



NORTH RYDE RSL COMMUNITY CLUB LTD
HOME OF EASTWOOD RUGBY

ACN 001 022 699



26 March 2009

Community Affairs Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

The Community Affairs Committee,

Please consider this as our contribution to the discussion emanating from Family First's proposed Poker Machine Harm Reduction Tax (Administration) Bill. Attached to this letter you will find the submission of North Ryde RSL Community Club for the committee to consider.

North Ryde RSL Community Club offers the services of poker machines to patrons as a purpose of entertainment. Revenue from this allows the club to maintain its role in supporting community projects.

The club also plays an important social role in contributing to the local community through various sponsorship programs.

It is the view of North Ryde RSL Community Club that this legislation has the potential to not only have significant financial and social implications on our club and its patrons but the greater potential to destroy the industry as we know it.

It is for this reason that we request careful consideration of this submission by the committee and that more thorough research into the effectiveness of the proposed legislation is undertaken before it is seriously considered for implementation.

Yours faithfully,


C. R. JONES
GENERAL MANAGER

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Submission to the Community Affairs Committee of the
Federal State

**Inquiry into Poker Machine Harm Reduction Tax
(Administration) Bill 2008**

North Ryde RSL Community Club

1. Executive Summary

This submission has been written in order to outline the financial position and prominent community role of North Ryde RSL Community Club and the detrimental effect that Family First's Poker Machine Harm Reduction Tax (Administration) Bill will have on the organisation's ability to function.

- North Ryde RSL Community Club is a part of the Returned and Services League of Australia which acts as a support organisation for men and women who have served or are serving in the Australian Defence Force.
- In 2008 North Ryde RSL Community Club experienced a 3.89% reduction in total revenue. Poker Machines were the club's greatest source of revenue accounting for 67.89% of total income.
- Since 2007 North Ryde RSL Community Club has experienced a 3.99% rise in total expenses. The Club's largest expenses were gaming tax of almost nine million dollars and employee costs (wages) of \$9.7 million.
- With the 3.89% reduction in revenue, and North Ryde RSL Community Club's rising expenses our profitability reduced from \$1,049,330 to a loss of \$1,236,139 for the 2008 year.
- North Ryde RSL Community Club plays an important social role in the community including the sponsorship of sporting teams. These ventures are funded by poker machine revenue including the sponsorship of Eastwood Rugby Union Club, North Ryde RSL Youth Club and various other sporting and social clubs and activities in our local community.
- The legislation of this bill will not only further endanger North Ryde RSL Community Club's financial viability but the Club will no longer remain sustainable. This will also lead to the Club being unable to continue its contributions and prominent position within the local community. The Club is already trading under its most difficult circumstances in its 50 year history.
- North Ryde RSL Community Club believes this tax should not be imposed and government funding should be directed towards education and rehabilitation programs for problem gamblers and those who come in contact with them.

It is the opinion of North Ryde RSL Community Club that this legislation is misdirected and will not achieve its aim of reducing problem gambling. Instead, the new tax will cause more financial hardship to North Ryde RSL Community Club and the club industry as a whole. This new tax will adversely affect employees and club patrons whilst simply moving problem gamblers to experience already available casinos and racetracks and ever increasing online gambling.

2. Introduction

North Ryde RSL Community Club is a social venue that provides poker machines as a form of legal entertainment for patrons. It is the belief of North Ryde RSL Community Club that Family First's Poker Machine Harm Reduction Tax (Administration) Bill, if imposed, will unfairly target the club and similar organisations whilst not achieving the aim of reducing problem gambling.

It is the opinion of North Ryde RSL Community that the requisite research into the effectiveness of this legislation has not been conducted. Further regulating an already over regulated industry will adversely affect North Ryde RSL Community Club while ignoring the underlying mental health factors that drive problem gambling.

3. General Information and Background

North Ryde RSL Community Club is situated in Magdala Rd, North Ryde in New South Wales and is one of the 1359 registered clubs in the state. The club generally draws its members from the suburbs of North Ryde, East Ryde, Boronia Park, Hunters Hill, Gladesville, Ryde, Denistone, Eastwood, Lane Cove and West Pymble.

North Ryde was, at one time, the largest War Service housing area in Australia. It has transformed over its 50 years from a largely blue collar, market demograph to a mix of retirees and white collar residents largely due to the North Ryde and Riverside Business Parks.

North Ryde RSL Community Club is a part of the Returned and Services League of Australia which acts as a support organisation for men and women who have served or are serving in the Australian Defence Force.

4. Revenue Streams

4.1 Types of Revenue

REVENUE TYPE	2007 (\$)	2008 (\$0	% CHANGE
Bar Sales	2,688,345	2,975,194	10.7%
Poker Machine Revenue	21,070,425	19,790,974	(6.1%)
Food Sales	3,372,967	3,444,152	2.1%
Raffles and Bingo	193,605	190,342	1.7%
Ordinary Activity Revenue	2,420,600	2,426,569	.2%
Gaming Commissions	562,823	340,518	(39.5%)
TOTAL	29,167,749	30,308,765	3.8%

4.2 Types of Expenses

Since 2007 North Ryde RSL Community Club has experienced an increase in total expenses of \$1,444,453. This is mainly due to the recent expansion of the Club's premises as well as depreciation upon completion of the construction program, interest payments on loans, electricity expenses and promotional costs and additional poker machine tax.

The largest ongoing expense, outside of wage costs, the club has is the Poker Machine trading expense which predominately goes to the State Government in the form of tax. To increase this amount by 100% due to the Poker Machine Harm Reduction Tax would add approximately \$5.2 million to the cost of running the club.

Operating expenses include:

EXPENSE TYPE	2007 (\$)	2008 (\$)	% CHANGE
Borrowing	307,141	703,293	(128.98)
Bar Trading	2,736,509	2,913,147	(6.45)
Food Trading	3,540,425	3,672,729	(3.74)
Poker Machine Duty & Expenses	9,200,099	8,958,258	2.63
Gaming Commission Expenses	260,866	233,695	10.42
Raffles & Bingo	306,800	295,142	3.80
Club Promotion and Entertainment	1,818,273	1,929,741	(6.13)
Depreciation and Amortisation	2,312,700	2,480,814	(7.27)
Administration and all other expenses	8,776,622	9,217,069	(5.02)
TOTAL	30,403,888	29,259,435	(3.91)

4.3 Profitability

With the 3.8% reduction in revenue the club's expenses rose by 3.9% causing a drop in profitability from \$1,049,330 to a loss of \$1,236,129 a difference of \$2,285,469 from trading in one year. The club is currently trading at a loss and to add an additional cost of \$5.2 million to running the club would not be sustainable.

5. Employment and Training

North Ryde RSL Community Club currently employs 247 staff. This excludes caterers and cleaners. Total employee cost for wages, payroll tax, superannuation and workers compensation insurance amounts to \$9.7 million.

The club's employment policy is to engage staff that have either a Responsible Conduct of Gaming or Responsible Service of Alcohol Certificate.

If the Poker Machine Harm Minimisation Tax was to be implemented then North Ryde RSL Community Club would have to cut costs to maintain profitability. One of these costs would be staff, with many employees having to be let go.

6. 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.

The new tax would eventually take the total tax on Poker Machines at North Ryde RSL Community Club to 70% of gaming revenue including GST in the financial year ending 30th June 2019.

7. Gaming Machines

It is the opinion of North Ryde RSL Community Club that gambling on poker machines is a legal and 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 NSW 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 way to relax
- A chance of achieving the dream of financial security, or
- A medium to help them meet other people.'

North Ryde RSL Community Club agrees with these findings as they accurately reflect the beliefs of the club and its patrons.

8. Benefit to the Community

North Ryde RSL Community Club plays an important social role in the community including the sponsorship of sporting teams to the club facilities provided to benefit patrons and members. These community links are forged and maintained by Club revenue, 68% of which is provided by poker machines.

8.1 Club Facilities and Internal Benefits

Facilities - Snooker Tables, Keno, Bingo, Darts, Gift Shop, Tribal Zone, Brasserie, Coffee Shop, Chinese Restaurant, Weekly Entertainment, Function Rooms (Maximum capacity: 600), Foxtel, Sky, TAB, covered parking, bowling greens, tennis courts, sporting ovals, outdoor terraces, community bus

Events - Daily members draw, weekly jackpot draw, raffles, bingo, poker, seasonal giveaways, gala luncheons, festivities luncheons, Bridge, dancing, concerts

Intra-Clubs – Baseball, Cricket, Fishing, Golf, Indoor Sports, Senior Netball, Men's & Women's Bowling, Senior Citizens' Clubs

8.2 External Community Benefits

Eastwood Junior Rugby League	\$10,000.00
North Ryde Soccer	\$1,500.00
Ryde Sports Foundation	\$2,500.00
Ryde Swimming Club	\$2,500.00
Eastwood Rugby Club Grant	\$93,000.00
Eastwood Rugby Club Ground Preparation	\$97,000.00
Local Schools	\$11,439.00
Ryde Eisteddfod	\$ 250.00
North Ryde RSL Sub-Branch	\$20,215.00
North Ryde RSL Youth Club	<u>\$91,000.00</u>
	\$329,404.00

9. Potential Impact of Poker Machine Harm Reduction Tax (Administration) Bill on North Ryde RSL Community Club

9.1 Financial Impact

The most pressing impact to North Ryde RSL Community Club will be the financial strain caused by the new gaming tax. The Club is already under pressure due to rising operating costs and the introduction of smoking bans. North Ryde RSL Community Club is reliant on gaming machines for around 68% of total revenue.

The Club already has diversified income from a fitness centre and childcare centre it owns. To increase the rental income or generate income from alternate sources would require significant capital expenditure of many millions of dollars which the Club does not have nor is able to acquire at this time as the Club already has \$9.5 million in debt largely due to smoking legislation.

9.2 Social Impact

The loss of gaming machine revenue would also infringe on our role as a social gathering point. Patrons frequent the club in order to enjoy the social atmosphere as well as good value meals and bar facilities. Revenue from gaming machines is used to complement, rather than subsidise, the restaurant and bar providing those who frequent the club with a more enjoyable experience.

The Club also provides many forms of entertainment which could not be sustained in the face of increased tax.

9.3 Community Impact

As noted previously North Ryde RSL Community Club contributes to the local community through various sponsorship and educational schemes. Without gaming machine revenue the club would not have the financial flexibility to continue this commitment to the community. The Club directly contributes to local community organisations through the CDSE Scheme the following amounts:

NORTH RYDE RSL COMMUNITY CLUB

CDSE DONATIONS 2008 CATEGORY 1

2.	The Epping Rainbow Club:	\$5,000
4.	Technical Aid to the Disabled:	\$2,440
5.	Estia Foundation of Australia:	\$1,000
19.	Alzheimer's Australia NSW:	\$8,900
22.	Hunters Hill Ryde Community Services:	\$6,500
24.	North Ryde Community Pre-School:	\$1,000
26.	Christian Community Aid Service Inc:	\$5,000
27.	No. 47 Community House – The Salvation Army:	\$7,000
31.	Wheelchair Sports NSW:	\$5,000
32.	Ryde State Emergency Service:	\$1,500
34.	Lifestart Cooperative Ltd – Ryde/Eastwood Branch:	\$1,075
37.	Riverlink Interchange Inc:	\$3,000
41.	Young Life Australia:	\$1,500
43.	The Salvation Army Ryde:	\$4,000
51.	Aunties & Uncles Cooperative Family Project Pty:	\$1,900
55.	Youth Off the Streets:	\$1,000
62.	Truscott St Public School:	\$950
64.	ARAFMI NSW:	\$1,500
85.	North Ryde Community Aid & Information Centre:	\$4,000
87.	North Ryde Community Aid & Information Centre:	\$8,000
88.	North Ryde Community Aid & Information Centre:	\$10,000
	Easy Care Gardening:	\$2,700
	North Ryde Community Aid & Info Centre:	\$50,000
	Chatswood Sheltered Industries:	\$3,000
	Vision Australia:	\$2,686
	Cutler Parade Playgroup:	\$600
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	TOTAL:	\$139,251

10. Recommendations

It is the recommendation of North Ryde RSL Community Club that:

- This tax not be imposed and;
- That resources be applied to researching and investing in mental health along with appropriate training programs for club staff to indentify and aid problem gamblers.

Problem gamblers will follow poker machines if they are moved to racetracks and casinos. Social gamblers will redirect their money into other social outlets and club patrons will lose an important part of their local community if this tax is imposed.

11. Conclusion

The Club is the social and community centre of Ryde and the surrounding districts. Without a viable club the community would have to resource all of the above described amenities themselves or through government. The industry and our club are already under immense strain. How many straws does it take to break the camel's back?