



# **NAROOMA GOLF CLUB & SURFBEACH HOLIDAY PARK**

A.C.N. 001 008 797  
ABN 42 001 008 797

Experience the Challenge of Narooma Golf Course  
Home of the renowned Seahorse Restaurant, Bunkas Family Bistro,  
and the Holiday Park on the Water

16 March 2009

GAMBLING INQUIRY PRODUCTIVITY COMMISSION  
GPO BOX 1428  
CANBERRA CITY  
ACT 2601

Dear Commissioners

Thank you for allowing Narooma Golf Club & Surfbeach Holiday Park an opportunity to contribute a submission to the Productivity Commission Inquiry into Australia's gambling industry.

We are concerned that the Family First's proposed Poker machine Harm Reduction Tax (Administration) Bill is based on simplistic assumptions and the naïve notion that legislation is the answer to all forms of ails that society contends with. We recognise that society is protected by laws that typically have the rights of both society and people at their core. Hence, we contend that in this instance it is improper to legislate in a manner that removes the right of people to exercise discretion in how they utilise their own money as part of their over all choice of lifestyle. As a responsible Club we do not promote gambling; but gambling has been part of Australian society from time immemorial, and to legislate in the manner proposed will likely lead to other forms arising and without the controls that now exist.

We use the proceeds from people exercising their right to gamble for the benefit of our community. We do not provide a return to our members other than in the form of amenity of the Club and provision of a venue for them to socialise, and we contribute significantly to the well being of self help groups in our location that would otherwise not survive. We have seen the impact of existing legislation, and our ability to meet the same standards of past support to our members and community has reduced accordingly.

We are agnostic on the place of poker machines in our society. But if they are removed as a source of revenue, we consider the Legislature has a responsibility to substitute

that revenue with other forms as a means to ensure the viability of Clubs which use that income to meet their obligations.

We hope you will find our record of service in supporting our members and community as impressive as those who reside in Narooma do. As the only golf club in a radius of 40 km, Narooma Golf Club plays an important role in the community as an employer, a tourist attraction, and a benefactor.

Please find attached the Club's submission for your consideration.

Yours faithfully,

Colleen Kirby  
General Manager  
For the Board of Directors

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## 1. GENERAL INFORMATION

Narooma is a regional town on NSW far south coast with a population of 8500 in the LGA of Eurobodalla.

Narooma is located in proximity to three capital cities of Canberra, Sydney and Melbourne (Figure 1).



Figure 1

Narooma is a town that relies heavily on tourism, especially following the decline in the forestry and fishing industries.

Narooma Golf Club's policy is to buy locally, to encourage tourism and to support local community and sporting groups.

## 2. BRIEF HISTORY

Narooma Golf Club was established in 1930 to provide a community facility of 9 holes for the town of Narooma and for the far south coast.

The course was expanded in 1978 with an addition of the second nine holes.

In 1998 the Club acquired the lease on Narooma Surfbeach Holiday Park with the view that poker machine revenue was in decline.

In 2000 the Club completed an expansion program for the clubhouse to add another revenue source such as functions and conferences for the club.

The Golf Professionals' shop was added in 1930.

At present the Club has 669 golfing members and 1994 social members drawn from local areas, Canberra, Victoria and other towns in NSW.

In 1990 the Club's turnover was \$50,000 and in 2008 was \$6m.

### 3. REVENUE

Narooma Golf Club's revenue is diversified and comes from the following cost centres:

<b>Revenue</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Bar sales	\$ 1,095,559	\$ 1,073,672	\$ 1,055,832	\$ 1,024,497	\$ 1,052,739
Poker Machine Revenue	\$ 2,528,393	\$ 2,511,634	\$ 2,355,906	\$ 2,221,740	\$ 2,045,385
Catering sales	\$ 658,858	\$ 538,231	\$ 478,232	\$ 492,114	\$ 570,550
Golf Course revenue	\$ 558,067	\$ 620,267	\$ 650,147	\$ 648,203	\$ 667,368
Surfbeach Holiday Park	\$ 528,501	\$ 515,954	\$ 581,634	\$ 590,501	\$ 607,751
<b>TOTAL</b>	<b>\$ 5,371,382</b>	<b>\$ 5,261,763</b>	<b>\$ 5,123,757</b>	<b>\$ 4,979,062</b>	<b>\$ 4,945,801</b>

Narooma Golf Club has undergone an expansion program to attract tourists to the Club. However, revenue is still dependent on many tourism factors including the changing regional airline scene, the drought, petrol prices, economic confidence at large, and value of the Australian dollar.

Activities run in the clubhouse include charity bingo for Narooma AFL and Narooma Rural Fire Service, euchre, bridge, darts, table tennis, poker, camera club, wine club, Lions Club, Probus Club, View Club, live entertainment and golf presentations.

365 functions and conferences were held in 2007/2008 year; over 700 customers dined in the Club's Seahorse Restaurant and over 69,000 customers in the Bistro.

Lifestyle changes have affected golf membership and revenue throughout the golfing industry.

While the Club made profits in 2006 (\$64,424) and 2007 (\$40,600), a loss of \$206,580 was made in 2008. This loss can be correlated to the decline in poker machine revenue when the smoking legislation was introduced in July 2007 and as occurred in Victoria and ACT when smoking legislation was introduced..

Poker machine revenue has been in decline for the past 5 years and has declined 19.10% from 2004 to 2008.

Poker Machine contribution to net revenue at 30/4/08 was 38.08%, being supplemented by golf and Holiday Park revenue. The Club provides Keno and TAB facilities for its members and visitors.

Many members and visitors realise the Club depends on poker machine revenue as a source of income. Many also enjoy gaming as a form of recreation similar to video games.

#### 4. EXPENSES

EXPENSES	2004	2005	2006	2007	2008
Bar expenses	\$ 859,307	\$ 870,640	\$ 841,736	\$ 820,473	\$ 849,056
Poker Machine expenses	\$ 1,240,043	\$ 1,125,729	\$ 971,020	\$ 956,497	\$ 937,397
Catering expenses	\$ 1,376,528	\$ 1,218,472	\$ 1,152,885	\$ 1,184,563	\$ 1,391,507
Golf Course expenses	\$ 587,444	\$ 634,418	\$ 650,276	\$ 670,820	\$ 684,887
Surfbeach Holiday Park expenses	\$ 470,806	\$ 437,975	\$ 440,371	\$ 461,750	\$ 482,613
<b>TOTAL</b>	<b>\$ 4,536,132</b>	<b>\$ 4,289,239</b>	<b>\$ 4,058,294</b>	<b>\$ 4,096,110</b>	<b>\$ 4,347,468</b>
Poker Machine tax	\$ 375,426	\$ 373,219	\$ 353,245	\$ 354,104	\$ 330,102

Poker machine expenses have declined which reflects the decline in poker machine revenue and poker machine taxes.

Other cost centres such as the golf course and the Holiday Park have increased expenses to promote these facilities with the intent of substituting for income previously provided by gaming.

Narooma Golf Course is rated 68 in the top 100 Australian golf courses and 21 of the top 60 Australian public access golf courses. The course must be maintained to keep these ratings and attract golfers nationally and internationally, playing 50,000 rounds of golf p.a.

Narooma Surfbeach Holiday Park is leased from Eurobodalla Shire Council until 2018. The Park must be maintained to retain 3.5 star rating. If the rating is not maintained, the lease will revert to Council.

#### 5. PROFITABILITY

The Club has experienced a fall in profit in 2007-2008 of \$205,000 and at February 2009 the current loss is \$154,870. Both results can be correlated to the smoking legislation, the increase in petrol prices and interest rates which impacted on our members and visitors propensity to consume.

Narooma Golf Club has made a concerted effort to diversify its income sources. However, the Club's ability to meet its expenses still relies significantly on poker machine revenue, and the degree to which this is the case means that it cannot be substituted in the short term. The Club is making efforts to reduce that dependency but

does not have high confidence, in our particular circumstances, that trading will be viable in the future without some revenue from gaming.

## 6. COMMUNITY SPONSORSHIP

The current financial crisis has forced the Board reconsider its financial support to many groups but it has a clear understanding of the value of the Club to our community and will do its utmost to stand by previous commitments, either in kind or with financial support. At present many of the community groups are provided with functions rooms without a charge. Any increase in poker machine tax will result in a decrease in community support and a charge to these groups.

	Contribution \$ 2007-2008
Moruya Hospital Auxiliary	1,800
Narooma & District Lions Club	1,354
Narooma Chamber of Commerce	10,982
Narooma High School	920
Narooma Pre-School	200
Narooma Primary School	200
Narooma Red Cross	100
Narooma Rural Fire Service	848
Narooma Surf Lifesaving Club	50
Narooma View Club	470
NRMA Careflight	500
Senior Citizens Week	892
South East Arts Region	120
Dalmeny Bridge Club	770
Dalmeny Deviates Sports Club	120
Dalmeny Quilters	200
Moruya Jockey Club	3,850
Narooma Amateur Swimming Club	50
Narooma Camera Club	315
Narooma Cup Racing Committee	200
Narooma Darts Club	10,649
Narooma Lions AFL Club	20,037
Narooma Netball Assoc	2,000
Narooma Probus	785

Narooma Veterans Touch Football Club	4,960
Narooma Wine Club	150
South Coast Clubs Race Day	186
SE Regional Academy of Sport	275
<b>TOTAL</b>	<b>\$62,983</b>

## **7. EMPLOYMENT & TRAINING**

Narooma Golf Club employs 54 staff (15 full time including 2 apprentices and 1 trainee, 24 part time and 15 casual staff) including catering and cleaners and the Holiday Park.

Board Directors and staff are trained in Responsible Conduct of Gaming. Directors and staff attend Clubs NSW, Club Directors' and Club Managers' conferences and training.

Narooma Golf Club is a member of Club Safe and promotes self-exclusion for all gaming.

## **8. IMPACT ON POKER MACHINE HARM REDUCTION TAX ON NAROOMA GOLF CLUB & SURFBEACH HOLIDAY PARK.**

Like many clubs, Narooma Golf Club has invested in infrastructure to adapt to the smoking legislation, and as also expected, has seen a reduction in profitability.

The proposal to move poker machines to racetracks or casinos is fundamentally flawed in our circumstances. The closest racetrack to Narooma is Moruya (42km) or Bega (60km).

Neither of these racetracks have the capacity to absorb or house the poker machines from the 4 clubs in Narooma, 2 clubs in Moruya or 3 clubs in Batemans Bay.

The closest casino is Star City Casino in Sydney, 5 to 6 hour's drive from Narooma

The proposed Bill is not clear about the intended impact on pubs. Presumably they will also be required to remove poker machines, but the impact will be less because of their business model involving less overheads, and the fact that they do not make significant donations to community activities. If the Club's members and visitors leave the club to play poker machines (to pubs or the racetrack), the Club will lose revenue from bar sales and catering with commensurate implications on the ability of the Club to trade

The community and staff will be impacted if other sources of revenue are reduced.

To reiterate, reducing the public's dependence on poker machines cannot be effected in the short term without severe impact on clubs and pubs and local regional economies.

If poker machines are removed as a source of income it is equivalent to buying fishing licences or closing forests. Alternative sources of funds should be made available to enable clubs to diversify and take advantage of any possible business opportunities.