

Submission to the Productivity Commission

on

Australian Gambling Industries Draft Report

by

The Council of Community Clubs of Australia and New Zealand

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Submission

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Executive Summary

The Productivity Commission confirms the experience of clubs that for the vast majority of adults gambling is an enjoyable leisure activity. For 98 percent of the population gambling is not a problem. For club members their involvement with gaming machines is part of a package of recreational and entertainment services consumed when they attend their clubs. Without clubs, many people, especially the elderly, could not afford and enjoy the same level of recreation, entertainment and social interaction.

The Commission estimates that the net economic benefit from gambling could be as great as \$5.2 billion per annum. CCCANZ considers that the Commission's estimate of net economic benefit is not an upper limit. The Club Movement provides spin off benefits to other industries, particularly the tourism sector. The Club Movement supports campaigns that promote tourism activity nationally, statewide and in regions to the benefit of a wide range of non-contributing businesses.

The Commission raises concern about the rapid increase in gambling expenditure in Australia over the past decade. This increase has been due to several demand and supply factors. Increased leisure time, rising real incomes, market liberalisation and improved technology have been major influences. Many of these factors have encouraged recreation and entertainment expenditure generally.

The experience of gambling in NSW suggests that recent growth rates across Australia will not continue. As markets mature the growth rates slow. Over the last 20 years gambling in NSW has increased from 2.7 percent of average household disposable expenditure to 3.5 percent (ABS, 1995). Additional liberalisation of NSW gambling in the 1990s saw a short-term boost but later year figures indicate the growth rates have slowed. Other States started with much lower base levels because they had been highly restricted markets. With liberalisation, they have begun to approach the level of NSW, in terms of share of average household disposable income.

The Club Movement is a significant generator of economic activity and wealth creation. There are some 3,868 licensed clubs in Australia (ABS, 1999b). The majority of clubs are located in regional Australia. Country clubs are a major local hub of economic activity.

Clubs are important in terms of capital expenditure and expenditure on training. Total employment for all clubs in 1997-98 was 67,272 (ABS, 1999b). In addition there are a substantial number of voluntary workers that do not appear in the ABS figures. Club directors alone are estimated to provide over 3 million hours annually in voluntary labour (ACIL, 1999).

As the Commission is aware, a distinguishing feature of clubs is that they are not-for-profit organisations. No other hospitality service provider exists solely to provide

benefits for their members and the community generally. The value of community benefit by NSW clubs was estimated through an independent study conducted by the chartered accountants, Pannell Kerr and Foster (PKF). The study was jointly arranged and funded by the NSW Government and the Registered Clubs Association of NSW (RCA). The community benefit was estimated as \$155 million in 1996-97 (PKF, 1998).

The Commission has questioned the accuracy of the \$155 million estimate of community support for NSW. These results were audited figures. PKF considers that the estimate is conservative.

The level of community support provided by clubs is significant. The average level for all NSW clubs was 35 percent of operating profit. For country clubs it was close to 50 percent and for metropolitan clubs, it was 30 percent of operating profit. In the ACT community support expenditure (excluding sports levies) was estimated at 11 per cent of net gaming revenue (Commissioner for ACT Revenue, 1998). In Queensland community support expenditure (in the form of donations and sponsorships) amounted to 18% of net metered win or nearly \$80 million (KPMG, 1999).

The Commission makes a suggestion that taxation on clubs be increased and governments be allowed to decide centrally on the nature, direction and level of community support. CCCANZ sees some role for centralised priority setting but disagrees that it should be the only approach to determining community support. The current system provides a balance between local and central priority setting.

CCCANZ's concern with a fully centralised system is that less funds are likely to be returned to the community because of losses through administration and compliance costs and the complexities of multi tiers of governments involved. A localised approach is more effective and efficient when it is realised that in many cases the amounts donated individually are quite small. Clubs can meet these needs in a more administratively efficient and timely manner.

The Club Movement accepts that there are problem gambling risks that must be managed just as there are safety risks with the consumption of many products and services. Harm minimisation is a core value for clubs and this can be seen in the proactive stance taken by many clubs and the significant statewide program being undertaken by the RCA in response to its members' needs. The not-for-profit nature of clubs and the fact that they exist for the benefit of their members are positive drivers for a responsible gaming environment.

The identification and quantification of problem gamblers is a difficult area as recognised by the Commission. The experience of club managements and executives would suggest that the magnitude of the problem does not warrant actions that detract from the entertainment value experienced by the vast majority of patrons. An approach that strives to achieve effective harm minimisation together with appropriate support for the minority of gamblers who experience difficulty is advocated. CCCANZ recognises the value of appropriately funded research which should focus on developing a better understanding of problem gambling and strategies to minimise harm.

CCCANZ is concerned that the Commission failed to recognise the work that the Club Movement has and is undertaking to minimise harm from gambling. As an example the RCA announced its Responsible Gaming Policy on 31 May 1998. In collaboration with the Australian Institute for Gambling Research, an implementation program has been developed. The program will contain a code of practice, advertising code, responsible gaming management manual and a comprehensive training program.

The Club Movement across Australia has developed a series of initiatives including codes of practice and supporting self-exclusion initiatives. Clubs also support counselling and welfare programs through their community support activities and through active involvement in government initiatives.

On the question of mutuality the Commission argues that the larger clubs can no longer be considered mutual organisations. CCCANZ disagrees that size is an appropriate determinant of mutuality.

The options proposed by the Commission to demutualise clubs or to increase taxation will adversely affect the capacity of clubs to support their communities, reduce services to members and could affect the viability of a significant proportion of clubs. While the Commission implies that clubs should be treated on an equal basis with hotels, CCCANZ emphasises that they are not equal. Hotels are established as private commercial enterprises and therefore have significant commercial advantages in terms of location and accessibility. By their nature clubs operate on a restrictive basis in locations driven by community need rather than commercial factors.

Community attitude research suggests that club members do not see their clubs competing with hotels. These attitudes are reflected in legislation. In NSW, clubs operate under separate state legislation that clearly differentiates community owned gaming and privately owned gaming conducted in hotels. This legislation recognises the fundamentally distinct *raison d'être* of clubs and hotels, and regulates each accordingly.

The differences are highlighted by a comparison of objectives. Private entrepreneurs seek to maximise shareholder value. Clubs can not, and do not, have the same objective. Members do not hold equity in clubs against which profits can be received. The law prohibits the disbursement of surpluses to members.

CCCANZ fails to understand the Commission's attack on clubs in this area.

With regard to the regulation of the supply of gambling CCCANZ agrees with the Commission that the policy development function is the proper preserve of the Parliament through the appropriate Minister. CCCANZ has some reservations about the suitability and workability of Independent Gaming Commissions. In particular CCCANZ would be concerned with the risk of capture for an 'independent' peak body. CCCANZ agrees with the Commission that there would be major benefits for the States and Territories from pursuing a national approach to online gambling.

Introduction

The Council of Community Clubs of Australia and New Zealand (CCCANZ) welcomes the opportunity to respond to the Commission's Draft Report on Australia's Gambling Industries. CCCANZ sees the Commission's report as an important opportunity to improve the understanding of providers, governments and the community of gambling as a leisure activity and the issues associated with gambling.

As the report notes the "inquiry's national scope has enabled an overarching perspective on the experiences of different jurisdictions, as well as providing an opportunity to obtain nationally consistent data." CCCANZ values the data that has been gathered during the course of this inquiry. It requests that the Productivity Commission publish as much data as possible, not just what is used in the final report. The data could be published as a separate information bulletin. This information bulletin would be very useful for future research that the Commission and others recognise needs to be done.

The approach of this submission is to address those key issues which are particularly relevant to the Club Movement. We are concerned that a report, as significant as the Commission's, reflects the differences in the supply and demand of gambling activities both amongst the gambling sectors as well as across the jurisdictions. The overarching character of the Commission's study has meant that some of these differences have been lost in the draft report. This submission provides new information for the Commission's consideration and responds to specific issues raised by the Commission.

Gambling as Leisure

The Commission shows that 82 percent of adult Australians engaged in gambling in 1997-98 with 60 percent participating in lotteries and 39 percent playing gaming machines. For the vast majority of adults gambling is an enjoyable leisure activity.

As the Commission notes, adults will choose to gamble if there is an opportunity. For 98 percent of the population gambling is not a problem. In fact gambling produces significant net economic benefit. The Commission estimates show positive net economic benefits as great as \$5.2 billion per annum. CCCANZ argues that they are greater due to flow-on production benefits to other industries such as tourism activities.

For individuals there appear to be a wide range of reasons for gambling to produce their leisure enjoyment. Table 2 in the draft report quotes a survey by the Victorian Casino and Gaming Authority (1999) which lists the reasons why people gamble. What seems to be missing in that reference is a link between the reasons and the different forms of gambling. The major reasons listed were dreams of winning and social reasons. The Commission sees dreams of winning as a key distinguishing feature of gambling as a leisure expenditure and links it to problem gambling.

CCCANZ considers that different forms of gambling have different attractions for gamblers. It would seem that lottery consumers are more likely to play for the dream of winning than for social reasons. For club members who play gaming machines, social reasons are more important.

Hing and Breen (1999) conducted a survey of 3,000 members of six large clubs in Sydney. They found that club members mainly played gaming machines for recreation/hobby/amusement/fun reasons. Only 7.5 percent of respondents ranked “to win jackpots” as a main reason for playing gaming machines. For the vast majority of respondents, a range of social reasons were the main factors behind playing gaming machines.

What is not clear is the strength of the social links to gambling, per se. Hing and Breen show that over 40 percent of club members patronise their club at least weekly. They have drinks (58.6 percent), meals (54.0 percent) and participate in entertainment (41.1 percent). They consume a variety of services for social reasons of which gambling is one. The experience of CCCANZ is that club members consume a variety of club services for social reasons and seem to prefer the clubs as the providers.

A recent survey by A C Nielsen (1999) found that the five aspects which patrons most appreciated about clubs were the friendly staff, the responsible provision of alcohol, good value prices, good restaurant facilities and the overall atmosphere.

As a guide to clubs as a preferred supplier, Hing and Breen found that respondents had a very strong preference for playing gaming machines in a club rather than a hotel. Only 2.2 percent of respondents were regular players of hotel gaming machines. This low substitution was partly due to different machine availability at the time of the survey.

But CCCANZ argues that it reflects the package of leisure and social benefits that clubs provide for their members.

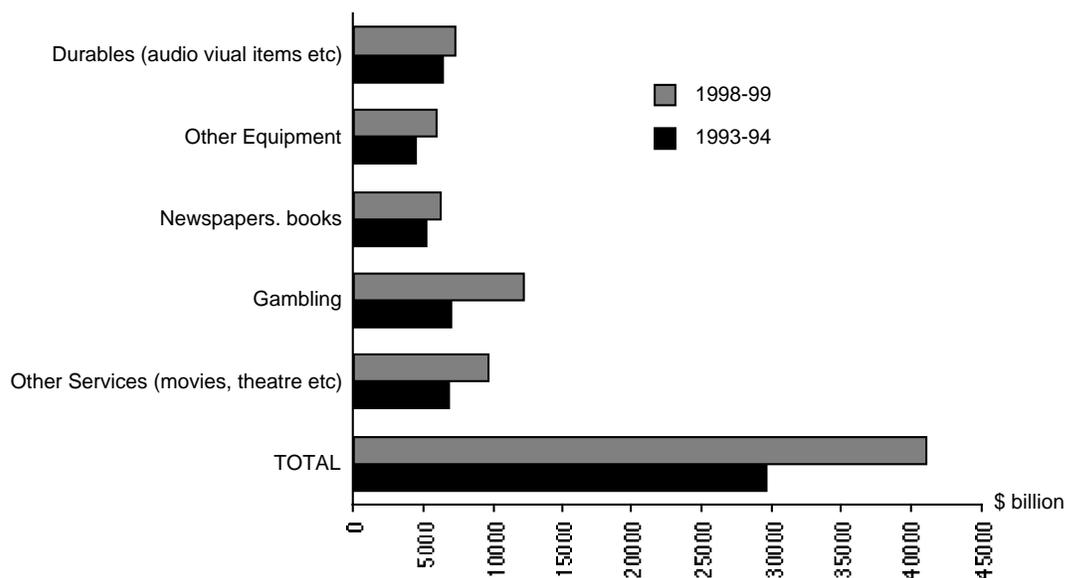
It is interesting to note that a small percentage of respondents to the Hing and Breen survey actually claim that their main reason for playing gaming machines is to make a donation to the club. The respondents are members of big clubs in Sydney and yet they recognise the flow on benefits from the clubs' activities.

It is not surprising that gambling as a leisure activity has increased over the last few decades. Increased leisure time and rising real incomes for consumers have been major factors in increased expenditures on the full range of recreation and leisure activities. Supply side factors have been greater availability, through market liberalisation, and improved products, through technology. The Commission's report shows a significant increase in total expenditure on gambling over the last 10-15 years in response to these factors.

The ABS data on household expenditure shows that the category, Entertainment and Recreation Expenditure, as a proportion of total net expenditure has increased over the recent period. In constant prices, entertainment and recreation expenditure increased from \$10.2 billion to \$15.0 billion between 1989-90 and 1996-97. This was the fastest growing category of private consumption expenditure and increased its share of the total from 4.7 percent to 5.8 percent over the period (ABS, 1999a).

The major components of entertainment and recreation are shown in the table below. While gambling is the largest component and has shown the most growth within the category, all components showed increases in real expenditure. Not surprisingly the component showing the highest growth next to gambling was "other" recreation services which covers cinema, theatre, opera and sporting events.

Figure 1: Major Items of Recreation and Entertainment Expenditure, 1993-94 and 1998-99



Source: ABS, 1999a

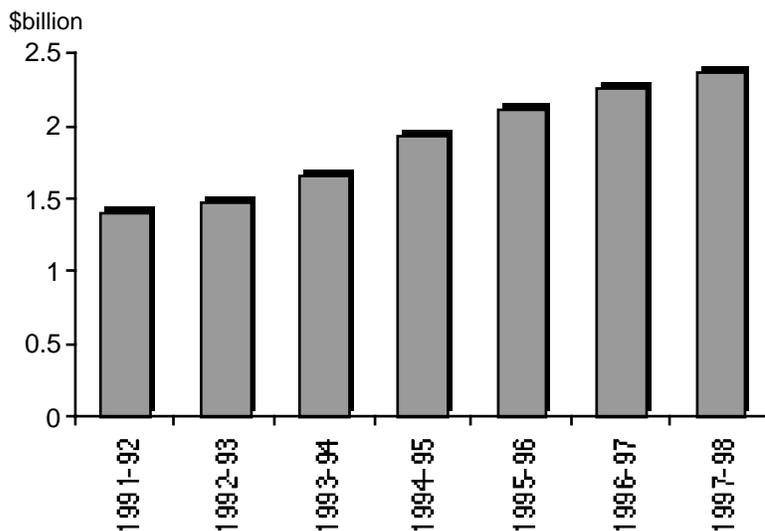
The latest published ABS data, which gives detailed information on recreation and entertainment expenditure, is the Household Expenditure Survey 1993-94 (ABS, 1995). It shows that the average weekly household expenditure on poker machines was less than the weekly expenditure on either cinema admissions or video hire. When taking account of the latest aggregate data we can appreciate that there would have been some change. Nonetheless the 1993-94 figures give some perspective on entertainment expenditures.

One question is whether the growth rate which gambling has experienced in recent times will continue? The Commission recognises that while there has been rapid growth recently, it may not persist. Inferences can be drawn from publicly available data.

The data from the Tasmanian Gaming Commission (1999) on gambling as a proportion of household disposable incomes, by states, shows some interesting trends. In 1976-77 the proportion for NSW was around 3 percent whereas for the other states it was closer to one. By 1996-97 NSW showed a percentage of under 3.5 percent marginally ahead of Victoria with Queensland slightly lower.

This data would suggest that as states and territories liberalise gambling regulations, household expenditure on gambling converges to around 3.0-3.5 percent of disposable income. In other words, when given the choice, households will choose to spend around 3 percent of disposable income on gambling as a leisure activity. There is no evidence that the share of household income will continue to grow in an exponential manner.

Figure 2: Annual Gaming Revenues for NSW Clubs



Source: NSW Department of Gaming and Racing, 1994-1999

In New South Wales, Department of Gaming and Racing figures show that growth rates for gaming machine revenue for NSW clubs were high in the mid 1990s but have fallen in more recent years. Between 1991-92 and 1997-98, the seven year average growth rate in gaming machine revenue was 14.7 percent. The latest years show a two-year growth

rate of 5.6 percent (NSW Department of Gaming and Racing, 1994-1999). This suggests that growth rates in gaming machine revenue for NSW clubs are trending down.

Community Institutions

Clubs are community-based organisations that play an important part in community life. Clubs provide a range of wider community support benefits which are discussed in detail in the next section.

They play an important welfare and redistributive role for their members. Clubs provide a range of entertainment and family services which many groups in society, especially the elderly, would normally not be able to afford or enjoy with the same frequency. Clubs provide these groups with the opportunity to consume recreation and entertainment at an affordable price in a safe environment. A C Neilsen (1999) found that the most frequent visitors to clubs were aged over 55. Members rated the benefits of membership as a venue for socialising, access to sport and fitness facilities, food and beverages at reasonable prices and reasonable quality food.

In summary, the evidence clearly shows that gambling is a leisure activity which is widely enjoyed by the community and produces net economic benefits to the community. Under liberalisation it has experienced rapid growth in a number of areas. However this growth seems to be approaching a plateau. When allowed choice between entertainment products consumers have a desired level of expenditure for gambling as they do for other recreation and leisure pursuits.

Social and Economic Significance of the Club Movement

History

Clubs began in the 19TH century in Australia largely modelled on the British gentlemen's clubs, catering for the elite. It was not until the late 1940s and early 1950s that clubs gained wider community acceptance. According to Caldwell (1972) the combination of poor service and a shortage of supply pushed social drinkers from hotels to clubs. No longer were clubs exclusive domains for gentlemen; they now included returned soldiers, sporting and other special interest groups. With the introduction of gaming machines in NSW the number of clubs trebled between 1955 and 1958 to reach a total of 1,050.

Industry Size

According to the ABS (1999b) there were 3,868 licensed club premises in Australia in 1997/98. Over 60 per cent of the 3,868 licensed premises provided gambling facilities to members of which 2,433 provided gaming machines, 1,372 provided keno facilities and 597 provided TAB facilities.

Table 1: Clubs (Hospitality), Selected Statistics, by State – 1997/98

State/Territory	Number of Licensed Premises.	Employees	Gross Income \$m
NSW	1528	41700	4137
Victoria	508	6597	364
Queensland	860	11899	1010
South Aust.	380	1949	123
Western Aust.	313	1870	95
Tasmania	173	924	45
NT	39	453	51
ACT	68	1879	188
AUSTRALIA	3868	67272	6013

Source: ABS, 1999b

The trends in the Club Movement have differed between States. In NSW the number of clubs have declined in recent years. Part of the reason has been that some activity has moved to other States. Certain regions in NSW, like the Murray and the Richmond/Tweed, have been affected by developments in Victoria and Queensland.

The ABS (1999b) shows an increase in the number of clubs across Australia over the last three years to 1997-98. The smaller population states of Western Australia, South Australia, Tasmania and Queensland have shown the largest proportionate increases.

The growth in clubs has not been driven by gambling. Of the 465 new clubs over the period there were 265 with gambling facilities and 200 without.

Clubs cover a wide geographic area of Australia. According to the ABS (1999b) 40 percent of Australia's clubs are in NSW. Yet in NSW more than 60 percent of clubs are non-metropolitan. Almost two thirds of small clubs in NSW are in country towns. However size can mislead significance. In many country towns the club is a key local economic contributor as well as being the centre of social activity. The closure of a club in many regional areas has major transitional, if not permanent, economic and social effects.

Employment and Investment

Clubs are important vehicles for economic activity within their locations, particularly with regard to employment. The ABS (1999b) shows that clubs employ 67,272 people in Australia. For some localities the club is critical to the economic health of the district.

This data shows that the recent employment increase in clubs (hospitality) was due to increases in the number of clubs with gambling facilities. These clubs employed 59,543 persons at June 1998, an increase of 12 percent since June 1995. Despite an increase in the number of businesses without gambling facilities, employment in this group actually decreased by 17 percent to 7,728 persons at the end of June 1998.

In addition to paid employment, clubs have a large component of voluntary labour. As an example it is estimated that in the ACT there are 600 club directors providing some 30,000 hours in annual voluntary service (ACIL, 1999). The value of this community service has been independently estimated to have an equivalent value approaching \$4 million annually. If the ACT ratio could be reasonably applied to all clubs it could mean that there are between 49,000 to 67,000 people providing between 2.5 million to 3.4 million hours annually in voluntary community service as club directors. Based on the ACT estimate, the national value ranges between \$325 million and \$442 million.

The majority (56 percent) of paid employees worked on a casual basis. Almost 60 percent of casual employees were female. By contrast 65 percent of permanent employees are male.

Almost 60 percent of clubs are small in that they employ less than 10 persons. While there is a large number of small clubs they represent only 12 percent of employment in the industry.

Clubs are significant training providers for the hospitality industry, especially casual and part time labour. As such, clubs add important flexibility to the labour market providing valuable work and training opportunities, particularly for youth. Clubs also provide significant opportunities for local entertainers and bands to advance their talents.

Many of the staff trained and employed by clubs move around the broader hospitality sector both locally and nationally. This improves the overall skill base available to the hospitality industry and leads to significant savings in training costs for smaller employers.

Clubs are significant generators of economic activity through their substantial investment and development programs. The major capital expenditures by clubs are on buildings and member facilities such as bowling greens and golf course development. The PKF study of NSW capital expenditures in 1996-97 showed that investment was evenly divided between gaming and non-gaming related activities. In other words, out of a total capital expenditure of \$600 million, approximately \$300 million was spent on non-gaming related capital.

One of the distinguishing features of jurisdictions with gaming is that the level of facilities is usually superior to facilities in non-gaming jurisdictions. Gaming provides the revenues for the capital expenditures which otherwise would be provided by members, the community or through local government.

Profitability

According to the ABS (1999b) the operating profit margin for clubs with gambling facilities declined from 10.3 percent to 9.6 percent between 1994/5 and 1997/98. This was a period of a rapidly increasing competition from hotels and casinos.

Small clubs are the weakest profit performers whether or not they have gaming facilities. The operating margins for clubs with less than 10 employees were 6.2 percent for those with gambling facilities and 4.5 percent for those without.

It is important to note that clubs locate their facilities according to community need and not potential commercial return. The community benefits from having the availability of social and recreational facilities and services at an affordable price. Clubs aim to maximise the benefits for their members and the community. Surpluses are critical to business sustainability.

Private entrepreneurs are different because they seek to maximise shareholder value. This is not, and can not be, an objective of a not-for-profit club because it is not possible for members to have an equity interest against which to receive profits.

Inter Industry Links

Clubs can, and do, play significant roles as catalysts of economic activity. Clubs generate business for material suppliers, equipment suppliers and service suppliers such as entertainers. While many industries can demonstrate such catalytic roles, the Club Movement has undertaken activities which have significant spin off benefits for other industries, in particular the tourist industry and related activities.

The Club Movement is very active in the funding, promotion and advertising of tourism and sporting events. Some examples are:

- the RCA donated \$250 000 in cash (the second largest cash contribution) to the Sydney 2000 Olympic Bid in the clear belief that the influx of tourists, which the holding of the Olympic Games would provide, would be of benefit to Australia, NSW and in turn the Club Movement;
- the Royal Perth Yacht Club hosted the Challenge for America's Cup which was arguably the single most significant event for tourism in Western Australia;
- the RCA is the sponsor of the NSW Institute of Sport (NSWIS), and has committed a total of \$6 million for the six years 1996 to 2001 inclusive. The NSWIS will provide the training facilities for NSW's Olympic athletes who will compete at the largest tourist event ever staged in Australia - the Sydney 2000 Olympic Games; and
- the Canberra Tradesmens Union Club established a world class observatory and planetarium at a cost of over \$3 million. Both facilities are major educational and tourist attractions.

Clubs are significant providers of facilities which attract tourists to some of the most important holiday areas in Australia. These facilities are used to attract overseas tourists. Some clubs market directly to overseas visitors – for example, Panthers markets directly to Japanese tourists through Japanese Inbound Tour Operators, and the North Sydney Leagues Club maintains its own tourism office in Los Angeles (USA).

Panthers provides an example of the catalytic effect that clubs can have on tourism. In 1984 there were in total approximately 50 rooms of accommodation in the whole Penrith district. By providing and promoting accommodation services Panthers has instigated growth in accommodation to the extent that there are now 300 rooms with relatively high occupancy rates. As a result of Panthers marketing, 20,000 room nights were occupied by tourists from Asia in 1998. Panthers has changed the Penrith landscape and developed it as a tourist destination.

To the extent that Clubs are successful in attracting tourists, there are considerable spin-off benefits to other industries (e.g. hotels, airlines, transport operators, entertainment venues and restaurants). It is these benefits which have not been adequately recognised by the Productivity Commission.

Direct Community Benefits

Clubs provide important recreational and social resources for the benefit of the community. These benefits can be in the form of services such as community transport, social support for the elderly or facilities such as golf courses, playing fields, tennis courts which are not only used by members but wider groups such as schools. In times of crisis such as bush fires, clubs provide the refuge for local communities and immediate assistance.

Clubs improve the quality of life of communities by providing social capital that enhances physical and mental well being. These real community benefits flow through to the national economy in the form of improved work place productivity and decreased reliance on health and social security infrastructures. Clubs by their existence provide a significant tangible and intangible contribution to their community.

The Commission noted the CCCANZ estimate of the value of community support by NSW clubs as \$155 million in 1996-97. When compared with the Australian Hotels Association (AHA) estimate the Commission identified a major disparity and sought views from the club and hotel industry on the figures.

The CCCANZ estimate of \$155 million comes from a survey undertaken by PKF, chartered accountants, on behalf of the NSW Government and the RCA (PKF, 1998). The results are based on 322 responses from 1,513 Registered Clubs. The response rates were very high for the large and very large clubs which represent almost 90 percent of total gaming revenue from the Club Movement.

Community support was classified under four key headings:

- Cash support to external parties;
- Cash support provided in house;
- Non-cash support to external parties;
- Non-cash support provided in house.

The survey results were converted to a percentage of gaming revenue for those clubs which responded and the State totals were estimated. The total community support was estimated at \$125 million in 1996 and \$155 million in 1997.

The biggest component of community support was cash support to external parties (39.2 percent), followed by non cash in house (27.7 percent) and cash in house (17.5 percent).

In house support involving cash payments includes cash grants to members and intra club sub committees. Major recipients include sports activities and social activities like chess, dance and seniors. In house support can be in kind and can take several forms. It includes provision and maintenance of equipment, provision of facilities such as meeting and function rooms, the service of club employees and other support such as meals on wheels vans, children and seniors Christmas parties.

External cash support would include; donations to sporting clubs and activities, police youth clubs and surf lifesaving associations; donations to charities, welfare groups and churches; donations to schools in the form of scholarships; and donations to government agencies such as emergency services and hospitals. External non-cash support takes several forms including the provision of capital equipment and maintenance, club facilities, services of club employees and other support in kind.

Responses to the survey were underestimates. PKF considered the underestimation to be at least 10 percent. One of the reasons for this was that clubs, up to that point, did not have a statutory requirement to value and report on community support expenditures. Many clubs did not have systems in place to adequately extract the relevant data. This particularly impacted upon the estimation of in-kind community support. Additionally, due to the timetable imposed by the NSW Government, clubs were granted only a short time to respond to the survey. This, coupled with the need to audit the information, hindered clubs' efforts to properly value their community support. CCCANZ believes that, as a result of these factors, clubs offered conservative valuations and underestimated actual community support.

The PKF survey provided explanatory guidelines to ensure that only appropriate items and amounts were included in estimates of community support.

The distinction between member and community support is sometimes very arbitrary where communities are small or where cross categorisation may exist. For instance if a club member is also a member of a community group, the intention may be to support the community group which may also benefit a club member. CCCANZ is confident about the validity of the results.

Table 2: Community Support as Percentage of Operating Profit, 1997

	Metropolitan Clubs	Country Clubs	Sub-total
Cash in house	4.8	11.9	7.0
Cash external	5.8	19.8	10.7
Non cash in house	15.5	8.9	10.9
Non cash external	3.9	7.2	6.2
Total	30.0	47.8	34.8

Source: PKF, 1998

The PKF survey shows that the value of community support by Clubs is significant when compared against their operating profit. Country clubs have very strong community roles particularly in terms of cash support. Metropolitan clubs are very strong in the form of non-cash support.

In the ACT, community support expenditures reported by clubs for 1997-98 (excluding the sports levy) represented approximately 11 percent of net gaming revenue (Commissioner for ACT Revenue, 1998).

In Queensland, community support expenditures (in the form of cash and in-kind donations and sponsorships) by clubs for 1998 represented 18 percent of net metered win or nearly \$80 million (KPMG, 1999).

Removal of the mutuality principle or increases in state taxes would add financial pressure to clubs. One consequence would be to adversely affect the clubs' capacity to provide community benefits.

Analysis of individual club contributions shows that many of these benefits are very localised. Often community support is in the form of small amounts given to a large number of groups and individuals. Attachments 1 and 2 list the community contributions of just two clubs, Panthers and the Canberra Southern Cross Club respectively. This small sample of overall contributions shows that clubs support a wide and diverse range of community groups and individuals.

It is worth noting also that larger clubs are responsible for a high proportion of the benefits. Examples of local community contributions by larger clubs include:

- \$1.35 million to the Bankstown Lidcombe Hospital by the Bankstown District Sports Club;
- \$0.5 million to Canterbury Hospital from Canterbury Hurlstone Park RSL; and
- \$3.5 million to Archdiocese of Sydney Charitable Welfare Fund from Illawarra Catholic Club.

The Commission suggests that reduced community support by clubs due to higher taxation would be of little consequence. Governments would be able to decide centrally through the increased taxation what should be the priorities for communities. CCCANZ does not agree that a full centralisation system is preferable.

CCCANZ argues that the current system provides a balance between local priorities and central priorities. Localised support has many advantages. It allows for timely responses which are often necessary. It allows for the efficient distribution of small amounts which might otherwise not be handled cost effectively. Club support can be the catalyst for triggering broader support.

As an example, Rotary Cottage was established at Nepean Hospital in 1995 to provide affordable accommodation for cancer patients and relatives. It was a project of the Rotary Clubs of Nepean, Penrith and South Penrith. The first large donation of public funds came from Panthers Club and has been followed by several additional large annual donations from the Club. According to the Rotary Cottage Chairman of Trustees (1999), "With the help of Panthers, Rotary and Rotary Cottage have gained a level of public awareness that would have cost our organisation a considerable sum of advertising money with tremendous results."

CCCANZ recognises that a central perspective is necessary for deciding on cross regional priorities. But it also realises that this perspective has inherent weaknesses. Central priorities are determined by several factors which include non-community need

drivers such as political considerations. It can mean that more politically marginal areas can receive benefits at the expense of communities in other areas providing the taxes.

Club members are a part of the local community and reflect the values and understand the issues of their community. Their boards are elected democratically. Their boards reflect the wishes of the membership in providing the support donations to groups and individuals in their community.

Australia's three tiers of government make centralisation of taxation and priority setting a complex and cumbersome task. At present many of the community support activities provided by clubs are local government issues. However the flow of funds suggested by increased taxation will be either to a federal or state governments. This system makes it very difficult to be confident that new priorities would yield better results than the current settings.

It is certain, however, that there will be a loss of community funds through centralisation. Administration and compliance costs for taxation collection can significantly reduce the size of funds available for distribution by governments. Administration of the funds over three tiers of government would also mean a loss of available funds for community support.

Regulation of Community Support

Governments are increasingly, as a matter of policy, setting minimum levels for community support. CCCANZ sees such undertakings as a base guide and a means of making clubs more accountable. Traditionally clubs have exceeded the levels that are being set. Some examples of developments in various States are listed below.

New South Wales

The registered clubs and the NSW Government, in consultation with the Council of Social Services of NSW (NCOSS), established a system of Community Development and Support Expenditure (CDSE) in 1998. The CDSE has defined two categories of qualifying community expenditure. Category 1 is specific community welfare, development, social services and employment assistance activities. Category 2 is other community development and support and includes amateur sport, education, local government support and voluntary organisations. The CDSE sets a rate of expenditure of 1.5 percent of gaming machine revenue on approved projects for clubs with surpluses in excess of \$1 million per annum. In 1997/98 there were 440 clubs in this category. Aggregate spending is expected to be around \$40 million in 1999.

Queensland

Within the Queensland state tax structure, three specific levies are raised as a contribution by clubs to the social development of that state. The Gaming Machine Community Benefit Fund receives 8.5 percent of total gaming taxes. The Sports and Recreation Benefit Fund receives 23 percent and the Charities and Rehabilitation Benefit fund receives 13 percent. The remaining taxes are applied to consolidated revenue. These allocations have occurred by cabinet decision rather than by regulation.

South Australia

In South Australia, all clubs operating gaming machines are required to pay duty to the State Government as well as a per machine monitoring fee to the Independent Gaming Corporation. By statute, the Government annually contributes \$2.5 million to the Sport and Recreation Fund, \$3 million to the Charitable and Social Welfare Fund and \$15.5 million to the Community Development Fund. The Independent Gaming Corporation annually contributes \$1.5 million to the Break Even program and a further \$400,000 to a range of charitable organisations.

Australian Capital Territory

In the ACT, there is mandatory reporting of contributions by gaming machine licensees to charitable and community organisations. This subjects the activities of clubs to public scrutiny.

Victoria

In Victoria there is no mandatory reporting of club contributions to the community. However, under self-regulating Victorian Gaming Machine Industry Codes of Practice, clubs are required to make an annual contribution of \$5 per electronic gaming machine to fund the costs of the Gaming Independent Complaints Resolution process and the self exclusion process for problem gamblers.

Community Based Versus Private Sector Gaming

Gaming in Australia is currently provided by a mixture of private sector businesses and not-for-profit community based clubs. There are restrictions to market entry and supply which allow for excess profits to be generated. CCCANZ strongly believes that the excess profits should not accrue to individuals but be returned to the community.

Governments have sought to capture some of the excess profits through special taxes and licenses on hotels and casinos. However, the evidence suggests that excess profits are accruing to individuals under the relaxation of regulations. The resale values for gaming machine licences have risen over the past few years. In NSW the capital values of hotels have risen substantially since the decision to introduce gaming machines. NSW hotel prices increased between 30 and 50 percent when the limit on the number of gaming machines increased from 15 to 30.

Hotel capital values and profitability have grown strongly. The ABS survey of Clubs, Pubs, Taverns and Bars (1999b) shows that hotels without gaming marginally improved their operating profit margin from 4.5 to 5.7 percent from 1994-95 to 1997-98. However over the same period hotels with gaming machines went from 3.9 to 8.9 percent showing significant improvement.

Hotels with gaming facilities had significantly lower mark-ups on liquor and other beverage sales (68%) than pubs without gaming (95%). This suggests that pubs behave in a similar manner to clubs in terms of linking their gaming activities to other services provided. By focussing on cross-subsidisation within clubs only, the Commission presents an unbalanced analysis of industry pricing structures.

In the case of not-for-profit community clubs surpluses are either returned to members through services, returned to the community through the provision of facilities or donated to charities or community organisations. As noted in the section on community benefits in this submission, clubs provide extensive benefits to the community. The difference with other gaming providers, such as hotels and casinos, is that part of the surpluses which could have gone to the community are passed to their shareholders in the form of profits and capital gains.

The information above suggests that the transfer of activity from clubs to pubs has meant that potential community benefits have been captured by the hotel owners.

Problem Gambling

The Club Movement accepts that there are problem gambling risks that must be managed just as there are safety risks with the consumption of many products and services. As the Commission shows the net economic benefits will be greater when problem gambling is reduced. Clubs are keen to minimise any harm to members and this can be seen in the proactive stance that has already been taken by many individual clubs and the significant statewide program that is being undertaken by the RCA in New South Wales.

In the opinion of CCCANZ, the not-for-profit nature of clubs and the fact that clubs exist for the benefit of their members are positive drivers for a responsible gaming environment. These drivers, together with appropriate education and training programs, can be implemented to the benefit of all. The Club Movement has taken initiatives which show that clubs are prepared to self regulate their activities.

The identification and quantification of problem gamblers is a difficult area and the Commission recognises this difficulty. Clubs recognise that a small number of patrons who engage in club gambling activities may be adversely affected. The experience of club managements and executives would suggest that the magnitude of the problem does not warrant actions that detract from the entertainment value experienced by the vast majority of patrons. An approach that strives to achieve effective harm minimisation together with appropriate support for the minority of gamblers who do experience difficulty is advocated. CCCANZ recognises the value of appropriately funded research into the issue of problem gambling. Research should focus on developing a better understanding of problem gambling and seek to develop effective programs and strategies to minimise harm.

It is not clear that, as concluded by the Commission, the major determinant is accessibility, in particular to gaming machines. The Commission has based this conclusion on a correlation between its estimates of problem gambling and liberalisation of gambling supply. The issue is likely to be far more complicated and needs to take into account other societal and population factors. CCCANZ suggests that further research on casual links is required. More importantly, we need to better understand how harm minimisation might best be achieved.

CCCANZ is concerned that the Commission failed to recognise the work that the Club Movement has, and currently is, undertaking to minimise harm from gambling. As an example, the RCA announced its Responsible Gambling Policy on 31 May 1998.

The RCA had contracted the Australian Institute of Gaming Research, headed by Professor Jan McMillen, to conduct a Responsible Gambling Trial Program in a sample of clubs. The objective of the trial was to translate the RCA's Responsible Gaming Policy into implementation strategies that could be adopted by clubs.

Specifically, the implementation aims to develop effective and preventative industry based measures which will enable the minimisation of harm associated with gambling

and the maximisation of benefits to gamblers and the community at large. Professor McMillen presented the final report in December 1998.

On the basis of the report the RCA committed itself to proceed to the next stage of fully developing and disseminating statewide a responsible gaming program to all clubs. The program will contain a code of practice, advertising code, responsible gaming management manual (a significant resource and reference for clubs) and a comprehensive training program.

It should be noted that clubs operate under a diverse range of circumstances including size, resources, geographic location, community expectations and ethnic background of members. The trial suggests that a “one size fits all” solution is not the most effective approach to a successful implementation. The program approach involves implementing a core set of basic strategies with additional strategies being adopted depending on the circumstances.

The Responsible Gaming Program is a co-ordinated comprehensive program that will be delivered to some 1,400 clubs. Incentives will be provided to encourage its adoption by clubs. The program represents a very large and ongoing public commitment by the Club Movement toward harm minimisation in gaming.

It is noteworthy that the RCA will subject the program to independent evaluation and review and will publish the findings. It is anticipated that the statewide dissemination of the program will commence in the final quarter of 1999.

In the ACT, clubs together with the ACT Government, gambling counseling and support agencies and other sectors of the gaming industry cooperated to develop a voluntary code of practice for gaming services. In keeping with the code, the Club Movement has introduced and is maintaining a self-exclusion program for patrons who experience problems with gambling.

Clubs Victoria likewise has developed a self-regulating Gaming Machine Industry Accord and codes of practice. It has established a self-exclusion process from gaming venues that has patron acceptance.

Clubs Queensland has been an active participant in the Responsible Gambling Committee established by the State Department of Family Services to develop appropriate policies and strategies to manage problem gambling. Member clubs work closely with relevant agencies funded by Government from gaming levies to provide counseling and assistance to “problem gamblers” and their families. Member clubs in the areas of Cairns, Mt Isa and Rockhampton are cooperating in the Department’s trail of a new telephone “help line” in those centres. Further, Clubs Queensland is closely monitoring the trail of the RCA’s responsible gambling program strategies.

The South Australian club industry is involved in the Smart Play program, which provides players with a comprehensive guide to understanding the operational aspects of gaming machines in order to maximise pleasure and enjoyment while minimising the risks of excessive gambling. The program includes the identification, through brochures

and posters, of avenues available to individuals seeking assistance with a perceived gambling problem. In addition, a 24 hour hotline will shortly be established.

Clubs recognise their responsibility to ensure that they are managed professionally, especially in regards to the provision of gaming, in accordance with community expectations. As part of their voluntary code of practice, clubs assist in the development of guidelines for responsible advertising, promotion and the use of gaming machines.

Mutuality

The principle of mutuality is not specifically contemplated under the Income Tax Assessment Act, but rather has arisen out of the common law. Basically the principle states that a person is not the source of their own income. That is a payment by a person to him or herself which will be used for the benefit of that person in accordance with that person's wishes, is not income of that person.

Where a number of people group together for a common purpose and to that end pay monies to a fund for that purpose, any surplus remaining after application of the fund for that purpose is not income or profit. This surplus is available for the benefit of those people. Further, where the surplus is returned to members, it is not income in the hands of the member.

The principle applies not just to clubs, but also to associations and other mutual operations.

The nature of clubs, large or small, is that they are associations of people for a common purpose established on a not-for-profit basis. Income from non members is not covered by the mutuality principle and is rightly taxed. Members are required to adhere to certain conditions and the club agrees to behave according to its articles of association.

The principles behind mutuality still are as relevant in 1999 as they were in 1918 when set out in *The Bohemians Club v The Acting FCT (1918) 24 CLR 334*.

The Commission infers that financially successful clubs have lost their member basis. CCCANZ disagrees.

CCCANZ believes that the premise on which the Productivity Commission bases its case for the removal of mutuality is incorrect. Clubs are non-profit mutual organisations. Member's contributions are applied for the benefit of those members in accordance with their instructions. Revenue derived through the operation of the club is applied to the benefit of club members and to that part of the community extending beyond the club membership, in accordance with the particular club's objectives.

CCCANZ's experience is that members do join particular clubs because they have an affinity with that club. Hing and Breen found in their study of members of large Sydney clubs that some gamblers see playing the gaming machines as a way of contributing to the club. That is, they felt part of the club and it was their main motivation for playing the gaming machines. The Hing and Breen study also noted that only 2 percent of club members who played gaming machines also played machines in hotels.

The Commission's own surveys showed that there are differences in the clientele between clubs and hotels (e.g. women prefer clubs). While it is not possible to draw a strong inference from these findings it does point to a greater link between members and clubs, including large clubs, than suggested by the Commission .

Clubs, in complying with relevant legislation, maintain a stringent set of conditions for membership. Clubs can exclude or strictly limit visitor access to their facilities and services. However the diversity of objects and geographic spread of clubs means that membership is available to a significant component of the adult community. In addition, many clubs, particularly of the sporting orientation, offer junior membership in strict accordance with legislative provisions.

The size of the club is immaterial to the principle of mutuality. Size would necessarily be an arbitrary decision rule unrelated to the principle of mutuality. What is not shown in the Commission's report is how one decides that mutuality is no longer present.

Referring to the nature of large clubs, the Commission states in its draft report that "there are few restrictions on who can use club facilities. Membership appears to be open to all (at a token 'membership' fee), and in any case, non-members are generally welcome, with few if any restrictions, to use club facilities." (p20.21)

It is true that the larger the club the greater the membership, and the more extensive the facilities available to these members. Increasing the size of the club is often a necessary step to obtaining operating efficiencies and generating revenues adequate to fund member and community support programs. For instance, it is unlikely that Panthers could financially support a team in the National Rugby League without a significant membership (approximately 50,000). Part of the attraction for members to join such clubs is their size. However, the Commission erroneously concludes that they have not joined together in a common interest on a not-for-profit basis.

Club growth is a function of the community's demand for the services and facilities provided by clubs. Clubs are not-for-profit organisations and cannot distribute surpluses to their members – as such they do not seek to maximise individual shareholder/proprietor wealth through expansion. Clubs exist for their members. While there are restrictions to becoming a member, these are generally not meant to be so burdensome as to place a major impediment to adults in the community joining. For this reason many clubs try to keep joining fees low and membership criteria minimal.

The Commission has expressed concern that some activities of clubs may be crowding out other possible providers. One sensitive area has been the provision of accommodation. The Industry Commission specifically examined the question of accommodation in 1996. In its submission the Registered and Licensed Clubs Association of Australia demonstrated that the provision of accommodation was in response to the needs of members, the needs of the club's immediate community and gaps in the market not being filled by private suppliers.

The Industry Commission found that "the development of accommodation by registered clubs, especially in areas not favoured by private developers, increases the diversity of accommodation available to tourists. Further, the provision of accommodation by registered clubs is a means of reducing the impact of potential accommodation shortages." (p176)

The Commission has expressed some concern about clubs venturing into normal commercial activities to unfairly compete against other businesses. CCCANZ considers that allegations of anti-competitive business practice should be raised with the Australian Competition and Consumer Commission (ACCC). This is the appropriate authority to deal with such matters.

The Commission mentions as an example a club that now operates a butcher shop. The circumstances of its purchase are instructive in showing how clubs, particularly in small communities, respond to community desires while also seeking to run their operations efficiently.

The circumstances of the purchase of the butcher shop were that the sole operator local business was facing closure and that members, particularly those living nearby, sought their club's support to keep it open. The club invested to upgrade the shop and sourced its supply from the shop, now 100 percent owned. It had essentially switched its meat supply from out-sourcing to in-house supply. The majority of the shop's business is with the club. The shop's remaining business is with some club members and local residents. There is no evidence to show that any other butcher in the region has been materially affected by the club's decision to keep its shop open. The advantages to the club are that it now has greater control over the cost and quality of its material input. Its non-club sales assist in the shop achieving scale economies.

Clubs have different arrangements for what might be called ancillary business services for members. In many cases it is treated as non-mutual income and therefore treated appropriately under income tax rules. An example is where a club simply leases space or a facility to an operator and the lease income is treated as non-mutual. In other cases where clubs operate an activity, a formula agreed under income taxation may be applied to the receipts.

CCCANZ does not accept that a simple size rule would be appropriate in addressing the mutuality principle. Equally, it believes that it is difficult to apply broad determinations about what should or should not be approved as legitimate club activities. The composition of club activities is determined by community need. The needs are locally driven and therefore it is difficult to set universal rules.

Response to Commission Options

The Commission suggests a number of changes to taxation and mutualisation and invited comments on the options. The options are:

- applying income tax to the surpluses derived from poker machines alone;
- increasing existing State taxes on gaming machine revenue;
- limiting maximum poker machines numbers in clubs; and
- demutualisation.

The Commission indicated that it favoured the increase in State taxation.

Partial or Full Demutualisation

The first option might be referred to as partial demutualisation and can be considered in tandem with the last option. For the reasons given above CCCANZ does not agree with either option on principle. Moreover in practice, the goals which the Commission has set itself would be unlikely to be achieved. This is because clubs, being not-for-profit organisations, face a different set of motivations and incentive structures to private enterprise. The imposition of income tax on members' activities would cause clubs to reassess their operations to minimise the tax burden. In addition, there would be considerable administrative burdens for both clubs and taxation offices, particularly with the partial model.

Cap on Machine Numbers

It is difficult to comment on the Commission's option of capping the number of machines without knowing how the system might operate. Does the Commission envisage maintaining or reducing the number of machines in clubs that have made significant investments to accommodate the needs of their members? Does the Commission envisage restricting the number of gaming machines for new clubs? How would the restriction be implemented, by auction, existing size or location? How would the restriction apply in relation to the allocations of gaming machines to hotels and casinos?

The Commission would appreciate that introducing a quantity restriction to a sector which has previously not been constrained could have widespread adverse effects. Most of the effects depend on the severity and method of implementation. Suffice to say, CCCANZ would be concerned about the large proportion of the population which will be adversely affected through restricted choice. Capping will reduce consumer benefit because access limitations will lead to queuing effects and possibly price effects such as lower payouts.

Caps can have the effect of providing a windfall gain to those who hold the existing licences and possibly for new licence holders. In other areas where licence restrictions apply such as with taxis, we see the value of the licence increasing as the restriction on supply becomes greater. For existing private entrepreneurs, the windfall gains from gaming machine licences could be substantial.

In short, caps are a very blunt and inefficient method of addressing the Commission's concerns.

CCCANZ can also foresee severe problems for clubs that have undertaken, or are in the process of undertaking, strategic investments. The viability of these investments could be jeopardised if planned gaming capacities were not realised.

Increased Taxation

In terms of increased taxation, CCCANZ is very concerned about the adverse impact increased taxation would have on the viability of clubs and their community benefit

contributions. The RCA has undertaken a financial analysis of increased State taxation for clubs in NSW. This analysis showed that more than 20 percent of clubs in NSW would become unprofitable or financially marginal under tax equalisation. For all clubs the increased taxation would seriously affect their community support capability. As stated earlier, the current tax differentials are appropriate to community owned gaming and to underpinning an efficient and effective localised system of community support.

Tax differentials also recognise that hotels have the prime locations in many communities. Clubs do not, and generally cannot, compete equally in the marketplace. Clubs are often located with their facility such as a golf course or bowling green. These are not the prime locations occupied by hotels in the commercial centres of most towns.

Moreover clubs operate with greater restrictions in terms of who may use the facilities. The facilities are only available to members and invited guests. Non-members within a 5 kilometre radius of a club face significant restrictions for entry. Hotels on the other hand have an open door which provides them with a much larger potential market than is available to clubs.

In summary increased taxation on clubs would affect the viability of a significant proportion of clubs and would affect their capacity to provide community support and facilities that, in the main, do not generate positive revenues. Taxation differentials recognise that clubs are not set up to compete with other gaming providers. Clubs have restrictions on entry and are often located in non-commercial locations.

Regulatory Processes

In chapter 21 of the draft report the Commission has shown the extent and breadth of legislation which covers the gambling operations amongst the states and territories. It should be noted that most clubs are incorporated, and accordingly are governed, in so far as corporate responsibilities are concerned, by the Corporations Law. The business conduct of clubs is also covered by Trade Practices, Fair Trading and Privacy legislation. The activities of clubs are heavily regulated and there are inconsistencies within regulations between states and territories.

The legislative arrangements have evolved as the different sectors have developed. Hotels had traditionally been liquor and accommodation outlets and only recently have become involved in gambling. Casinos have been seen as requiring a special set of arrangements because they hold a unique place in gambling. The nature of ownership requires different approaches, for instance, between community-based clubs and private enterprises.

While the Club Movement does not support over-regulation of gaming and club activities, it would be equally concerned if the pursuit of uniformity and simplicity imposed too rigid a regime to adequately recognise the differences which exist between the nature and activities of different parties.

CCCANZ agrees with the Commission that the policy development function is properly the preserve of Parliament through the appropriate Minister. Questions such as the degree of accessibility, forms of gambling and tax rates are clearly appropriate for the political domain where the spectrum of community interests can be considered.

With regard to independent gaming commissions, CCCANZ has reservations about their suitability and workability, although judgement would need to be reserved until more detail on individual proposals was available. It is CCCANZ's view that certain key questions are the domain of the Parliamentary process. In the draft report the Commission is suggesting that the gaming control commissions should have an advisory role to governments in areas such as accessibility. CCCANZ is not convinced that this would be an appropriate role. CCCANZ supports public consultation which might include input from control commissions. It is not clear that the commissions should be responsible for the public consultation process. Governments may prefer alternative consultation processes.

The Commission seeks to limit the gaming commissions to gaming issues but they will not have responsibility for related issues such as industry development, promotion and tourism related functions. While there is attractiveness in giving the commissions a narrow focus, there is a question about how workable the model might be. Governments are not likely to make policy decisions on gambling in isolation from these other issues. Yet the model proposed suggests that the commissions would be restricted in their responsibilities to gambling.

The Commission proposes that the control commissions would have independent representatives. CCCANZ is concerned about how the independence of representatives might be determined. There is a risk that the control commissions might be open to capture by one group or another.

CCCANZ agrees with the Commission that there would be major benefits for the states and territories from pursuing a national approach to online gambling. This new technology has the capacity to leap jurisdictions. Importantly there are serious consumer protection issues that might be best addressed nationally. It is in the interest of consumers, government and responsible operators that unscrupulous operators are kept out of this activity.

Specific Comments

Extracts from the Draft Report appear in italics.

1. PROPORTION OF WORLD GAMING MACHINES IN AUSTRALIA

P2.9

Internationally, Australia is second only to North America in the number of gaming machines in operation, accounting for one-fifth of machines world wide (table 2.1).

CCCANZ draws to the Commission's attention an independent audit of the world installed base of gaming machines conducted by Taylor Nelson Sofres (1999) on behalf of the Australian Gaming Machine Manufacturers Association (AGMMA). This audit estimates Australia's share of the world's electronic gaming machines at 2.4%.

The audit shows that there are 7.1 million electronic gaming machines throughout the world. This total is conservative given the existence of unregistered and illegal machines (in countries other than Australia). Japan alone has over 4.6 million electronic gaming machines and there are in excess of 2 million electronic gaming machines including mechanical reel spinning machine, draw poker, video lottery terminals, bingo and keno in the rest of the world.

Australia ranks seventh in terms of the total number of electronic gaming machines behind Japan, US, Italy, UK, Spain and Germany.

2. INTERNATIONAL COMPARISONS OF GAMBLING EXPENDITURE

P3.2

While international gambling statistics are patchy, evidence suggests that Australians are amongst the biggest gamblers in the world.

- *International Gaming and Wagering Business (1996) estimated that gambling expenditure per capita (not per adult) in Australia was \$400, significantly higher than \$170 in the United States and \$370 in Hong Kong.*
- *Gambling activity is also lower in New Zealand — International Gaming and Wagering Business (1997) estimated that turnover in New Zealand was about \$3 billion, much lower than the \$61 billion estimate in Australia. This equates to expenditure per capita in New Zealand of about \$170.*

CCCANZ does not deny that Australians enjoy gambling as a form of entertainment. However, isolated comparisons of this type do not give a true reflection of international spending on gaming and wagering. For instance, the estimates that show Australian per capita gambling expenditure exceeding that of most (if not all) other countries, fails to account for the significant levels of illegal gambling engaged in overseas.

Australia is a mature, transparent and heavily regulated, gambling market and as such overall gambling expenditure is more easily quantified than elsewhere (thanks to

official reporting mechanisms). The studies lose relevance if they do not include a thorough analysis of expenditures on illegal or black market gambling.

3. INTRODUCTION OF GAMING TO LESS LIBERALISED MARKETS

P4.12

In jurisdictions where gambling is not highly accessible, such as Western Australia, the only lobbying for an expansion in the accessibility of gambling appears to come from gambling providers, not the potential customers.

CCCANZ questions the validity of the Commission's statement.

The introduction of new services and products, especially those made available due to new technologies, are rarely introduced due to the lobbying efforts of consumers. The provision of such goods and services often requires legislative sanction and a corresponding organised approach to government and regulatory bodies.

The providers of these goods and services (entrepreneurs) have the economic incentive and the financial resources to orchestrate such a campaign. Individual consumers do not have the resources to perform a similar function in an effort to satisfy their demand for a good or service, gaming included.

The Commission's statement wrongly paints gambling providers as predatory and misrepresents the role of consumers in the introduction of new goods and services to markets.

4. HOW SATISFIED ARE GAMBLERS?

P5.5

Thus, those forms of gambling with higher satisfaction ratings tend to be those with a greater level of social interaction, or requiring some skill in the play, or involving an event (like racing) which offers an experience in its own right.

The Commission seems to infer that players of poker machines derive less satisfaction from that activity than do punters at the track or black jack players at the casino table. The Commission has not demonstrated that people playing poker machines derive less satisfaction (and therefore less utility and benefit) than those playing casino tables or the horses.

Additionally, the statement infers that clubs do not offer gaming members and invited guests an "experience". The Commission offers no support for this statement.

5. INCENTIVES FOR CLUBS TO MINIMISE HARM FROM GAMBLING

p13.26

It is a common perception among members of the public that clubs provide safer gambling environments than hotels. Many believe that clubs are more caring than

other venues about their patrons (who are, in the main, members, rather than customers), and their non-commercial status means staff and management have less interest in generating profits. However, a contrary view was put by the AHHA (Vic), which said:

“Professional managers are attracted to clubs. The profits from gaming are distributed via the management agreement, and the objective of ensuring community benefit can be thwarted.” (sub. 154, p. 11)

The perception that clubs are safer was a view reflected in the results of the Commission’s own survey (chapter 14). However, that chapter also points out that such perceptions may well be ill-founded. Clubs, like other venues, have said that they generally do not actively intervene with players because of the difficulties of identifying problem gamblers, concern about giving offence, or possible potential for liability at law. Instead, they rely on passive measures such as signs and brochures.

The Commission appears to confuse safety and harm minimisation issues.

Firstly, CCCANZ considers that clubs do offer a safer gambling environment than hotels for the following reasons:

- a) The legal requirement for members to sign in invited guests controls the flow of patrons into a club and places a responsibility on the member to monitor and regulate the behaviour of those signed in.
- b) Clubs codify standards of behaviour and disciplinary measures for breaches of these standards. Members generally adhere to these standards.

The “contrary view” put to (and reproduced by) the Commission goes to harm minimisation and not safety.

An unsubstantiated statement from the AHA (Vic) should not be accepted by the Commission as an accurate reflection of club management attitude toward harm minimisation. The clubs where these types of management agreements are most likely to exist are those investing significant resources in harm minimisation programs. Betsafe is an example of proactive investment in harm minimisation by high profile clubs in NSW. Additionally, the existence of management agreements does not necessarily induce manager behaviour neglectful of club members.

Also, the statement ignores the desire of club boards, to which management reports, to minimise harm to members - they’re members themselves after all.

P13.27

A comparison of the proportion of gaming machine spending accounted for by problem gamblers in clubs and hotels suggests that a higher proportion is accounted for by clubs in New South Wales and by hotels in Victoria. It seems that, in a particular jurisdiction, problem gamblers dominate in the most popular form of venue in that jurisdiction. The Commission found no difference between clubs and hotels with respect to the incentive to intervene with problem gamblers.

Overall, active intervention is, in itself, not a simple issue. The Commission would benefit from consulting acknowledged experts on the complexities of problem gambler intervention.

This comparison between clubs and hotels in NSW and Victoria is misleading and does not justify the finding that there is no difference between clubs and hotels with respect to the incentive to intervene with problem gamblers.

The observed outcome that problem gamblers dominate in the most popular venue in that jurisdiction ignores basic historical differences between community owned and privately owned gaming providers in NSW. Hotels have had access to EGMs for a very short time compared to clubs, provide fewer machines, generate less turnover (although they are catching fast) and are subject to a machine venue cap.

Another comparison comes from Victoria where machines were introduced to clubs and hotels at the same time and under similar conditions.

The Commission admits that “the incentives ‘not to identify’ (problem gamblers)...may even be greater in Victoria, where venues are required to achieve minimum rates of return in order to retain their machines” (p15.52). Hotels in that state have clearly outstripped clubs in terms of machine turnover growth and accessibility. This is because the incentives are different for hotels than clubs where hotels have stronger imperative to maximise their returns on capital employed.

P13.27

Moreover, even if it could be shown that there was a lesser risk of harm in clubs generally, this may still not justify special treatment of clubs as a group. Individual clubs vary in many respects, including in the quality of their internal programs and their capacity to implement them effectively. The Commission has seen some that are clearly very good, others less so. The same applies to hotels. There is no completely safe environment. But gamblers will be safer in some clubs than others, and in some hotels than others (chapter 8).

As noted above, the Commission appears to confuse safety and harm minimisation.

6. PLAYER INFORMATION

P15.13

The Commission seeks views on how to best communicate gaming machine prices to consumers.

P15.16

In summary, the Commission favours, in principle, the availability of better information about the price of playing poker machines, including:

- *a simple system of informing consumers about loss rates on machines. But notification of machine returns is a misleading indicator of the machine*

price and should not be implemented;

- *the expected duration of playing associated with any given player style and;*
- *an indication of the likelihood of any given payout on the payout tables displayed on the machines.*

The display of “odds of winning” in relation to poker machines is problematic for the following reasons.

- a) Modern gaming machines have large and complex prize scales with second screens and other features. Describing the prize scale (as accurately as possible) would require a large amount of statistical information to be made available to the player if the “odds of winning” each of the possible winning events was required.
- b) Presentation of this material in a satisfactory, user friendly manner will be difficult. Attempts to simplify the detailed statistical description outlined previously can lead to misrepresentation and confusion.
- c) Representing the “odds of winning” with a single “overall return” will confuse players. There is also the added complexity that this figure may depend upon the strategy used to play a gaming machine. As an example, games of skill (e.g. draw poker) assume a particular strategy in order to arrive at an “overall return” and players do not necessarily follow the assumed strategy. Similar considerations apply to a spinning reel machine where playing with a larger stake often results in a higher return.

CCCANZ considers that a proper evaluation needs to be carried out as to the need and efficacy of any strategy for displaying “odds of winning” on each machine prior to its introduction.

7. PROVISION OF RECORD OF SPENDING

P15.23

The Commission considers that where loyalty cards are used, consumers should be provided with a periodic record of their spending (as in bank account records). Such records should also be provided to TAB phone betting account holders.

This measure would generate significant additional administration costs for clubs that would be passed on to members. A cost-benefit analysis of this proposal should consider that nearly 98 percent of players would not derive any benefit from such a system, but would be made to pay for it nevertheless.

8. ATM ACCESSIBILITY

P15.50

A number of measures could be considered for restricting access to funds in gambling venues:

- *restrictions on the nature of ATMs in gambling venues. They could, for example, have lower daily maximum withdrawals, exclude credit withdrawals, allow only one withdrawal per customer per day and have clearly posted warnings to*

consumers about problem gambling. The Commission is uncertain of the technical feasibility of this measure and invites comment on its practicability and cost.

CCCANZ requests that any analysis of ATM accessibility (and location) in clubs take into account physical considerations (eg. clubs with single room premises) and patron and staff safety and security.

9. CASHING OF CHEQUES IN GAMING VENUES

P15.50

• The Commission considers that cheques should not be cashed in gambling venues, even when purportedly done for non-gambling items, such as food or alcohol, with the exception of high-rollers in casinos where this facility has been pre-arranged. This is because it would be too easy to circumscribe the intention of the regulation to restrict access to gambling credit, if patrons were able to secure cash credit for other goods and services.

CCCANZ questions the Commission's determination that cheques should not be cashed in gambling venues on two grounds.

- a) Cheques are a legal means of financial exchange preferred by significant numbers of club members.
- b) Not all checking accounts are overdraft accounts and as such do not always provide a credit facility to gamblers. It is a logical extension of the Commission's finding that the use of debit cards (attached to savings accounts) to obtain funds in gambling venues also be prohibited. The Commission does not, in fact, draw this conclusion.

10. WITHDRAWAL OF GAMING SERVICES

P15.53

The Commission considers that there may be scope for the development of a regulated requirement for withdrawing gambling from a person whose behaviour suggests excessive gambling.

CCCANZ does not support the development of such a regulated requirement. Frontline staff at clubs cannot be expected to conform to a regulation requiring them to act as experts in human behaviour and identify and remove individuals whose behaviour suggests excessive gambling.

Further, CCCANZ is confused by the Commission's use of the word "excessive". The identification of excessive gambling would be subjective and imprecise. "Excessive" is a relative term that cannot be applied here.

CCCANZ assumes the Commission's intention is to identify "problem" gambling. Given the acknowledged difficulty in defining (and identifying) problem gambling, the development of a workable guideline for staff would be problematic.

CCCANZ's preferred option is to proceed cautiously and focus on minimisation of harm associated with misuse or abuse of gambling via an industry code of practice, and not on more subjective and unresearched aspects of problem gambling.

11. SELF-EXCLUSION

P15.54

The Commission considers that self-exclusion should take the form of a simple contract written by the problem gambler with the gambling provider, with the gambler, not the venue, being liable for violation of the contract.

CCCANZ agrees with the principle of self-exclusion but is not certain that clubs can be given sufficient protection against litigation by a simple contract written by the problem gambler with the club.

As part of the formulation of its Responsible Provision of Gaming Program, the RCA has expended considerable effort in developing a legally acceptable deed of self exclusion. The complexity of the document is due to the need to cover the many exposures that arise when attempting to implement such a strategy. Attempts to reduce the exposures through legislation and thus potentially enable the adoption of a simpler document are supported.

Additionally, the nature of the Club Movement (i.e. numerous, geographically dispersed venues) means that self-exclusion programs might not be as effective as those instituted by casinos. Problem gamblers have a wide choice of gaming venues, not all of which will have entered into a self-exclusion contract with the gambler.

12. MACHINE DESIGN

P15.58

The underlying principle of machine design under this approach is informed consent. The Commission strongly endorses the idea that machine design should aim to maximise such informed consent. Some changes that are consistent with the notion of informed consent include:

notification of the dollar value of bets, rather than credits, so that consumers are aware of the real units being gambled (sub. 104, p. 48);

- where it is possible to identify the player (for example, through their use of loyalty or other cards), on-going notification of the amount lost in a gambling session at a venue; and*
- as noted previously, notification to the consumer of the expected duration of play associated with any particular choice of lines and credits.*

CCCANZ contends that the Commission should carefully consider the costs and benefits of altering EGM technical specifications to maximise informed consent. Control over the design and presentation of a gaming machine should remain with the industry. Cost effective, appealing and innovative products form the basis of a viable industry that is capable of delivering products enjoyed by the vast majority of users.

The Commission acknowledges that nearly 98 percent of users are not the subject of problem gambling considerations. Any technical measures that are introduced through regulation to address perceived or real problems that affect the small minority while detracting from the enjoyment of the majority should be carefully researched and justified before being introduced.

Additionally, current EGM technologies do not allow for the provision of this type of information.

On the issue of displaying credits in dollar terms, the Association is not aware of any widespread concern by machine players that they have difficulty in equating the number of credits and the dollar value.

A side issue of concern is the effect on static prize scale displays and whether each prize scale will need to be shown in dollars and cents. Prize scale displays in dollars and cents might lead to greater complexity and cost which will be difficult to justify in terms of addressing responsible gaming issues.

13. SMART CARDS

P15.62

*It is possible that cards could be required for using certain gambling forms, such as gaming machines. Such cards need not be used as a payment mechanism, but rather could be like the myriad of other cards that are now routinely used to provide identification in transactions (from Medicare cards, library cards and even video cards). To be feasible in the current environment, such a card system would have to be cheap to acquire and to use. One option may be to make minor alterations to existing bank swipe cards so that they stored players' preferences for gambling. In this instance, cash would still be used to play the machines. Indeed the only purpose of the card would be to identify the gambler and to automatically credit large prizes to the player's account — it would **not** be used as a debit or credit card for the purpose of gambling. Such a card system is consistent with their already widespread use as loyalty cards. However, it is likely that such a system would be expensive (in the short term) to use in States where there are already many machines (given the need for machine modifications). On the other hand, such a system may be useful in a State like Western Australia, were they to decide to partly liberalise access to gaming machines. There may be other ways in which consumers could currently have more control over the games they play. **The Commission seeks feedback on how such measures might work, their likely costs, pros and cons.***

CCCANZ's considers that the anonymity of gaming machine players should be preserved, if that is their wish. Outside the issue of the costs and benefits for those who gamble without problem, smart cards should not be introduced compulsorily for players, except perhaps for those who have admitted themselves into a self-exclusion program.

The electronic linking of gaming machines to financial institutions is prohibited in NSW. CCCANZ is not sure that problem gambling concerns are sufficient to override concerns relating to criminal activity.

14. BILL ACCEPTORS

P15.62

The Commission finds good reasons for bill acceptors not being included in the design of poker machines, with any cash dispensers being located outside the gaming area.

The Commission argues that removing bill acceptors from machine design is a measure that is “relatively well targeted on problem gamblers, is cost effective, and does not unduly inconvenience recreational gamblers.” This is not the case.

Figures presented by the Commission at figure 15.9 show that 54.5 percent of non-problem gamblers and 81.2 percent of problem gamblers utilise bill acceptors when playing machines with that facility. In other words the majority of gaming machine players utilise bill acceptors. The Commission’s suggested restriction will adversely impact on a majority of non-problem gamblers. Moreover it is a matter of conjecture whether the restriction will significantly influence the behaviour of problem gamblers. Simply put, the case has not been made that the restriction will provide a net benefit. As a matter of good policy, this needs to happen before more restrictions are placed on the majority of gamblers.

15. MAKING PLAY CHEAPER FOR PROBLEM GAMBLERS

P15.66

Of course, it is not possible for all poker machine players to play the machines at a zero price, since there are costs associated with providing the machine and a need by State governments for revenue. This suggests two possibilities:

- *there could be a two part pricing strategy. Players could be charged an upfront cost to use the machine for a certain period of time, and the expected loss rate would be zero. This is entirely consistent with the viewpoint that the machines provide entertainment to patrons, and is more akin to the charging strategy for video arcade games and other entertainment forms; and*
- *if cards were required for gambling (as in box 15.28) then these could record a player’s annual poker machine expenditure. When the level was below a certain threshold, say \$2 500, they would receive the standard odds. Once their expenditure exceeded that threshold, the expected price would again be zero (so that the poker machine would read the card and use a different set of virtual reels for these players). This has the advantage that venues would have strong disincentives to have many players spending above the threshold amount and might put in place more effective measures to cut problematic play (since the venues would make a loss on any gambling above the threshold).³⁴*

*The potential advantage of these possible options is that they limit the financial exposure of problem gamblers, thus limiting the harm from problem gambling. **The Commission seeks views on whether these or other pricing models would be feasible.***

CCCANZ reminds the Commission that gambling is entertainment for the majority of patrons and that, unlike arcade games, it is the opportunity to win money that provides part of the entertainment. The Commission appears to miss this connection.

CCCANZ would like to apprise the Commission of the adverse consequences of altering EGM odds offered to problem gamblers.

Developing a pricing system for problem gamblers such that initially the “standard price” is offered and after a certain threshold loss (\$2,500 per annum) the expected losses are zero effectively creates a game where the expected player return is 100 percent and the venue return is 0 percent.

There are significant technical issues attached to the adoption of this proposal. It would require, as a minimum, the implementation of the following:

- a) A database containing each player’s spending history, capable of producing an alarm or triggering signal whenever the cumulative spending reaches the predefined threshold;
- b) Identification of the player each time they participate in machine play; and
- c) Machines designed to connect to a system containing the player database and to alter their expected returns based on an instruction received from the database system. A command signal would need to be issued to revert to standard mode once the player ceases to play on the machine. Presumably this would be determined by the player signaling that they have finished playing (by removing their player card).

Gaming machines capable of altering returns under the control of external systems do not exist in NSW. There are significant security and integrity reasons for this and existing legislation requires prize scales (i.e. expected returns) to be approved by the authority before they are altered.

It is likely that the technical requirements necessary to implement such a feature are not available in any jurisdiction and would require significant investment in new equipment and systems or alteration to existing systems. CCCANZ considers this to be an expensive way to limit the expenditure of 2.3 percent of the adult population.

Additionally, a variable odds system must address the following issues.

- a) A machine that has an expected zero cost (100 percent return) to the player does not guarantee that the player will not lose their money during a playing session. Zero cost is a statistical concept that may only be approximated after a very long period of play.
- b) A machine that is designed to alter its playing characteristics according to the amount of money spent by a player can lead to significant security and integrity considerations. How can “zero cost” play be restricted so that only the problem gambler can take advantage of it? How are we to ensure that other parties cannot

manipulate this feature to their advantage and to the detriment of the venue? Zero cost to player necessarily means zero return to venue. Are clubs expected to expose themselves to significant losses as players cross a predetermined spend threshold (it creates a heavy incentive for gamblers to manipulate the system to gain better odds)? An analogy could be drawn with wagering. Will bookmakers be required to offer punters better odds on every dollar wagered in excess of \$2,500?

Overall, CCCANZ rejects variable odds systems as a way of controlling problem gambling.

16. LINKED JACKPOT MACHINES AND ACCELERATORS

P15.67

The Commission seeks views on whether linked jackpot machines and accelerators should be banned, and if so, whether the ban would involve significant implementation costs for existing machines.

CCCANZ opposes the banning of linked jackpot machines and accelerators. The benefit of banning these technologies (presumably to problem gamblers) is far outweighed by the cost incurred by the vast majority of gamblers who use and enjoy these features and do not have a problem.

There might, however, be a role for improved player education so that the characteristics of random and standard links and accelerators are better understood.

17. FUNDING FOR PROBLEM GAMBLING SERVICES AND RESEARCH

P16.14

In NSW, the Sydney Casino operator pays a 2 percent levy on casino gaming revenue into the Casino Community Benefit Fund (CCBF). However, as the name of the fund suggests, no gambling code other than the casino makes any contribution to fund problem gambling services.

CCCANZ disputes the accuracy of this statement.

In a November 1998 report to government entitled “Inquiry into Gaming in NSW”, the Independent Pricing and Regulation Tribunal of New South Wales (IPART) found that:

“other sources of funding for services and research (relevant to gambling) include individual gaming operators, DOCS, NSW Health, universities and welfare groups. Also from February 1998, over 440 clubs with gaming turnover in excess of \$1m pa have the option of receiving a tax reduction by spending up to 1.5% of their gaming machine profit (over \$1m pa) on specific community welfare and social services.” (p61)

18. CORPORATE TAX ON INCOME EARNED FROM GAMING MACHINES

P20.19

In New South Wales, clubs pay no corporate tax on the income earned from gaming machines, because the machines are owned by the club and the expenditure is made by members.

The Commission's statement is false.

Clubs pay corporate tax on that part of income earned from non-member playing of gaming machines.

19. ODDS DIFFERENTIAL BETWEEN CLUBS AND HOTELS

P20.23

One potential source of distortion stemming from mutuality are prices which depart from market values. In some states poker machines in clubs return a higher percentage to players than do poker machines in hotels. For instance, in 1997, in New South Wales payouts in clubs averaged 90.6 percent, while those in hotels paid out an average of 89.5 percent (Department of Gaming and Racing 1998). This means that in those clubs poker machine services are on average 11 percent cheaper in clubs than in hotels. However, unlike hotels, clubs have no cap on the number of poker machines they may install, so that the average number of machines in clubs is much greater than in hotels. There appear to be economies of scale in operating gaming machines, so that it is possible that the price difference reflects the combination of hotel-specific venue caps and economies of scale, rather than the influence of mutuality.

*The Commission found a highly significant relationship between price and the number of machines in hotels and clubs (figure 20.7). Price differences, controlled for the size of the venues, are much smaller than 11 percent. For venues with 30 machines the price difference is around 5 percent, while if the cap on machines in hotels were to be relaxed, it appears likely that the price differential would fall even further, and may disappear (or go the other way). **This suggests that the major reason for the more attractive odds on gaming machines in clubs is not mutuality itself, but the fact that clubs, unencumbered by venue caps, can reap economies of scale.***

This analysis does not recognise an important historical event that impacted upon the EGM odds offered in hotels as against clubs.

The 1997 payout statistics relied on by the Commission were released in 1998 by the NSW Department of Gaming and Racing and cover the year ending 31 May 1997 for clubs, and the year ending 30 June 1997 for hotels (there is usually a 7 month lag in releasing this report).

This is significant for the following reason.

Poker machines were introduced into NSW hotels on 1 April 1997 and, due to problems with machine supply and hotel preparedness, were not installed in significant quantities until the end of May 1997. The 1997 figures, therefore, account only for one month's poker machine operation in NSW hotels! This is hardly an appropriate base upon which to build a pricing comparison and trend analysis.

Prior to 1 April 1997 hotels offered EGM gaming via Approved Amusement Devices (AADs) only. The NSW Government imposed gaming duty on these machines based on machine turnover, not revenue. This had significant implications for the player return offered by hoteliers (via AADs subject to a turnover tax) as opposed to that offered by clubs (via poker machines subject to a revenue tax). With the introduction of poker machines to hotels on 1 April 1997, the NSW Government replaced turnover tax with revenue tax for all hotel poker machines.

The following table shows comparative payout ratios for the years 1994-1998

<i>Year (ending May/clubs and June/hotels)</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>
Return to hotel - %	11.8	9.7	9.9	10.5	10.1
Return to hotel player - %	88.2	90.3	90.1	89.5	89.9
Return to club - %	9.6	9.6	9.6	9.3	9.7
Return to club player - %	90.4	90.4	90.4	90.7	90.3

Source: NSW Department of Gaming and Racing, 1994-1999

The last available figures (hotel December 1998 quarter and club November 1998 quarter) are as follows:

Return to hotel - %	10.2
Return to hotel player - %	89.8
Return to club - %	10.1
Return to club player - %	89.9

Source: NSW Department of Gaming and Racing, 1999

These figures indicate that the price of gambling between hotels and clubs has equalised and cast extreme doubt on the Commission's mutuality/venue caps/economies of scale thesis.

Attachment 1

COMMUNITY SUPPORT BY CANBERRA SOUTHERN CROSS CLUB 1999–2000 RECIPIENTS

ACT Alzheimer's Association	Carmelite Men's Committee	Onward (Yarralumla Stroke Club)
ACT Cancer Society Inc	Caroline Chisholm House (Goods)	Open Family Foundation
ACT Deafness Resource Centre Inc	Catholic Women's League	Ozaham Home for the Aged
ACT Down's Syndrome Group	Christian Media Association ACT Inc	Parents Support Service
ACT Hospice Palliative Society	Citizen Advocacy ACT Inc	Parkinson's Disease Society ACT Inc
ACT Life Education Centre	Council on the Ageing ACT Inc	Pegasus Riding for the Disabled ACT Inc
ACT ME/CFS Society Inc	Cystic Fibrosis Association of ACT Inc	Post-Natal Depression Support Group ACT Inc
ACT Motor Neurone Disease Care and Support Association	Diabetes Australia ACT	Pregnancy Support Service
ACT Right to Life Association	Disabled Peoples Initiative ACT	Print Handicapped Radio ACT Inc
ACT RSL Support Group	Domestic Violence Crisis Service	Prisoners Aid Committee ACT Inc
ACT Society for Physically Handicapped Inc	Dominican Laity—St Catherine of Sienna	Project Saul
Adoption Families Association ACT Inc	EPCIC (Educational Programs for Chronically Ill Children)	Retired and Sick Priests Fund
Alcohol & Drug Foundation	Epilepsy Association ACT Inc	RSPCA
Anglican Retirement Community Services	Faith and Light Canberra	Sands ACT
Anglicare Canberra and Goulburn (Bishop's Careforce Appeal)	Friends of the Brain Injured ACT Inc	School Education Program (Mental Illness Education ACT)
Anzac Day Mass Committee	Galilee Inc	Serra Club of Canberra
Arthritis Foundation of the ACT Inc	Greystanes Children's Home	SHOUT
ASCA (Advocates for Survivors of Child Abuse)	Guide Dog Association of ACT Inc	Sir Leslie Morshead War Veterans' Home
Australian Catholic University	Handyhelp ACT Inc	Sleep Apnoea Association Inc
Australian Centre for Christianity and Culture	Intellicare Association Inc	Society of St Vincent de Paul
Australian Church Women ACT Unit	Irish Memorial Snowy Mountains 50 th Anniversary	Southpaw Stroke Club
Australian Family Association ACT	Kairos Prison Ministry	Southside Community Services — Neighbours Program
Australian National Eisteddfod Soc.	Karinya House	SPELD
Bernardo's ACT (Children)	Koomarri Association ACT Inc	Spina Bifida Group (ACT)
Belleden Youth Services	Kurrajong Nursery Fusion Youth Accommodation Services	St John Ambulance Australia (ACT)
Billings Family Life Centre ACT Inc	L'Arche Genessaret Inc	St Mark's National Theological Centre
Bishop Morgan's St Christopher's Chapel Appeal	Legacy Club of Canberra ACT	St Nicholas Young Carers Project
Brindabella Gardens	Lifeline Canberra Inc	Stewart House
Canberra Beginning Experience	Lone Fathers Association ACT Inc	Sudden Infant Death Association ACT
Canberra Blind Society Inc	Malkara Special School	TADACT ACT Inc
Canberra Glaucoma Support Group	Marymead Child & Family Centre	The Smith Family
Canberra Schizophrenia Fellowship Inc	Mirinjani Retirement Village	TOC H Canberra Branch
Carers Association of the ACT	Multiple Sclerosis Society of the ACT Inc	Transitional Accommodation Services ACT (formerly DARE)
Carmelite Ladies Auxiliary — St Terese	National Association for Prevention of Child Abuse and Neglect	Tribunal of the Catholic Church
	National Brain Injury Foundation Inc (including Headway)	Vietnam Veterans Federation
	National Council of Women of ACT Inc	Woden Special School — P&C Association
	Nursing Mothers' Association of Australia	

Attachment 2

DETAILS OF COMMUNITY SUPPORT BY PANTHERS CLUB

Name	Last Year Total	1997 Budget	Projected Total
Sports			
Australian Sports Foundation			
De Roos School of Tumbling			
Katoomba Touch Football Association			
Nepean Amateur Athletic			
Nepean Blind Sports Club Inc			
Nepean Soccer Association			
Nepean Swimming Club			
North Western Metropolitan Region of RCA			
Panthers Golf Club			
Panthers Junior Triathlon			
Panthers Winter Duathlon Series			
Penrith "Panthers" Soccer Club			
Penrith Baseball – Junior			
Penrith Baseball – Senior			
Penrith Basketball (Panthers CBA)			
Penrith BMX Club			
Penrith City Chiefs (Gridiron)			
Penrith City Council Games			
Hurstville			
Penrith Cricket Club			
Penrith Cycling Club			
Penrith District Hockey Association			
Penrith District Netball			
Penrith Golf Club			
Penrith Junior Cricket			
Penrith Paceway			
Penrith RSL Club			
Penrith Panthers Fishing Club			
Penrith Rugby Club			
Penrith City Softball Association			
Penrith Softball State League			
Penrith Swimming Club			
Penrith Touch Association			
Penrith Troutfest			
RAMS AFL Club			
St Marys Metro Cup			
Ten Pin Bowling East Coast Challenge			
TOTAL SPORTS	221,820	268,600	279,473

Name	Last Year Total	1997 Budget	Projected Total
Charities Australian Kidney Foundation Australian Quadriplegic Association Australian Red Cross Barnardo's Cancer Council Foundation for the Disabled Cherrywood Village Childrens Hospital Westmead Dalmar Foster Care Diabetes Australia Sportsmen & Women Guide Dog Association House With No Steps Life Education Centre Misc Major Charities (not receiving \$1,000) MS Society Nepean Hospital NSW Deaf & Blind Society Push & Power Wheelchair Association Riding for Disabled Royal Flying Doctor Service Royal NSW Institute Deaf & Blind Children Salvation Army Save the Children Foundation Smith Family Spastic Centre St Vincent de Paul Starlight Foundation Sudden Infant Death Association Sydney City Mission UNICEF Variety Club Bash Westmead Hospital Research Foundation World Vision			
TOTAL CHARITIES	92,354	170,000	170,650

Name	Last Year Total	1997 Budget	Projected Total
Community, Arts & Education			
Air FM 100.7			
Bilpin Bush Fire Brigade			
Blue Mountains Eisteddfod Society			
Blue Mountains Nepean Dance Festival			
Campbelltown City Council			
Disaster Alleviation Movement in Time			
Herman Helmet			
Lewers Gallery			
Museum of Fire			
Nepean Choral Society			
Nepean Rescue Squad			
Oberon Correctional Centre			
Panthers Euchre Club			
Penrith City and District Business Advisory Centre			
Penrith City Band			
Penrith City Festival			
Penrith City Show			
Penrith District AH&I Society			
Penrith Symphony Orchestra			
Penrith Valley Concert Band			
Q Theatre			
Ripples			
UWS Nepean			
Wesley Financial Counselling Services			
Senior Citizens			
TOTAL COMMUNITY, ARTS & EDUCATION	56,625	89,650	112,798

Name	Last Year Total	1997 Budget	Projected Total
Cash Sponsorships			
Australian Barefoot Waterski Club			
Hawkesbury Race Club			
Institute of Municipal Engineers			
Nationwide Promotions Pty Ltd			
NSW PGA Championship			
NSW Showjumping			
Panthers Triathlon			
World Transplant Games			
Waratah Rowing Pty Ltd			
TOTAL SPONSORSHIPS	116,200	125,500	125,500

Name	Last Year Total	1997 Budget	Projected Total
Discount Sponsorships All Breeds Cat Society Australian Quality Council Combined Catholic Schools Choir (banquets) Great House and Land Giveaway (banquets) International Rotary Club (Partitioning) Junior League Presentation Night Met. West Art Expo Room Hire NSW Police Service Panthers Fishing Club Penrith City Bread Show Penrith City Council Penrith Rotary Club (50 th Anniversary) Robards Fundraising Dinner Rugby Union Presentation Night Serenity NSW Trevor Bayliss Testimonial			
TOTAL DISCOUNT SPONSORSHIPS	35,000	0	62,753

Name	Last Year Total	1997 Budget	Projected Total
Sundries Cable Water Ski Passes Dinner Vouchers/Gift Voucher Football Souvenirs Resort/Nepean Shores Accommodation SUNDRIES (unallocated) SUNDRIES CHARITIES SUNDRIES COMMUNITY, ARTS & EDUCATION			
TOTAL SUNDRIES	61,734	40,000	51,331

Name	Last Year Total	1997 Budget	Projected Total
Sundries Sports Various State Representatives Australian Representatives			
TOTAL SUNDRY SPORTS	22,008	28,000	28,000

	1997 Budget	Projected Total	Variation Prov'n to Budget
SPORTS	268,600.00	279,473.25	(10,873)
CHARITIES	170,000.00	170,650.00	(650)
COMMUNITY, ARTS & EDUC.	89,650.00	112,797.90	(23,148)
SUNDRIES	40,000.00	51,330.85	(11,331)
CASH SPONSORSHIPS	125,500.00	125,500.00	0
DISCOUNT SPONSORSHIPS		62,752.70	(62,753)
SPORTS SUNDRIES	28,000.00	28,000.00	0
GENERAL SUNDRIES	28,250.00	28,250.000	28,250
TOTAL	750,000.00	858,755.00	(80,505)

ALLOCATED FUNDS AS AT 29 APRIL 1997
INCLUDES PAID AND PROVISION FOR FUTURE
TO PAY

858,755

BUDGET

750,000

PROJECTED OVERSPENT

108,755

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