



Clubs Australia

Joint Select Committee – Future Gaming Markets

Tasmania Government

Clubs Australia Submission

December 2016

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Executive Summary

Clubs Australia welcomes the opportunity to submit to the Joint Select Committee Inquiry into the Future Gaming Market in Tasmania from 2023 onwards. We hope that our submission will assist in the development of a Tasmanian gaming market that maximises community benefit and minimises harm.

The following is an outline of the key points contained within our submission:

- The club industry is important part of the social fabric of Tasmania and plays a crucial role in building social capital, inclusiveness and community resilience. However the industry is currently experiencing high levels of financial distress that threatens its future viability.
- In our view, reform to the gaming machine arrangements in Tasmania should seek to secure and enhance the important social-economic contribution made by not-for-profit community clubs.
- Clubs Australia is of the firm view that it is in the public interest to have gaming machines located in not-for-profit clubs. This enables the proceeds of gaming to be reinvested in local community infrastructure and services, as well as creating local jobs.
- Clubs Australia supports a venue operator model, where gaming machine entitlements are allocated to venues directly. At a minimum, a model should be used that prioritises gaming machines in Tasmania's community clubs.
- Clubs Australia supports the maintenance of the existing state-wide cap on the number of gaming machines in Tasmania. However we submit that there is a strong rationale for increasing the gaming machine venue cap for community clubs.
- Only ten clubs in Tasmania currently operate Electronic Gaming Machines (EGMs). The total number of EGMs operated by Tasmanian clubs is 173 or 4.84 per cent of the total. In contrast casinos operate 1,173 EGMs, or 32.84 per cent and hotels operate 2,180 EGMs or 61.03 per cent.¹ The proportion of total non-casino EGMs located in clubs is far lower in Tasmania (around 7%) than it is for Australia as a whole (around 62%).² Clubs Australia submits that the current Tasmanian gaming machine regulatory regime does not adequately spread the benefits to the community in Tasmania.
- Clubs Australia submits that gaming machine entitlements should be granted to clubs in perpetuity, which will provide stability and allow them to borrow and invest in community infrastructure, which is in the public interest.
- There is no capacity within the Tasmanian club sector to absorb significant upfront payments for gaming machine entitlements. Therefore, Clubs Australia recommends that the Tasmanian

¹ Third Social and Economic Impact Study of Gambling in Tasmania – Summary Report, November 2015, p. 2.

² Ibid, Vol 1. p. 22.

Government introduce payment terms that coincide with actual usage of the entitlement rather than through payment in advance for community clubs.

- Clubs Australia submits that greater recognition of the crucial role clubs play in supporting the viability of community infrastructure is required in the gaming machine tax arrangements. We support the introduction of a progressive tax structure with a tax free threshold and lower tax rates for community clubs.
- The club industry has worked cooperatively with state and territory governments over many years to implement proven, cost-effective harm minimisation policies which have resulted in Australia being widely recognised as a global leader in gambling harm minimisation that has one of the lowest problem gambling prevalence rates in the world.
- Clubs Australia supports further improvements to the Tasmanian harm minimisation regime through the introduction of:
 - a single unified system of self-exclusion across all clubs, hotels and casinos is in the best interest of problem gamblers;
 - a chaplaincy program that can help address the underlying mental health issues that cause people to engage in destructive relationship with gambling; and
 - a responsible gambling ambassador program to help reduce the stigma associated with problem gambling and to normalise help seeking behaviour.
- Clubs Australia does not support the introduction of \$1 maximum bets or mandatory pre-commitment, as these measures are not a cost-effective approach to mitigating problem gambling. In addition, they will have serious negative impacts on recreational gamblers, viability of the gaming operation and industry jobs.

About Clubs Australia

Clubs Australia is the national peak industry body representing the interests of Australia's 6,413 licensed clubs, including those in Tasmania.

The Club Not-For-Profit Gaming Industry

Clubs are not-for-profit community based organisations whose central activity is to provide hospitality and infrastructure for members and the community. Clubs contribute to their local communities, through employment and training, direct cash and in-kind social contributions and through the formation of social capital by mobilising volunteers and providing a diverse and affordable range of services, facilities and goods. Club members are people from all walks of life, with many different interests. Clubs, as local community organisations are highly responsive in addressing the needs of their members, guests and broader community.

Clubs have an established history as a responsible provider of gambling services to the Australian community. Across Australia, the 2015 KPMG Club Census demonstrated that clubs provide an \$8.3 billion dollar economic contribution and a \$5 billion dollar social contribution. There are 13.2 million club memberships and 172,000 jobs are supported by clubs. \$4.3 billion was paid in salaries, wages and superannuation in 2015 and \$2.6 billion was contributed to various Governments through taxation.

Clubs account for 20 per cent of the not-for-profit sector's national revenue, with the community gaming model ensuring that a significant proportion of Australia's civic and sporting groups are funded.

Gambling is an enjoyable recreational pursuit for millions of Australians and provides significant social and economic benefits to the community in terms of entertainment, employment, taxation revenue and funding for social and sporting infrastructure and community organisations. In its 2010 report, the Productivity Commission found that the net social benefits of gambling in Australia, after accounting for the social costs of problem gambling ranged between \$3.7 billion and \$11.1 billion annually.³ However, for a small minority of people, excessive gambling causes harm for themselves and for their families.

The gambling industry has worked cooperatively with state and territory governments for many years to implement proven, cost effective consumer protection and harm minimisation policies, which have resulted in falling problem gambling prevalence rates.⁴

Through regulating gambling in Australia, State and Territory governments have historically maintained an excellent record for developing in conjunction with industry, effective consumer protections and harm minimisation in this area.

³ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra p. 48.

⁴ Ibid p. 5.37.

Overview: Tasmanian Club Sector

The club industry is an important part of the social fabric of Tasmania and plays a crucial role in building social capital, inclusiveness and community resilience. However the industry is currently experiencing high levels of financial distress that threaten its future viability.

Community clubs in Tasmania have been created for community purposes – it is their reason for being. Clubs are owned by their members, established as ‘not-for-profit’. As not-for-profits, clubs do not pay shareholders dividends, or aid in the distribution or creation of private wealth. Clubs as not-for-profit organisations central activity is to provide hospitality and infrastructure for members and the community.

There are ten community clubs in Tasmania operating hospitality venues with gaming machines, open to members and the public alike.⁵ Revenue is used to reinvest into club facilities, staff and services, or donated to community, sporting and charity groups.

Clubs are one of the dwindling number of public places in many communities where people can spend time socialising at an extremely low cost. Consistent anecdotal reports and visitation data from clubs across the country relate that many elderly members visit their clubs on a daily basis, solely for the opportunity for social interaction and mateship. These are important intangible contributions that are difficult to quantify and must be considered by Government when deciding on the new framework for gaming machine arrangements.

Tasmanian clubs also contribute to their local communities through employment, cash and in-kind donations and through the formation of social capital by mobilising volunteers and providing a diverse and affordable range of services, facilities and goods.

Clubs offer a range of community facilities that the private sector is not willing to deliver and that would otherwise require government funding. According to Bowls Tasmania, more than 6,500 Tasmanians play bowls competitively in the State.⁶ Bowls is a great opportunity to socialise and stay physically active and builds important social capital, particularly amongst the elderly. Bowls is simply not offered by private business as it typically produces losses due to the substantial costs of maintaining bowling greens. Many golf clubs face similar challenges in providing and maintaining facilities. In 2015, Golf Tasmania had 10,456 adult members and 300 junior members that play golf on a regular basis.⁷ Golf membership is currently in a state of decline, with golf revenues becoming more difficult to generate⁸. The significant maintenance and capital expenses incurred operating community facilities like bowling greens and golf courses cannot continue to be funded through the supply of food and beverage services alone.

⁵ Third Social and Economic Impact Study of Gambling in Tasmania – Summary Report, *University of Melbourne*, November 2015, p. 2.

⁶ <http://www.bowlstasmania.com.au/About-BT>

⁷ <http://www.golf.org.au/ckfinder/userfiles/files/Annual%20Report%20201516.pdf>

⁸ <http://www.golf.org.au/ckfinder/userfiles/files/Annual%20Report%20201516.pdf>

The Tasmanian club industry is struggling to remain financially viable. With the exception of Western Australia, where there is no gaming in clubs, the Tasmanian club industry has:

- the lowest percentage of adult population that are club members (24%);
- the lowest average revenue per club (\$335,000);
- the lowest average earnings, before interest, tax, depreciation and amortisation (EBITDA)(\$22,000); and
- The lowest average EBITDA margin (6.4%).⁹

According to the NSW Independent Pricing and Regulatory Authority, a club EBITDA margin of less than 10% is indicative of financial distress and changes are required to ensuring future viability.¹⁰

Evidence from other Australian jurisdictions shows that a strong community gaming model is the most effective way of improving and maintaining the financial viability of the not-for-profit club industry.

Clubs Australia contends that it is in the public interest for Tasmania to strengthen the community gaming model similar to other jurisdictions in Australia. This would allow the community to directly benefit from subsidised access and infrastructure improvements that only the not-for-profit club sector provides.

In other jurisdictions around Australia, community clubs with gaming exist to fund sport and contribute hundreds of millions of dollars of gaming machine revenue into bowling greens, golf courses, football, cricket, baseball, hockey, soccer fields, basketball stadiums, thoroughbred, harness and greyhound racing, tennis, netball and squash courts.¹¹

Other community clubs with gaming exist to fund the services provided by the Returned and Services League facilities which include commemorations, memorials and services to veterans.

Clubs Australia submits that community gaming and the need for clubs to fund sporting, pastoral or cultural purposes is not adequately recognised in the current Tasmanian gaming market arrangements.

Only ten clubs in Tasmania currently operate Electronic Gaming Machines (EGMs). The total number of EGMs operated by Tasmanian clubs is 173 or 4.84 per cent of the total. In contrast casinos operate 1,173 EGMs, or 32.84 per cent and hotels operate 2,180 EGMs or 61.03 per cent.¹² The proportion of total non-casino EGMs located in clubs is far lower in Tasmania (around 7%) than it is for Australia as a whole (around 62%).¹³ Clubs Australia submits that the current Tasmanian gaming machine regulatory regime favours private interests at the expense of clubs and community interest and this needs to be addressed.

⁹ National Club Census 2011, KMPG 2012 pp. 29-41.

¹⁰ Ibid p. 42.

¹¹ Ibid Fig 2.9, p. 23.

¹² Third Social and Economic Impact Study of Gambling in Tasmania – Summary Report, November 2015, p. 2.

¹³ Ibid, Vol 1. p. 22.

The extent to which the major purpose of the club requires revenue from other sources is a key reason community clubs entered gaming, often encouraged by Government as a way to fund these shortfalls. Clubs Australia believes Tasmanian regulators and decision makers should look to gradually shift towards a community based gaming model. This needs to be done incrementally, in order to achieve the benefits that other states have received. New South Wales, Queensland and the Australian Capital Territory gaming markets are all mature, nevertheless they epitomise what a community gaming model can achieve over many years. A well-resourced club industry that is supported by government produces great outcomes that meet the needs of communities.

Community Gaming Model

Clubs Australia is of the firm view that it is in the public interest to have gaming machines located in not-for-profit community clubs.

Community clubs are not-for-profit businesses that exist solely to achieve their reason for being, be it sport, veterans, culture and to benefit their local communities unlike commercially operated hotels.

The public policy rationale for allowing clubs to operate gaming machines is so that they can reinvest surpluses to subsidise a range of community assets and services that are otherwise loss making enterprises, such as bowling greens, golf courses, support for junior sport and affordable meals for seniors. Without gaming in clubs, much of the burden for funding these facilities and activities would otherwise fall on government or local councils.

The Tasmanian Government should recognise the additional costs incurred by clubs in providing local community infrastructure and services. While a for-profit gaming business may be able to retain a significant portion of its EGM revenues as profits, community clubs use EGM revenue to support a range of community purposes.

In contrast, the profits from gaming machines operated in hotels and casinos flow back to private interests rather than being reinvested in community infrastructure. Tasmania is the only Australian jurisdiction, with the exception of Western Australia, where an extremely narrow set of private interests, derive the vast majority of the benefits of government sponsored gaming. It is imperative that government encourage, support and spread the benefits of gaming across Tasmania through a model that benefits the community.

Clubs Australia submits that it is in the interest of all Tasmanians for the maximum possible proportion of gaming machine expenditure to flow through the club channel. This would ensure that the proceeds of gaming are reinvested into local communities.

'Destination' Gaming

One of the alternatives proposed to the community gaming model is the destination gaming model, where gaming machines are located exclusively in large casino environments. This model, which has long been supported by casino operators and some anti-gambling advocates is based on the premise that destination gaming delivers greater economic benefits by attracting interstate and international

tourists. However, research by Gambling Research Australia (GRA) found that over 80 per cent of casino visitors are sourced from the same city/state, with several casinos almost 100 per cent dependent on the local, domestic market.¹⁴

The other argument put forward to support the destination gaming model is that it limits accessibility to gaming, which in turn leads to less gambling related-harm. The reduction in accessibility to gaming through a destination gaming model in Tasmania is limited. The GRA research found that Tasmanian casino gamblers are willing to travel further than casino gamblers in other jurisdictions to visit a casino. In addition, casinos are highly accessible to the Tasmanian population, as a result of the small size of the state and the concentration of the population in the major cities where the casinos are located. According to ABS statistics, over 70 per cent of the population lives in the Greater Hobart and Launceston North East areas putting them well within the catchment of the two casinos.¹⁵ Limiting gaming machines to the casinos in Tasmania would have a very limited affect in reducing accessibility.

Clubs Australia also contends that it is a challenge to claim that the Tasmanian casinos are 'destination venues', particularly with regard to their reliance on local consumers of EGMs, not tourists.¹⁶

Evidence shows that casino gamblers are more than three times more likely to be problem gamblers than club and hotel gamblers.¹⁷ This fact effectively counters the argument that destination gaming produces lower levels of gambling-related harm. In fact, the evidence outlined below demonstrates that casino patrons gamble at a greater intensity and are at a higher risk of gambling-related harm than those that visit clubs.

The GRA found that casino gamblers are three times more likely to be problem or moderate risk gamblers than gamblers in other venues.¹⁸ Overall, 2.4 per cent of casino gamblers are estimated to be problem gamblers, compared to just 0.7 per cent of gamblers in clubs and hotels.¹⁹ A further 9 per cent of casino gamblers are considered moderate risk gamblers, compared to 2.9 per cent of gamblers at other venues.²⁰

Casino gamblers tend to gamble much more frequently and attract a more committed gambler.²¹ This is particularly concerning for Tasmania, given the relatively high share of EGMs allocated to the two casinos.²²

¹⁴ Responsible Gambling and Casinos – South Australian Centre for Economic Studies – University of Adelaide – December 2015, p. 63.

¹⁵ ABS, 3235.0 - Population by Age and Sex, Regions of Australia, 2015.

¹⁶ Responsible Gambling and Casinos – South Australian Centre for Economic Studies – University of Adelaide – December 2015, p. 30.

¹⁷ Responsible Gambling and Casinos – South Australian Centre for Economic Studies – University of Adelaide – December 2015, p. 64.

¹⁸ Ibid, p. 64.

¹⁹ Ibid, p. 64.

²⁰ Ibid, p. 64.

²¹ Ibid, p. 195.

²² Ibid, p. 29.

Having a greater share of gaming machine revenue flow through clubs would be of considerable benefit to not only the not-for-profit club industry, but also to the broader community that rely upon the infrastructure, services and local jobs that clubs provide.

In our view, reform to the gaming machine arrangements in Tasmania should seek to secure and enhance the important social-economic contribution made by not-for-profit community clubs through a more robust community gaming model.

Gaming Machine Entitlements

Allocation

Clubs Australia supports a venue operator model, where gaming machine entitlements are allocated to venues directly. In our view, half of all gaming machine entitlements in Tasmania should be allocated to community clubs.

A venue operator model has been an effective gaming machine industry structure in other jurisdictions, in so far as it allowed clubs the opportunity to exert greater control over their gaming operations and, as a result, their overall financial future. The removal of the middle-man that is the monopoly operator allows both Government and clubs to gain a greater share in the proceeds of gaming, which has direct public benefits.

A large number of clubs are in financial difficulty and a new operator model could help to address some of the financial challenges facing the club industry by returning a greater proportion of gaming machines revenues to clubs for re-investment into local community facilities. A venue operator model that is sensitive to the legal and structural differences between community clubs and for-profit hotel and casino venues, would, in our view, deliver significant community benefits.

While Clubs Australia supports the venue operator model, there are a range of issues that need to be considered when transitioning to a new model. The current concentration of gaming in hotels and casinos has historically disadvantaged community club venues, placing them in a position whereby they do not have access to the same level of capital as private operators to be able purchase or bid for gaming machine entitlements. Requiring clubs to bid for or purchase gaming machine entitlements in a competitive process with hotels, casino and other corporate entities is likely to result in fewer gaming machines in clubs, which would further entrench and exacerbate the financial distress the industry is currently experiencing.

Policy options to recognise the differences between private and community gaming interests when allocating gaming machine entitlements are well established. In 2008, the Victorian Government disbanded its gaming machine operator duopoly in favour of a venue operator model. In doing so, the Government made a conscious policy decision to allocate 50 per cent of gaming machine entitlements to the club sector. Similar provision are in place in New South Wales and Queensland where, 75 per cent and 50 per cent of the gaming machine entitlements are in clubs, respectively.

Clubs Australia submits that there is also much greater public acceptance of gaming when the majority of gaming machine activity happens through community clubs, where the proceeds are re-invested

back into local community programs and infrastructure, rather than distributed to shareholders or retained privately.

State-Wide and Venue Caps

Clubs Australia supports the maintenance of the existing state-wide cap on the number of gaming machines in Tasmania. However, we submit that there is a strong rationale for increasing the gaming machine venue cap for community clubs.

Clubs Australia is amenable to the broad cap of 2,500 EGMs which are permitted within clubs and hotels. However, we contend that the cap on the number of gaming machines allowed in each individual club should be increased from 40 to 100. Providing community clubs with a higher gaming machine venue limit than hotels is well-established public policy for maximising the benefits to local communities.

New South Wales, Queensland, Northern Territory and the Australian Capital Territory all have established gaming policies that provide clubs with a far greater differential in the maximum number of gaming machines per venue compared to hotels, as evidenced in the table below.

Figure 1. – Australian State Maximum EGM Entitlements

	TAS	NSW	QLD	ACT	NT
Club	40	No cap	300	No cap	55
Hotel	30	30	45	10	20

Source: Clubs Australia analysis

Increasing the venue limit for clubs will allow them to generate the necessary economies of scale to increase their social and economic contribution and would bring Tasmania into line with other states.

This approach aligns with the Tasmanian Government's guiding principle for the placement or relocation of EGMs to be in the public's interest, so that the benefits of gaming can be more broadly distributed to the Tasmanian community.

Term

Clubs Australia submits that gaming machine entitlements should be granted to clubs in perpetuity, which will provide stability and allow them to borrow and invest in community infrastructure, which is in the public interest.

Issuing entitlements on a perpetual basis would create additional certainty for clubs, improve access to financing and help secure their long-term financial viability. Granting gaming machine entitlements to clubs in perpetuity would also allow clubs to be more ably support their community purpose and benefit local residents.

Most other Australian jurisdictions currently have perpetual entitlements. Significant risk would be removed if perpetual entitlements were created from 2023. This would generate certainty and encourage banks to lend and refinance in the sector, enhancing clubs' sustainability.

A further positive consequence is that both club and hotel venues would be incentivised to make significant capital investments. This will create economic growth and jobs for Tasmania. Should the Government be unwilling to create entitlements in perpetuity, a long term arrangement in the order of 25 years or more would be preferred by clubs.

Financial Arrangements

There is no capacity within the club sector to absorb significant upfront payments for entitlements. Therefore, Clubs Australia recommends that the Tasmanian Government introduce payment terms that coincide with actual usage of the entitlement rather than through payment in advance for community clubs.

Even successful clubs which are performing well are highly susceptible to financial difficulty due to the structure of club businesses, which must subsidise recreation services and facilities such as bowls, from other operational surpluses.

A payment system whereby clubs are given the right to purchase gaming machine entitlements via a payment in arrears structure which can be funded out of future gaming machine revenues would mitigate risk and help underpin industry sustainability.

It is important to structure the purchase of the entitlements so that clubs can reasonably obtain the necessary finance. Access to finance will largely be determined by the level of certainty around the future revenue stream that entitlements can generate. The main consideration for clubs and financial institutions will be exposure to regulatory risk. Regulatory events that have had significant impacts on gaming revenue in Tasmania and other jurisdictions include smoking bans, reducing the maximum bet limit, ATM bans, increasing tax rates and levies, monitoring fees and pre-commitment technology. The sovereign risk that entails through additional regulatory burden needs to be factored into any valuation of EGM entitlements.

The potential for regulatory instability in the gaming industry limits community clubs' ability to forecast stable cash-flows in the years ahead. This substantial uncertainty reduces the amount that clubs can reasonably outlay for gaming machine entitlements without putting the financial viability of their operations at risk.

If the Tasmanian Government wishes to maximise the value it receives from clubs for EGM entitlements, it must provide certainty to the industry by eliminating, or at least significantly reducing sovereign risk. This could be achieved through a compensation regime for adverse regulatory events, as is the case with other jurisdictions gaming licences. Providing this level of certainty to industry would help the Government maximise the returns to Tasmanian taxpayers.

Alternately, a payment in arrears structure tied to actual gaming machine revenue would assist in alleviating some of the regulatory risk faced by clubs, and other stakeholders, looking to purchase entitlements.

Taxation Structure

Clubs Australia submits that greater recognition of the crucial role clubs play in supporting the viability of community clubs is required in the gaming machine tax arrangements.

Clubs Australia supports the introduction of a progressive tax structure with a tax-free threshold and lower tax rates for community clubs.

Clubs Australia submits that the differences between clubs and hotels are not sufficiently recognised by the current gaming machine arrangements in Tasmania. Continuing to treat community clubs and hotels on an equal regulatory basis causes clubs to be commercially uncompetitive due to their obligations to providing sporting facilities and community infrastructure. In our view the gaming machine taxation regime should recognise clubs' substantial social contributions to the sporting, cultural and pastoral wellbeing of their members and communities by providing them with appropriate tax concessions.

Tasmania is the only jurisdiction in Australia where club revenues from gaming machines are taxed at a flat rate. We submit that the introduction of a progressive taxation regime would provide better community outcomes. Progressive gaming machine taxation regimes are in place in all other Australian jurisdictions and provide important relief to smaller community gaming venues while also recognising the greater capacity to pay tax at larger venues that enjoy significant economies of scale.

Further, Tasmania is the only jurisdiction where gaming machines in clubs are taxed at the same rate as for-profit hotels and casinos. The club gaming tax rate is onerously high, placing the financial viability of those community clubs with gaming in a precarious position.

In other Australian jurisdictions clubs are taxed at lower rates in recognition of the significant social and economic benefits that the club industry provides. The differential tax rates should recognise the role clubs play in providing vital community infrastructure. Creating lower tax rates for clubs would both improve industry viability and increase the social contribution made by clubs.

At a minimum, we submit that the additional 4 per cent Community Support Levy on gaming machines in hotels and clubs²³, should not apply to clubs but instead to hotels and casinos only. Clubs by their very nature already make substantial contributions to the community that should be recognised in lieu of the Community Support Levy.

Clubs Australia also submits that a tax free threshold for small clubs could assist significantly with ensuring their financial viability and help offset the cost associated with the infrastructure that they provide, which is significant. In addition, clubs provide intangible benefits that are not directly quantifiable, such as support for veterans, the elderly and their role as a community hub. While it is

²³ Tasmanian Liquor and Gaming Commission Annual Report 2015-16, p. 8-9.

not possible to put an exact dollar value on the social capital and inclusiveness that clubs create, these are important benefits that Government can help sustain through favourable taxation arrangements.

Harm Minimisation Measures

Clubs Australia supports further improvements to the Tasmanian harm minimisation regime through the introduction of multi-venue self-exclusion, venue-based voluntary pre-commitment, chaplaincy programs and a responsible gambling ambassador program.

Gambling is an enjoyable recreational pursuit for many Tasmanians and provides significant social and economic benefits to the community in terms of entertainment, employment, taxation revenue and funding for social and sporting infrastructure and community organisations. However, for a small minority of players, excessive gambling causes harm, for themselves and for their families.

It is reported that 61.2 per cent of the Tasmanian adult population gambled within a 12 month period in 2013, with only 0.5 per cent of Tasmanian adults classified as problem gamblers.²⁴ These problem gamblers account for 12.2 per cent of total gambling expenditure in Tasmania, and 13.5 per cent of gaming machine expenditure.²⁵ Note that anti-gambling advocates continually falsely claim that 40 per cent of gaming machine revenue is derived from problem gamblers.

The clubs industry has worked cooperatively with state and territory governments over many years to implement proven, cost-effective harm minimisation policies which have resulted in Australia being widely recognised as a global leader in gambling harm minimisation that has one of the lowest problem gambling prevalence rates in the world.

Current national harm minimisation measures that focus on prevention include (but are not limited to):

- public awareness campaigns;
- signage encouraging responsible gambling behaviours;
- signage creating awareness about the risks of excessive gambling;
- compulsory responsible gambling training for staff;
- gambling advertising restrictions or bans;
- state-wide caps on the number of poker machines;
- social impact assessments prior to an increase in poker machine numbers;
- restrictions on minors accessing gambling;
- bans on inducements to gamble (e.g. free alcohol);
- bans on credit gambling;
- payment of large prizes via cheque;
- restrictions on the locations of ATMs;
- mandatory shutdown periods; and
- restrictions on cash promotions.

²⁴ Third Social and Economic Impact Study of Gambling in Tasmania – Summary Report, November 2015, p. 10.

²⁵ Ibid, Vol. 2, p. 76.

When considering new policies to further improve the culture of responsible gambling among all stakeholders, all parties should work together constructively and transparently and follow best practice guidelines for effective and efficient policy-making. Best practice regulation processes are well understood, but sometimes overlooked for reasons of political expediency. All stakeholders must resist the temptation to adopt ill-considered, reactive 'silver bullet' solutions and pursue a rigorous regulatory impact assessment before adopting and implementing new proposals.

Some of the most effective harm minimisation measures are industry generated and have occurred without government intervention. The industry has trialled and initiated many policies to benefit its customers and the public. Recent examples are the implementation of a multi-venue self-exclusion online program, a club chaplaincy program administered by the Salvation Army, and the appointment of former problem gambler and rugby league player Nathan Hindmarsh as the ClubSAFE ambassador.

The Industry firmly believes that problem gambling is a complex issue which afflicts people through different causal pathways and requires targeted solutions that best address the individual's own needs.

A multifaceted approach which promotes a culture of responsible gambling and increases the help-seeking rate among problem gamblers is the best way of reducing the social costs of problem gambling. This requires a suite of prevention, intervention and treatment measures tailored to respond flexibly to the circumstances of the individual problem gambler. Importantly, greater community engagement to de-stigmatise gambling problems and treatment will strengthen the safety net and improve the readiness of family and friends to identify and make an early intervention for those most in need.

Multi-Venue Self-Exclusion

Clubs Australia supports the introduction of a single unified system of online self-exclusion across all clubs, hotels and casinos, which is in the best interest of problem gamblers.

Numerous Australian state and territory gambling prevalence studies have found that the vast majority of problem gamblers participate in gambling across clubs, hotels and casinos. Research also demonstrates that problem gamblers want a unified system where they can self-exclude from multiple venues or forms of gambling in a single event.²⁶

In response to this, ClubsNSW, a member of Clubs Australia, has developed the online Multi-Venue Self-Exclusion (MVSE) system for gaming machine venues in NSW. In NSW, MVSE provides a single unified approach to self-exclusion across 95,000 gaming machines, 1,179 clubs and 1,555 hotels and 246 counsellors. To date, the NSW MVSE system has processed more than 5,370 self-exclusion events at a rate of 100 new self-exclusions per month.²⁷

MVSE is designed to improve the self-exclusion process for all stakeholder and utilises proven technologies and processes that already operate in Australia's largest gaming jurisdiction. ClubsNSW is in active discussions with the Queensland and Victorian Governments, with a view to rolling out the MVSE system across clubs, hotels and counselling services in those jurisdictions.

²⁶ Sweeny Research, 2009 <http://www.pc.gov.au/inquiries/completed/gambling-2009/submissions/sub175-attachment1.pdf>

²⁷ ClubSAFE Multi-Venue Self Exclusion System Dashboard and Reports, 2016.

The MVSE system also includes a fully funded and integrated longitudinal research program with the University of Sydney. Self-excluded persons can elect to participate in the research program as part of the application process. Those persons that elect to participate are contacted at regular intervals to assess short, medium and long-term outcomes.

The purpose of the research is to develop evidence-based improvements to the MVSE system, self-exclusion experience and outcomes. Research incorporates 360-degree feedback from participants, venues and counselling services.

There are also a number of expanded future research opportunities through the fact that the MVSE system now has the world's largest known database of problem gamblers, who have consented to participating in research.

The MVSE is a flexible online system and with support from the Tasmanian Government could be customised to incorporate the desires of the regulator in the state.

There are a number of potential benefits for the Tasmanian Government in adopting an industry-led solution such as MVSE. Industry-led solutions:

- have industry acceptance and buy-in that leads to active promotion to consumers and the media;
- promote collaboration between government, industry and support services;
- ensure that government outcomes are met with minimal red-tape;
- are designed to overcome operational challenges for operators; and
- assist the industry in promoting its credentials as responsible operators.

Promoting an industry-led solution is a means for achieving the desired outcomes with minimal development and implementation risk and at no cost to Government.

Voluntary Pre-commitment

Clubs Australia supports the introduction of pre-commitment technology across all forms of gambling, provided it is voluntary for the consumer and done in a cost-effective manner.

The evidence indicates that venue-based voluntary pre-commitment can be effective in assisting those people who already recognise they need help managing their gambling expenditure. However, trials of voluntary pre-commitment in Australia have found that between 59 and 77 per cent of pre-commitment users are opposed to it being a mandatory requirement for consumers.²⁸

Ensuring pre-commitment remains voluntary empowers patrons without intruding on consumer sovereignty and rights to privacy. There is no evidence of any additional benefits from having a pre-commitment scheme that is mandatory for the consumer.

²⁸ Worldsmart: 59 per cent voluntary versus 29 per cent mandatory; Simplay: 77 per cent voluntary versus 19 per cent mandatory; eBet/Odyssey 68 per cent voluntary versus 27 per cent mandatory.

The potential effectiveness of pre-commitment as a harm minimisation measure does not justify the complexity and cost involved in linking multiple operators. There is significant cost and complexity involved managing a pre-commitment system that provides real-time coverage across multiple operators.

Given that pre-commitment represents just one small measure in government's and industry's approach to addressing problem gambling, government should avoid the temptation to try to create an overly complex and costly voluntary pre-commitment program, should they seek to do so.

Chaplaincy Program

Clubs Australia supports the introduction of a Chaplaincy Program that can help address the underlying mental health issues that cause people to engage in destructive relationship with gambling.

It is widely recognised that problem gambling is often symptomatic of underlying mental health issues and other life problems. Recent studies show that problem gamblers are more likely to seek help for their comorbid disorders than they are for their gambling problems.²⁹ It is therefore important that any program designed to reduce the rate of problem gambling has services oriented towards tackling the underlying issues that are the cause of problem gambling.

ClubsNSW has developed a club chaplaincy program in conjunction with the Salvation Army. The program involves Salvation Army officers being available at regular intervals in clubs to discuss a wide range of issues with patrons including those issues that are often the cause of problem gambling such as depression, anxiety, divorce or bereavement. Chaplains also screen patrons for problem gambling and advise them of specific gambling treatment options.

Clubs Australia is willing to explore with the Salvation Army the expansion of the program into Tasmania, should there be appetite and funding available from the government to do so.

Ambassador Program

Clubs Australia supports the introduction of a Responsible Gambling Ambassador program to help reduce the stigma associated with problem gambling and to normalise help seeking behaviour.

Clubs in New South Wales have invested in a highly visible responsible gambling advertising campaign, with former high-profile rugby league player Nathan Hindmarsh as its ambassador. The program aims to reduce the stigma associated with problem gambling and to normalise help seeking behaviour.

In addition, Clubs Australia has a national responsible gambling campaign entitled 'Part of the Solution' which informs club patrons of the various support measures provided by clubs to assist them should they start to develop a problem with their gambling such as access to free 24-hour counselling services and self-exclusion schemes.

²⁹ Help-seeking and Uptake of Services Amongst People with Gambling Problems in the ACT, ANU 2011.

Figure 2: ClubSAFE Responsible Gambling Poster



Maximum Bet Limits

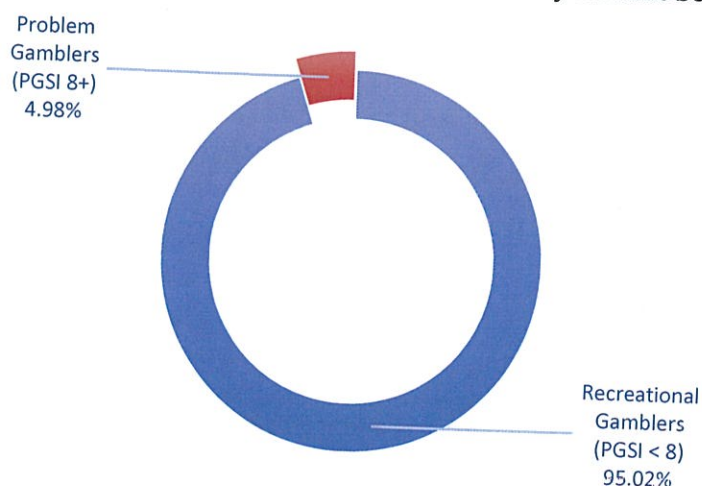
Clubs Australia does not support a reduction in the maximum bet limit for gaming machines.

The Federal Member for Denison, Andrew Wilkie, whose opposition to poker machine gambling is well documented, has suggested that Tasmania should introduce a \$1 maximum bet limit as part of the post-2023 gaming machine arrangements.

Clubs Australia is opposed to this measure, noting that the vast majority of the gaming machine players who bet more than \$1 per spin are not problem gamblers, as evidenced below.

Recreational gambling is a legitimate source of revenue for the Industry and should not be prohibited, as it would have a serious negative impact on employment in Tasmania.

Figure 3: Breakdown of Gaming Machine Players that bet more than \$1 per spin



Source: Productivity Commission, Queensland Household Gambling Survey 2006-07

While problem gamblers have a greater propensity to bet more than \$1 per spin than recreational gamblers, the small number of problem gamblers relative to recreational gamblers means that over 95 per cent of those gaming machine players that bet more than \$1 per spin are recreational gamblers. Therefore, in our view, a \$1 maximum bet limit is not sufficiently targeted at problem gamblers. This initiative will create broader impacts across recreational gamblers and the industry as a whole.

The only research on the effectiveness of \$1 maximum bets in reducing problem gambling found that:

"problems caused by gambling losses result not so much from excessive bet size over shorter periods, but relatively standard bet sizes for longer periods of time in play"

- Sydney University Gambling Research Unit

"What we need to work out basically is what, if we reduce the maximum bets to \$1, the impact is going to be on internet gambling and the shift for people to go to other forms of gambling."

The most recent Tasmanian gambling prevalence study found that 58.5 per cent of problem gamblers said they would re-allocate their spending to other forms of gambling if gaming machine were not available.³⁰

The policy of imposing strict bet limits on poker machines in the absence of limitations on other gambling products is unlikely to be effective in reducing harm. The maximum bet on Tasmanian gaming machines is much lower than in the majority of other jurisdictions around the world.

Clubs Australia submits that the introduction of \$1 maximum bets is also cost prohibitive. Independent expert advice commissioned by the Australian Government found that:

- no existing poker machines in Australia are capable of supporting a \$1 maximum bet; and
- the cost of re-configuring and redesigning Australia's 197,000 existing poker machines would be in excess of \$1.5 billion.

The Gaming Technologies Association, which represents all major poker machine manufactures in Australia estimates the cost of upgrading and replacing Australia's 197,000 poker machines to support a \$1 maximum bet / \$500 maximum prize to be **in excess of \$2.5 billion**.³¹

The Tasmanian Parliament previously assessed the feasibility of introducing \$1 maximum bets and recommended against the passage of such legislation.³² Clubs Australia submits that there is no evidence to justify a change in this regard.

³⁰ Third Social and Economic Impact Study of Gambling in Tasmania – Summary Report, November 2015, Vol. 3, Table 54.

³¹ Joint Select Committee on Gambling Reform, *Inquiry into the prevention and treatment of problem gambling*, sub 23 p. 3.

³² [http://www.parliament.tas.gov.au/ctee/House/Reports/Gaming%20Control%20Amendment%20%20Bill%202010%20%20\\$1%20Bet%20Limit%20%20Final%20Report.pdf](http://www.parliament.tas.gov.au/ctee/House/Reports/Gaming%20Control%20Amendment%20%20Bill%202010%20%20$1%20Bet%20Limit%20%20Final%20Report.pdf)

Julie Thompson

From: Adam Shultz <AShultz@clubsnsw.com.au>
Sent: Friday, 9 December 2016 11:54 AM
To: fgm
Subject: Clubs Australia Submission - Tasmanian Future Gaming Markets 091216
Attachments: Clubs Australia Submission_Tasmanian_Future Gaming Markets_091216.pdf
Importance: High

Dear Committee Secretary,

Please find attached our submission to the Tasmanian Joint Select Committee into future gaming markets.

Should you require any further information, please do not hesitate to contact me.

Kind regards,

Mr Adam Shultz
Policy Officer
Clubs Australia
Ph: (02) 9268 3057
Mob: 0408 252325
Email: AShultz@clubsaustralia.com.au



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A photograph of a person standing on a beach, looking out at the ocean. Several surfers are visible in the water, riding waves. The person in the foreground is seen from behind, wearing a dark shirt and shorts.

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