



18th December 2009

Productivity Commission Gambling Inquiry
GPO Box 1428
Canberra City ACT 2601

Dear Commissioners

This letter is in response to the Productivity Commission's Draft Report on Gambling and the subsequent proposed recommendations. In our initial letter to the commissioner prior to the enquiry, The Juniors outlined the foreseeable results of further restrictions in gaming Tax, and/or restrictions on gaming machine play would have on our club in the future. We have read the draft report and have done some projections based on the latest recommendations.

The report outlines several restrictions including reducing the maximum bet to \$1. This one measure alone will equate to a revenue reduction to this club of approx \$7.6 million per annum. This figure is taken from current data which has been applied to betting frequency and current betting limits so the forecast can be taken as reasonably accurate. If you were to add to this the further restrictions on ATM withdrawals, reduced trading hours, cheque payouts for any amounts over \$250, and the introduction of a pre-commitment system, this figure could easily double.


The Juniors recorded an \$8 million loss in the last financial year, and forecasts are for another loss this financial year – in the current climate. In short these measures would cripple one of the largest clubs in NSW and deprive the membership base of 46,000 their clubhouse and the benefits and facilities that come with it. Upon implementation of ANY of these measures the club would have no choice but to begin an asset sell-off of all external club facilities and property including holiday resorts, flats, club coach and boat. This would then continue through to the cancellation of all club funded events and member amenities, the cancellation of the entertainment program and the withdrawal of any funds to the local community.

If these measures are not enough to sustain the business then the annual \$3 million commitment to the running of the South Sydney Junior Rugby league (our club charter) would cease, leaving us only with an operation capable of sustaining the clubhouse for the use of gaming machine players. The irony in this situation would be a bitter pill to swallow for us as the only thing left standing will be the gaming machines themselves.

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, 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 restrictions on gaming machines are unsustainable. Ultimately it will be impossible to direct any monies to any cause other than the basic running of the clubhouse and its upkeep.

I implore you to reject these findings and recommendations as they will be the end of the club movement in this state and take with it the many great things the clubs do for their members and the local community.

Regards

A handwritten signature in blue ink, appearing to read 'Keith McCraw', is centered on a light blue rectangular background.

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