial Reporting
5. Benchmarking Club Performance
6. Procurement of Good and Services
7. Major Capital Works
8. Overseas Travel
9. Community Contributions



ClubsACT are the association that represents a vast majority of licensed clubs in the ACT, covering 58 venues and 42 club groups.

We provide a focal point for clubs to establish a sense of common purpose on key issues and the opportunity for the club movement in the ACT to work together to meet the challenges and opportunities that the future holds.

The Board of ClubsACT is comprised of 12 representatives from our Member Clubs. Membership of the Board includes both Directors and General Managers of Canberra's community based licensed clubs.

Our aim is to be a reasoned advocate of club interests and to realise a dynamic and prosperous club industry that enhances the quality of life of club members and the Canberra community generally.

We are recognised by the ACT Government and its agencies as the leader of the club movement in the ACT. In this capacity we make submissions and representations to the Government and its agencies on all issues that affect the club movement, and we maintain close liaison with the Government and with members of the Assembly to ensure that the interests of clubs are represented and protected.

We are the public voice of the club movement - a key role of which is to interact with the media (press, radio and TV) and present a good public image of clubs and the club movement.

We also provide advice and assistance to clubs on matters affecting club administration. Through arrangements with a number of leading local and national firms, members are able to access expert advice on legal issues, accounting, business planning, marketing and promotion, and industrial relations.

We regularly produce information for clubs in the form of general circulars on operational issues and the monthly "Boardroom Update" which has a policy focus.

The Association conducts seminars, meetings and an Annual Conference to expose clubs to the current thinking and issues in the environment in which they operate, as well as an opportunity to network with key stakeholders.

We also conduct Awards for Excellence each year to recognise and celebrate the achievements of the clubs.

We are a visible Association in our own right, as reflected by a range of initiatives in support of ACT organisations and charities and we are a major sponsor of ACTSPORT's Sports Star of the Year Awards and the ACT Governments Sport & Recreation Industry Awards. We are also involved in the sponsorship of the Canberra Region Tourism Awards.

Through our 2005 Corporate Partners Program, ClubsACT receives recognition and support from 33 companies comprising major suppliers and service providers to the club industry in the ACT.

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