

17th December 2009

Gambling Inquiry – Draft Report
Productivity Commission
Locked Bag 2, Collins St East
Melbourne, VIC 8003

Dear Commissioners,

Re: Response to the Draft Report on Gambling

On behalf of the Management Committee of Caboolture Sports Club Inc and our members I would like to provide this response for consideration on your Draft Report on Gambling.

Caboolture Sports Club Inc is one of the largest multi-discipline sporting clubs in Queensland, located in Morayfield approximately forty minutes north of Brisbane. Our club is an entirely not-for-profit organisation that was first opened in 1997 when six local sporting clubs; Cricket, Soccer, Touch Football, Dog Obedience, Softball and Rugby Union combined to form a single incorporated club. Our primary objectives are to provide a licensed facility to support the social interaction of our members and a reliable source of funding to assist with the operation of our sporting disciplines.

In this short space of time the Caboolture Sports Club Inc has grown to over 35,000 members, providing employment to 195 people, and contributing more than \$870,000 in direct cash and in-kind support to local sport and the community every year.

Caboolture Sports Club operates 236 poker machines, as well as Keno and TAB services at our Station Rd, Morayfield venue and Centenary Lakes Sports Club, Stringfellow Road, Caboolture. Aside from gaming, Caboolture Sports Club Inc also provides an extensive array of facilities for socialisation, dining and entertainment including five dining outlets, numerous bars, courtesy buses, kids club, entertainment and function facilities.

As a not-for-profit organisation it is in our absolute interest to ensure that our gaming services are conducted in a responsible manner to generating funding for local sport and our community through the provision of this form of entertainment for members and guests.

The Caboolture Sports Club Inc has voluntarily committed to adhere with the Queensland Responsible Gambling Code of Practice and has gone beyond the obligations of the Code to ensure we provide gaming services to our members and guests responsibly. Examples of the Club's above and beyond commitment to provision of responsible Community Gaming include extensive signage throughout the club and details of local gambling help services on every poker machine throughout our venues. The club has also assisted local gambling help agencies on regular occasions including hosting Gambling Help Service personnel and information tables in club and assisting with the production of a Responsible Gaming DVD to provide training to the Queensland Club Industry, filmed within our venue and with the help of our staff.

It is important to note that while the Club derives income from a variety of sources such as food and beverage services, the role of Community Gaming is essential in providing the social facilities, services and support to sport and the wider community.

Gaming revenue accounts for approximately 58% of the Club's total revenue and the provision of Community Gaming is essential for not only the ability of the club to provide support to our six foundation sporting clubs and the broader community, but to also provide a range of other value for money services and product offerings for our members and guests.

Quite simply without the revenue generated from Community Gaming such as poker machines, Keno and wagering, our discounted services would not be able to be offered to our members. Important services like value for money meals, free entertainment, free transport, and an affordable social outing would not be possible. Changes that are made to restrict the revenue from poker machines would undoubtedly lead to increased costs and/or the cessation of these services, not to mention the effects on the provision of funding and support to local sport and the community.

It is important to note that in Queensland, the rate of problem gambling has been in steady decline since 2001 and according to one of the largest gambling prevalence surveys in the world, the Queensland Household Gambling Survey for 2008/09 (which has just been released) the problem gambling rate has further reduced to 0.37% of the Queensland adult population, less than half the 2001 rate of 0.83%.

The recommendations contained in the Draft Report have the potential to significantly limit the opportunity of Community Clubs to generate revenue from 99.63% of Queenslanders for which Community Gaming is a genuine entertainment activity.

Our response to your Draft Report on Gambling focuses on several key aspects:

1. Failure to distinguish "For Profit" & "Not for Profit Gaming"
2. Comment on Draft Recommendations
3. Limited recognition of Queensland Clubs as leaders in Responsible Gambling initiatives
4. Outcomes if Draft Recommendations remain unchanged
5. Matters for consideration of the Commission

1.0 "For Profit" & "Not for Profit Gaming"

The Draft report has failed to recognise the difference between "for profit" and "not for profit" providers of gaming. The importance of a differentiation between community clubs and "for profit" gaming operators lies in the possible impacts that the draft recommendations could impose on clubs that must reinvest any surplus from gaming and other activities, for the collective benefit of their membership and their local communities.

In sharp contrast, the "for profit" providers of gambling such as hotels and casinos are private enterprises that operate to generate a profit. What is of further concern, is the recommendations for the continuation of double standards that see casino "for profit" operators continue to receive preferential treatment by being exempt from proposed restrictions such as daily monetary withdrawal limits at ATMs/EFTPOS facilities, reduced maximum bets and cash insertion thresholds in certain areas.

Queensland's 557 registered clubs that operate poker machines do so in a responsible manner that allows them to provide social facilities and support to our local communities. Failure to recognise this important difference will lead to a failure to recognise the impacts of potential changes recommended by the commission, particularly if implemented without appropriate research and trials.

2.0 Comment on Draft Recommendations

While the Caboolture Sports Club Inc welcomes a number of the draft recommendations including advancement of counselling and treatment support services, introduction of volunteer pre-commitment systems and the establishment of a national gambling research body, there are a number of draft recommendations that have the potential to cause significant harm to the Community Club sector.

2.1 Limiting Cash Withdrawal from ATMs/EFTPOS to \$200 a day

Draft recommendation 9.1 suggests that cash withdrawals from ATMs/EFTPOS facilities should be limited to \$200 a day. At Caboolture Sports Club we offer a variety of services to our members and guests from A-la-carte dining, to cafes, beverages, wagering, keno and bottleshop facilities just to name a few. Our club is also recognised as a safe environment and many of our elderly members use our ATMs as a safe place to withdraw cash for activities both in and away from the club.

Add to this ATM withdrawal fees and it is unfair to restrict members who are accessing the multitude of other club facilities. Further research is needed to determine if a measure of restricting daily limits on ATMs will reduce the prevalence of problem gambling or if problem gamblers would simply seek other nearby means of accessing cash.

It should also be noted that the other recommendations contained in recommendation 9.1; ATM facilities being a reasonable distance from the gaming floor; and warning and help messages clearly visible at ATMs/EFTPOS facilities, have already been adopted by community clubs in Queensland.

2.2 Reduction in Cash Payout Limit to \$250

Caboolture Sports Club Inc is also concerned with the recommendation (9.3) to reduce the cash payout limit to \$250 for all venues. The current cash payment limit for Caboolture Sports Club has been approved at \$1,500 and further limiting this amount would lead to an extensive increase in processing and inconvenience for customers. The majority of community clubs such as ours require gaming cheques to be signed by two club signatories, most commonly which include an honorary committee member. This can add delays to winning customers being able to access their cheques and then further delays and charges are incurred for them to present their cheque with their financial institutions.

The reduction to this limit to a figure more commonly reached by customers after experiencing a win, could also lead to adverse effects such as the customer "gambling down" their credits until the amount is under the lower threshold.

2.3 Reduction of Maximum Bet to One Dollar

Reducing the maximum bet size to \$1 for community clubs and pubs as stated in recommendation 11.1 would decrease revenue across Queensland clubs significantly and pose significant risks on our ability to support sport and our community.

The draft report stated that “machines allow losses of up to \$1,200 per hour” but for poker machines in Queensland this figure is not accurate. The Queensland maximum is \$5 and the maximum spin rate is 3.5 seconds. Taking in to account time to feed notes into the machine and distractions, this figure is closer to 4 seconds. With an average rate of return of 90% to the player (90.2% - Club Data Online, Qld Average September 2009), the maximum loss would be \$450 per hour. This calculation is almost one-third of the amount stated in the draft report.

Furthermore this would be achieved only during “extreme play” and it is unlikely that this level of intensity in betting would be used. However it should be considered that different players have different financial circumstances and gambling desires. Some players for instance may have a desire to play the machines for only 10 minutes and place a higher than average bet to provide responsible entertainment for their circumstances. This is why a voluntary pre-commitment or card-based system where players can set their betting limits would be more beneficial without removing the choice for responsible entertainment.

2.4 \$20 Maximum Credit Threshold

The draft recommendation 11.2 to restrict the maximum amount of credit to be placed on a machine to the value of \$20 is another matter of concern for the Queensland Club industry. This recommendation calls for maximum of a \$20 note to be accepted, a measure which is already in place in Queensland (with the exception of casinos), however the recommendation to limit the maximum input to \$20 in credits is a restriction that has been tried and failed in Queensland previously.

In 2001 the Queensland Government introduced the change for poker machine bill acceptors to take a maximum of a \$20 note and restrict cash insertions if the credit meter was \$20 or above. This policy of a \$20 insertion limit was reversed in just 5 days after it became clear the policy was unworkable.

2.5 Liberalisation of Online Gambling

As a community club that advocates the responsible provision of gaming we have grave concerns over the Commission’s recommendation (12.1) to “liberalise” online gamble. This recommendation gives the green light to “credit betting” a complete contradiction to the restrictions on accessing credit that have been adopted by clubs throughout Queensland as an important part of responsible gambling measures.

Simply because there is difficulty in regulating international online gambling providers does not mean that we should give the ok to “credit betting” and the possibility of losing your house without even leaving it. “Credit betting” where people are spending money they don’t have is an area which needs to have further restrictions placed upon it, not relaxed.

3.0 Queensland Clubs Leading the Way in Responsible Gaming

As demonstrated previously in this submission, Queensland leads the nation in providing responsible gaming measures. Furthermore the Queensland Club Industry’s demonstration of “Best Practice” above and beyond the Responsible Gambling Code of Practice has contributed to the rate of problem gambling reducing from 0.83% in 2001 to the recently released rate of 0.37%.

These figures drawn from one of the largest gambling prevalence surveys in the world, the Queensland Household Gambling Survey, have shown a consistent decline in problem gambling based on surveys completed in 2001, 03/04, 06/07 and now 08/09, proving that many of the initiatives in Queensland are working.

Queensland has shown the nation that guidelines can be put in place that will curb problem gambling without drastic measures that will severely impact the viability of community clubs to provide the services and financial support to their communities.

4.0 Possible Outcomes of Draft Recommendations

Without substantial modifications, it is our view that the Draft Report will put at risk not only the future of Queensland Clubs, but also the future of our sporting clubs, community groups and Australia's sporting stars of the future. Not to mention the fact that many clubs are the social fibre of their communities and our entire existence would be met with extreme challenges.

In the Caboolture District alone where almost our entire membership base of 35,000 people reside, the total adult population was estimated at 95,741 in 2006 (Australian Bureau of Statistics, Census of Population and Housing, 2006), meaning that Caboolture Sports Club members account for around one-third of the total adult population in our immediate area.

If these recommendations are implemented without changes, our community support of over \$870,000 every year would likely cease to exist, 26 local sporting clubs would lose major funding to keep junior sport affordable, over 50 local athletes would lose funding grants and the funding to over 50 local schools, charities and community groups every year would disappear.

Without the successful operation of community gaming, prices and services that are provided for the social enjoyment of our 35,000 members would also be at risk. Affordable meal and beverages prices would face drastic increases, free services like our club courtesy buses and kids club would be at risk and free entertainment including daytime senior's shows, the primary outing each week for many of our senior members would be lost.

Also at risk would be the jobs of 195 employees employed by the Caboolture Sports Club Inc with an annual payroll of over \$5 million.

The adoption of these recommendations could also lead to the death of numerous clubs in Queensland, already struggling with the costs of running their club and events like the global financial crisis. In 2006 the Caboolture Bowls Club faced such fate when the club was unable to meet its commitments and faced closure.

Fortunately the Caboolture Sports Club Inc was able to rescue the club by purchasing the freehold land of the club, injecting major funding to the redevelopment and improvement of the facilities and still today, subsidising the operation of the sport of lawn bowls. If these recommendations are implemented without substantial modification there will inevitable be many more cases of clubs like "Caboolture Bowls Club" without the existence of a "Caboolture Sports Club Inc" to come to the rescue.

5.0 Matters for Consideration

Caboolture Sports Club Inc as a member of the Queensland Club Industry is aware of the role that we must play in minimising the potential harm caused by gambling. A concept however that seems to be more elusive is that of “personal responsibility”.

At some stage there must be a balance achieved between “venue controls” and “personal responsibility” when it comes to the prevention of problem gambling. Gambling is ultimately a form of entertainment and it is just that for 99.63% of Queenslanders. Of course it is vital for venues to behave responsibly and ensure that they do everything required to provide gambling responsible, but some responsibility needs to remain with the individual.

It is also essential that before radical policy changes are implemented, the appropriate research and trials are conducted to ensure that the changes will reduce problem gambling and not just impact on the livelihood of community clubs. Queensland’s responsible gambling policies have proven a steady decline in problem gambling is achievable, without radical changes that have the potential to impact heavily on the revenue of clubs. The current trial of volunteer pre-commitment card based gaming programs should be watched eagerly by other jurisdictions.

A balance needs to be gained between initiatives to help problem gamblers and initiatives that will do more damage to recreational gambling revenue, without reducing problem gambling. Recommendations such as ATM daily limits, reduced maximum bets and \$20 credit input limits will most certainly affect the level of revenue from the 99.63% of recreational gamblers in Queensland that gamble responsible, but the effects of these recommendations on problem gambling reduction are greatly unknown.

Certainly the Commission, Governments and Regulators should not gamble with the livelihood and future of Queensland Clubs and our communities.

I would like to thank you for the opportunity to provide the Commission with a better understanding on the role of Community Clubs in Queensland and the impact the draft recommendations may have on such an important part of our local communities.

Yours Sincerely,



Kelvin Patch
Secretary Manager