

Business Abroad

Golf and Gambling A "no risk" bet Down Under

by Maurice Cutler

For Canadian golfers, gambling and golf only come together in the friendly nassau bets between players that are a fixture at most golf clubs.

In Australia, however, gambling is a pervasive presence at many golf courses and one that makes for the least expensive golf in the world. For example, one of golf's most scenic courses and greatest bargains-known as "Australia's Pebble Beach" -can be found in a sleepy little east coast fishing town in New South Wales.

The Narooma Golf Club is a slice of "down under" life: a highly accessible community golf course and a clubhouse that reflects the Australian love of gambling. It is also a striking example of the way in which gambling has benefited both golfers and golf course management.

While Canadian attitudes towards gambling are more conservative, the Australian experience could serve as an example of how Canadian golf clubs might diversify to the benefit of golfers and the owner's bottom line.

With many Canadian provinces expanding the opportunities for gambling, decisions will have to be made on where these facilities will be located. If the Australian experience is any guide, venues such as golf clubs would be perfectly suited.

Walk into the recently enlarged and modernized clubhouse at Narooma, overlooking the Tasman Sea and you enter a world far removed from what Canadian golf offers. There are the usual amenities such as dining room, lounge and bistro. But the atmosphere is more like a casino, with slot machines and even an offtrack betting facility, but without the roulette and card games. Golfers can bet on horse, dog and sporting events all around Australia and even New Zealand and Asia.

The presence of the gaming facilities means that Australian golf clubs are used after dark for more than dining. People come to have dinner at the club and then walk across the clubhouse to play the slots, Keno or bet and watch televised racing, usually harness races and greyhounds. During the day the off-track betting parlor handles thoroughbred racing. There is enough "action" in the clubhouse that you can be betting on a race somewhere across Australia every five or 10 minutes and seeing it on the television monitors.

The implications of all of this produce the least expensive golf in the world. Golfers travel five hours from Sydney and 10 hours from Melbourne to play at what is considered one of the country's finest layouts. A visit to Narooma for the golf course and the beautiful coastal community should be a "must" on the itinerary of any overseas golfer.

More than 60,000 rounds of golf are played at Narooma each year. While not as finely conditioned as Pebble Beach, Narooma has equally spectacular coastal scenery on the opening six challenging holes. The course moves inland for the

7th through 16th holes and the bushland setting provides a contrast to the holes on the ocean. But even on some of those holes you can hear the pounding of the surf on a nearby beach.

General Manager John Smellin told Golf Business Canada that golfers definitely are the beneficiaries of the Australian compulsion to bet on everything that moves. Many visitors to the clubhouse come just to play the "pokies" (poker machines) as they are called and to bet on the myriad of racing and sporting events.

"We have 4,500 members, but only 1,300 are golfers," Smellin said. This, in a local population of about 10,000.

In 1997 the poker machines provided just under a million dollars of profit while bar sales of \$1.1 million produced a profit of \$129,000. The daily green fee is only \$18 (about \$17 Canadian). The initiation fee for new members is \$75 and the annual fee \$140 for golf 12 months of the year. John Smellin, a former veteran air force officer who has been manager of the club for the past eight years, talked to Golf Business Canada about the gambling factor at this unusual golf course. Working under a board of directors elected by the membership, Smellin oversees a significant business that goes beyond the game of golf.

"When I came here, it was virtually a golf club with a few poker machines," Smellin says. *"We decided that we would move in another direction. We would be a golf club funded by gaming."*

This is a trend that will increase as the costs of playing at the traditional golf-only clubs increase, he said. In the major Australian cities club gambling activities are generally confined to the large social clubs and sporting clubs associated with football and cricket teams. In the smaller communities, particularly those along the coast, golf and bowling clubs are the venues.

"As in other small communities in the state, the Narooma Golf Club is more than a golf club. The primary objective is golf and maintaining a course to play it on, no question about it. But the means of achieving this are different. A regular golf club will have high entrance and membership fees. Here we have low fees but we have high revenues from the bar and the poker machines. We also quite strongly promote other sporting clubs in the area which are based here. So this also contributes to a high level of sales."

The poker machines have been in the club since they were licensed in New South Wales in the 1950's. The off-track TAB betting facility was established about four years ago.

Smellin emphasizes that *"you don't make much money out of the TAB per se because of the costs of satellite transmission of racing and labor costs."* However the presence of the TAB helps generate bar and poker machine business in the club, especially in the after-golf hours.

All of the significant recent renovations of the course and the clubhouse have been financed by gambling dollars, he says. When Smellin arrived at the club in the early '90's, the gross turnover on the poker machines was about a million dollars. Six years later this had risen to \$4 million.

"Our non-golfing members now exceed our golfing members," Smellin says. The

day to day operating costs, excluding capital acquisitions and capital projects on the course, are mostly funded by the revenues from the poker machines. However labor costs, fertilizers, fuel, and equipment maintenance is all funded by green fees.

"Because the course is such an attraction, we put through more than 60,000 rounds of golf a year, half of which is by members, the other half by greens fee playing visitors. We collect about \$300,000 in green fees and we give 20 per cent of that to the professional. Our course maintenance costs are about \$300,000 a year."

He also emphasized that the club is very involved in the local community sponsoring sporting teams, service clubs and charities to the tune of about \$80,000 a year.

"By law, our profits can't be kept by any one individual or groups of individuals, they have to be turned back into the community, either by improving the golf course or helping local activities."

The club now runs the restaurant instead of having it run as a concession. Diners now come to the club in the evening and follow up dinner with gambling at the offtrack facility or at on-line Keno or the poker machines There is also a 150-seat bistro which caters to family groups.

And what about the potential downsides to having gambling in a golf club?

"There certainly are social implications with any gambling activity," Smellin said.

"We have a responsibility to ensure that people don't go overboard. That's becoming more and more important and is government-driven. Quite frankly," he added, "I think gambling has probably gone too far in this state now."

Problem gamblers are identified and even refused entry," Smellin says. "Staff members will come to me and let me know if someone is apparently getting in over their heads. The gamblers themselves come to see me and tell me that they have a problem and to keep them away. It's the same thing with liquor. We have to ensure that these activities are done in a responsible way.

We keep our eye on it. We are very conscious of the problems that might be created. It's one thing for a group of blokes to put \$10 or \$20 through the poker machines. But it's another when someone is pouring hundreds or thousands," he said.

There are strict regulatory controls over the gambling operations to ensure that they are above board. A computer system reads poker machine "meters" every 15 minutes he said.

"Canadian golf clubs would be well advised to look carefully at the opportunities provided by the gambling dollar," Smellin said. "In many respects, it's a lot fairer way of meeting your objectives. It helps reduce the fees and makes golf more accessible to a lot more people."