Moruya Golf Club ltd
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28/01/2011
Committee Secretary
Joint Select Committee on Gambling Reform
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Moruya Golf Club – Submission to the Joint Selection Committee on Gambling Reform

The Moruya Golf Club is located in the heart of the Eurobodalla Coast approximately 2 hours east of Canberra and 3.5 hours south of Sydney. The club has been in operation since the mid 1920's and currently has just over 600 Golfing members and 1100 Social members, employs 15 staff with annual wages paid back into the community of 720K. The clubs principle purpose is that of the provision of Golf and Golf related activities as well as supporting a diverse range of community groups, events and activities. The club directly supports in-excess of thirty community groups and events, is the towns primary event/function centre and provides arguably the most affordable passive health facility in the wider community. It is the clubs position that mandatory pre-commitment will have catastrophic consequences for the Moruya Golf Club and the Moruya Community as a whole

The club operates 43 gaming machines, the revenue from which it heavily supports/subsides the benefits enjoyed by both members and visitors to the club alike. Whilst the club has made inroads in reducing dependency on Poker machine income, key club infrastructure and community support is still dependent on gaming revenue. Based on projections for the remainder of the 2010/2011 financial year gaming income will subsidise

- Golf facilities and services - $190,000
- Cash Donations and community grants - $30,000
- Cash Sponsorships and Sports Grants - $11,000
- Indirect Operational Wages (i.e. non gaming/beverage/bar) of $200,000
- In-kind venue and facilities use (i.e. Complimentary Rooms, bus hire etc) $12,000.
- Members Services (subsidised benefits) - $98,000

Gaming revenue is crucial to the clubs capacity for continued provision of infrastructure and services which would otherwise be denied to the community at large.

The community does not have the Socio-economic capacity to support the facilities and services on a user pays break even basis.

As a foundation member of the Club Safe program the club actively supports responsible gaming. The clubs program has seen members and others take up self exclusion deeds and provided assistance accessing counselling services. The club takes its harm minimisation responsibilities seriously and given the intimate knowledge of our clientele, particularly those who have sought assistance in the past we do not believe mandatory pre-commitment is the solution to the issues faced by our problem gamblers.

The club is managed well and has been able to post small operating profits for nine of the last ten years. Full smoking bans introduced into NSWs in 2007 resulted in a 25% fall in net gaming revenue, to date only 10% of this income returned to the facility (i.e.: venue still 15% down on 2007 financial year net gaming). During this period the business successfully restructured to return to profit however cost structures have been economised to the maximum.
There is no further room for the club to cut costs without significant deterioration of facilities and services and the loss of employment.

An analysis of the 2009/10 financial results for the club highlights the following points

- The club generated net gaming revenue of $1.084M (gross clearances less payouts)
- Net gaming revenue represents 46% of the clubs total revenue.
- 86 Cents in every dollar of net gaming revenue contributed directly to the business cash flow.
- After operating expenses the net cash flow for the entire operation was $320,799.

The impact of a drop in gaming revenue on the viability of the business, given the same parameters can be clearly demonstrated
30% Fall in gaming revenues = Cash Flow drop of $279,896 = Net cash flow $40,903
40% Fall in gaming revenue = Cash flow drop of $373,194 = Net cash flow -$52,395
50% fall in gaming revenue = Cash Flow Drop of $433,493 = Net cash flow -$145,695

A 34.4% fall in gaming revenues will render the business unviable.

The club has and will continue to explore opportunities for additional revenue streams however opportunities have and will continue to be restricted by

- Current council zonings and timeliness/opportunity for proposed re-zonings have halted proposed accommodation development for the foreseeable future.
- The majority of club land is on crown leases with lease definition s restricting usage.
- A restricted rural economy including a demographic with both high unemployment and high retiree component limits commercial opportunities often available in larger centres.

There is little opportunity for the club to re-coup lost revenue or create new or alternate revenue streams.

While specific details of the proposed pre-commitment system are unavailable, the Club does not have the cash reserves to install a system at the cost which has been suggested ($5000 per machine). Whilst debt free, the club has no notable cash reserves. Given the grave potential impacts on revenue and hence the clubs ability to maintain payments on any such finance the club will not be able to source external funding for the implementation of a pre-commitment system.

The club cannot consider significant finance for any other major projects whilst the spectre of mandatory pre-commitment is on the horizon.

For and on Behalf of the Board of directors Moruya Golf Club ltd

Craig Clark
General Manager