



**RSL & SERVICES CLUBS**

**SUBMISSION TO**

**PRODUCTIVITY COMMISSION'S**

**PUBLIC INQUIRY IN TO GAMBLING**

March 2009

## **INTRODUCTION**

The RSL & Services Clubs Association welcomes the opportunity to respond to this inquiry in to gambling being conducted by the Productivity Commission, the first such inquiry since 1999.

There have been considerable changes to the gambling environment in the past 10 years which has seen the operation of many club venues placed under severe financial stress resulting in either amalgamation or closure. At the same time, harm minimization measures introduced by Governments and venues have resulted in a marked decrease in problem gambling.

This Association supports the industry-wide submission by Clubs Australia, but would like to make some additional observations on several issues.

## **DEFINITIONS & BACKGROUND**

There is some degree of confusion in the community about RSL clubs, RSL Sub-Branched, the RSL in general and the State Branch of the RSL. To that end we have included a definition/outline of the roles of the various organizations to facilitate the easy interpretation of the submission.

- The Returned Soldiers league or RSL ("the League") - The RSL is fundamentally the national welfare organisation dedicated to the well-being, care, compensation and commemoration of serving and ex-service Defence Force members and their dependants, with an organisation based on some 1,327 Sub-Branched Australia wide.
- The State Branch of the RSL ("State Branch") – This is the New South Wales Branch of the League which is the state welfare organisation dedicated to the well-being, care, compensation and commemoration of serving and ex-service Defence Force members and their dependants. The State Branch is an organisation based on 421 Sub-Branched throughout New South Wales with a current membership of approximately 57,700.
- RSL Sub-Branched ("Sub-Branched") – Sub-Branched are independent not for profit organizations that represent the welfare of returned defence force personnel. They are unincorporated and are managed by trustees/committees of their members. Sub-Branched were the original owners of many RSL and services club properties.
- The RSL & Services Clubs Association ("the Association") - The Association is a not-for-profit industry association that was formed to be a leading advocate representing the unique interests of the estimated 274 registered RSL, Ex-Services, Memorial, Legion or like Clubs in New South Wales. Among its main objectives is the protection and promotion of the ideals of the ANZAC spirit and heritage of member clubs. RSL and services clubs represent the origins of the

club industry being some of the first to emerge following WW2 – many are now 50-60 years old.

## **BACKGROUND**

The RSL & Services Clubs Association was formed in 2001 and commenced operations in February 2002 with some 22 member clubs. Since the Association's formation its membership has grown to more than 120 RSL and services clubs, with its member clubs having a combined membership of 1.2 million people and employing more than 5,000 people in full and part-time capacities. The Association is affiliated with ClubsNSW.

Some of the biggest and some of the smallest clubs in the country have the letters "RSL" in their title. Some RSL clubs include RSL Sub-Branched in their structures and some do not. Some RSL clubs are direct supporters of the League and some are not.

There is a perception in the community that RSL and services clubs are huge revenue raisers for the League. In short, there is some confusion in the community about RSL clubs and RSL Sub-Branched; some RSL members and many members of the Defence Force share this confusion.

Licensed RSL and services clubs, by their nature, are first and foremost a social meeting place for many people and community groups. In fact many of our club members, including seniors, enjoy and rely on discounts on food and beverage and entertainment being provided in contemporary surroundings. By legislation, they are required to be not-for-profit entities.

The origin of RSL and services clubs is unique with the majority formed as or from Sub-Branched as part of the RSL, or alternatively from groups of returned veterans to provide hospitality and comradeship for war veterans. There is an RSL or kindred club in almost every major town throughout the State and most started from meager beginnings, many on land granted by the Government of the day.

While many of the clubs have now become separate identities the vast majority still provide a venue for local RSL Sub-Branched to meet and are supportive of RSL ideals and aspirations, particularly on commemorative days such as Anzac Day and Remembrance Day. Many of these clubs are still governed by a majority of ex-servicemen and women on their Boards.

In addition to now catering for a much wider community participation, RSL and services clubs continue to foster those original ideals of a venue for ex-diggers to meet up with their mates with whom they fought in overseas conflicts.

RSL clubs operate under respective state licensing laws hence there is significant difference state to state. Club membership invariably is a club matter and may not necessarily be related to League membership. Some clubs in some states, however, do defray or even pay RSL annual subscriptions for eligible club members. As mentioned earlier, the vast majority provide a venue for local RSL Sub-Branched to meet and are

supportive of the Anzac traditions and provide considerable support by way of veteran welfare activities.

As a general rule, clubs are run for the benefit of club members, be they members of the League or not; and the local community. They are not-for-profit entities which have been granted the right by successive governments to operate community based gaming. Virtually all clubs offer gaming and quite sophisticated amenities for members, such as food and beverage, entertainment, social sporting clubs, snooker facilities, ten pin bowling, gymnasiums, swimming pools and aged care in addition to gaming. Entry to a club is restricted by legislation to members and guests.

In NSW, changes to licensing laws over the years have resulted in management of RSL and services clubs being transferred to separate Registered Club Boards of Directors, which operate independently from Sub-Branches. In more than 80 percent of these clubs the constitutions require that the majority of directors on the licensed club Board must be a full Sub-Branch member.

Membership of an RSL Sub-Branch does not automatically confer right of entry to all RSL clubs. Admission to a club is governed by State licensing laws and most clubs welcome visitors who conform to club rules. In NSW, recent amendments to the Registered Clubs Act, confers 'Honorary Membership' status on current serving defence force members, on showing their defence force ID.

As mentioned at the outset, the RSL & Services Clubs Association endorses the submission to this Inquiry by Clubs Australia. However, there are a number of areas in which the Association would add further general comment to support that organisation's more detailed submission.

## **THE ENVIRONMENT IN WHICH OUR MEMBER CLUBS OPERATE**

The industry has been faced with a range of legislative and competitive market forces over the past five years which have significantly changed the operating environment and there is no indication that these will abate in the foreseeable future. They are notably:

- ❖ Increases in gaming taxes in 2004 which saw the top marginal rate increase to 39.99% (including GST and Community Development Support Expenditure [CDSE]).
- ❖ April 2004 heralded the introduction of a raft of new corporate governance regulations that significantly increased the obligations of club Boards and top executives with inherent restrictions on the sale of club property.
- ❖ The Phase-in of smoking bans from January 2005 which ended on 2 July 2007 with the introduction of the full ban in licensed venues across the state. Venues suffered a downturn in gaming turnover of up to 15% on average. Gaming turnover for the eight month period to the end of February 2009 was still lagging 2.5% behind the same period to end of February 2007.

- ❖ Increases of up to 100% - and in some cases more - in electricity charges (as a result of the continuing drought). Regional based clubs have been particularly hard hit by the increases with many likely to pay around 60% more for their power, an essential component of their business
- ❖ Large corporations such as Woolworths and Coles continuing to enter the Australian gaming (through hotel purchases) and liquor markets (currently some 52% of retail liquor sales are from these two companies). These changing market dynamics mean that Woolworths is also now one of the largest private owners of gaming machines in Australia with more than 10,000 gaming machines in its hotel venues.
- ❖ Revenue from new gaming technology – the internet and mobile phones - increasing dramatically.
- ❖ Major changes in July 2008 to the Liquor Act in NSW
- ❖ A major review and overhaul of the Gaming Machines Act in NSW which came in to force on 30 January 2009.
- ❖ A year of economic turmoil in 2008 which first saw rising interest rates and petrol prices impact heavily on clubs as members cut their discretionary spending. That was tempered somewhat in the latter half of the year, but the global and national economic climate is continuing to impact on venue revenues, placing subsequent pressure on employment in the industry.
- ❖ The continuing impact of the drought in regional areas and the impact of the equine influenza epidemic in late 2007.
- ❖ Rising interest rates and petrol prices in the first six months of 2008 impacted heavily on visitation numbers at clubs as members and the public 'bunkered down' to weather the economic storm. That situation has been relieved to a certain extent in recent months but members are now shifting their concern to unemployment and that is again playing heavily on their discretionary expenditure.

These factors have dramatically changed the economic environment in which our member clubs operate placing increasing pressure on them to be more commercially oriented with a focus on reducing debt and restructuring operations in the face of tightening lending rules and security from lending institutions.

Since the mid-1990s 266 clubs in total have either closed or amalgamated, of those:

- 28 are RSL and services clubs (23 since 2000)
  - 12 closures
  - 16 amalgamations

Additionally, since the start of 2008, 13 RSL or services clubs have advertised *Expressions of Interest* for amalgamation partners, while four others have closed. Canberra also lost its only 'RSL' club in November last year.

However, not all of these clubs have found partners and are now restructuring their operations in an endeavour to recover their positions. There are also two recent instances of de-amalgamations because the financial burden of maintaining the amalgamated golf courses was becoming a financial burden on the parent club's operations.

The result is that, for this particular sector of the club industry, one of Australia's iconic brands - 'RSL' - is slowly disappearing from the landscape as licensed clubs close. The consequence of this is that a town or suburb could lose its club amenities and in the case of an RSL or kindred club, it means a 'loss of home and facilities' for local Sub-Branches. Worse still, when a club of this nature closes in a country town the local community faces losing their Anzac traditions, ie. remembrance services/marches on Anzac Day and other commemorative events.

This high attrition rate of clubs is expected to not only continue, but to accelerate in the next five years through either closure or amalgamations, due to the regulatory, competitive or financial pressures placed on clubs.

However, the chances of clubs attracting an amalgamation partner in the current economic climate are exceedingly slim as it is often the case that clubs seeking amalgamations are carrying significant debt. This presents considerable risk to the so-called 'parent' and often places it under considerable additional stress, as was the case with the recent de-amalgamations.

The main impediments to amalgamations are:

- Too costly for two smaller clubs - many don't proceed even when it is in their best interest. There are instances of smaller venues in country towns, which see amalgamations as a means of survival, but unable to afford the minimum \$50,000-\$60,000 cost of undertaking the amalgamation.
- Current economic climate making amalgamations less financially attractive
- Several recent cases of de-amalgamations
- The negative connotation of the term 'amalgamation' which is in fact a 'takeover' involving a 'parent' and 'child' club.

There is an urgent need for Government to review and streamline the amalgamation process for clubs to reduce the associated costs, particularly for clubs in smaller country towns where the loss of, for instance, a golf club has a major impact on the area.

Specifically, Governments could consider:

- Specific legislation to allow for 'a merger' between two equal partners, as in the corporate world

- Support to streamline the amalgamation/merger process to reduce costs
  - Development of an MOU template to facilitate the 'amalgamation' process
  - Independent Panel of industry/government representatives to quickly 'sign off' on an amalgamation once two clubs agree to merge. The panel could make the decision based on a 'means test' that the best interests of the two clubs would be served by an amalgamation to obviate the need for costly member meetings.
- Associations encouraging clubs to make a more strategic approach to amalgamations before their financial situation becomes unsustainable.
- More incentives to amalgamate/merge – tax offsets, no loss of gaming machines entitlements across LGAs, CDSE offsets. Tax offsets is particularly relevant in cases where the 'parent club' – exhibiting corporate social responsibility - is taking over the often considerable debt of the 'child' club
- Where amalgamation not appropriate the concept of management agreements be promoted. There are a number of instances of where this has been successful.

## **SOCIAL CONTRIBUTION OF THE ASSOCIATION'S MEMBER CLUBS**

The Registered Club Industry plays an important socio-economic role within the NSW economy and community but the increased financial pressures being faced by clubs are likely to result in heavily rationalized community contributions.

It is a generally accepted principle by Government and many members of the community that Registered Clubs play a vital role in providing sporting, social and recreational services, amenities and activities which are often considered " unviable or non-sustainable " if they were to be provided for on a true economic basis of return on cost.

It is also well documented that Registered Club's assist and contribute to NSW community standards of living by allowing often free-of-charge or heavily subsidised use of their facilities for purposes of fund raising, community assistance and welfare organizations and education services (across all demographics). At times of national emergencies, clubs become a safe haven for residents such as we have seen in recent times of natural disasters.

The recent IPART Report in to the NSW club industry estimated that, based on the direct cash and in-kind contributions the value of clubs' contributions to social infrastructure in NSW in 2007 was \$ 811 million. This did not include the indirect or intangible contributions made by clubs which IPART said was difficult to quantify consistently and reliably, but is nevertheless important.

One major role and objective of RSL and services clubs is contributions to veteran welfare.

The 122 member clubs of the Association contributed around \$1.5 million annually (source latest audited Annual Report) supporting the RSL Sub-Branches and other veteran welfare activities. This includes provision of facilities such as veteran welfare officers, transport facilities, support of commemoration days, financial support for Legacy and War Widows Guild and other ex-service organisations.

In addition, the member clubs contribute on average an additional \$1.2 million for 'in-kind' facilities, including waiving of room hire for Sub-Branch activities, ANZAC Day commemoration dinners, administration and secretarial costs for Sub-Branches and kindred groups.

When extrapolated across the 274 clubs in the RSL and services clubs sector these costs could be as much as \$6 million annually.

The present role and ability of Clubs to provide this social welfare and supporting infrastructure – which could be labelled "intangible welfare" - has only been possible due to the legalization of gaming machines (1956) and the direction of surplus profits to underpin and support services and activities, such as social, recreation and sporting facilities. The club model is unique and deserves to be supported and preserved by governments.

The Club industry's role in the community has been traditionally underpinned by the profit advantage derived from the legal rights to operate electronic gaming machines and other forms of approved gambling such as Keno and lotteries.

Coupled with the principle of mutuality, privately operated membership clubs have enjoyed a sustained Federal income tax differential over their commercial competitors, such as privately/publicly listed companies like hotels and casino's. The net affect of this tax differential is that clubs apply this 'profit' for purposes of their community/social roles which are in affect non-profitable, such as sporting amenities, subsidised food and beverage prices, cash donations and promotion of sport, etc. In the absence of this profit differential (Federal income tax differential), much of these activities would inherently lead to insolvency due to these activities being unprofitable and unsustainable on a commercial basis.

With commercial gaming tax rates being applied by the New South Wales Government to medium and large clubs throughout the state (progressively since 2004), the community, sporting and social activities traditionally supported by registered clubs are now becoming difficult to maintain as the profit differential (taxation) has been heavily eroded if not totally eliminated.

Registered clubs notionally still retain their federal income tax advantage over their commercial counterparts. However, the result of the large increases in state gaming taxes has been to largely erode/eliminate this Federal income tax advantage to a point



where clubs cannot continue to subsidise elements of their club's operation and continue high levels of community assistance beyond their CDSE obligations.

## **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility is fast becoming a recognised partnership between wealth creators (business) and those institutions and NGOs that do not, nor have received main stream Government financial assistance. While Corporate Social Responsibility projects have been the norm in countries like the United States for some years they have only recently been recognized in Australia.

In many respects, the CDSE scheme, since its inception, has been a remarkable success story in line with Corporate Social Responsibility objectives, mainly due to the direct benefit relationship that arises when the registered club has direct input to the organisations receiving the benefit.

In discussing corporate social responsibility the Association, through its member clubs, has embarked on two major projects which it believes provides immeasurable 'intangible welfare' benefits to their local communities.

### **Kokoda Youth Leadership Challenge**

The Association, through the KYLC Benevolent Fund, oversees the Kokoda Youth Leadership Challenge designed as a major community project to develop disadvantaged or wayward youth into the leaders of tomorrow. It is also aimed at fostering young people with leadership ability and more than 70 young men and women have already made the trek. Individual member clubs sponsor one or two young people from their local community at a cost of more than \$5,000 each.

The sixth Kokoda Youth Leadership Challenge leaves in August with another expected 30 young men and women aged 16 to 23 tackling one of the world's toughest treks. This will take the total number of young people making the trek to about 100 and an investment by our members clubs in their local youth of more than \$500,000.

The Association engaged Adventure Kokoda to lead the Challenge over the infamous Kokoda Track in New Guinea. Ex-Army Major and NSW Upper House MP, Charlie Lynn – a veteran of more than 50 crossings of the Track. Through his trekking company, *Adventure Kokoda*, Mr Lynn had for some years used the Kokoda Track as a lesson in leadership and teambuilding for many leading Australian companies, demonstrating to them the true spirit of Kokoda – *strength in adversity, courage and mateship* – and the program achieved powerful results. The program is now achieving the same results on our youth.

The leadership program – launched in 2005 is aimed primarily at young people at school and disadvantaged or unemployed young people in the community who are having difficulty in finding their way in society. It is also used to further encourage young

people with natural leadership skills and is used by some clubs as a leadership incentive program for younger staff.

The Association Clubs see the project as providing a major contribution to the community by:

- ❖ Encouraging these young leaders to help motivate their peers to take a positive role in their community and, among other things, reduce youth crime rates;
- ❖ Creating a source of young leaders coming back into their ranks; and,
- ❖ Encouraging participants to work with local community leaders on a range of projects.

For clubs the program has the potential to build stronger ties with the community and local business while increasing their relevance with young people who will have the potential to be their future members and the 'custodians' of the Anzac and Kokoda traditions.

The leadership program aims to create a greater awareness of the sacrifices of the diggers on the Kokoda campaign among our young people to ensure the traditions live on. At the same time it instills in participants a strong sense of personal achievement and a commitment to community service, enhances their personal development by providing an opportunity for them to experience the same conditions under which our diggers fought and hopefully transform them for future leadership roles back in the community.

### **Operation CARE**

In mid-2006, the Association, the Returned & Services League of Australia and the Department of Defence joined forces to establish Operation CARE.

The Scheme provides up to one week's 'Rest and Recuperation' at sites throughout the country for selected Defence personnel and their immediate family, where the Defence member has been repatriated to Australia as a consequence of wounds received in overseas combat operations, namely in Iraq and Afghanistan.

The aim of Operation CARE is to assist wounded Defence personnel and their immediate family to recover from both the physical scars incurred from combat, by providing them some quality time together in a relaxing and stress-free environment.

The project was initiated by member clubs of the RSL & Services Clubs Association which generously agreed to provide funding for the scheme in keeping with their objectives to support their ANZAC heritage. Tooheys Brewery supported the program through a donation of \$10,000 as part of its 2007 Anzac Day commemoration as has the RSL NSW State Branch United Returned Soldiers' Fund through the 2007/2008 ANZAC Day Badge Appeal's with amounts totaling \$60,000.

Australian Defence Force Chief, Air Chief Marshall Angus Houston, has stated the program will improve morale and retention of personnel and strengthen the relationship between veterans and current personnel.

*"We hold our forebears in great regard and for them to be doing something like this for the young people who go out there today and serve is a huge step in the right direction and certainly adds to morale and hopefully will be another thing that supports the need to retain people in the ADF", he said.*

The program provides these personnel with some respite so they can go away with the family and reflect on what has occurred prior to going back into active service. The wife of the first recipient of the program said that Operation CARE was just what they needed to help them reconnect again and give them the chance to relax.

*"We were both really grateful for this weekend away and I think most of all, it was especially nice to think that the RSL and services clubs and the military cared enough to do this for us. It is things like this that really help with retention of people in the defence forces".*

Operation CARE reinforces the importance of the relationship between the Australian Defence Force, the RSL community and the RSL and Services Clubs. So far 17 Defence Force personnel have benefitted from the project and another seven are soon to become part of the scheme.

## **GAMBLING – THE AUSTRALIAN PASTIME**

The history of gambling in Australia dates back to convict days and it is a subject which is always heavily debated.

The Sydney Powerhouse Museum exhibition *Gambling in Australia: thrills spills and social ills* says that "gambling has enriched our national history with a gallery of notable people. From innovators in design and technology to entrepreneurs and 'colourful racing identities', gambling has formed the common background for a gallery of significant Australians."

Part of the Australian gambling psyche can be traced back to the game of two-up played since our convict days and immortalised by our diggers who played the game in the trenches from the First World War. According to *Wikipedia* the exact origins of two-up are obscure, but it seems to have evolved from a game called 'pitch and toss', a gambling game involving tossing a single coin into the air and wagering on the result. It says:

*"The game was popular amongst poorer English and Irish citizens in the 18th century. The predilection of the convicts for this game was noted as early as 1798 by New South Wales first Judge Advocate, as well as the lack of skill involved and the large losses. By the 1850's, the game had moved to the*

*goldfields of the eastern colonies and it was spread across the country following subsequent gold rushes."*

As mentioned earlier, two-up was played extensively by Australia's soldiers during the First World War and it has become a regular part of Anzac Day celebrations ever since.

With the introduction of poker machines in to licensed clubs in the 1950s, the popularity of two-up declined. Legal two-up was first played as a "table" game at the Wrest Point casino in Hobart when it opened in 1973 – the game is played in some Australian casinos. It is also legal to play two-up in RSL and services clubs on ANZAC Day, VP Day and Remembrance Day. The NSW Gambling (Two-Up) Act 1999, also allows for the playing of Two-up in the Broken Hill Musicians Club.

There are more than 1,200 licensed clubs in New South Wales. Clubs have been an important part of Australian life since the 1800s, but were exclusive associations until the 1950s when new licensing laws and the legalisation of gaming machines made social club membership widely available in NSW.

Since 1990, all Australian states (except Western Australia) have permitted gaming machines in clubs and the model under which this is allowed is unique. The clubs are 'not-for-profit' by legislation and while the major source of finance is from gaming machines, it is the members who gain through continually improved facilities and the community via support for a wide variety of monetary support for community and sporting activities.

### **Harm Minimisation**

The NSW Gaming Machine Act 2001 was introduced following the 1999 report of the Productivity Commission in to gambling.

The Act introduced a number of harm minimization measures to address the major findings of the Commission's report which found in part that an estimated 290,000 Australians (2.1 per cent of the adult population) had severe or moderate problems with their gambling.

The objects of the Act were:

- (a) to minimise harm associated with the misuse and abuse of gambling activities,
- (b) to foster responsible conduct in relation to gambling,
- (c) to facilitate the balanced development, in the public interest, of the gaming industry,
- (d) to ensure the integrity of the gaming industry,
- (e) to provide for an on-going reduction in the number of gaming machines in the State by means of the tradeable poker machine entitlement scheme.

Clubs strongly embraced the new legislation which has had significant success in addressing many of the issues raised in the 1999 PC Report.

The 2006 Gambling Survey into the Prevalence of Gambling and Problem Gambling in NSW was conducted by AC Nielsen on behalf of the Office of Liquor Gaming Racing. The report found that 69% of the NSW adult population gambled at least once during the 12 months prior to the survey being conducted.

Significantly, the survey found that (using the Canadian Problem Gambling Index [CPGI]) only 0.8% of the NSW adult population now fell within the problem gambling group – less than half that of the 1999 PC report findings. A further 1.6% were considered at moderate risk and 2.1% low risk.

The report found that the majority of the population (64.5%) are non-gamblers and 31% did not participate in any form of gambling.

### **Implications of new technologies**

In recent years there has been an explosion in the availability of internet and mobile phone gambling which goes largely un-regulated when compared with clubs, and hotels and casinos.

Much of the focus in recent years has been placed on gaming machines as a source of problem gambling addiction. In that same period, harm minimisation measures employed by Government through legislation and strictly adhered to by venues has done much to cut those levels to half those which were determined during the last Productivity Commission Inquiry in 1999.

However, latest figures show that the 'internet' is now ranked the fastest growing gambling activity and it is largely unregulated. For instance, at a time of general economic downturn Centrebet reported an increase in the number of registered clients of 6% in the second half of 2008 and an increase in turnover of 17%, compared with the same period in 2007.

A new Canadian report into online gambling shows that Australia is among the top 20 online gambling jurisdictions in the world.

The report – *Internet Gambling: Prevalence, Patterns, Problems and Policy Options*, prepared for the Ontario Problem Gambling Research Centre – showed, among other things, that both Canadian and international internet gamblers identified its 24hour availability and convenience as its main advantage.

Secondary advantages included a better game experience, more physically comfortable, lack of crowds, anonymity, better payout rates, less smoke and being able to smoke.

The Report also found that Canadian and international internet gamblers engage in all types of gambling more frequently than their 'land based' counterparts as well as having higher average gambling expenditures relative to non-internet gamblers.

According to the report the monthly expenditure for internet gamblers from Australia/New Zealand is \$300 compared to \$59 for non-internet gambling. The figure

is also higher than internet gamblers in the United States who spent an average \$237/month and the United Kingdom where the figure was \$64 and Canada \$166.

Further, the Canadian Report estimates that the prevalence of problem gambling is three to four times higher in internet gamblers compared to non-internet gamblers. Among the international online sample, the report estimated that 16.6% were either moderate or severe problem gamblers, versus a rate of 5.7% (0.8% NSW Prevalence study) among land-based gamblers.

In terms of the policy implications, the report says that it is almost impossible to effectively prohibit online gambling. *"Whether online gambling is good or bad for society, it is better for it to come under legal regulatory control so as to accrue the economic benefit and to better ensure player protection. Some of this new revenue can then be used for prevention and treatment of online problem gambling"*.

Unlike gaming machines where money used to play is 'cash', internet or mobile phone gambling allows the player to bet on credit – money which the individual does not 'own' – in the unregulated and comfortable environment of their home. As is determined by the Canadian research, the Association would argue that this form of gambling is breeding a new type of problem gambler who is going totally undetected.

While these sites discourage minors (under the age of 18) attempting to bet on the site, the onus appears to fall on to parents or responsible adults installing child protection software packages to prevent them from accessing the sites.

Unlike clubs and hotels in particular, these internet gambling sites are able to advertise their products widely on radio and television both mediums which penetrate heavily in to the community and influence under 18s. There is also the 'lure' of free gambling on activities such as football tipping to attract punters to a site.

It would also appear that banks are complicit in fostering this new form of gambling, placing virtually no controls on the amounts punters are gambling online by providing significant credit card limits.

The Association would argue strongly that there should be a 'level playing' field for all forms of gambling, namely:

- No 'credit' betting
- The same legislative controls and advertising restrictions as apply to gaming machines in clubs and hotels

### **Harm minimisation measures including proposals to remove ATMs from gaming venues**

There has been considerable debate in the past year on the removal of ATMs from gaming venues as a harm minimisation measure.

Importantly there is no evidence to suggest that removing ATMs from clubs and hotels will reduce the incidence of problem gambling. This would appear to be supported by one recent study conducted by the ACT Gambling and Racing Commission in 2004<sup>(1)</sup> which examined the use of cash facilities for gambling in the ACT.

The study concluded that:

- There is limited evidence to support the removal of ATMs from gaming venues. Although the convenience of ATMs in gaming venues appears to be related to higher gambling expenditure, on balance the study found that the removal of ATMs from gaming venues would inconvenience a proportion of recreational gamblers and non-gambling patrons of gaming venues
- The study did not find an unequivocally strong relationship between problem gambling and the use of ATMs in ACT gaming venues. The research findings indicate that a daily limit on the amount that can be withdrawn from ATMs would be a more effective and acceptable strategy.

However, independent ATM operators say that restrictions already exist across many states in terms of ATM placement, account types, signage, and withdrawal limits.

Further, the average withdrawal amount from an ATM in a club or hotel in a state where there are gaming machines is \$110, the same as in WA where there are no gaming machines in hotels. This compares with an amount of \$170 from bank ATMs outside those venues.

About 25% of the country's 25,000 ATMs are located in clubs and hotels where they provide a safe, convenient and secure environment for patrons and members of the community to access their money. In some small country towns and Sydney suburbs they provide the only venue for access to these facilities as other mainstream financial institutions have closed.

A total of \$9 billion is withdrawn annually from independent ATMs at clubs and hotels – without those facilities in clubs or hotels patrons would be forced on to the street to withdraw their cash placing them in a potentially unsecure environment. This is particularly heightened by the recent spate of attacks on ATMs in Sydney where street front ATMs have been blown-up by thieves.

Withdrawal of cash from ATMs at clubs and hotels is not totally for gambling purposes. Clubs and hotels are essentially cash businesses and much of the money accessed in those venues is also used for purchase of food and beverage, entertainment and packaged liquor. ATM facilities in clubs also have a high degree of convenience - as they present access to 'free' parking spaces they are often more readily accessible in peak periods than the bank facilities in other areas of a suburb or town.

This Association believes there should be no further restrictions placed on the use of ATMs in clubs other than the limitations on daily withdrawal limits already applied by the various financial institutions which provide card facilities.

## **SUMMARY**

RSL and services clubs, because of their history, offer a unique contribution to the fabric of the club industry. They are steeped in the traditions of the Anzac spirit which are central to Australian society, the values of which are continually referred to and used by people from all walks of life – from politicians to sporting teams.

There has also been a resurgence in these traditions in recent years, particularly among our younger generations, evidenced by the increasing numbers of them attending not only our national Anzac Day celebrations, but visiting Gallipoli.

These clubs deserve to maintain that unique place in Australian society and culture. The major projects overseen by the Association and supported by its member clubs – the Kokoda Youth Leadership Challenge and Operation CARE – are two projects designed to foster those values of RSL and kindred clubs and ensure that the traditions live on in to the future.

As stated at the outset, the RSL & Services Clubs is strongly supportive of the measures put forward in the overall submission of Clubs Australia and we have made some specific additional comment to the Inquiry.

In supporting the Clubs Australia submission we make particular reference and strongly endorse the following principles and proposals it has put forward:

- Any proposals for legislative or administrative change must be backed by rigorous research cost-benefit analysis. In terms of harm minimization measures this must only occur if there is a strong evidence and research base in support of its effectiveness, or strong stakeholder consensus for the measure.
- Apply the same harm minimisation measures and safeguards that have been implemented in land-based gaming venues to the Internet and mobile phones. This approach will ensure consistency in regulation and avoid any competitive advantage of one over the other, while protecting consumers, including a ban on credit betting in any form;
- No support for include voluntary pre-commitment or a ban on ATMs from gaming venues.;
- Recognition by Governments that community-owned gaming, as delivered through not-for-profit clubs, provides a significant social dividend;
- Maintaining the tax differential between clubs and hotels on the basis that clubs are community-focused and not-for-profit, where hotels are run for the profit of their owners with minimal contribution to community support compared with clubs;



- Increased Government support for amalgamations to assist in the preservation of club facilities which could otherwise be lost due to economic conditions;
- Recognition by all Governments that gaming in clubs provides considerable benefits to Australians and a significant role in our economy, supporting local business. contributing to building social capital, providing direct cash and in-kind support for community groups; facilities for and promotion of sport at all levels; and an outlet and organising force for volunteering.

Representatives of the Association are available to speak further with the Productivity Commission in relation to issues raised in this submission.

Further information:

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### **References**

- (1) The Use of ATMs in ACT Gaming Venues: An Empirical Study – ANU Centre for Gambling Research, Sept 2004, commissioned by the ACT Gaming and Racing Commission.
- (2) Prevalence of Gambling and Problem Gambling in NSW – A Community Survey 2006. Report prepared for Office of Liquor Gaming & Racing NSW
- (3) Internet Gambling: Prevalence, Patterns Problems and Policy Options. Report prepared for Ontario Problem Gambling Research Centre.