

**Submission to Productivity Commission commenting on
Draft Report into Gambling**

By

Board of Directors

of

Magpies Club Group

comprising

Magpies Sports Club, Hardwick Cres, Holt ACT

Magpies Belconnen Golf Club, Stockdill Drive, Holt ACT

Magpies City Club, Bunda Street, Canberra City ACT

Background

The Board of Directors of Magpies Club Group governs the operations of three licenced clubs and a Golf Club all located in the ACT.

The licenced premises operate poker machine and TAB gambling facilities at all three clubs.

Some facts about our operations:

	Sports Club	Golf Club	City Club	TOTAL
No of staff employed:	62	10	22	94
Wages & superannuation 2008/9	\$1,545k	\$537k	\$385k	\$2,467k
Total revenue 2008/09:	\$7,244k	\$1,330k	\$1,694k	\$10,268k
Poker Machine Revenue 2008/09:	\$3,571k	\$209k	\$1,194k	\$4,974k
PM Revenue/Total Revenue	49.3%	15.7%	70.5%	48.4%
PM Tax paid incl GST:	\$1,027k	\$24k	\$302k	\$1,353k
Net Profit 2008/09	\$601k	\$8k	(\$85k)	\$524k
Total Assets 2008/09:	\$5,377k	\$159k	\$610k	\$6,146k
Community Contributions	\$501k	\$15k	\$57k	\$573k

Although the social and community benefits provided by our three clubs are significantly greater than the cash contributions we have made to community organisations, during 2008/09 we made cash contributions amounting to \$573k to the following community organisations:

- Belconnen Magpies Senior FC
- Magpie Junior FC
- Belconnen Cats Junior FC
- Bandits Baseball
- Ginninderra Senior Cricket Club
- Ginninderra Junior Cricket Club
- Canberra City Soccer Club
- Wests Basketball Club
- Boomerangs Softball Club
- Belconnen Pony Club
- United Hockey Club
- Demons Softball
- ANU Rugby FC
- Camp Quality
- Lifeline
- Bushfire Appeal

In addition to the above list of cash contributions a further example of a community contribution provided by our Club is the 'salvation' of the Belconnen Golf Club. This Golf Club went into receivership in March 2002. The Magpies Sports Club at the time recognised that the community was at risk of losing a significant social amenity used by over 600 members and thousands of 'green fee' paying golfers. We agreed to take over the operation of the Golf Club and although this was not a profitable venture in the early years, due to good management we have turned the operations of the Golf club into a viable operation **and it continues to provide a benefit to the Belconnen community**. Without the intervention of the Magpies Sports Club this facility would have been lost to the general community.

Key Issues

The Magpies Group Board of Directors recognises that the club industry provides facilities for recreational gambling through poker machines, TAB, KENO and other arrangements and that this provides the revenue stream that enables clubs to provide large social and community benefits back to our members and community organisations.

Our Board of Directors recognises, therefore, that there is a potential for problem gambling and this needs to be properly managed. However, the vast majority of the adult population enjoy to gamble in a responsible manner and it is an important part of their visit to a club

We note that to address the issue of 'problem' gambling (1 to 2% of adult population according to PC Draft Report) related to poker machines the Draft Report proposes the following measures:

- Universal pre- commitment system by 2016
- Statewide self exclusion
- \$200 daily withdrawal limit via ATM/EFTPOS
- \$20 maximum cash insertion
- \$1 maximum bet
- Prizes above \$250 paid in cheque

These changes to poker machine operations in clubs **WILL** impact **ALL** poker machine players and hence have very significant impact on revenues and profitability of clubs and the enjoyment of responsible gamblers. This impact on profitability will drive many clubs out of the industry and will reduce the profitability of remaining clubs which will have a significant impact on benefits clubs will be able to provide to members and community groups. We estimate that if poker machine revenue dropped by 10% we would no longer be profitable and we would have to substantially reduce community contributions.

A significant omission in the Draft Report is any analysis of the social and community benefits provided by the club industry; and, hence there is no recognition or analysis of the serious negative impacts of these very 'blunt' policy instruments being recommended.

Therefore, we strongly urge that the Commission reviews the recommendations of the Draft Report with a view to adopting measures that specifically address the problem, rather than opt for simple and very 'blunt' instruments of policy that will impact all recreational poker machine players and put at risk the existence and resultant employment, social and community benefits provided by the club industry.

We also note that the Draft Report does not give due consideration to potential problem gambling arising from forms of gambling other than poker machines eg betting in the racing industry both with bookmakers and the TAB, casinos and the emerging practice of on 'online' gambling.

Amazingly the Draft Report seems to indicate that the emergence of 'online gambling' does not pose any significant problems.

Yours Sincerely

Jon Burrows
General Manager
on behalf of
Board of Directors, Magpies Club Group.
17 December 2009