

Monday 23rd March 2009

Gambling Inquiry Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Thank you for the opportunity to provide a submission as a response to the recently commenced Productivity Commission Inquiry into Australia's gambling industry. Following you will find the submission of Tweed Heads Bowls Club for inclusion and consideration in this inquiry.

General Information and Background

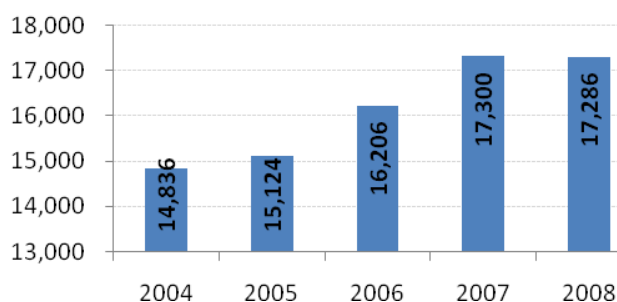
Tweed Heads Bowls Club (THBC) is a not for profit organisation located in Florence Street, Tweed Heads on the NSW / QLD border and was established in 1921. As a community leader, Tweed Heads Bowls Club draws the majority of its members locally but has a strong interstate following for its nationally recognised bowls events.

The THBC member base currently consists of more than 17,000 bowling and social members of which 47% are male and 53% are female. 62% of this population are aged 65+ with a further 29% aged between 45 and 65.

THBC provides a safe, clean, and social environment for its members and their guests and offers a broad range of entertainment facilities including:

- ▶ Keno
- ▶ TAB
- ▶ Poker Machines
- ▶ Entertainment Lounge
- ▶ Four Food Outlets
- ▶ Four Beverage Outlets
- ▶ Bottle Shop
- ▶ Functions Facilities
- ▶ Supervised Kids Club
- ▶ Four Outdoor Greens plus Indoor Green

THBC Members (Bowling and Social)



THBC is the host club for some of Australia's largest and most prestigious bowling events including:

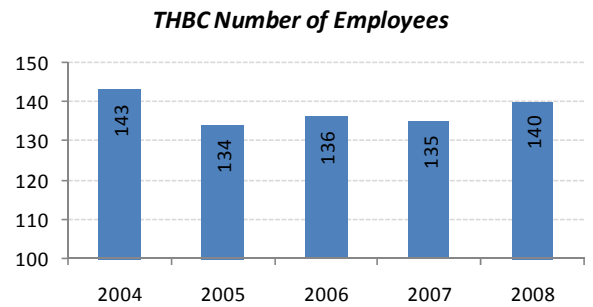
- ▶ Australian Indoor Championships
- ▶ Tweed Open Prestige Mixed Singles
- ▶ The Golden Nugget
- ▶ World Team Cup

These events generate considerable exposure for the game of lawn bowls, stimulate tourism and expenditure in the local economy, and encourage involvement and social interaction in the Tweed Heads community. Many of these events draw more than 2000 spectators per day to the stands and through television exposure attract a significant audience both nationally and internationally.



Economic Contribution

THBC employs one hundred and forty (140) loyal staff with an annual payroll including on costs in excess of \$6.1M. Over the last five (5) years, THBC has injected more than \$30.7M in wages and salaries into local families. More than 46% of THBC staff have exceeded 10 years of continuous service. A few of these staff are past retirement age and greatly valued by the Club.



With reference to the Key Financial Indicators section of this submission, THBC has contributed:

- ▶ \$2.6M in taxes and levies during 07/08 and \$11.3M over the last five (5) years
- ▶ \$2.8M in cost of goods during 07/08 and \$13.3M over the last five (5) years
- ▶ \$1.6M in facility energy, services, and trades during 07/08 and \$7.1M over the last five (5) years
- ▶ \$2.3M in promotions and prizes during 07/08 and \$10.7M over the last five (5) years

Combining these factors with payroll, THBC has committed more than \$15.4M during 07/08 and more than \$73.1M over the last five (5) years into the local and state economy.

Social Contribution

THBC has a long reputation and is totally committed to its involvement in the Tweed community. Many of the social and special needs groups that THBC supports could not continue to operate without the ongoing community spirit of the Club. During 07/08, THBC delivered \$469,744 to sporting and local initiatives and have contributed more than \$2.4M in community support over the last five (5) years

From scholarship programs for university students and financial support for disadvantaged students at Tweed River High School to partial funding of vehicle purchases for Tweed Byron Police, and the ongoing investment into Lawn Bowls, THBC has continually raised the bar concerning its social responsibilities. The following table outlines the CDSE contributions during the 07/08 year.

2008 CDSE	Cash	In-Kind	Total
A1 - Family Support/Emergency or Low Cost Accommodation	\$ 13,500	\$ 1,500	\$ 15,000
A2 - Child Protection/Child Care	\$ 1,500	\$ -	\$ 1,500
A3 - Counselling Services	\$ 4,750	\$ -	\$ 4,750
A4 - Aged, Disability or Youth Services	\$ 26,200	\$ 4,270	\$ 30,470
A6 - Volunteer Emergency Services	\$ 5,500	\$ -	\$ 5,500
A7 - Other (Please Specify)	\$ -	\$ -	\$ -
B1 - Neighbourhood Centre/Youth Drop in Activities	\$ 1,000	\$ -	\$ 1,000
B3 - Community Education Programs	\$ -	\$ 10,740	\$ 10,740
C1 - Early Childhood Health/Child and Family Services	\$ 5,080	\$ -	\$ 5,080
C2 - Community Nursing/Therapy/Mental Health Services	\$ -	\$ -	\$ -
C4 - Home and Community Care & Disability Services	\$ 2,500	\$ -	\$ 2,500
C5 - Health Promotion Initiatives	\$ 1,500	\$ -	\$ 1,500
D3 - Community Enterprises	\$ 6,000	\$ -	\$ 6,000
CATEGORY 1 SUMMARY	\$ 67,530	\$ 16,510	\$ 84,040
A - Sport	\$ 372,815	\$ 792	\$ 373,607
B - Education	\$ -	\$ 320	\$ 320
C - Health	\$ 241	\$ 2,859	\$ 3,100
D - Community Activities	\$ 594	\$ 4,598	\$ 5,193
F - Medical Research	\$ 200	\$ 44	\$ 244
G - Local Committees	\$ -	\$ 3,240	\$ 3,240
CATEGORY 2 SUMMARY	\$ 373,850	\$ 11,854	\$ 385,704
TOTAL CATEGORY 1 & CATEGORY 2	\$ 441,380	\$ 28,364	\$ 469,744



Calculation of Required Community Expenditure - 2008	
Total Gaming Machine Profit Less Threshold	\$ 10,401,491
Minimum Expenditure Required	\$ 156,022
Total Donations	\$ 469,744
Excess Donations to Requirement	\$ 313,722

In more recent times, and in the true spirit of THBC, the Clubs Directors agreed to match dollar for dollar up to \$20,000 dollars all donations for the Victorian Fire Appeal. The target was quickly met and a cheque for \$40,000 was issued to Red Cross.



Environmental Contribution

It is the policy of THBC to integrate sound environment values, principles and practices in all its roles and operation. The Club is committed in taking into consideration the environment in all business activities and to understand the important role it plays within the Tweed community. THBC is recognized as one of the Club industries leaders in these endeavors and following on from internal staff training and awareness, it is proposed to roll out environmental communication programs into local schools.

Financial Indicators

The following indicators provide financial scope as to the economic environment in which THBC operates.

Income

THBC operating income for the 07/08 fiscal year was \$18,133,884. This reflects 1.18% growth on the corresponding 06/07 period and 3.47% growth over five (5) years.

For the 07/08 period, gaming entertainment provided 59.4% of total operating income.

Expenses

THBC paid \$2,599,314 or 14.3% of operating income in taxes and levies during the 07/08 fiscal year. This compares to \$1,873,225 or 10.7% of income in 2004. This movement reflects a 38.7% increase in taxes and levies and a total contribution of \$11.3M to State revenues over the last five (5) years.

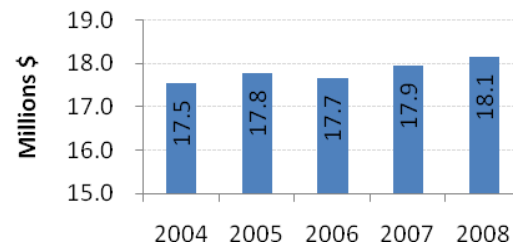
THBC with 140 dedicated employees paid \$6,100,136 in wages including on costs during the 07/08 fiscal year. This represents 33.6% of total operating income. Over the last five (5) years payroll costs have exceeded \$30.7M

THBC spent \$2,816,361 with suppliers during the 07/08 fiscal year and a further \$1,602,073 to trades, service, and energy providers in facility costs. Combining these two factors, THBC spent \$4.4M or 24.3% of operating income on local industry during 07/08. Combining these costs over the last five (5) years equates to an expense in excess of \$20.4M.

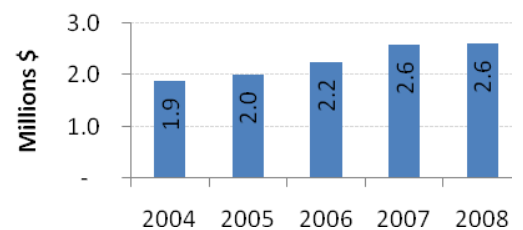
Administration, promotions, depreciation, and overheads totalled \$4,865,863 during the 07/08 fiscal year. With a \$2.3M spend on promotions and prizes a large proportion of this cost is funnelled into local suppliers and service providers. Over the last five (5) years these direct expenses totalled \$11.2M.

As one of Australia's premium bowling venues, THBC invested \$493,801 into maintaining facilities, supporting members and hosting domestic and international bowls events during the 07/08 fiscal year. During the last five (5) years THBC has invested in excess of \$2.4M into the sport of lawn bowls.

THBC Operating Income



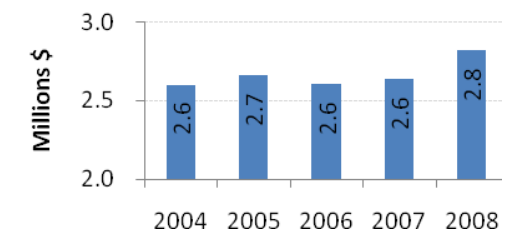
THBC Taxes & Levies



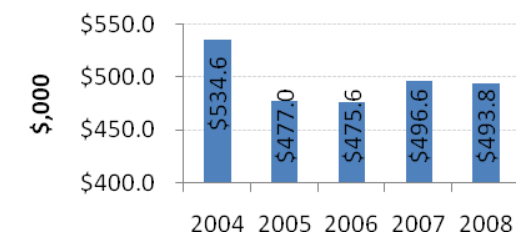
THBC Wages (Inc On Costs)



THBC Cost of Goods



THBC Bowls (Outdoor & Indoor)

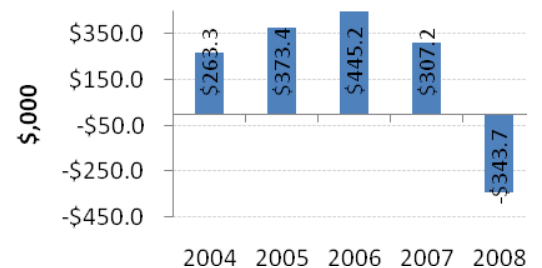


Profit & Loss

THBC made an operating loss of \$343,664 during the 07/08 fiscal year. This result highlights the significant impact of tax and levy increases combined with a sharp rise in the general cost of goods and services. During this challenging period, Tweed Heads Bowls Club has:

- maintained its employment commitment to staff
- enhanced the services and facilities for members and their guests
- provided a significant contribution to the local & state economy
- increased support for community and welfare groups
- maintained flagship status for lawn bowls at a National level
- provided a safe, clean, responsible environment for social activity

THBC Operating Profit & Loss



Responsible Delivery of Services

THBC acknowledges and prides itself on the delivery of entertainment services to its members and their guests in a compliant and responsible manner.

From Directors to apprentices staff training and refresher training is a constant. All gaming staff have current Responsible Conduct of Gaming certification and all staff have completed Responsible Service of Alcohol training.

THBC has an ongoing relationship with Northern Rivers Gambling Service and Club Safe. The Club runs a self exclusion program and currently has six (6) excluded patrons on file.

Conclusion

THBC plays a significant and enduring role in the Tweed community. For members and their guests, the Club represents a safe, clean, and social environment where they can enjoy the company of others, be entertained, enjoy a meal or participate in healthy sport. For staff and their families the Club provides their income and the ability to maintain a reasonable standard of living. For many suppliers, trades, and service agents in the local community, the Club's expenditure forms the basis for business viability, and for social, sporting, and community groups, the support the Club provides underpins their ability to deliver critical local services.

Delivered responsibly, THBC considers gaming activity as a legitimate form of entertainment. As previously stated gaming entertainment provided 59.4% of operating income during the 07/08 fiscal year. Further taxes or proposed harm minimisation measures will not mitigate the small incidence of problem gamblers but will render many Clubs including THBC unprofitable. This lack of profitability will adversely affect Club patrons, will impact on staffing numbers, will reduce the demand for goods and services, stimulate a rationalisation of sporting facilities and diminish the financial flexibility to support community groups and initiatives.

For reference a copy of the THBC Annual Report has been attached.