



Camden Valley Golf Resort

Submission to the Productivity Commission

Regarding the

Public Inquiry Into Australia's Gambling
Industry

Written by:

Doug Jones
(Chief Executive Officer)

on behalf of
CAMDEN VALLEY GOLF RESORT



Camden Valley Golf Resort

A.B.N. 32 000 479 407

All Correspondence: P.O. Box 2
Narellan NSW 2567

810 Camden Valley Way
Catherine Field NSW 2557

27th March, 2009

Gambling Inquiry Productivity Commission
gambling@pc.gov.au

The Gambling Inquiry Productivity Commission

Thank you for the opportunity to provide a submission with regard to the inquiry into Australia's gambling industry.

The following submission aims to provide the commission with an understanding of the value that the Camden Valley Golf Resort provides to the city of Camden and its surrounding area. This value has both social and economic benefits, these benefits are derived from the Camden Valley Golf Resort's ability to responsibly provide and benefit from the gaming machines that it operates within its venue.

As you would be aware, the Club industry is an integral part of the community in New South Wales and it is important for the Club industry to continue to thrive as without this industry the effects on the economy and on charity and community areas will be of concern not to mention the direct and indirect employment problems this would create.

Our Club feels that careful consideration to any decisions made by the commission should be taken as the effects both short term and long term of the viability of this industry are at stake.

Yours faithfully

D.A. JONES
CHIEF EXECUTIVE OFFICER

Contents

	Page
1. Executive Summary	1
2. Scope and Position of Camden Valley Golf Resort	2
2.1 General Information about the Club	
2.2 Background	
2.3 Position in the Club Industry	
3. Revenue Streams	4
3.1 Types of Revenue	
3.2 Percentage of Revenue Streams	
3.3 Types of Expenses	
3.4 Profitability	
4. Employment and Training	7
5. Current Gaming Machine Tax	8
6. Gaming Machines	8
7. Benefit to the Community	9
7.1 Club Facilities and Internal Benefits	
7.2 External Community Benefits	
8. Conclusion	11



1. EXECUTIVE SUMMARY

This submission has been written in order to outline the financial position and the prominent role of the Camden Valley Golf Resort and its value to the local community.

- The Camden Valley Golf Resort is Sydney's only twenty seven (27) hole golf course and has been in operation since October, 1964.
- The Camden Valley Golf Resort is located in the Camden Local Government area and is under one (1) hours travel from the Sydney CBD.
- In 2007/2008 the Club experienced a trading loss after tax of (\$76,779) compared with a \$44,624 profit the prior year, after charging \$719,955 (2006/2007 \$798,976) for depreciation and amortisation.
Noting: The Club recorded its first loss in twelve (12) years.
- In 2007/2008 financial year the Clubs income decreased by (\$716,164) or (10.67%) with expenses decreasing by (\$584,185) or (9.62%).
Noting: Gaming revenue decreased by (\$735,915) or (24.79%).
- The Camden Valley Golf Resort plays an important social role in the local Macarthur area.
 - Cash and in-kind contributions to the Macarthur Local Community (past nine (9) years over \$160,000 has been donated).
 - Provide (free of charge) sporting facilities to local schools and sporting organisations (golf course, golf practice facilities, tennis courts etc).
 - Provide (free of charge) Junior Golf Clinics for beginners, local Juniors and in particular, school holidays).
 - Provide affordable golf for the local community (discounted green fee, competition fees, golfing subscriptions).
 - Provide employment for the local community (97% of staff employed by the Club reside within 10km of the Club. Again, reinforcing the point – LOCAL CLUB EMPLOYS LOCAL PEOPLE).



2. SCOPE AND POSITION OF CAMDEN VALLEY GOLF RESORT

2.1 General Information About The Club

The Camden Valley Golf Resort is located at 810 Camden Valley Way, Catherine Field in the Camden Local Government Area (LGA). The Club was established in October 1964 and has become the main golfing venue in the Camden LGA, providing a 27 hole championship golf course, golf shop, Junior golf clinics as well as a number of golf tournaments and competitions. The Club has a 3.5 star Motel and Conference facility with a swimming pool and a tennis court which assists to attract significant corporate golf trade from businesses within and outside the Camden LGA.

The Club has developed into the largest social, recreational and leisure meeting place in Camden with 3,688 Members (804 golfing and 2,884 social Members), thus increasing community demand for its non-golfing facilities and services.

2.2 Background

The Camden Valley Golf Resort is located in Catherine Field, in the Camden LGA within the Sydney S.D. The suburb of Catherine Field is located approximately 53 kilometres south-west of Sydney, 10 kilometres north-west of Campbelltown city centre and 12 kilometres north-east of the nearby Camden township. The map below depicts the location of the Club in Catherine Field on Camden Valley Way in a semi rural location.



The Camden LGA is bordered by Campbelltown LGA to the east; Liverpool LGA to the north and Wollondilly LGA to south west.



Camden LGA encompasses an area of 201 square kilometres. Its mix of rural heritage and urban convenience is valued by its residents.

Catherine Field, the suburb in which the Club is situated, is about 4.5 kilometres from Narellan and 12.5 kilometres from Camden. It is surrounded by the suburbs of Leppington (north), the industrial area Smeaton Grange (south) and Oran Park (west); direct road access to the east of Catherine Field is limited due to the presence of undeveloped land and major water supply pipelines. Catherine Field is traversed by Camden Valley Way, the major arterial road linking Camden to Liverpool. The suburb is also easily accessible from Campbelltown's city centre and the M5 and M7 Motorways.

Camden LGA is characterised by high population growth and is a relatively advantaged area when compared to Sydney Statistical Division ("SSD") and NSW. It is characterised by substantially higher population growth, younger population, low ethnicity, more purchased dwellings, higher individual/household income, fewer lone-person and single-parent families and lower unemployment.

This is the first time Camden Valley Golf Resort has been compelled to submit to a public affairs enquiry.

2.3 Position in the Club Industry

Socio Economic Impact Study of Clubs in NSW (2007), undertaken by the Allen Consulting Group on behalf of ClubsNSW, highlights the financial and social position of the Club Industry. The information found in the study, which surveyed Clubs around the state, show Camden Valley Golf Resort to statistically similar to the average Club with annual income of \$1m to \$5m.



3. REVENUE STREAMS

3.1 Types of Revenue

Camden Valley Golf Resort stimulates revenue from a set number of activities.

Revenue Type	2007-2008	2006-2007	% Change	
Bar Sales	1,073,402	1,078,584	(5,182)	(0.48%)
Gaming/TAB/Keno	2,233,252	2,969,167	(735,915)	(24.79%)
Golf Course	2,007,528	1,987,583	+19,945	1.00%
Golf Shop	310,240	306,645	+3,595	1.17%
Motel	370,185	368,791	+1,394	0.38%
	5,994,607	6,710,770	(716,163)	(10.67%)

Revenue Type	2006-2007	2005-2006	% Change	
Bar Sales	1,078,584	1,211,471	(132,887)	(10.97%)
Gaming/TAB/Keno	2,969,167	3,144,515	(175,348)	(5.58%)
Golf Course	1,987,583	2,041,356	(53,773)	(2.63%)
Golf Shop	306,645	322,471	(15,826)	(4.91%)
Motel	368,791	330,435	+38,356	11.61%
	6,710,770	7,050,248	(339,478)	(4.82%)

3.2 Percentage of Revenues Streams

	2007-2008	2006-2007	2005-2006
Bar	17.91%	16.07%	17.18%
Gaming	37.25%	44.24%	44.60%
Golf Course	33.48%	29.62%	28.96%
Golf Shop	5.18%	4.57%	4.57%
Motel	6.18%	5.50%	4.69%

Poker machines were the greatest source of revenue for the Camden Valley Golf Resort for the past three (3) years, however, its source of revenue is diminishing due to the State Government's smoking ban on Licensed premises.

Other forms of revenue would be very difficult to grow to a level where they could cover the loss of gaming revenue.

2007-2008 (\$735,915) (24.79%) drop in gaming revenue
 2006-2007 (\$175,348) (5.58%) drop in gaming revenue

3.3 Types of Expenses

1. 2006/2007 Financial Year

- i. The Clubs net profit after tax was \$44,624 compared with \$292,755 for the prior year, after charging \$798,976 (2006: \$803,409) for depreciation and amortisation.
- ii. In the 2006-2007 financial year, the Clubs income decreased by \$339,475 or (4.82%) with expenses decreasing slightly by \$53,903.



Expense	2006-2007	2005-2006	Amount	% Change
Amortisation/Depreciation	798,976	803,409	(4,433)	(0.55%)
Community Support Expenditure	60,000	48,000	+12,000	25.00%
Gaming Revenue-GST Expense	265,342	279,129	(13,787)	(4.94%)
Members Entertainment	113,135	120,501	(7,366)	(6.11%)
Interest-Bank/Leases	74,830	115,610	(40,780)	(35.27%)
Legal Fees	6,950	12,970	(6,020)	(46.41%)
Maintenance-Golf Course	457,560	517,855	(60,295)	(11.64%)
Members Promotions	211,162	142,205	68,957	48.49%
Poker Machine Tax *	435,665	433,650	2,015	0.46%
Council/Water Rates	138,600	115,970	22,630	19.51%
R & M Clubhouse/Motel	114,480	147,065	(32,585)	(22.16%)
Telephone	39,240	48,790	(9,550)	(19.57%)
Salaries and Wages	1,809,120	1,784,900	24,220	1.36%
Payroll Tax *	81,350	74,110	7,240	9.77%
Staff Training	13,650	25,970	(12,320)	(47.44%)

Note: State Government Taxation

- a) - The Clubs gaming revenue decreased by (\$175,348) (5.58%)
- The Poker Machine Tax paid to the State Government increased by \$2,015 0.46%
- b) - wages increased by \$24,220 1.36%
- Payroll Tax paid to the State Government increased by \$7,240 9.77%



3.4 Profitability

2007/2008 Financial year

- i. The Club returned a loss after tax of (\$76,779) compared with a \$44,624 profit for the prior year, after charging \$719,955 (2007: \$798,976) for depreciation and amortisation.

Note: The Club recorded its first loss in twelve (12) years

- ii. In the 2007/2008 financial year, the Clubs income decreased by (\$716,164) (10.67%) with expenses decreasing by (\$584,185) or (9.62%)

Expense	2007-2008	2006-2007	Amount	% Change
Amortisation/Depreciation	719,955	798,976	(79,021)	(9.89%)
Community Support Expenditure	70,059	60,000	10,059	16.77%
Gaming Revenue-GST Expense	199,188	265,342	(66,154)	(24.93)
Members Entertainment	104,845	113,135	(8,290)	(7.33%)
Interest-Bank/Leases	54,435	74,830	(20,395)	(27.26%)
Light and Power	125,835	108,862	16,973	15.59%
Legal Fees	3,084	6,950	(3,866)	(55.63%)
State Licence Fees	13,790	8,785	5,005	56.97%
Maintenance-Golf Course	461,290	457,560	3,730	0.82%
Marketing and Promotion	177,675	168,630	9,045	5.36%
Members Promotions	153,805	211,162	(57,357)	(27.16%)
Poker Machine Tax	301,547	435,665	(134,118)	(30.78%)
Council/Water Rates	80,290	138,600	(58,310)	(42.07%)
Printing and Stationery	50,048	45,383	4665	10.28%
Salaries and Wages	1,743,735	1,809,120	(65,385)	(3.61%)
Security Fees	82,595	119,675	(37,080)	(30.98%)

Profitability – After Charging Amortisation/Depreciation Expenses

	Profit	Bar Sales	Gaming Net Income	Golf Course Revenue	Motel Revenue	Golf Shop Revenue
2005/2006	291,911	1,211,471	3,144,515	2,041,356	330,435	322,471
2006/2007	44,624	1,078,584	2,969,167	1,987,583	368,791	306,645
2007/2008	(76,779) Loss	1,073,401	2,233,252	2,007,528	370,185	310,240



4. EMPLOYMENT AND TRAINING

Camden Valley Golf Resort employs 50 staff which are represented in the following departments:

<i>Department</i>	<i>Full Time</i>	<i>Apprentice</i>	<i>Part-Time</i>	<i>Casuals</i>	<i>Total</i>
Bar/Gaming Operation	6	-	-	10	16
Golf Course Operations	13	1	2	-	16
Motel Operations	2	-	1	3	6
Golf Shop Operations	5	-	-	3	8
Administration	4	-	-	-	4

*Excludes Contract Caterers and Cleaners

Due to the size of the Club, most staff are trained in multi-skilling in their respective roles in each department, with exception to the Golf Course Maintenance operations.

The Clubs employment policy is to engage Bar/Gaming operations staff who hold a Responsible Conduct of Gaming Certificate together with a Responsible Service of Alcohol Certificate.

Responsible Conduct Of Gaming

The Camden Valley Golf Resort is a member of Betsafe.

All employees and Management who work in gaming related services have undertaken Responsible Conduct of Gaming courses. We also do regular annual refresher courses to ensure that everyone is up to date with all the latest legislative changes to gaming.

All the latest updates to all gaming compliance is passed down to all the relevant Manager and employees to ensure they are fully conversant in all areas.



5. CURRENT GAMING MACHINE TAX

Between 2004 and 2007 new revenue bands were created in a restructure of the gaming machine rate schedules. Clubs earning high gaming machine revenue experienced a significant tax increase. This Club is in the \$1m to \$5m revenue band, and experienced a tax increase from 26.25% to 30.09% for 2007/2008 (a 15% increase in state taxation). This was the lowest revenue band to experience an increase.

6. GAMING MACHINES

It is the opinion of the Camden Valley Golf Resort that gambling on poker machines is legal, and a popular recreation enjoyed by millions of ordinary Australians.

In 2004, the Independent Pricing and Regulatory Tribunal (IPART) published the results of a 2003 inquiry into gambling titled:-

“Gambling – Promoting a Culture of Responsibility”

It stated:- “Many people in New South Wales regard gambling as an enjoyable activity”.

For example, they may see it as:

- A way to pass the time in a pleasant social environment.
- A form of entertainment or an escape from reality.
- A means of achieving excitement, a thrill or an adrenalin rush.
- A hobby or a way to relax.
- A change of achieving the dream of financial security, or
- A medium to help them meet other people.

Camden Valley Golf Resort agrees with these findings, as they accurately reflect the beliefs of the Club and its patrons.



7. BENEFIT TO THE COMMUNITY

7.1 Club Facilities and Internal Benefits

Camden Valley Golf Resort plays an important social role in the community.

Its current financial model provides affordable golf to the local community, whereby the profits of the Clubhouse (through bar/gaming operations) discounts Members golfing subscriptions, social green fees, etc. These community links are forged and maintained by Club revenues, 18% bar and 37% poker machines.

Any changes to the Clubs existing financial model would compromise and cease the Clubs community contributions, as the following list of community projects the Club is undertaking at present shows.

Expand Accommodation/Conference Centre for the Area:

- 150 rooms.
- Additional accommodation for the Macarthur area.
- Employment opportunity for the local residences.
- Tourist/Conference destination for the local area.

Creation of a Community/Health/Fitness Centre:

- Community meeting centre available for relevant local groups to us (free of charge).
- Provide a much needed health and fitness centre for the local area.

Employment for Locals

- The Club currently employs 50 people. 97% of those staff Members reside within 10km of the Club.
- Reinforces the point, that the Club employs local people.
- Employment opportunities for local residents are as follows:
 - Relocating/expanding Clubhouse - additional 50 staff
 - Driving range - additional 10 staff
 - Motel complex (150 rooms) - additional 40 staff
 - Community/health/fitness centre - additional 30 staff

Construction of Traffic Lights – Camden Valley Way

- Relocate current entrance to Club to align the entrance road to local roads.
- Construct traffic lights at Springfield Road and Cobbitty Roads in order to provide a safer exit/entrance onto the notorious Camden Valley Way for local residences and Club patrons.

Water Capture and Conservation

- Construct more efficient water irrigation systems.
- Construct irrigation dams in order to capture all available grey water from the site (i.e. building, kerb and guttering etc).



Driving Range/Putting Course

- Construct a driving range for the local community.
- The driving range and putting course are to be floodlit.
- Currently there is no such facility available in the local Camden district.
- Putting course to be used for children's parties etc.

7.2 External Community Benefits

Community Development Support Expenditure Contributions to the Local Community

- Past nine (9) years the Club has provided \$160,000 over and above its minimum CDSE contributions to the local community.
- Very strong community orientated Club.

Sports Field/Tennis Courts

- Provide facilities (free of charge) to local schools and sporting organisations.

Junior Golf Clinic

- Provide teaching and use of golfing facilities for local juniors, in particular in school holidays.

Affordable Golf for the Local Community

- Green fees (local public) and Members golf subscriptions are subsidised by Clubhouse surplus profits.
- Golf course expenses 2006/2007 financial year
 - Income \$1,987,587 – Expenses \$1,989,587 – Operating Loss (\$2,003)
- Clubhouse profits are used for capital works programs on the golf course (i.e. bar/gaming)

Employment

- 97% of staff employed by the Club reside within 10km of the Club (rural area) – 50 employees.
- Again, reinforcing the point – local Club employs local people.

During the period 1st September, 2007 to 31st August, 2008 the Clubs Community Development Support expenditure of \$37,815 was distributed as follows:-

Local Schools	\$13,740
Local Sporting Groups	\$19,625
Aged, Disabled, Youth Services	\$ 3,540
Medical Research	<u>\$ 910</u>
	\$37,815

This year alone, the Clubs minimum contribution to the community through the CDSE scheme was \$19,050. The above represents a further surplus of \$18,765 directed to the local community.



8. CONCLUSION

Any reduction in the ability of Camden Valley Golf Resort to maintain its profitability will impact heavily on future funding of the local community.

This lack of profitability will adversely affect Club patrons, who rely on the Club for social interaction and entertainment and the local community, who benefit from the Club's investment in local sporting teams and community programs.

