

Submission to the Productivity Commission

Regarding the Public Inquiry into

# **Gambling**

Written by

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On behalf of

**Barham District Services Memorial Club  
Limited.**

23<sup>rd</sup> February, 2009.

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## **1.0 Executive Summary.**

This submission has been written in order to outline the roles Barham District Services Memorial Club Limited (BDSMC) plays in the small twin border towns of Barham/Koondrook on the banks of the Murray River and more widely in the local government areas of the Shire of Wakool, NSW and Ganawarra Shire, Victoria. The roles (BDSMC) played are directly attributable to gambling revenue.

- BDSMC is a NSW licensed Club operating under the Registered Clubs Act of NSW and the NSW Liquor Act.
- Club formed in 1950 to support Ex-servicemen and women.
- The Club is located in the NSW town of Barham with Koondrook its Victorian twin town. The area is in the far south west of NSW.
- 9,600 members.
- Located in the local government area of the Shire of Wakool where there are five licensed clubs.
- Population Barham 1,130 and Koondrook 804 (ABS 2006 Census).
- Over the past eighteen years BDSMC has amalgamated Barham Bowls Club and Barham Golf and Country Club.
- Gambling activities comprise 171 poker machines, keno and TAB.
- Club directly employs 84 people with a further 16 employed via contract.
- Total revenue excluding gaming
- Gaming revenue including GST
- The Club heavily promotes tourism to the area with a marketing budget of over \$700,000-00.
- BDSMC has built and maintains a 40 acre parkland consisting of 20 acres of lake area and 20 acres of park. In this complex there are BBQ and toilet facilities, walking paths and underground electricity for static displays and exhibitions.
- BDSMC donated \$100,000-00 towards the construction of a neighbourhood meeting place and change rooms at the Koondrook swimming pool.
- BDSMC supports numerous sporting bodies in both Wakool and Ganawarra Shires, in addition to supplying facilities for golf, bowls, tennis and croquet.

It is the opinion of BDSMC that any reduction in net revenue of the Club brought about by extra taxes, reduction in poker machine numbers, limitation of ATM's in our premises and the curtailment of advertising will directly affect the level of support to the local community that is provided by the Club.

## **2.00 INTRODUCTION.**

Barham and District Services Memorial Club Limited (BDSMC) is a social venue that provides poker machines, TAB and Keno services as a form of legal entertainment for members and their guests. The current BDSMC besides the main Club includes the Barham Golf and Country Club, Barham Sports Bowling Club, Barham Services Bowling Club, Barham Golf Resort and All Seasons Motor Lodge trading as cluBarham.

Barham is a small New South Wales town situated on the Murray River, approximately 750 km's south west of Sydney and 280 km's north west of Melbourne. Barham has a population of 1,130 (2006 ABS census). Employment in the area consists mainly of hospitality/tourism, local government, timber and rural industries. Koondrook the neighbouring Victorian town has a population of 804 (2006 census) with similar employment demographics.

The club was formed on the 12<sup>th</sup> November, 1949, to 'promote good fellowship and social intercourse between its members and inter alia 'generally advance the interests of Servicemen' and 'to promote any of the objects of any Servicemen's League or Association'. Item 3 of the original Articles of Association sets out the objects of Licensed Clubs in New South Wales and in particular BDSMC. This article states 'the income and property of the Club whencesoever derived shall be applied solely towards the promotion of the objects of the Club as set forth. No portion of the profit thereof shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise to the persons who are or have been members of the Club'.

In 1957 the Club obtained licenses for two poker machines, 'to meet the demands of most of the members' and as reported later that year 'which are apparently proving popular amongst the Members, who realize that ANY PROFITS that may accrue from introduction of these machines will be applied to proposed new buildings and further amenities for Members generally'. Barham and District is generally a lower socio-economic area with a mix of retirees and working class people. The members and guests attracted to the BDSMC are people looking for a low cost social environment.

The Club over the preceding years has amalgamated with the Barham Bowling Club and the Barham Golf Club. These two sporting clubs had struggled through lack of local patronage; however with the benefit of amalgamation, investment by the main club in improved facilities and intense marketing these two sporting clubs now attract visitors to the town. Tourism is a very important employment generator for the towns.

At present the Club has 9,700 members and controls 171 poker machines. There are 155 at the Services Club and 16 at the Golf Club. Keno is available at the Services Club and the Golf Club and TAB is available at the Services Club. The Bowling Club has no gambling facilities.

### **3.0 cluBarham.**

The facilities supplied by cluBarham are a main club of about 4000 square metres that contains meeting rooms, auditorium, dining room, bistro, coffee shop, three bars, gaming area, reception, back of house facilities and office facilities. These premises besides providing accommodation for the 9,500 members also provide facilities for the local schools that do not have Assembly halls, meeting rooms for Returned Service Men and Women, meeting facilities for community organisations and a children's all weather playground. A number of in house sporting bodies use facilities such as indoor carpet bowls, darts, snooker, billiards, card games and dancing lessons.

The main club in Niemur Street, Barham, has 155 poker machines, TAB facilities and Keno available. With a population of only 1,130 people this club is the main social and entertainment hub of the town. This main club employs 72 fulltime and part time employees in all aspects of a hospitality environment. Two of these staff are employed full time on promotion and marketing in an endeavour to attract more visitors to Barham and District. There are also six contracted employees working for the cleaning contractors.

At the Barham Golf and Country Club there are 16 poker machines and Keno facilities. This Club has an 18 hole golf course, 14 grass tennis courts and two bowling greens. These facilities not only supply excellent sporting venues for a small town but entice many visitors to the area for sports competition as well as relaxation. The club has eleven employees with two people employed as contract cleaners, four people working for the contracted Golf Professional and four employed as contract caterers. There is also a lot of work done by volunteers especially in the gardening area, sports organisation and general cleaning of the area.

Barham Golf Resort is a twenty three unit resort style accommodation property with eight caravan sites with ensuites. This resort is managed by Contractors who employ three staff to assist in its operation. The resort attracts tourists and sporting Clubs to use the nearby facilities.

All Season Motor Lodge is a 28 room motel adjacent to the main club that also caters for tourists, corporate visitors as well as sporting groups attending the town. This Motel's management is also contracted out and employs four persons besides the managers as cleaners.

BDSMC over the years has developed a 40 acre lakes complex adjacent to the town that provides 20 acres of water, walking tracks, BBQ facilities, toilets and display areas for local organisations to show their wares and handcrafts. This area is a mecca for local residents that enjoy their daily walk and exercise. There is a caretaker employed to maintain this area.

To highlight the economic contribution of cluBarham to the town there was \$3,533,509-00 paid to employees, cleaning contractors, golf professional and property management contractors in the 2007-08 year. (Information from audited accounts of BDSMC). cluBarham uses mostly local suppliers of goods and services with more than the above amount being expended in the local community for their goods and services.

cluBarham during the 2007-08 year donated and sponsored organisations to a total of \$164,534-00. (Information from audited accounts of BDSMC).

Over some time now, since the introduction of harm minimisation measures at our venue, particular attention has been paid to problem gamblers and those at risk. Like all Clubs in NSW, BDSMC publicises problem gambling assistance and encourages members and patrons with the problem to seek assistance. During the past four years there have been only two recorded instances of members with alleged gambling problems who have sought help and were assisted. One person was from outside our District and the other a local living in Barham. It is our opinion that two incidents over four years with 9,600 members are miniscule.

In relation to ATM's Barham has one bank branch which is NAB with Bendigo Bank having an agency in the town. Both Banks do not have ATM's. The location of an ATM in BDSMC is vital to the local community. Firstly the ATM is accessible until late at night if someone has an emergency and secondly the person using the ATM is in a safe environment. With a high level of visitations to Barham use of the ATM is also vital to our visitors.

#### **4.0 cluBarham 2007-08 Financial Information.**

The following information has been extracted from the audited accounts of the Barham and District Services Memorial Club Limited audited accounts for the 2007-08 financial year ending 31<sup>st</sup> May, 2008.

Gross Sales Excluding GST.

<b>Bar</b>	1,381,656-00
<b>Gaming</b>	
Poker Machines	5,340,967-00
Keno Commission	26,261-00
TAB Commission	12,629-00
<b>Catering</b>	1,588,017-00
<b>Accommodation</b>	698,976-00
<b>Other Income</b>	675,700-00

**TOTAL GROSS INCOME** 9,724,206-00

An analysis of the financial statements of BDSMC for the 2007-08 year reveals that compared to 2006-07 year the following has occurred;

- Overall revenues decreased by \$676,000-00 or 6.4%
- Poker machine revenues decreased by \$612,000-00 or 10%
- Other revenue streams were relatively steady.
- Expenses were reduced \$427,000-00 or 4.3%
- Payroll reduced by \$118,000-00
- Other expenses down by \$227,000-00 to \$5.2m.

Comments regarding the balance sheet inserted in the Annual Report to members state inter alia;

- Cash down by \$1.06m due to the significant investment in club property without use of borrowings (smoking area following on from new legislation prohibiting smoking in clubs)
- Inventory and receivables have reduced by \$35,000-00 in an effort to improve working capital.

## 5.0 Examples of Assistance to the Local Community.

cluBarham supports the local community in many ways. During the past five years the club donated a

- satellite phone to Barham Police so that the public could be in contact with them in remote areas.
- \$100,000.00 to the Willow Park complex in Koondrook for a community meeting place, change rooms and refreshment shop for the local swimming pool.
- supports the local High School so that disadvantaged students can attend excursions.
- supports the local High School Dux of the Year.
- supplies the Club's Auditorium, sound facilities and seating for High School Assemblies and presentations.
- supports local primary schools by donating \$5.00 per student so that the needs and expectations of the students can be met.
- supports the Community bus service to the sum of \$5,000.00 pa for maintenance and up keep.
- supports the local football and net ball club to the sum of \$12,000.00 so that gear and insurance can be provided to seniors and junior players. (The major cost to the football and net ball club is travel as their competition is over a vast rural area.)
- supports the inner club sporting infrastructure by supplying goods and services.
- supports the Returned Services League by supplying a band for the Anzac Day march, breakfast and lunch. Supplies facilities for their meetings and the Club maintains the Barham cenotaph and park.
- offers the Club facilities to co-ordinate and emergency that may occur in the District.
- supports the local fire brigades both rural and town brigades and the State Emergency Service Personnel by supplying meals and refreshments during major disasters or exercises. (Kerang Rail Disaster.)
- maintains the Barham Lakes walking and recreation area for use by the local community.
- annually a Christmas Luncheon and entertainment is offered free of charges to all Senior Citizens in the Barham and District area. (Christmas 2008, 408 attended)
- up until 2007 contributed \$40,000.00 per annum to the Golden Rivers Tourism Board for the promotion of Tourism in the Ganawarra and Wakool Shires. Since 2007 after the closure of Golden Rivers Tourism we have manned and answered the 1800 Tourist inquiry number on behalf of local businesses free of charge.



## **6.0 Conclusion.**

Gambling in Australia is well entrenched and takes many forms. Poker Machines in NSW Clubs have provided communities across the State with much need infrastructure, sporting facilities and employment in the past and if allowed to continue in their present form will do so well into the future. The instances of problem gambling in our view are isolated and occur in large organisations where problem gamblers and persons at risk seek anonymity. Changes to taxation, removal of ATM's from Club premises and other such ideas will only penalise Club members not solve the problem. Members surely are entitled to leisure time and if they chose to support their Club, which they have a stake in, it is their choice. Removing the social centre of small communities like Barham will tear the heart of them. Clubs like Barham put any profit back into their facilities for the enjoyment of their members. The application of the mutuality principle and differing taxation arrangements allow NSW Clubs to do that.

Problem gamblers and persons at risk will not be deterred by further controls on gaming machines at clubs where in our opinion they are well cared for. If further restrictions are placed on Clubs their problem will continue in another form of gambling at another establishment.