



E A S T S

28 January 2011

Committee Secretary
Parliamentary Joint Select Committee on Gambling Reform
PO Box 6100
Parliament House
CANBERRA ACT 2600

Emailed to: gamblingreform@aph.gov.au

Dear Sir/Madam

This submission is made by The Easts Group which is comprised of The Eastern Suburbs Leagues Club Bondi Junction, Waverley Bowling and Recreation Club, Kingswood Sports Club, Berkeley Sports Club and The Eastern Suburbs District Rugby League Football Club (The Roosters).

All Clubs are owned and operated by The Eastern Suburbs Leagues Club. Kingswood Sports, Berkeley Sports and Waverley Bowling Clubs are Clubs which have amalgamated with Eastern Suburbs Leagues Club over the past 12 years due to financial hardship.

History

The Eastern Suburbs District Rugby League Football Club (The Roosters) evolved in 1908 and is the longest continuous playing team in the NRL competition. The Eastern Suburbs Leagues Club was established in 1959 to provide a social club for members and to support and propagate Rugby League in the Eastern Suburbs.

Community Support

Membership of all Clubs in the Group totals approximately 37,000 and each Club provides (except the Roosters) a range of food, beverage, entertainment and fitness/sporting facilities. In most sites we also provide lawn bowls, indoor bowls, hockey, darts, bridge, bingo and snooker.

Our Group provides financial support to our NRL team, junior rugby league, soccer, golf, cricket and surf life saving. We also provide a facility for The Ted Noffs Foundation which is their administration centre for the rehabilitation of drug dependent youth. This arrangement is a 30 year agreement with ten years completed.

Our Clubs waive room hire on our function rooms/meeting rooms for numerous not for profit organisations, NSW Health Department sectors and charities to conduct their various training and fundraising events.

We have raised many thousands of dollars for the Victorian Bushfires, the Flood Appeal and countless other charities.

The Roosters players visit schools promoting an active, healthy lifestyle approach to the children, high profile players spend considerable time in the children's wards of hospitals bringing some joy to children suffering and the Roosters/Steggles sponsorship arrangement raised \$409,000 for children's charities in the 2010 football season alone.

Our Registered Clubs are members of the Betsafe Group of Clubs which provides an extensive range of training for staff plus support options to ensure the highest level of Responsible Gambling support for our members, at no cost to them. Key areas of support include self-exclusion and counsellor support.

Projected Financial Impact

Attached to this Submission are financial projections which show the impact on our Club business should the proposed pre-commitment, ATM restrictions and reduction of bet limits be introduced. We have shown two scenarios, one at 20% reduction and the other at 40%. We have also estimated what changes would need to be made in order to maintain a break-even basis.

Should the impact reach a 40% reduction in gaming revenue, I believe our Kingswood Sports, Berkeley Sports and Waverley Bowling Clubs would close.

You would succeed in breaking this industry, creating thousands of unemployed people, slash many thousands of dollars donated to charities and create a vacuum in sports and community support across the Eastern States of Australia.

Understanding the Impact

Gamblers in the majority of cases are private people who do not wish to promote what they wager, not because they are ashamed or hiding anything, just that they consider what they spend is their business, not someone else's. 60% of our machine users will not use a loyalty card, they forgo rewards to remain nameless.

To enforce a mandatory pre-commitment from these players, in my view, would not just encourage them to use illegal forms of gambling, such as internet gambling, it would push them to do so.

The people with problem gambling issues would just disappear to other forms of gambling. At least at the current level we have a chance of identifying them and provide them with help.

Poker machines have been part of the NSW way of life for more than 50 years, and with it has grown many benefits which I have included earlier in this Submission.

To believe that people who do not have a gambling environment, such as Western Australia, are in any way better off is nonsense.

Finally,

To introduce the changes proposed, in our view creates hardship for the majority of members, employees, local communities, local sporting organisations and charities that benefit from this Industry.

Logic indicates that the problem gamblers you are trying to save will not benefit from this scheme.

On behalf of our members, staff and the people who enjoy the benefits of our Clubs, I implore you not to introduce this reform.

Yours sincerely

R A Riddle
Chief Executive Officer
Easts Group of Clubs

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Eastern Suburbs Leagues Club Ltd

Senate Submission January 2011

Financial Impacts of Scenario 1 and 2

The following are scenarios provided which calculates the impact of a 20 % (Scenarios 1) & a 40% (Scenarios 2) reduction of our Gaming Net Revenue and the resultant impact on the East Group Net Trading Profit. The calculations are based on the 2010/11 Group Budget.

Eastern Suburbs Leagues Club Ltd Scenario 1 20% Decrease In Gaming Revenue

Location	2011 Budget Gaming Revenue	20% Decrease in Gaming Revenue	Adjusted 2011 Budget Gaming Revenue	Gaming Taxes reduction due to 20% Decrease	Net Decrease on Net Profit	Adjusted 2011 Budget Net Trading Profit	CDSE Reduction due to 20% Decrease
Bondi Junction	\$30,615,000	\$6,123,000	\$24,492,000	\$2,584,850	\$3,538,150	\$586,850	\$91,845
Kingswood Sports	\$3,230,000	\$646,000	\$2,584,000	\$194,387	\$451,613	(\$421,613)	\$9,690
Berkeley Sports	\$5,075,000	\$1,015,000	\$4,060,000	\$356,173	\$658,827	(\$183,827)	\$15,225
Waverely	\$290,000	\$58,000	\$232,000	\$0	\$58,000	(\$153,000)	\$0
Total East Group 20% Decrease	\$39,210,000	\$7,842,000	\$31,368,000	\$3,135,410	\$4,706,590	(\$171,590)	\$116,760

Eastern Suburbs Leagues Club Ltd Scenario 2 40% Decrease in Gaming Revenue

Location	East 2011 Budget Gaming Revenue	40% Decrease in Gaming Revenue	Adjusted 2011 Budget Gaming Revenue	Gaming Taxes reduction due to 40% Decrease	Net Decrease on Net Profit	Adjusted 2011 Budget Net Trading Profit	CDSE Reduction due to 40% Decrease
Bondi Junction	\$30,615,000	\$12,246,000	\$18,369,000	\$5,169,699	\$7,076,301	(\$2,951,301)	\$183,690
Kingswood Sports	\$3,230,000	\$1,292,000	\$1,938,000	\$388,775	\$903,225	(\$873,225)	\$19,380
Berkeley Sports	\$5,075,000	\$2,030,000	\$3,045,000	\$712,345	\$1,317,655	(\$842,655)	\$30,450
Waverely	\$290,000	\$116,000	\$174,000	\$0	\$116,000	(\$211,000)	\$0
Total East Group 40% Decrease	\$39,210,000	\$16,684,000	\$23,526,000	\$6,270,819	\$9,413,181	(\$4,878,181)	\$233,520

Under Scenario 1 (20% decrease in gaming revenue), the East Groups Total Net Trading in 2010/11 would go from a Budget Net Group Profit of \$4,535,000 to a Budget Net Group Loss of \$171,590 being an overall decrease of \$4,706,590. The above figures do not include the budget Football Grant of \$ 3,700,000 to Eastern Suburbs District Rugby League Football Club Limited (Roosters).

Under Scenario 2 (40% decrease in gaming revenue), the East Groups Total Net Trading in 2010/11 would go from a Budget Net Group Profit of \$4,535,000 to a Budget Net Group Loss of \$4,878,181 being an overall decrease of \$9,413,181. The above figures do not include the budget Football Grant of \$ 3,700,000 to Eastern Suburbs District Rugby League Football Club Limited (Roosters).

Measures required to maintain a positive East Group Net Trading Profit after Grant to the Football Club

In consideration of the above scenarios impacts on the East Group net trading profit are significant and in order to maintain a positive bottom line result after Football Grant then the following changes could be implemented:

Under Scenario 1, in order to achieve a break even bottom line, the Budget Net Group Loss of \$171,590 plus the Football Grant of \$ 3,700,000 (totalling \$3,871,590) would need to be recovered without negatively impacting on the ability to generate a profit from operations. This in essence requires some decisions which would result in the reduction of personnel both in the Leagues Club & the Football club, donations & charity etc & could be achieved by reducing the following:

1. Reduce the requirement of the Football Grant by reducing:

• Cease Junior League Grant	\$181,000	Impact on local Eastern Suburbs District
• Cease Academy Squad	\$140,000	loss of 26 Players.
• Cease Junior Representatives	\$300,000	loss of 19 Players.
• Reduce NYC Squad commitment	\$170,000	Loss of 10 Players.
• Reduce Grant to Newtown Jets	\$70,000	Reduced assistance Premier League.
• Reduce Senior Coaching staff	\$350,000	Reduce 3 key senior staff in this area.
• Reduce Player training Gear	\$100,000	Reduce Senior & Junior assistance.
• Reduce Ground hire	\$50,000	Reduce Ground hire.
Total	\$1,361,000	

2. Reduction in operating Expenditure under Leagues Club Group by reducing:

• Reduce CDSE to Junior League	\$0	Calculated in Football above \$181,000.
• Reduce Sub Body Grants	\$129,000	Cease sub body grants at locations.
• Reduce Easy points	\$131,000	Reduce Easy points to members.
• Reduce Discount Food	\$223,000	Eliminate discount Members Food.
• Reduce Discount Bar	\$285,000	Eliminate discount Members Beverage.
• Reduce Club entertainment	\$108,800	Reduce Entertainment by 20%.
• Reduce Club Promotions	\$276,088	Reduce Promotions by 20%.
• Reduce Leagues Club staff	\$1,400,000	Reduce 30 Leagues Club staff.
Total	\$2,552,888	

Grand Total **\$3,913,888**

Under Scenario 2, in order to achieve a break even bottom line, the Budget Net Group Loss of \$4,878,181 plus the Football Grant of \$ 3,700,000 (totalling \$9,413,181) would need to be recovered without negatively impacting on the ability to generate a profit from operations.

1. Reduce the requirement of the Football Grant by reducing:

• Cease NRL Grant	\$3,519,000	Support only local Rugby League.
• Reduce Sub Body Grants	\$129,000	Cease sub body grants at locations.
• Reduce Easy points	\$262,000	Reduce Easy points to members.
• Reduce Discount Food	\$223,000	Eliminate discount Members Food.
• Reduce Discount Bar	\$285,000	Eliminate discount Members Beverage.
• Reduce Club entertainment	\$217,600	Reduce Entertainment by 40%.
• Reduce Club Promotions	\$552,176	Reduce Promotions by 40%.
• Reduce Leagues Club staff	\$4,262,224	Reduce 85 Leagues Club & Football Club staff.

Grand Total **\$9,450,000**