



**SECOND SUBMISSION TO  
THE PRODUCTIVITY COMMISSION'S INQUIRY  
INTO  
AUSTRALIA'S GAMBLING INDUSTRIES**

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## 1. Introduction

ClubsACT welcomes the opportunity to provide comments on the Productivity Commission's Draft Report on Gambling.

At the outset we should acknowledge the considerable work that has gone into the preparation of the Report and indicate that many of the 41 draft recommendations are sensible, cost effective and achievable, and will assist to further reduce problem gambling without unduly affecting the vast majority of adults who are recreational gamblers.

On the other hand there are a number of draft recommendations that will significantly discourage the recreational gambler, substantially reduce club income and not reduce problem gambling.

As a general comment ClubsACT is disappointed that the Productivity Commission has ignored or dismissed the contribution community based licensed clubs make to the ACT community, or for that matter the overall contribution the club sector makes to the Australian community.

We would respectfully request the Commission not only read our first submission, but also take it into account in its deliberations on, and preparation of, the final report.

From our perspective the Commission's draft report does not adequately address two Key Terms of Reference of the Inquiry, namely:

- 5) the contribution of gambling revenue on community development activity and employment; and
- 6) the effects of the regulatory structures – including licensing arrangements, entry and advertising restrictions, application of the mutuality principle and differing taxation arrangements – governing the gambling industries, including the implications of differing approaches for industry development and consumers.

In particular we draw to the Commission's attention to the second submission lodged by ClubsAustralia.

ClubsACT strongly supports the key elements of that Submission which address in detail all the draft findings and recommendations of the Commission's Draft Report.

For our part, the ClubsACT supplementary submission rejects the Commission's draft finding that the Canberra Casino be allowed poker machines and focuses on our unique situation in the ACT, correcting some errors of fact, as well as addressing some areas of omission as they relate to the harm minimisation framework in the ACT and the contribution that Canberra's licensed clubs make to the ACT community. The submission also provides an assessment of the impacts/costs associated with the implementation of the most problematic draft recommendations.

## **2. Prohibition of Gaming Machines in the Canberra Casino**

In the ACT the Gaming Machine Act 2004 only permits access to poker machines to clubs, and the Casino Control Act 2005 continues to prohibit gaming machines in the Canberra Casino and ClubsACT believes there are no compelling reasons for this to be changed.

In particular ClubsACT strongly disagrees with the Commission' draft finding 10.1 that the Canberra Casino should be given access to poker machines on the basis that the prohibition is "difficult to justify on solid public policy grounds".

On the contrary we would argue that the prohibition is an good example of sensible public policy – framed against the ACT Government's view that the best way to provide a responsible gaming environment and at the same time deliver the benefits to the ACT community is through licensed clubs.

Our objection to lifting the prohibition is based on our long held view that it will unnecessarily liberalise gaming in the ACT by allowing privateers in, with negative flow-on effects, as has been the case in practically all other jurisdictions.

This has been, and continues to be, our main argument for maintaining the prohibition on gaming machines in the Canberra Casino, and for that matter in the hotels and taverns.

Licensed clubs in the ACT were permitted access to gaming machines 32 years ago. Today the ACT is the only jurisdiction where "C class" electronic gaming machines are owned and controlled by not for profit community based clubs and where the surpluses are not privately accrued but are returned to the community in one form or another.

During the liberalisation of gaming during the 1990's, NSW – which had a community based gaming model for over 35 years - extended access to gaming machines to pubs/hotels and a casino. At about the same time Queensland, Victoria, and South Australia provided (differential) access to gaming machines to all three sectors – from scratch.

Today in every jurisdiction apart from WA and the ACT, poker machines can be found in pubs on practically every street corner (70,000 machines in hotels across the country) and there are over 12,000 gaming machines in the 13 casinos located around Australia.

The profits from these 82,000 machines go to wealthy individuals, privately-owned and run syndicates, and Australian and foreign owned corporations. Woolworths now owns and operates more gaming machines than any other single entity, and a number of hotel chains have listed on the Australian Stock Exchange

For their part successive ACT Governments have rejected the call for the liberalisation (or privatization) of gaming by taverns, hotels and the Canberra Casino – choosing instead to put social responsibility ahead of revenue-raising by restricting them to not for profit community based clubs.

The explosion in gaming, which the Commission itself decries and acknowledges was the period in which the greatest harm was done, has not been replicated in the ACT.

The 'genie' has not been let out of the bottle in the ACT, and it should not be allowed to now.

In fact as recently as September 2008, in the lead up to the last ACT election, all three major parties (ALP, Canberra Liberals and the ACT Greens) confirmed their support for the community based gaming model going forward.

We believe that if the Canberra Casino were allowed poker machines it would only be a matter of time before it would be extended to the hotels and taverns on "competitive neutrality grounds". Under such a scenario the major beneficiaries of profits from gaming machines would be the privateers – as they increasingly are in most of the other Australian jurisdictions.

ClubsACT take no comfort from the Commission's comment that addressing this Canberra Casino anomaly would not provide grounds for additional gaming machine liberalisation in respect of hotels and taverns in the ACT.

We also dispute the Commission's conclusion that allowing gaming machines in the Canberra Casino would not increase gambling harms.

ClubsACT acknowledge that adding one venue will not dramatically affect accessibility, and we have never argued that it would. Also, because the machines would be provided under the existing cap, we accept it would not increase the overall gaming machine population.

However based on the differential in gaming turnover and net revenue earned on gaming machines in different venues – that is casinos as opposed to hotels and clubs – 200 gaming machines in the Canberra Casino could be expected to earn at least double that of the same number of machines in a Canberra club.

Given the Commission seems to believe that gaming spend is a proxy for problem gambling, then by this logic we assume it would also agree that this increased spend is likely to exacerbate problem gambling.

We repeat that in ClubsACT's view the ACT Government has nothing to be defensive or apologetic about in maintaining their stand of only allowing community based licensed clubs to operate gaming machines in Canberra. It is a distinction worth fighting to preserve and is clear, unequivocal and defensible socially.

As mentioned in our first submission, it is a situation that we believe the other jurisdictions would be more than happy to return to – as stated by the former Premiers of both Queensland and Victoria.

Also South Australia and Victoria, which did not initially provide sufficient incentive for the community based gaming model, are now taking some steps to rectify the situation.

While the Commission appears to have dismissed the contribution clubs make to the economy and community, the “benefits” derived from clubs are real and significant and have been quantified recently by the IPART Review of NSW Clubs.

On the other hand the Commission does not appear to have had any difficulties in estimating the “costs” at least in terms of problem gambling.

The Commission has not differentiated between the motives of private and public interests, or recognised the greater harms that may occur in privately owned venues as evidence by the significantly greater revenue per machine in hotels and casinos than in club EGMs. While the Commission has recognised that the core business of casinos is gambling, it has not recognised that the core business of a casino is to make a profit from gambling activities to benefit private interests while the core business of a club is to support the club’s purpose and their community.

For our part, we believe that the community-based club gaming model has always had, and will continue to have, inherent advantages over other models.

Government policy must seek to find a balance. ClubsACT believe the ACT Government has got the balance right and commends the “community gaming” model to other jurisdictions.

ClubsACT therefore strongly disagree with draft finding 10.1 and request that it be omitted from the Commission’s final report.

### **3. Harm minimization framework in the ACT**

A major area of omission in the draft report is in relation to the harm minimization framework in the ACT.

The Commission’s draft report largely ignores what the ACT Government, in conjunction with the club sector, has done in creating one of the most responsible gambling environments in Australia.

Specifically in relation to a new gaming regulatory environment – there has been at least 3 major pieces of legislation - the 2002 (and 2004) Mandatory Code of Gambling Practice, the 2004 Gaming Machine Act, and the 2005 Casino Control Act.

First, the ACT is the only jurisdiction to have relied solely on the community based gaming model. This is of itself a more benign gaming environment than that of all other jurisdictions apart from WA.

In this context we contest the Commission’s view that:

“there is little evidence that clubs are inherently safer venues than casinos. Although clubs are not-for-profit, they are still concerned to maximise their returns from gaming machines and face similar pressures and conflicts as commercial operators.”

It is our view that clubs have a more moderating influence and do not exploit gaming activity to the extent that privateers do. Clubs provide a demonstrably and significantly higher social contribution/benefit to communities than other forms of gambling (see below), as well as providing a more ‘benign’ gambling environment.

Some years ago a review of gaming machine legislation in Victoria noted that “the mutual and cooperative objectives of clubs should be in less conflict with the objectives of responsible gambling than the profit focussed objectives of the hotel venues”.

In its submission to that Victorian review, The Inter-Church Gambling Task Force stated that “Electronic Gaming Machines (EGM) should only be permitted in clubs due to the profit motive of hotels (taverns and casinos - read private ownership) leading them to compete on EGM revenue and not on aspects which are of benefit to the...community”. It went on to say that “The Task Force believes that there is a higher probability of EGM revenue from clubs being used to the benefit of the community”.

It should also be noted that the two most ardent voices against poker machines in Australia (Reverend Tim Costello and Senator Nick Xenophon) are on the record as having said that if we must have poker machines, they should be in community-based clubs. Tim Costello more recently confirmed his view about the difference between gaming machines in clubs, as opposed to hotels and the casino.

While the Commission’s recent analysis of gaming machine revenue does not break down the “takes” from the three major categories of venues – casino, hotels and clubs – it is evident that the average net revenue from machines in clubs and hotels is at least half that of casinos and based on earlier analysis the “take” in hotels is likely to be about 30% higher than that of clubs.

ClubsACT believe that as non-profit organisations clubs have a different focus to other enterprises. Their common purpose is to maximise the benefit for their members, as well as engendering community support. The focus of clubs is on satisfying their "shareholder" - the Canberra community and not the blind pursuit of maximizing their returns as suggested by the Commission.

Secondly, the ACT was the first jurisdiction to introduce a Mandatory Code of Gambling Practice covering all classes of gambling - seven years ago.

There is no acknowledgement of this in the draft report, despite it being clearly represented in our first submission.

### ***Mandatory Code of Practice***

*Gaming in clubs is already highly regulated. In most jurisdictions clubs follow voluntary codes of practice involving responsible service of gambling and comply with legislative requirements in the various States and Territories.*

*However, in the ACT there has been a mandatory Code of Gambling Practice covering all gambling sectors in place since 2002. ClubsACT played an important role in the development and implementation of the Code and in its subsequent review in 2004. The Code followed an earlier voluntary Code and a ClubsACT Code of Conduct.*

*It is very comprehensive and provides gambling providers with a minimum set of standards that should be met in providing patrons access to their gambling products, and can be seen as part of a national trend to minimise the harmful consequences associated with problem gambling behaviour. The provision of a more responsible gambling environment is a development which ClubsACT and its member clubs fully support.*

*The Code carries with it significant responsibilities - some of which have caused clubs difficulty, particularly the obligation placed on the licensee to be pro-active in terms of identifying problem gamblers. This is a highly sensitive area and is very much a first for any jurisdiction in Australia.*

*In the ACT where venue initiated exclusions have been a mandated requirement since 2002, the number of such exclusions in the club sector have been relatively few – although it is understood that ACTTAB and the Canberra Casino between them have identified a number of problem gamblers and acted to exclude them from their venues.*

*Each Club has Gambling Contact Officers (GCOs) within their staff and each staff member who directly works with gaming machines has a Responsible Conduct of Gaming Certificate.*

*ClubsACT also works closely with Lifeline Canberra and the ACT Gambling and Racing Commission on harm minimisation issues, including partnering on the promotion of Gambling Awareness Week in the ACT which takes place in May each year.*

Thirdly, there is no recognition in the draft report of the initiatives from the ACT club sector to address problem gambling or to improve the responsible service of gaming.

Initiatives such as the *Clubcare* and the *Clubstart* programs are evidence of the ACT club sector's commitment to addressing issues associated with provision of gaming.

The development and implementation of the *Clubcare Program* for patrons of clubs who may be encountering difficulties with their gambling was a major and ground breaking initiative - which commenced in late 2001 - between ClubsACT and Lifeline Canberra. It was built off the



proactive and substantive work undertaken by the Canberra Southern Cross Club (CSCC) and Lifeline.

In early 2008 26 Canberra clubs – under the auspices of ClubsACT - combined to support the *Clubcare* program for the next 3 years at a cost of over \$300,000 per year, bringing total funding to in excess of \$2.2 million since the partnership commenced.

### ***Clubcare Program***

*The Clubcare Program, which is a joint initiative between ClubsACT and Lifeline Canberra, commenced in October 2001 initially with five large clubs and then the addition of another six medium clubs.*

*Recently renewed for a fourth time in February 2008, guaranteeing another three years, Clubcare is into its 8<sup>th</sup> year and is now supported by 26 Member Clubs who together account for over 90% of the gaming machine population in the ACT, operating from 46 venues across Canberra with an overall membership of about 500,000.*

*At first Clubcare was aimed at education, training and counselling. But with the introduction in the ACT of a mandatory Code of Practice covering all gambling sectors in 2002 and the sourcing of both education and training from a wider set of service providers, including Lifeline on a fee for service basis, counselling is now the primary focus of the program.*

*Under the arrangement, clubs contribute funding to Lifeline, while Lifeline provides access to daily counselling hours for crisis support or face to face counselling for club patrons.*

*Since its establishment the club sector has contributed about \$2.2m to Lifeline Canberra under the Program and over the next two years a further \$650,000 has been committed by the participating clubs, including ACTTAB.*

More recently ClubsACT introduced the *Clubstart* program which, among things, promotes the responsible service of gambling to year 11 and 12 students looking for employment in the club sector.

### ***Clubstart Program***

*The Clubstart program, an initiative of ClubsACT in conjunction with Corporate Partner Chameleon Personnel, has been in operation since 2007.*

*While aimed at addressing club sector skills shortages and improving access to employment for school leavers, the Program also promotes the responsible service of gambling and alcohol in the ACT and providing valuable life skills for participants.*

*It trains students in the responsible service of alcohol and the responsible conduct of gambling focusing on harm minimisation strategies, not just from a service perspective but from the perspective of moderating their own behaviour.*

*To help reduce the cost to students of undertaking the Clubstart program, community based licensed clubs sponsor delivery of the program at an ACT College they are geographically aligned with. At the completion of the program students who are seeking employment either during or post their secondary education have the option of undertaking an employment interview with the human resource manager of the sponsor club.*

*Since its launch in May 2007 about 750 students have been trained and importantly over 90 students have received employment as a direct result of completing the program. This excellent result positions Clubstart as the number one hospitality training provider in the VET (Vocational Education and Training) sector at ACT colleges.*

Of course much more can be, and needs to be, done to improve the environment in which gaming is offered to the recreational gambler and to minimise harm to the problem gambler.

That is precisely why ClubsACT support ClubsAustralia's call for the development of a problem gambling policy framework involving a six point plan to strengthen the measures already in place and working, and some of which have been picked up by the Commission as desirable, viz:

- 1) Improve and Co-ordinate National Gambling Research
- 2) Ban All Forms of Credit Betting
- 3) Regulate All Forms of Gambling
- 4) Improve the Training of Staff
- 5) Strengthen the Safety Net
- 6) Establish a National Peak Body

ClubsACT also support (or support with modification) many of the draft recommendations in the Commission's draft report that address counselling and treatment support services, gambling information and education, harm minimisation and training, regulatory processes and institutions and gambling policy research and evaluation.

In this context ClubsACT are disappointed that the Commission's seem to be equivocal on the issue of the benefits of education – preferring to give more weight to the potential for encouraging negative behaviours rather than the positives which have accompanied measures to inform young people about other behaviours associated with alcohol, drugs, sex and HIV.

#### 4. ACT clubs community contribution

ClubsACT are disappointed that the Commission seems to accord very little benefit to the positive role played by clubs in the community – including those in the ACT – preferring to focus almost entirely on the harm created by their provision of gaming.

Our first submission and the submissions from ClubsAustralia, the other club associations, as well as numerous clubs (including 4 major Canberra clubs) and the some of the recipients of club support (for example The Spastic Centre), put this contribution into clear perspective. Yet the Commission's Report chose to ignore or underestimate these benefits.

The most important contribution that clubs make is their presence, their daily interaction and their connection with the ACT community.

In formal terms, the latest official data shows that collectively Canberra's clubs contributed \$13.8 million in 2008/09 to a large number of charitable, sporting and community organisations. This is \$6.9 million more than the amount required under the legislation, or more than double the mandated 7% of Net Gaming Machine Revenue.

Over the past 12 years, the level of community contribution has averaged 12.4% per year, bringing the total contribution to eligible community recipients to almost \$153 million over that period.

But these albeit significant headline numbers still grossly understate the extent of the contribution that individual clubs make to the Canberra community, which in addition to cash contributions, includes in-kind support and, in many cases, involvement with the recipient.

At any function, charity or call for support, a community based club will be found in the midst of things and a generous participant and contributor. The use of meeting rooms to a diverse range of social groups, the provision of office space and the supply of equipment are commonly offered by the clubs at no cost.

In many cases groups - such as charities, schools, aged care, art and craft groups and regional and ethnic community services groups - would not be funded if it was not for a club

Along with its counterparts on other States, Canberra's clubs provided opportunities for over 2,500 volunteers to donate almost 187,000 hours of voluntary work. In addition the Canberra Labor Club Group is the largest contributor to the local association representing volunteers in the community.

The ACT Government recognises this contribution and the current Minister for Gaming and Racing, Andrew Barr, put it succinctly when he said:

'It is important to know that the [ACT] club industry takes its responsibility very seriously. Through the provision of social facilities and community contributions, its contribution to the community is a valuable and critical part of our community

infrastructure. Without the revenue from gaming machines it would not be possible for all of these community facilities to be made available. I conclude by saying that the club industry provides a valuable role and a critical role in our society by providing essential community facilities that would otherwise not exist” (ACT Legislative Assembly November 2007).

This is no more evident than in the support of sport.

As noted in our first submission, sporting and community facilities like ovals, stadiums and bowling greens are primarily provided by clubs in the knowledge that the costs will not be recovered and, at best, there will be a low return on investment.

Private investors, for example, would balk at investing in these types of infrastructure, but clubs do not because they have an obligation to their members and in turn the wider community.

In the ACT, facilities like the Ainslie Oval, Viking Park, Belconnen Soccer Club’s McKellar complex, West Belconnen Leagues Club’s Kippax Oval, Eastlake’s Kingston Oval, Southern Cross’s Tuggeranong Basketball stadium are just a few that come to mind.

The beneficiaries include:

- club members - who have first class venues to follow their teams and be entertained;
- the Government – who are relieved from the cost of providing such facilities and maintaining them; and
- the wider Canberra community - who have well-maintained and located facilities to watch sport, be entertained and to enjoy other events.

If it were not for the clubs, these facilities would have to be funded by the ACT Government through higher taxes or not offered at all - and in this case the Canberra community would be the big loser.

In summary all revenue (including gaming revenue) earned by ACT clubs is distributed in a range of ways – back to the community:

- first, the Government receives their share in the form of gaming tax and other charges levied by the ACT Government and at the Federal level, GST;
- secondly, there is the legislated requirement to allocate at least 7% of NGMR to eligible community recipients and as noted above clubs have allocated consistently more – averaging more than 12% over the past 12 years;
- thirdly, the remainder is the used by the club to buy goods and services, pay wages, service debt etc – in others words it is used to operate the club; and

- lastly, any residual revenue (or surplus) is then used to enhance the services and amenities for members, improve club facilities and community infrastructure, and invest in the club's future.

The important fact is that none of the surplus or excess revenue is able to be accrued privately - dividends are not paid to individuals and the money stays with the club and is used for the benefit of its members – the people of Canberra who are part of the ACT community.

## **5. Impacts of certain Draft Recommendations**

ClubsACT concur strongly with the ClubsAustralia view that acceptance of the most problematic recommendations would have a severe deleterious impact on the nation's clubs by reducing their gaming revenue and through flow-on effects to other revenue sources.

This impact must be understood and properly weighed against the recommendations. It would be more acceptable if it could be proven that the proposed measures would substantially reduce problem gambling. However, in our view such proof is lacking and the recommendation of such costly, potentially ineffective measures is therefore ill-considered.

We note that ClubsNSW has utilised KPMG to conduct expert analysis of the impact of reductions in annual revenue of 10, 20 and 30 per cent, and ClubsAustralia believes even the 30 per cent downturn is conservative if a new approach to the operation of poker machines in Australia as recommended in the Draft report were implemented.

The KPMG analysis at 30 per cent downturn using 2007/08 figures would reduce club revenue by \$2 billion per year and cost 11,500 jobs in NSW clubs over the short run. These figures, which are only for NSW and only relate to clubs, would likely double if extrapolated to clubs nationally.

This impact would put a substantial hole in state and territory government revenues that would have to be sourced elsewhere, presumably through new or increased taxation – or alternatively there would need to be a reduction in services and support – an unpalatable and unlikely option.

ClubsACT also concur with the ClubsAustralia view that a 30 per cent reduction in gaming revenues would be a highly conservative impact caused by the introduction of limitations on access to cash, restrictions on maximum bet and max cash insert as well as technology-based pre-commitment and other draft recommendations.

Across the Australian it is likely to cost billions of dollars in lost revenue, in implementation costs and in lost tax annually that would have to be found elsewhere, not to mention the impact on jobs, related industries and community groups.

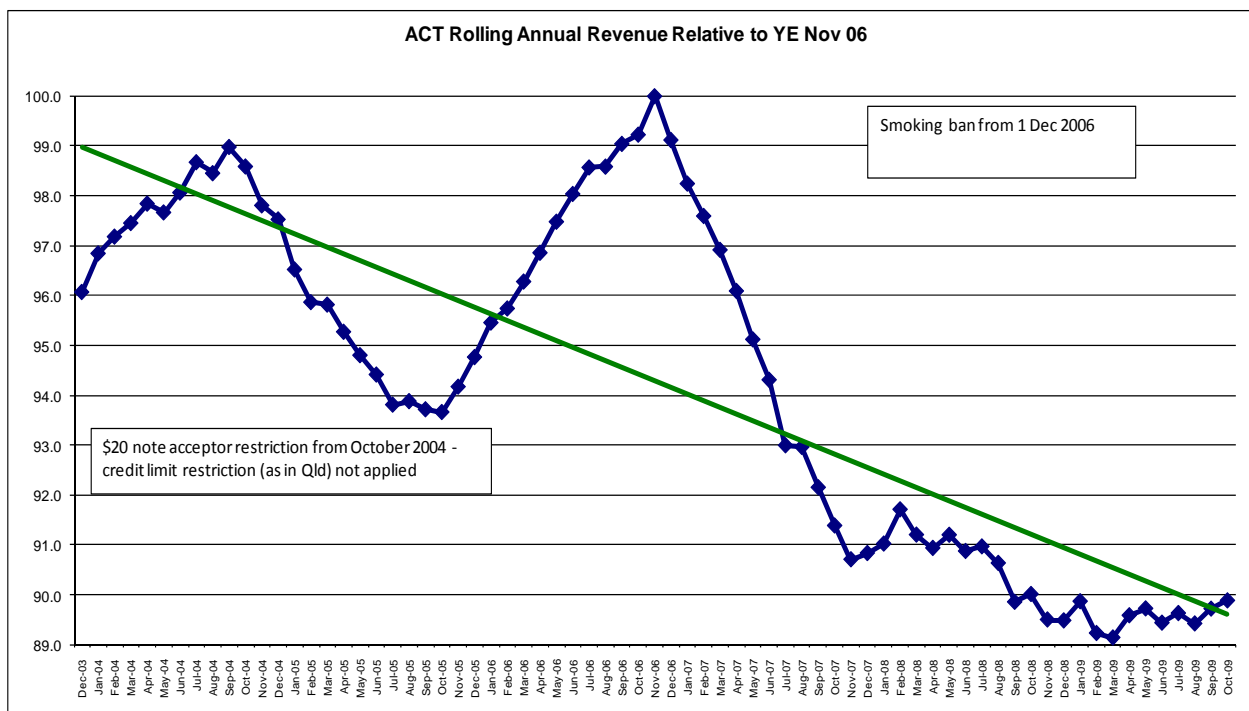
It is difficult to be precise about the overall impact on the ACT's community based not for profit clubs – both in terms of reduced income (not only from gaming, but also from other club

activities as a result of the reduced patronage) and the cost of meeting the new regulatory framework.

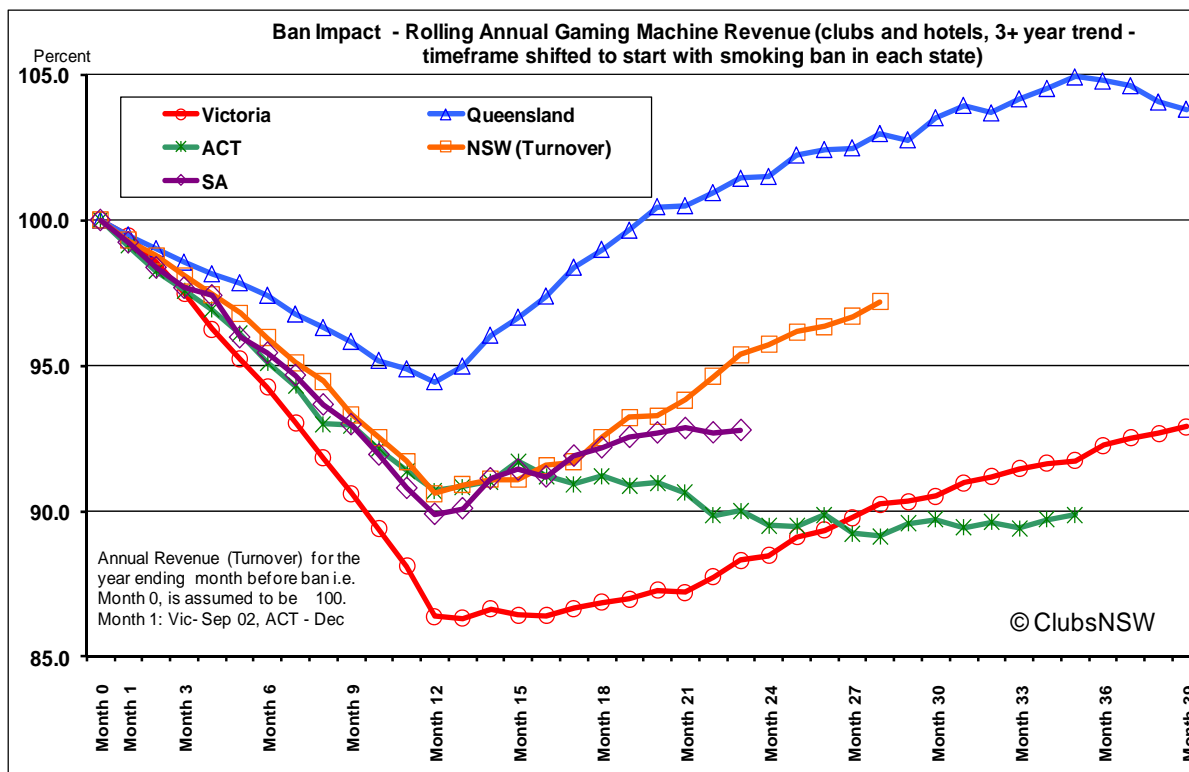
While it will depend on what exactly is adopted and the timeframe for implementation, one thing is clear and that is it will be very substantial for all ACT clubs and will force some to out of business.

The flow on effects in terms employment, expenditure on products and services (mainly in the ACT economy), club facilities, affiliated groups, recipients of club support and the broader based community support will be devastating. The ACT Government will also receive less gaming tax as a result of the lower gaming income and other revenue because of the closure of clubs.

To put the impact into perspective, the Commission will be aware that the ACT club sector has already experienced a significant drop in gaming revenue over the past few years associated with a number regulatory measures – including initially the restriction of note acceptors, but more importantly the ban on smoking indoors. No doubt the situation has been exacerbated by the general economic downturn associated with the global financial crisis.



In contrast to the ACT, most of the other jurisdictions (NSW, Qld, Vic and SA) have shown an upward trend in their gaming revenue, although there has been some downward movement lately, specifically in Queensland.



It is now has been almost 3 years since the indoor smoking ban, and overall ACT club sector continues to trade at well below traditional levels, and the likelihood of a recovery to pre-smoking ban gaming revenue levels in the ACT is still a long way off.

Most ACT clubs have already cut their costs and made efficiency gains to cope with the very difficult trading environment they have been operating in for the past three years. In the process there have been closures and amalgamations. So the scope to accommodate and adjust to another substantial drop in gaming revenue of 30%+ (or over \$50 million over the whole ACT club sector) would be devastating.

In fact ClubsACT estimate it would mean every club would move into the red. At the same time they would be required to invest an indeterminate, albeit in most cases a very large, amount in new technology to meet the pre-commitment system and other regulatory measures proposed by the Commission. This would be exacerbated by the lack of a central monitoring system (CMS) in the ACT – which was never introduced on a cost/benefit basis primarily because of the self contained nature of gaming operated out of only 61 venues in community based licensed club.

The impact would not be restricted to only small clubs or those that are financially stretched.

One large club group in the ACT has estimated that the anticipated impact of the proposed regulatory changes would have a far greater impact on gaming revenue than followed the ban on smoking indoors and the earlier note acceptors restrictions – which they claim was about 25%.

To them a 30% reduction in gross gaming revenue would represent a loss of about \$7.5 million in income and this would mean that the entire group would trade at a loss. Also as a consequence and there would be a reduction in spend of over \$2 million in the form of wages, community contributions and Federal and state taxes. Running at a loss may prove to be unsustainable and if the group was to close it would mean a loss of \$35 million spend in the ACT economy. If replicated by others in the club sector, this would represent a very significant impact on the ACT economy.

A few of ClubsACT Member Clubs have provided submissions commenting on the Draft Report and each have concentrated their remarks to areas of particular concern or interest to them, but a common thread is that they all:

- support the continuation of the community based gaming model and the exclusion of privateers from having access to poker machines in the ACT, which includes the Canberra Casino, and
- believe a number of the draft recommendations will have a substantial detrimental impact on their operations and some on their overall viability, with little benefit to the problem gambler.

#### The Canberra Southern Cross Club (CSCC)

The CSCC say that clearly the draft report is concerned primarily with problem gambling and the recommendations in the report are all aimed at mitigating the problems.

While the CSCC agrees that problem gambling is a most serious issue and supports in principle most of the recommendations they believe that a number of recommendations are overly broad: there is little certainty that they will achieve any reduction in problem gaming: there is a good deal of certainty that they affect recreational gambling: and, almost certainly they will have an impact on the club's operations that will be dire.

The CSCC are also disappointed that the Draft report took no account of the harm minimisation measures which the club movement in the ACT has implemented in collaboration with the major harm minimisation provider Lifeline. For this reason they reiterated the section of their first submission dealing with harm minimization, and outlined the discussion and possible further initiatives they are currently having with Lifeline Canberra.

They identified the following draft recommendations being of major concern:

- Universal, mandatory card based pre-commitment system
- \$200 daily withdrawal limit via ATM/EFTPOS



- Prizes above \$250 by cheque
- \$20 maximum cash insertion into poker machines
- \$1 maximum bet
- Shutdown from 12 midnight to 9.00am
- Enhanced capacity for gamblers to gain judicial redress.

They also considered the recommendations/findings that the current ban on the Canberra Casino should be lifted and that online gambling should be liberalised - were completely incongruous with the thrust of the Commission's draft report.

The CSCC conclude by saying that "should the recommendations in this report be adopted by Government, CSCC would have no option but to take the following course of action because it's current operations would be unsustainable:

1. reduce the levels of community giving; and
2. sell assets which are unlikely to meet a predetermined internal rate of return. "

#### Ainslie Football and Social Club (AF&SC)

The AF&SC submission focuses on three key areas: the lack of recognition of the benefits of the community based gaming model; the Commission's equivocal approach to providing education about the problems of gambling; and the absence of any assessment of the impact of their draft recommendations on the club sector.

As they say:

"The Productivity Commission Report does not properly investigate the macro impacts of changes to the regulatory framework and how these changes will be managed as they relate to individuals and their families that are employed by the club industry.

If all the recommendations proposed the Productivity Commission are implemented and the club industry is decimated who will pick up the macro shortfalls with the considerable infrastructure investment made by the club industry? It should be noted that many infrastructure projects have their basis in outdoor activities (bowls, golf, football ovals, swimming pools etc). As our population ages there will be an even greater demand for recreational pursuits by the aging.

The Productivity Commission does not properly explain any transitional frameworks required to implement any of the proposed changes. To expect many of these changes to be implemented by 2016 is impossible without completely fracturing this section of hospitality and recreational industry. In any case, AF&SC would hold the view that technically the time frame cannot be met.

The Productivity Commission does not provide any suggestions or a framework for the sustainability for the club industry's economic activity. Again the recommendations are without explanation about how business might be expected to transition and survive if all the recommendations were implemented. Notwithstanding the long range impacts to transition if one or more of the recommendations are implemented, it is already apparent that financiers are reassessing risk outcomes of the clubs as a result of the release of the Commission's draft report. This in itself could cause some clubs to fail financially.

Our first submission aimed to provide the Commission with an understanding of what the AF&SC provides to residents in the inner north of Canberra and Gungahlin.

This value has both social and economic benefits. The benefits are derived from a variety of business activities with gaming revenue being one of our revenue streams. It should be vigorously stated that as a community club based on the principles of mutuality all surpluses goes back to the members. No one individual, corporation or shareholders receives any benefit from the proceeds of gaming.

AF&SC would like the Productivity Commission to revisit many of the issues that have been raised. We would like the Club industry to be recognized for the benefits that the club industry does provide the community as per "Assessing the Benefits"; terms of reference point 5. It would be remiss of the Commission not to address these outcomes and at the same time provide Government a well balanced position paper on the gambling industry. "

## **6. Conclusion**

As the sole providers of gaming machines in the ACT under the community based gaming model, ClubsACT and our Member Clubs do not shy away from the need to continue to improve the way we deal with problem gambling. Our track record speaks for itself (albeit the Commission appears to have either ignored it or dismissed our efforts and that of the ACT Government as ineffectual).

That is why we promoted the undertaking of a comprehensive review of gambling and supported the decision by COAG to ask the Productivity Commission to update its 1999 Report on Gambling.

That is also why we strongly supported the ClubsAustralia initiative to develop and promulgate a problem gambling policy framework – which was presented to Federal Government in July 2008 and publically released in October 2008.

We agree that problem gambling needs to be better addressed and believe a number of the recommendations in the draft Report will make a difference to those people that experience a problem with their gambling.

ClubsACT share ClubsAustralia's view that the Commission has misconstrued the nature and extent of the gambling problem which is a very crucial element of the Report and upon which many of the Commission's more problematic recommendations are based.

We are particularly disappointed that the Commission appears to have "changed the goal posts" – by adding the category of 'at risk gamblers' to those that are problem gamblers and by no longer using the adult population and using instead only those who gamble regularly. The result is that the extent of the problem has been inflated substantially, which in turn has been used to justify what we believe to be some quite draconian recommendations.

The ClubsAustralia second submission addresses these issues in some detail (comments on Chapter 4 – The Prevalence of Problems with Gambling). They go on to argue that, in the absence evidenced based and reliable data, in their view the Commission has failed to make a case for expanding the net and making unfounded statements which are intended to inform policy.

ClubsACT believe that there are a number of draft recommendations where the major adverse impact on clubs are certain, but the benefits to the problem gambler and reducing problem gambling are far less so.

ClubsACT believe there is insufficient evidence to warrant the far reaching change embedded in these specific measures proposed by the Commission and that before any decisions are taken we believe there needs to be a far more rigorous analysis undertaken about the cost and benefits of these measures - not only to the problem gambler but also to the gaming industry and especially licensed clubs who contribution to the community are widespread and substantial.