

Keith McCraw
President
Geoffrey Knight
Chief Executive Officer



26th March 2009

Gambling Inquiry Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Dear Commissioners

Thank you for the opportunity to provide a submission on the debate surrounding the Family First's proposed Harm Reduction (Administration) Tax. Souths Juniors has a proud tradition within the local community not only as a supporter of many sporting and community organisations, but also as the social hub of the district. The club is a provider of world class entertainment and recreation facilities that services its 42,000 members plus thousands of visitors each year.

Since 1959 Souths Juniors licensed club's charter has been a simple one, "*to propagate junior rugby league in the South Sydney district*". It is a statement of charter that has grown from humble beginnings providing a junior rugby league competition with a few dedicated volunteers, into what is now a multi million dollar business supporting over 3,500 registered players ranging from 5 year old boys and girls right through to A grade. Our Junior league has 13 players that are currently in the NRL and boasts 43 current and past internationals. Souths Juniors as a community organisation is proud of the fact that we *fully fund* this competition in its entirety with no player required to pay any monies to participate. This is almost unique in junior sport whereby the participants can play without financial burden on their families.

In reviewing the implications of the The Poker Machine Harm Reduction (Administration) Tax proposed by the Family First Party, it is my opinion that it will be the end of Souths Juniors financial support to junior rugby league in the South Sydney district. The facts of the matter are certain in this regard. When the tax reaches its final threshold of 30%, Souths Juniors will be a shell of its former past. The irony of the situation will be that the only thing left standing within Souths Juniors will be the very poker machines that the Family First Party and other groups seek to eliminate. Gone will be any non profit amenity and subsidised facility currently or previously offered and most certainly the financial support of junior rugby league.

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With the cost of running the local junior rugby league competition approaching the \$3m mark this will certainly be unsustainable. As our charter dictates all other services provided by the licensed club will gradually be eliminated to continue funding until it reaches a point where the funding of sport will cease as well.

These statements are not meant to emote feelings of compassion or sympathy towards our organisation, but are merely statements of fact of what *will* happen if the Poker Machine Harm Reduction Tax is enacted.

As president of this club I feel that this is most certainly the greatest challenge we have faced in what has been a decade of great challenges, including increased state taxes, smoking bans, restrictions on ATM withdrawals, reduced trading hours, and strict entry requirements. When you take into account that our poker machine net revenue is already taxed at a marginal rate of 26% by the State govt, plus a further 10% by the GST, it becomes quite obvious that the proposed additional tax is unsustainable, as it would eventually lead to an effective tax rate of 66% on poker machine net revenue. Ultimately it will be impossible to direct any monies to any cause other than the basic running of the clubhouse and its upkeep.

In closing let me also point out that whilst junior rugby league is our core commitment, the proposed legislation impacts on all our community support including other sports, schools and charities, and surf life saving, in particular. Valuable community services that rely on our funding will in turn be brought to their knees by this tax. This also includes the social impact of our clubhouse no longer being able to provide a valuable meeting place where people can gather and interact. I can only hope that some sanity prevails in this period of constant attack on our industry.

Regards

A handwritten signature in black ink, appearing to read 'Keith McCraw', written in a cursive style.

Keith McCraw
President
South Sydney Junior Rugby League Club Limited
South Sydney District Junior Rugby League