



Returned & Services League of Australia (Victorian Branch) Inc

Productivity Commission Issues Paper RSL Submission March 2009

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EXECUTIVE SUMMARY

The Victorian Branch of the RSL has over 300 RSL Sub-Branches with 70 conducting licensed gaming operations. The core objectives of the RSL are welfare and patriotic in nature, these and the particular needs of the elderly veteran community have been seen significantly boosted and enhanced in the last 15 years through revenue from gaming activity. Significant improvements to RSL Sub-Branch facilities and amenities have also been made possible through this revenue, which in turn has assisted in attracting new classes of members and helped sustain our volunteer base. RSL Sub-Branches in Victoria enjoy income tax exempt charity status in recognition of their community support ethos and over \$20 million flowed to the community in either direct financial support or volunteer hours in 2008.

Those RSL Sub-Branches with gaming employs over 2,500 Victorians in their local communities. Impending changes to the licensed gaming environment in Victoria in 2012 poses significant challenges to the Victorian RSL network. As a result of these impending changes to legislation and the regulatory framework in Victoria in post 2012 the Victorian RSL is faced with a number of significant challenges. In its submissions to the Gambling License Review panel we have stressed that there are a number of potential changes to the gaming model in Victoria that could jeopardise the continuing support of our veterans and the Community benefit that flows from our commercial activities. Successful commercial RSL Sub-Branches also help to underpin and support smaller surrounding traditional RSL Sub-Branches in rural and regional Victoria.

In a regulatory sense RSL Sub-Branches have always been pro-active and at the forefront of best practice in harm minimisation and responsible gaming initiatives and the Government on many occasions has acknowledged the outstanding contribution and commitment that the RSL provides to its local communities. In going forward the Victorian Branch of the RSL believes a responsible gaming sector is a vital part of the commercial activity that will underpin the RSL viability and effectiveness in the 21st Century.

INTRODUCTION

This submission is prepared by the Returned & Services League of Australia (Victorian Branch) Inc (Victorian Branch) on behalf of its 300 Sub-Branches (RSL Sub-Branches) including the sixty eight 68 Licensed RSL Sub-Branches which operate gaming machines (as per the attached Schedule). It has in preparation of this submission consulted with all our key stakeholders as to the matters raised in this issues paper.

BACKGROUND

The Victorian Branch is an Incorporated Association and is a constituent member of the Returned & Services League of Australia and administers the affairs of the RSL in Victoria. The Victorian Branch has in excess of 300 RSL Sub-Branches in the State of Victoria a large proportion of those RSL Sub-Branches are traditional RSL Sub-Branches that carry out no commercial activity. There are 111 RSL Sub-Branches that hold liquor licences and of those 68 conduct gaming activities. All of the RSL Sub-Branches that conduct gaming activities are themselves incorporated entities having been incorporated pursuant to the provisions of the Incorporated Associations Act 1981. These RSL Sub-Branches are under the general supervision and control of the Victorian Branch. Those RSL Sub-Branches that operate gaming have charitable objects which could be best described as patriotic and general benevolent objects to assist the sick, wounded, aged, particularly veterans and their families. A copy of the Statement of Purposes of the RSL Sub-Branches is attached to this submission.

The RSL Sub-Branches in Victoria have been established by the RSL over a very long period of time with the first RSL Sub-Branches having been created in 1917 - 1918. The Victorian Branch through its RSL Sub-Branches has approximately 60,000 members who are Service or Affiliates with an additional 100,000 members who fall into the category of Social and Community making up the four main classes of membership in Victoria.

RSL Sub-Branches consider the operation of gaming machines as a commercial activity and an adjunct to their primary activity, which are the fulfilment of their objectives and the support of ex-servicemen and women and their dependants. With the passage of time and the advancing age of the large majority of RSL members being Second World War veterans RSL activities have extended towards assistance to the broader community and in particular support and assistance for the older members of the community. This is not withstanding the ongoing mission of the RSL to support younger veterans and currently serving Australian Defence Force personnel wherever possible.

The RSL Sub-Branches have been recognised by the Australian Taxation Office as being charitable in their nature and all RSL Sub-Branches have the status of income tax exempt charities.

The structure of a RSL Sub-Branch is that it is operated by a voluntary committee, which is elected either annually or bi-annually and operates within its rules. RSL Sub-Branches normally employ a Manager responsible for overseeing their day to day commercial activities, but the direction and control of the activities of the Sub-Branch is vested in and are carried out by the voluntary committee.

The assets of RSL Sub-Branches including land, buildings, plant and equipment are held for the benefit of each Sub-Branch in a Patriotic Fund which has been established under the provisions of Part IV of the Veterans Act 2005 (Vic). Whilst each RSL Sub-Branch has a separate Building Patriotic Fund the Victorian Branch is the trustee of all such Building Patriotic Funds.

INTRODUCTION OF GAMING MACHINES AND THEIR EFFECT ON THE RSL IN VICTORIA

Prior to the introduction of gaming machines in Victoria in 1992 most RSL Sub-Branches were relatively small organisations and their membership mainly consisted of veterans from World War I and World War II and subsequent conflicts. Save and except for a small number of RSL Sub-Branches they did not carry out significant economic activities although many of them had liquor licences. Subsequent to the introduction of gaming machines in Victoria in 1992 a significant number of the RSL Sub-Branches obtained venue operator licences pursuant to the relevant Victorian legislation and commenced the operation of gaming activities. Some RSL Sub-Branches have since ceased those activities and there are now sixty eight (68) RSL Sub-Branches which conduct gaming. There now exists within the RSL network 3, 237 gaming machines of which 2,965 gaming machines are in venues that are contracted to Tattersall's Gaming Pty Ltd ("Tattersall's") and 272 are in venues contracted to Tabcorp Holdings Pty Ltd (Tabcorp).

At the time when the gaming machines were initially introduced into RSL Sub-Branches it is fair to say that in general the Sub-Branch facilities were poor and they had limited appeal to members of the public. Over the last fifteen (15) years the RSL Sub-Branches largely as a result of the revenue received from the gaming activities have been able to expend very considerable amounts of money in upgrading and improving the facilities of the RSL Sub-Branches. The amount of money that has been expended in the improvement of RSL Sub-Branches since that time is estimated to be in excess of \$180,000,000. A further effect of the introduction of gaming machines was a very significant expansion in the activities of the RSL in the general community and in pursuit of patriotic and charitable objects and a significant increase in the membership of the RSL. During this period the Victorian Branch formed a class of members of RSL Sub-Branches known as Affiliates. To be an Affiliate member a person has to have a relative who was or could have been eligible to be a member of the RSL or is someone engaged in paid or volunteer work in an emergency service which includes members of State or Federal Police Force, Ambulance Services, Metropolitan Fire Brigade or Fire Authority and the State Emergency Services. This move has resulted in very significant increase in membership of the RSL. It now has approximately 28,000 Affiliates who are increasingly taking a leading role in assisting the RSL in carrying out its activities.

This has been a significant change for the RSL with a new generation of members fulfilling many of these roles have been carried out in the past by a majority of our elderly members predominantly being World War II veterans. It is the RSL's belief that if it was not for the existence of the improved facilities and the increased activity within the broader community which has been considerably assisted by the revenue obtained from gaming the class of Affiliates would not have prospered in the Victorian RSL Sub-Branches and the RSL would have been less able to have the capacity to fulfil its charitable and patriotic activities.

In relation to the upgrade of premises they have only been able to be undertaken as a result of the revenue that has flowed from commercial activities and in particular the revenue received from gaming. The nature of the renovations have not just been restricted to gaming activities. Most RSL Sub-Branches now offer extensive facilities including bar and dining facilities, the provision of community rooms and function facilities. This additional revenue of gaming has also enabled the RSL to undertake very extensive welfare activities across its RSL Sub-Branch network.

One of the effects of the improved premises and the financial support provided by gaming machines is that the RSL is now in a position to cater more effectively for the 60+ aged demographic. This group represents the core membership of most RSL Sub-Branches. Such persons are specifically provided for by the RSL and obviously include many World War II veterans their widows and dependants. The RSL Sub-Branches cater for and provide services tailored to the elderly including the conduct of DVA supported Day Clubs, exercise classes, facilitation and payment of minor household repairs, social outings, subsidised nutritious meals together with suitable entertainment. The provision of these activities are coupled with welfare activities for specific veterans needs including welfare and pension advisory services. It is the RSL's experience and it is broadly acknowledged by the community that the RSL plays a very significant part in the daily routine of the aging membership and in particular improves their physical and emotional well-being by reducing the risks of isolation which can often occur amongst the elderly.

The RSL sees this as an important part of the fulfilment of its Charter and objects and it is the RSL's view that the RSL Sub-Branches are a hub for providing such activities in many areas. The RSL in particular provides a safe and secure environment which is important to women and the broader community as well as elderly persons.

The Victorian Branch makes a significant contribution to each of its local communities through its commitment in supporting the ethos of the RSL through its RSL Sub-Branch network.

The RSL also provides a list of intangible benefits such as fostering social inclusion improving the quality of life for the aged and embracing the younger generations. There is a greater emphasis on education and community awareness of the outstanding contribution of veterans and the values of the RSL movement.

RSL Sub-Branches are not-for-profit entities charged with the responsibility of distributing surpluses to the broader community whilst being mindful of their core objectives in caring for the veteran community and attending to the patriotic and commemorative activities in each of our communities. Because RSL Sub-Branches respond to community needs rather than economic return they often are a key source of investment in local capital expenditures and infrastructure within their local region. Many local community and sporting clubs rely solely on the support of their local RSL Sub-Branch hence our ongoing commitment to numerous local charities and community groups.

In Victoria last year the RSL Sub-Branch network donated over \$6.5 million in cash and kind to charities and community groups underpinned by our band of volunteers who provided in excess of one million voluntary hours last year. Without this ongoing commitment and investment many community groups and sporting activities would not be sustained.

Social isolation is an emerging issue for ageing Veterans as their social network diminishes with the passing of friends and spouses. Veterans who are in poor health are in some cases restricted and find it difficult to get about this is particularly so with Veterans living in rural Victoria. Most RSL Sub-Branches offer opportunities for their members to come together for social interaction and in fact many Veterans say that social interaction is the main reason why they joined the RSL many years ago. Many of the activities that take place at an RSL Sub-Branch are informal activities that help reduce the risk of social isolation. Anecdotally there are many members of the RSL who would attend the RSL Sub-Branch on a daily basis and would make use of the facilities many of which would not include gaming but rather it is the centre of their social network. Those larger commercial RSL Sub-Branches with gaming also act as a support hub to keep surrounding smaller traditional RSL Sub-Branches operational. This is particularly the case in rural and regional Victoria. The maintenance of this RSL footprint is critical to connecting with and supporting veterans in their needs.

Impending Changes to Regulation

Up to the present the RSL Sub-Branches have operated on a model whereby Tattersall's and Tabcorp have provided the gaming machines in their role as gaming machines operators to the RSL Sub-Branches and other venues in Victoria. At present the statutory arrangements in relation to the distribution of Electronic Gaming Machine (egm's) is that not less than 50% of the egm's are to be placed in venues that hold a club licence and 50% to be placed in hotels. There is a further split in that at least 20% of the egm's in the State of Victoria are required to be placed in regional Victoria. In fact the number of egm's in regional Victoria is approximately 24%. Clubs including the RSL Sub-Branches receive one third of the revenue from gaming activities this arrangement is set out in the *Gambling Regulation Act 2003*. Characteristics of the arrangement have been that the clubs including the RSL have not been required to invest in the purchase of egm's nor be involved in the technical infrastructure that is required to administer gaming.

In April 2008 the Victorian Government announced that the arrangements for gaming post 2012 will change when the present licences to Tattersall's and Tabcorp cease. In essence the new arrangements are that venues shall be required to bid for gaming machine entitlements and that those entitlements shall be bid for on a competitive basis and they shall operate for a period of ten (10) years. Another characteristic of the new arrangement will be that venues will be fully responsible for the conduct of gaming in there venue.

There will also be a new taxation regime. Tax Thresholds & Marginal Rates

	Marginal Tax Rate	
Thresholds (average monthly revenue per machine)	Hotels	Clubs
\$0 - \$2,666	8.33%	Tax Free
\$2,667 - \$12,500	50.83%	42.50%
\$12501+	58.33%	50%

Presently the full arrangements as to the conduct of gaming post 2012 are not clear and the legislative Bill to implement the 2012 arrangements is currently before the Victorian Parliament. The Victorian Branch is unable to be clear as to the conduct of gaming post 2012 save and except there will be very substantial changes and it will require a very significant raising of capital to enable RSL Sub-Branches to partake in gaming post 2012.

How the Community Benefit

Part of the regime in Victoria requires that a club is required to file a Community Benefits Statement showing that at least 8.33% of the gross proceeds from gaming are expended in accordance with a community benefit arrangement pursuant to a definition set out in the Victorian Government Regulations. Whilst there has been some dispute as to the nature of matters that can be claimed as a community benefit, and there has recently been a change in the Ministerial Directions, it is reasonable to say that the RSL has at all times been able to satisfy the requirements as set out in the Act. Payments to the community or in kind including volunteer hours last year exceeded \$20,000,000. Filed with this submission is a document prepared by the Returned & Services League of Australia (Victorian Branch) setting out the matters in relation to the community benefit performance of all RSL Sub-Branches within Victoria.

RSL Sub-Branches employ approximately 2,500 employees and pay wages and on going costs in relation to such employees of approximately \$55,000,000 last year. A large proportion of the employees are from the local area and community. Over the last twenty (20) years the RSL has been able to establish training for young people in hospitality and establish an appropriate career path for its staff and certainly in a number of areas the local RSL Sub-Branch is a significant employer. The ability of the RSL to continue with that level of employment will depend on the economic well-being of the RSL Sub-Branches which in part depends on the effectiveness of the new arrangements for gaming in Victoria post 2012.

Responsible Gaming with a conscience

There has been significant mandated change by the Victorian Government in relation to responsible gaming since the last Productivity Commission Report. The changes include installation of clocks, better lighting of gaming venues, non-smoking in gaming venues and limitations in relation to the operation of atm's. At present only \$200 is allowed to be withdrawn in any one transaction. In 2010 there will be a limit of \$400 withdrawal from any atm in a 24 hour period and in 2012 atm's will be removed completely from gaming venues. Further restrictions will be implemented to again reduce the impact of harm minimisation which will include maximum \$5 bet limit and restricted signage both internal and external relating to the promotion of gaming activities within the venue. As a result of recent changes to the legislation in Victoria venues are required to have an approved Responsible Gaming Code of Conduct and Self-Exclusion Program.

The Victorian Branch has prepared a Responsible Gambling Code of Conduct which is subject to approval by the VCGR (A copy of the code is enclosed). The RSL considers that

one of the most important matters in relation to responsible gambling is the fact that the staff know a large number of the members and patrons and are concerned for their long term well being. The RSL Sub-Branched are not run for the purposes of simply realising the maximum profit but are run for the benefit of the members. The RSL Sub-Branched are also cognisant of the fact that they are within the local community and they have a responsibility to the local community. The actions taken by RSL Sub-Branched are motivated in large part by the welfare of their members and other persons who frequent the Sub-Branch. The RSL is aware that some of the persons who attend RSL Sub-Branch premises do have problems with gambling. Where the Sub-Branched identify such persons it provides the necessary information and assistance.

The point is also made that the RSL Sub-Branched are not simply gaming venues nor is it their prime focus. The most important reason they exist is to provide for the welfare and support of their members accordingly the RSL Sub-Branched have dining facilities and other recreational activities including bowling greens. There are special activities for the elderly and for Service members including social excursions. The intent and whole purpose of the RSL Sub-Branched is broader than that which is simply the provision of gaming and associated entertainment. Further particularly for older members and young families the RSL provides a safe and supportive environment.

Harm Minimisation

Harm minimisation activity that has taken place in the last ten (10) years including the restriction of smoking has raised the awareness in relation to problem gambling to a substantial degree. The position now is that problem gambling and its effects are a major consideration and there is a high degree of awareness amongst staff and Committees of RSL Sub-Branched. The matter is discussed frequently on a regular basis and much action is taken by RSL Sub-Branched to mitigate problem gambling insofar as it is consistent with the reasonable conduct of the venue. The matter of problem gambling is now taken into account in all decisions made at RSL Sub-Branched. It is fair to say that in 1998 that was not the position and harm minimisation requirements and educative activities have raised the awareness of problem gambling and its consequences in the RSL its members as well as in the general community.

Conclusion

It is the view of the Victorian Branch that the conduct of gaming particularly in the club sector has been beneficial to the community within Victoria. It has provided modern well equipped RSL Sub-Branched with a broad range of dining and entertainment facilities. If it was not for the income generated by gaming it is doubtful that such facilities would be available to the community. It is also likely that many smaller traditional RSL Sub-Branched would not exist today.

In the case of the RSL Sub-Branch network it has been able to provide modern facilities to its members and the local community and has been able to grow and renew its membership particularly through the growth of Affiliate members. It has been pointed out that the RSL Sub-Branched provide a great deal more than an opportunity to gamble. They provide facilities that encourage camaraderie mateship and a sense of community. That community sense embraces the whole of the community including those persons who do not attend the RSL Sub-Branch. The important role of RSL Sub-Branched in relation to caring for the welfare and informal needs of the elderly within our communities should not be underestimated. In numerous cases before the Victorian Commission for Gambling Regulation evidence has been given of the importance of RSL Sub-Branched in alleviating the increasing problem of social isolation among the elderly.

The income from gaming has enabled the RSL to meet its patriotic, welfare and community objectives in a sustained and meaningful way. The result is that the public profile of the RSL and its objects of patriotism and welfare have been highlighted in the local and wider Victorian community. The RSL forms an important part of its local community through this level of support and assistance. A strong and sustainable commercial component to Victorian RSL activity that includes a responsible and balanced gaming element is in the view of the Victorian Branch critical to the success of the League in meeting its objectives and regenerating its membership in the medium to long term.