

GL4013

# Guidelines for management contracts

These guidelines apply to a registered club that proposes to enter into a management contract, or alter an existing management contract, as defined in clause 5 of the Accountability Code within the Registered Clubs Regulation 2015.

The guidelines are useful when considering whether to enter into such contracts as they outline what clubs need to do to comply with legislation.

## Overview

A management contract is a contract that enables a person who is not a club director, secretary, manager or employee to exercise management functions at the club. While these arrangements are not prohibited, clubs must ensure that they operate within the scope of the registered club laws.

Clubs need to consider the interests of their members when making decisions on any proposed management contract.

It is recommended that clubs include all necessary details of the management arrangements in a written contract to ensure transparency for members and certainty for the club, and seek independent legal advice about the terms of the contract and its compliance with legislation.

## Notification and reporting requirements

Under clause 5 of the Accountability Code, before entering into a management contract, a club must notify its members of, and provide a report to Liquor & Gaming NSW (L&GNSW) on, the proposed contract at least one (1) month prior to entering that contract.

Failure to do this will void the contract, as per clause 5(3) of the Accountability Code.

### Notice to members

Clubs are to provide the following information to their members about the proposed management contract:

- ▲ Names of all parties to the contract;

- ▲ Start date and duration of the contract, including any renewal options;
- ▲ Purpose of the contract (i.e. how will it assist the club); and
- ▲ Value of the contract and any fees.

A notice template can be found on page 3 of these guidelines, to be displayed on club premises and website (if any). Clubs may also wish to display a copy of their report to L&GNSW, along with such a notice, for greater transparency to their members.

### Report to L&GNSW

L&GNSW will assess whether the proposed contract is in the interests of the club and its members, and compliant with the requirements of the Accountability Code and the *Registered Clubs Act 1976*. As such, clubs are to provide the following information in the report to L&GNSW:

- ▲ Names of all parties to the contract;
- ▲ The start date and duration of the contract, including any renewal options;
- ▲ The purpose of the contract i.e. how it aims to assist the club and its members and/or how it is in the interests of the club and its members;
- ▲ Whether the terms and conditions of the contract are allowable and consistent with the club's constitution;
- ▲ Details about any roles and/or responsibilities to be delegated by the club and how the club will maintain control of the operation of the licensed premises;
- ▲ The nature and extent of any management functions the contracted party/parties will undertake under the contract.

The club is to also provide:

- ▲ a copy of the notice provided to its members about the proposed contract;
- ▲ a copy of the proposed contract;
- ▲ a copy of the club's constitution;

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- ▲ the most recent audit report on the club's accounts; and
- ▲ if available, any independent audit or assessment of the contract acquired by the club.

If the Secretary determines the contract is complex, has high potential risk or substantial value, then the report may be referred to a suitably qualified external third party for review. Any costs incurred in reviewing a report must be met by the club.

## How to report to L&GNSW

Clubs can provide the report and all accompanying documentation by email, post or in person

📧 [safe.premises@liquorandgaming.nsw.gov.au](mailto:safe.premises@liquorandgaming.nsw.gov.au)

✉ Liquor & Gaming NSW  
Compliance Operations  
GPO Box 7060  
Sydney NSW 2001

👤 Liquor & Gaming NSW  
Level 6, 323 Castlereagh Street  
Haymarket NSW 2000  
Monday–Friday, 9am–5pm

## L&GNSW review and directions

While L&GNSW will review each proposed contract on a case by case basis, the following factors may be considered:

- ▲ Whether the terms and conditions are allowable and consistent with the club's constitution;
- ▲ The specific responsibilities and duties of the parties involved;
- ▲ Details of any function to be delegated which are normally undertaken by the club's directors or secretary/manager;
- ▲ Whether all parties to the contract have been identified;
- ▲ Whether measurable performance standards are included in the contract;
- ▲ Whether the performance standards are supported by transparent and regular reporting requirements;
- ▲ Whether the contract provides clear and transparent consequences for non-performance or non-compliance;
- ▲ Whether the remuneration is commercially realistic, transparent and easily calculated, and compliant with the requirement under section 10(1)(j) of the

Act that any profit, benefit or advantage from the operation of a club is to be generally limited to the club and its members.

- ▲ Steps taken to ensure the club's director/s or secretary/manager do not relinquish responsibility for the control of liquor sold on the licenced premises or control of gaming machines;
- ▲ Steps taken to ensure any profit, benefit or advantage payable under the contract is not linked to the sale of liquor or derived from gaming machines;
- ▲ Whether all responsibilities and rights are clearly identified for all parties.

This is not an exhaustive list and other factors may also be considered or requested by L&GNSW.

## Important Information

Clubs should note that L&GNSW does not approve the proposed contract, but rather reviews it in accordance with the Accountability Code and Act. It remains the responsibility of the clubs to seek independent legal advice regarding their rights and obligations under the terms of the contract and the registered club laws.

If L&GNSW is of the opinion that the proposed contract does not comply with the Act, or is not in the interests of the club or its members, the Secretary may direct the club to:

- ▲ Amend the proposed contract; or
- ▲ Not to enter into the proposed contract.

The Secretary may choose to give no direction as well.

Clubs must comply with any direction given by the Secretary or their delegate regarding a proposed management contract.

A club may seek a review of the Secretary's decision in giving such direction by the Independent Liquor & Gaming Authority, under section 36A(1)(c) of the *Gaming and Liquor Administration Act 2007*.

## For further information

To find out more about the club accountability requirements, contact L&GNSW:

🌐 [liquorandgaming.nsw.gov.au](http://liquorandgaming.nsw.gov.au)

📧 [contact.us@liquorandgaming.nsw.gov.au](mailto:contact.us@liquorandgaming.nsw.gov.au)

☎ 1300 024 720

# Management contract notice

## IMPORTANT INFORMATION FOR MEMBERS – PROPOSED MANAGEMENT CONTRACT

### Clause 5(2) Registered Clubs Accountability Code, Registered Clubs Regulation 2015

Name of club

**This club is required by law to inform its members of a proposed management contract (within the meaning of clause 5 of the Registered Clubs Accountability Code within the Registered Clubs Regulation 2015).**

**Members are advised that the club intends to enter into a management as below.**

1. Names of all parties to the proposed contract (insert details of the names of the parties to the proposed contract)

2. Start date of the proposed contract

DD / MM / YYYY

3. Duration of proposed contract, including any option to renew

4. Purpose of the contract, including how it will assist the club (insert details of the purpose)

5. Amount of proposed contract, and any periodic, or other, fees (insert amounts where applicable)

Members are advised that the club is required to lodge a report with Liquor & Gaming NSW to enable a review of the proposed contract for compliance with the legislation. Following that review, Liquor & Gaming NSW may issue a direction to not to enter into, or amend, the contract if it is of the opinion that it does not comply with the *Registered Clubs Act 1976*, the Registered Clubs Accountability Code within the Registered Clubs Regulation 2015 or it is not in the interests of the club or its members.

Should any members require further information about the proposed contract, they should contact the club on below details:

Contact name

Club telephone number