



## **ACT Golf Industry Submission**

**to**

**ACTEWAGL and the ACT Government**

**Economic value of the Golf Industry and impact of  
potential Level 4 Water Restrictions**

**Prepared by the ACT District Golf Association on behalf of the ACT  
and Region Golf Clubs**

**July 20, 2007**

## **Executive Summary**

Based on data collected from ACT and Region golf clubs, the economic value and scope of the golf industry to the ACT indicates that it;

- Has an annual financial turnover of \$22m.
- Employs 370 people.
- Has an asset value of over \$300m.
- Provides services to 8,800 members and 82,000 green fee players per year.
- Attracts 2,500 interstate visitors annually with a tourism impact of approximately \$1.5m.
- Manages 600 hectares of urban green fields.
- Supports 60 suppliers and 30 contractors on average.
- Supports 1,200 member and community functions and hosts 60 events annually.

Further more the golf industry has;

- Reduced its reliance on potable water by 85.5%.
- Undertaken a number of water saving measures including changing grass types and reducing the acreage of irrigated land.
- Identified the need to assist those golf clubs that have limited alternatives to a reliance on potable water.

## **Introduction**

Golf represents a significant sector of the Sport and Recreation Industry in the ACT. There are eleven golf clubs in the ACT and region that combined cater for 8,800 members and 82,000 green fee players annually. In addition there are two Pitch and Putt courses that cater for over 100,000 participant visits per year. There are thirteen golf retailers that provide golf equipment, clothing and golf accessories and numerous indirect suppliers providing golf carts, batteries and golf course machinery to participants and the industry.

Golf is the third highest participation sport in Australia and in the ACT, behind walking and swimming<sup>1</sup> and caters for all age groups, both men and women, with the highest participation rates in the 55 + years age group. The health and social benefits derived from these high levels of participation contribute to reducing the ACT's health costs and enable many people to remain active and connected to the community. The health benefits of an active lifestyle are well documented, particularly for our aging population, and as the ACT population continues to grow older, the demand for access to activities such as golf will continue.

Golf courses and their club facilities also provide excellent community amenities, not just for their members but also to the broader community in terms of their ability to host functions, conferences and events.

The greatest challenge for golf clubs currently is to access sufficient water to maintain their core asset, the course. Whilst many measures have been undertaken, the golf industry needs to work in partnership with the ACT Government to continue these measures and reduce the demand for potable water for the industry as a whole.

Golf courses themselves are much more than just a sporting venue. The courses are a critical part of the urban landscape providing significant urban eco-centres helping to support natural flora and fauna and contribute substantially to the capturing of green house gas emissions in the urban environment. Many golf courses also help to manage storm water flows and retention and some have established eco friendly wetlands to help manage the water flows, whilst others have planted significant numbers of new trees and shrubs to help the greening of our urban environment.

This submission aims to clearly state the economic value of the golf industry to the ACT, both in terms of direct and indirect benefits and argues for the maintenance of a vibrant golf industry to ensure the long term sustainability of the sport in the ACT. The submission is prepared on behalf of all the golf clubs in the ACT and region and whilst individual clubs will continue to make representation to Government specific to their needs, the golf industry as a whole will benefit from all clubs remaining viable and able to meet the diversity of community needs.

The eleven golf clubs associated with this submission are:

Belconnen Magpies  
Capital Vikings  
Federal  
Fairbairn

Gold Creek  
Gungahlin Lakes  
Royal Canberra  
Royal Military

Murrumbidgee  
Queanbeyan  
Yowani

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<sup>1</sup> Australian Sports Commission ERASS 2003

## Economic value of the ACT Golf Industry

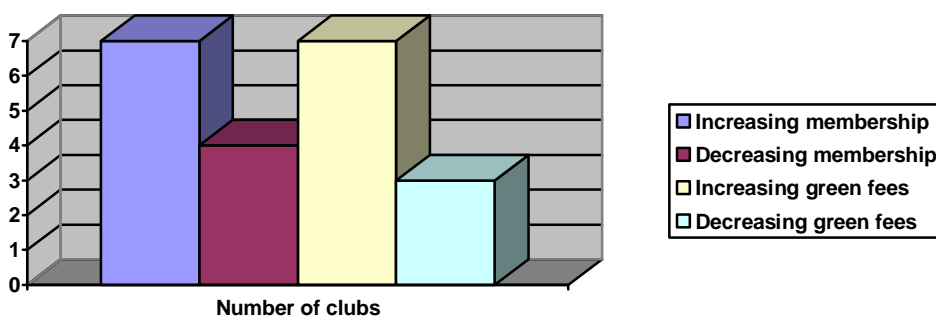
### 1. Membership

The eleven ACT and region golf clubs have the following membership/ participation profile. Of the 11 clubs there is one private club where membership is mandatory, 8 private/public clubs where the course is accessible by members and by the public as green fee players and two public courses.

The membership profile of the ACT and region golf clubs is as follows:

Type of club	ACT totals
Private	1
Private/public	8
Public	2
<b>Membership</b>	
Number of annual members (male)	6,827
Number of annual members (female)	1,518
Number of annual members (junior)	469
<b>Total Members</b>	<b>8,814</b>
Annual number of green fee players	82,000
Driving range participation rates	55,500
Regular weekly competition players (male)	2,000
Regular weekly competition players (female)	500
Regular weekly competition players (junior)	200

Clubs across the ACT are experiencing differing growth rates with some membership declining in some clubs but green fee players increasing.



The common perception of golf as an expensive sport is incorrect. Golf compares favourably with many other sports given that it provides 12 month access and many players play more than once per week. To encourage growth in membership, many clubs have waived joining fees in order to secure longer term, recurrent funding. Any significant loss in membership or substantial fee increases would impact significantly on club budgets. Whilst increasing annual fees would realise greater revenues, golf is still a discretionary expenditure for people and if the cost/value proposition is perceived as too high, there is a risk of loss of membership, resulting in reduced revenues. This is a major balancing act for golf clubs to maintain their membership.

The cost structures of the ACT Golf Clubs are as follows;

Joining fees		Annual fees	
None	4	None	
\$250-499	3	\$250-499	2
\$500-999	2	\$500-999	5
\$1,000-1,499		\$1,000-1,499	2
\$1,500-1,999	1	\$1,500-1,999	1
Over \$2,000	1	Over \$2,000	1

These fees (membership and green fees) result in a golf industry economic value of \$22m per annum.

## 2. Capital Infrastructure

Golf clubs have invested heavily in facilities and infrastructure to maintain the course and club amenities. Over the past five years, the eleven ACT golf clubs have invested some \$13m in facility refurbishments and have allocated over \$8.5m annually on course maintenance.

The estimated asset value of the golf industry is well over \$300m.

Golf courses also help to drive up land value prices for the cost of property built adjacent to golf courses and any loss of these assets would contribute to a down turn in house and land values in the associated areas.

## 3. Goods and Services

The annual turn over of the ACT golf industry is \$22m. These funds derived mainly from memberships and green fees, are allocated to the numerous goods and services required to operate the golf course and club facilities.

Golf clubs purchase significant quantities of machinery, consumables and services including;

fuel	fertilizer	seed	soil	irrigation supplies
vehicles	tractors	mowers	plants	landscape materials
food	beverage	glassware	tableware	laundry
sanitary	computers	stationery	printing	office supplies
banking	telephone	postage	fixtures	financial services
golf equipment	golf merchandise	utilities		

In addition to the purchase of goods and services, golf clubs also rely on the use of contractors from a wide range of trade providers such as plumbers, electricians, builders etc.

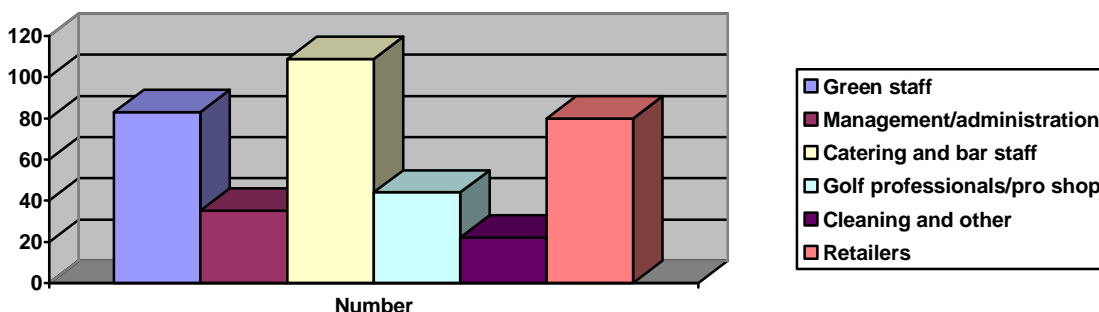
ACT golf clubs on average would deal with 50-60 number of suppliers and 20-30 number of contractors on an annual basis.

#### 4. Employment

The ACT golf industry employs 293 people. The employment types include;

Green staff and course maintenance	83
Management/administration	35
Catering and bar staff	109
Golf professionals and pro shop	44
Cleaning and other	<u>22</u>
Total	293

In addition to the golf clubs there are other direct golf employers in the ACT that support the golf industry including golf retail shops, pitch and put courses and driving ranges. It is estimated that some additional 80 people are employed in these sectors making a total industry employment of 373 people.

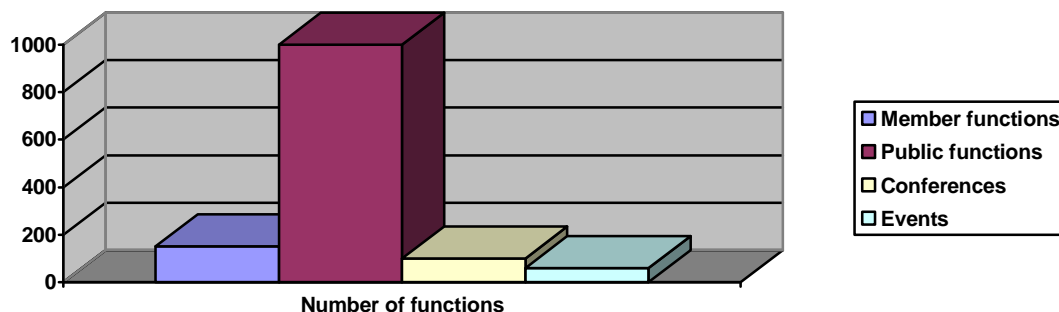


The indirect employment impact is harder to measure but many suppliers and trades providers would be impacted if the golf industry was to diminish its current levels of operations.

#### 5. Functions and events

The golf clubs are significant venues for community and corporate functions and events. In an average year golf club facilities provide the following:

Member functions	150	Public functions	1,000
Conferences	100	Events	60



Many of the events are regional, state and national golfing tournaments that bring visitors into the ACT for periods of 2-5 nights on average. The tourism and economic value of this to the ACT is estimated at \$1.5m.

The scheduling of state, national and international events also requires courses to be of a suitable standard.

## **6. Community contribution**

Many of the golf clubs are associated with established licensed clubs in the ACT and the majority of the golf clubs provide poker machine services to their patrons. This results in a direct benefit to the community in terms of the community obligation to return a percentage of poker machine profits to community groups. Golf clubs also provide free or reduced rates for many charities to conduct fund raising events such as corporate and charity golf days. The estimated contribution of golf clubs to community and charity organisations is \$200k annually.

## The Challenge of Water to the Golf Industry

Availability of water has always been a key issue for golf. By its nature, golf requires sizeable tracts of land and well maintained turf to provide its core services to members. The access to and purchase of water and the required infrastructure needed for water access, storage, distribution and irrigation have always been a significant part of the cost structure for golf clubs. With the long term drought experienced in the ACT over the past five years, many golf clubs have investigated and implemented a number of water saving measures and have found solutions to access non-potable water.

The drive for these measures is not just the need to reduce dependence on potable water but also to reduce the cost implications of the increasing value of potable water to all sectors of the community.

Of the eleven golf courses associated with this submission a number of courses have been able to identify and implement water saving measures due to their access to alternative sources of water, changes to more water efficient grass types and increased capacity to store water for the summer period. A description of the measures each course has undertaken is as follows:

<b>Golf Club</b>	<b>Water</b>	<b>% of potable water</b>	<b>Other</b>
Belconnen Magpies	Sources water from the Lower Molonglo with a direct line to be available in November 2007. This results in the use of more fertilizer to help neutralise the impact of the secondary treated water.	0%	
Capital Vikings	Sources water from two bores that provide adequate supply to the course dams. Sufficient supply if bore licenses are renewed and if aquifer levels remain viable.	0%	Planted 110 new trees.
Federal	Heavily reliant on potable water. Bore yields have diminished and no dam storage available. Trying to identify possible alternatives but need further discussions with Government.	80-90%	Introduced two fairways with couch grass and have re-turfed 13 greens (remainder in 2008) with more water tolerant grass. Commissioned review of existing bores.
Fairbairn	Have adequate tank and dam storage for normal rain seasons. Have access to bore water and can get by with current bore water supply. Part of common airport redevelopment strategy.	0%	
Gold Creek	Relies on storm water harvesting in dams and can manage if dam is full. Investigating sewer mining options to help contribute to dam storage. Cost of potable water makes it an emergency option only.	30-40%	
Gungahlin Lakes	Have large dam capacity and harvest storm water from local area. Have a bore but not required at this stage. Do not anticipate any requirement for potable water.	0%	

Murrumbidgee	Have excavated dams caused by heavy silting and rely on storm water harvesting in dams. Dams currently full and also have bore access not in use due to low aquifer levels. Only use potable water to supplement but not envisaged due to costs.	0%	
Queanbeyan	Draws water from the Queanbeyan river and works with Queanbeyan Council to manage water consumption.	0%	
Royal Canberra	Draws water from Lake Burley Griffin under an agreement with the Federal Government.	0%	
Royal Military	Draws grey water from the Fyshwick pipeline. No reliance on potable water	0%	
Yowani	Use dams to harvest storm water. Has licence to use Sullivans Creek storm water. Looking at possible access to Fyshwick grey water on northern line but still relies on 30-40% potable water. Possible new water dams behind Epic will reduce demand on potable water in future.	30-40%	

The average water usage for ACT golf courses (18 holes) is approximately 120-150 mega litres per annum. On average an 18 holes golf course occupies 59 hectare of land area and irrigates an average of 21.5 hectares (2.5 hectares of tees and greens, 14.9 hectares of fairways and 4.1 hectares of other areas). If all golf courses were reliant on potable water the golf industry would require 1.5 giga litres of water annually.

The ACT golf industry has substantially reduced its demand for potable water over the past number of years. 73% of the golf clubs no longer rely on potable water as their main source of water. The remaining 27% of clubs currently use some level of potable water as alternative sources are not readily available. Based on information supplied by the clubs, the use of potable water represents 14.5% of 1.5 giga litres, or 224 mega litres in total. This is a good result for the golf industry as a whole.

With assistance from the ACT Government this can be further reduced if suitable options could be found for the most vulnerable courses Federal, Yowani and Gold Creek. Helping them further reduce reliance on potable water would result in a strong water sustainable industry in the ACT.

The golfing industry has also undertaken many other measures to reduce dependence on water generally. More water tolerant grasses have been introduced and a number of the courses are converting to couch grass that are more water tolerant in the summer period. Converting more fairways to couch grass would take a number of years and would require additional water in the first two years to help establish the grass before it can return water efficiencies in the long term. Clubs have also reduced the areas that require regular irrigation to help reduce the demand for water.

## **Implications of Stage 4 Water Restrictions on the Golf Industry**

The proposed 80 % reduction of demand for potable water under ACTEW's Stage 4 restrictions across any sport is already being met by the golf industry. Of the potential 100% reliance on potable water, the golf clubs combined have saved 85.5% usage through implementing alternate water management practices.

If taken on an individual club basis, there are only three clubs that currently could not survive if the 80% reduction was to be applied on a club rather than industry basis. Two of these clubs Yowani and Gold Creek, are pursuing options that include assistance from the ACT Government in harvesting greater supplies of storm water behind EPIC to support the race course, EPIC and Yowani and increasing the amount storm water flow in the Gold Creek catchment area. These options will hopefully ensure that their reliance on potable water is zero or at best minimal.

The most vulnerable golf club is Federal, as it has the highest reliance on potable water and has the least number of potential options to source alternative supplies. Federal is keen to work with the Government to pursue a number of options. The golf industry as a whole believes that it is important to ensure that all golf courses remain viable and would welcome any assistance from Government to address the future of Federal in particular. Given that the industry as a whole has met the Stage 4 restrictions, this would be a reasonable outcome.

## **Recommendations**

1. That the Government appreciates the economic and social value of the golf industry to the territory and to the community.
2. That the Government acknowledges that golf clubs have made substantial contributions to water management and have helped significantly reduce the demand for potable water.
3. That any Level 4 restrictions be applied to the industry as a whole rather than applied strictly to individual clubs, thus spreading the load across the industry and maintaining the viability of all clubs.
4. That the Government deals with a single point of coordination to assist the industry negotiate the water management policies of the ACT with the clubs.
5. That Government assistance to golf clubs (financial and other) is prioritised to those clubs with the greatest needs.
6. That the Government continues to consult and work closely with the golf industry on the issues of water conservation, management and any future restrictions.