

INQUIRY INTO ELEMENTS IMPACTING ON THE FUTURE OF THE ACT CLUBS SECTOR

STANDING COMMITTEE ON PUBLIC ACCOUNTS

OCTOBER 2015

REPORT 18

COMMITTEE MEMBERSHIP

Current Members

Mr Brendan Smyth MLA	Chair from 6 June 2013 Member to 6 June 2013
Ms Mary Porter AM MLA	Deputy Chair
Ms Nicole Lawder MLA	Member from 8 August 2013
Ms Meegan Fitzharris MLA	Member from 10 February 2015
Mr Shane Rattenbury MLA	Member for the purpose of this investigation pursuant to resolution of 26 March 2015

Former Members

Ms Yvette Berry MLA	Member from 5 August 2014 to 10 February 2015
Dr Chris Bourke MLA	Member to 5 August 2014
Mr Zed Seselja MLA	Chair to 6 June 2013
Mr Alistair Coe MLA	Member from 6 June to 8 August 2013

SECRETARIAT

Dr Andréa Cullen AGIA ACIS	Secretary until 9 June 2015
Mr Andrew Snedden	Acting Secretary from 9 June 2015
Mr Greg Hall	Research Officer
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RESOLUTION OF APPOINTMENT

The Legislative Assembly for the ACT appointed the Standing Committee on Public Accounts on 27 November 2012.

Specifically the resolution of 27 November 2012 establishing the Standing Committees of the 8th Assembly, as it relates to the Public Accounts Committee states:

- (1) The following general purpose standing committees be established and each committee inquire into and report on matters referred to it by the Assembly or matters that are considered by the committee to be of concern to the community:
 - (a) a Standing Committee on Public Accounts to:
 - (i) examine:
 - (A) the accounts of the receipts and expenditure of the Australian Capital Territory and its authorities; and
 - (B) all reports of the Auditor-General which have been presented to the Assembly;
 - (ii) report to the Assembly any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Assembly should be directed;
 - (iii) inquire into any question in connection with the public accounts which is referred to it by the Assembly and to report to the Assembly on that question; and
 - (iv) examine matters relating to economic and business development, small business, tourism, market and regulatory reform, public sector management, taxation and revenue;¹

¹ ACT Legislative Assembly, *Minutes of Proceedings* No. 2, 27 November 2012, pp. 24–27.

TERMS OF REFERENCE

On Thursday 26 March 2015, the Legislative Assembly referred **part (3)** of the following motion to the Committee for inquiry and report by the last sitting day of September 2015.

“That this Assembly:

- (1) notes the ongoing value community clubs provide to the wider Canberra community; and:
 - (a) the need to secure the long-term financial viability of the community clubs sector to ensure this contribution to the economic and social wellbeing of Canberra continues;
 - (b) the need for community clubs to diversify their business models away from reliance on gaming revenue;
 - (c) the need for harm minimisation measures to protect vulnerable problem gamblers; and
 - (d) the following elements impacting on the future of the ACT clubs sector:
 - (i) revenue and profitability;
 - (ii) legislation and regulations;
 - (iii) taxation and charges;
 - (iv) land development and sales;
 - (v) problem gambling;
 - (vi) diversification and mergers;
 - (vii) new business models;
 - (viii) poker machines and gambling technologies; and
 - (ix) water and resource management;
- (2) notes the Government’s continuing work in partnership with ClubsACT on:
 - (a) the comprehensive suite of red tape reduction measures passed by the Legislative Assembly in 2014 as part of the Gaming Machine Reform Package;
 - (b) legislation introducing the second tranche of the Gaming Machine Reform Package, including a trading scheme, will be introduced into the Assembly in May;
 - (c) the establishment of a Community Clubs Taskforce in November 2014 to explore further ways the Government can assist community clubs to diversify their business models; and
 - (d) the establishment of Access Canberra as a one-stop shop for businesses, including community clubs, to work with the ACT Government; and
- (3) resolves that:
 - (a) the matters in 1(d) and related matters be referred to the Public Accounts Committee for further investigation and consultation with the wider community;
 - (b) a member of the cross-bench be appointed to the committee for the purpose of this investigation; and
 - (c) the committee report by the last sitting day of September 2015 with a response from the Government by the last sitting day of November 2015.”—

be agreed to—put and passed.²

² ACT Legislative Assembly, *Minutes of Proceedings* No. 96, 26 March 2015, pp. 1072–1073.

On 22 September 2015 the Legislative Assembly resolved:

That the resolution of the Assembly of 26 March 2015 referring Elements Impacting on the Future of the ACT Clubs Sector to the Standing Committee on Public Accounts for inquiry and report be amended by omitting the words “by the last sitting day in September 2015” and substituting “by the last sitting day in October 2015” and adding a new paragraph (3) (d):

“(3) (d) if the Assembly is not sitting when the report is completed the Speaker, or, in the absence of the Speaker, the Deputy Speaker, is authorised to give directions for its printing, publication and circulation.”

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COMMITTEE CONCLUSIONS AND KEY FINDINGS OR REFERENCE

The Committee draws the following conclusions and key findings:

- It is the expectation of the Committee that there will be a continued club presence accessible to most parts of Canberra and that clubs will continue to be a focus and support for a viable and vital Canberra community.
- Community clubs provide significant value to the Canberra community, which can be directly measured in economic value, as well as contributing directly and indirectly to the social capital of the Canberra community.
- Presently community clubs are heavily reliant on revenue from electronic gaming machines, however the general community is concerned about the impact of problem gambling.
- Evidence shows that gambling prevalence in general and electronic gaming machine revenue in particular is decreasing in the ACT.
- The community generally has an interest in ensuring that problem gambling, and subsequent harm to the community, is minimised.
- There is widespread agreement that community clubs need to diversify their business models away from a reliance on gaming revenue.
- Paths to diversification are different for each club and while many community clubs are significant land holders, land redevelopment can be an important path, but not the only path to diversification.
- Community clubs have sought regulatory and policy certainty to enable a sustainable future for the community club sector.
- That support for the diversification of community clubs' revenue base must be commensurate with practical and achievable diversification strategies that also retain the community benefit of the community clubs model.

RECOMMENDATIONS

RECOMMENDATION 1

- 9.13 The Committee recommends that the ACT Legislative Assembly formally acknowledge the role that ACT clubs play, and the contribution they make to the wellbeing of the people of the ACT.

RECOMMENDATION 2

- 9.17 The Committee recommends that, following an audit of all current club leases and permitted uses, and following consultation with clubs on proposed leases, the Government determine a list of permitted uses on club sites which must include community benefit.

RECOMMENDATION 3

- 9.18 The Committee recommends that the Government move an amendment to the ACT Territory Plan to provide for a specific overlay of the uses allowed on land leased by clubs, subject to planning and building codes.

RECOMMENDATION 4

- 9.19 The Committee recommends that Government expand the remit of the Community Clubs Taskforce to address broader policy setting to enable clubs to diversify their business model.

RECOMMENDATION 5

- 9.20 The Committee recommends that the Government invite representatives of the community sector and the sport and recreation sector and arts sector to join the community clubs taskforce.

RECOMMENDATION 6

- 9.21 The Committee recommends that a taskforce be established 'to develop an action plan for problem gambling' with an initial focus, 'to reduce the duration of gambling problems when they arise in individuals using targeted approaches.'

RECOMMENDATION 7

- 9.22 The Committee recommends that the Government not apply a Lease Variation Charge when clubs seek to vary their leases to assist in diversifying their revenue base.

RECOMMENDATION 8

- 9.23** The Committee recommends that the Government not charge planning fees when a club submits Development Applications that assist the club to diversify its revenue base.

RECOMMENDATION 9

- 9.27** The Committee recommends that the Government continue to advocate to the Federal Government to undertake urgent work to understand online gambling and develop a legislative and regulatory framework to minimise harm to the community from online gambling.

RECOMMENDATION 10

- 9.28** The Committee recommends that the Government remove the \$250 per day limit on withdrawals from ATMs in club venues.

RECOMMENDATION 11

- 9.29** The Committee recommends that the Government closely monitor the achievements of the Gambling and Racing Commission since its integration into Access Canberra and report to the Assembly by March 2016 on progress to reduce red tape for the community club sector.

RECOMMENDATION 12

- 9.30** The Committee recommends that the Government update regulations for entry to community clubs to enable contemporary access to ACT residents.

RECOMMENDATION 13

- 9.31** The Committee recommends the Government update regulations for entry for community clubs to enable contemporary access to non-ACT residents to more easily enter community clubs.

RECOMMENDATION 14

- 9.33** The Committee recommends that the Government consider increasing the Community Contribution rate from 8% to 10%.

RECOMMENDATION 15

- 9.37** The Committee recommends that there be no net loss of land zoned in the ACT Territory Plan as CFZ. In the case of a proposed re-zoning of community land to another land use zone, an equivalent community land offset should be designated elsewhere but ensuring an equitable spread of community facilities across the ACT.

RECOMMENDATION 16

- 9.38** The Committee recommends that the Government ensure that recognition of the rights of prior occupants are taken into account when considering Development Applications.

RECOMMENDATION 17

- 9.46** The Committee recommends that the Government match the clubs sector levy paid to the PGAF, dollar for dollar, to fund programs to assist additional research and amelioration of problem gambling.

RECOMMENDATION 18

- 9.47** The Committee recommends that the Government fund additional gambling research and expand the research agenda of the Problem Gambling Assistance Fund to include research with an increased public health and harm minimisation focus. The Committee expresses support for a range of research projects, including:
- Investigating how to identify problem gamblers and the key indicators of problem gambling behaviour
 - A study of the reasons why people with a gambling problem often fail to seek assistance until their circumstances are dire
 - A longitudinal study on how problem gambling develops and how to reduce problem gambling behaviour
 - A study of the impact of accessibility to club venues on problem gambling behaviour
 - Investigating the development of an algorithm to help identify problem gambling using data generated by clubs' loyalty programs
 - A study into how to increase the rate of self exclusion undertaken by people with a gambling problem
 - Research focused on how to assist individuals to overcome the stigma associated with problem gambling that may be a barrier to seeking support and assistance
 - The assessment of the effectiveness of problem gambling programs

RECOMMENDATION 19

- 9.48** The Committee recommends that when the results of each study listed in the Recommendation above have been received, that the Government (i) table the study in the Assembly within three sitting days of receipt; (ii) develop a specific program to implement the findings; and (iii) review the effectiveness of such programs within 12 months of commencement and report to the Legislative Assembly on the outcomes.

RECOMMENDATION 20

- 9.49 The Committee recommends that the ACT Gambling and Racing Commission work together with ClubsACT and the ANU Centre for Gambling Research to facilitate better access by researchers to gambling data and club venues.

RECOMMENDATION 21

- 9.50 The Committee recommends that the Government re-establish a full Professorial Chair of Gambling Studies at the ANU.

RECOMMENDATION 22

- 9.51 The Committee recommends that the ACT Gambling and Racing Commission investigate using Australian Research Council Project Linkage Grants to maximise the value of ACT Government research investment

RECOMMENDATION 23

- 9.52 The Committee recommends that the Government work with the community sector to establish a screen for problem gambling when assisting clients.

RECOMMENDATION 24

- 9.55 The Committee recommends that all EGM payouts over \$800 be paid by cheque or EFT.

RECOMMENDATION 25

- 9.56 The Committee recommends that the Government pursue, at a national level, maximum \$1 per spin and bet rates to ensure a nationally consistent approach and as means of limiting on border-hopping gambling.

RECOMMENDATION 26

- 9.57 The Committee recommends that the Government investigate differential tax rates for clubs that have better problem gambling measures in place.

RECOMMENDATION 27

- 9.60 The Committee recommends that the Government discuss, through the Community Clubs Task force, and with the Canberra Business Chamber, the potential benefit of a business diversification case manager for clubs as they diversify their business.

RECOMMENDATION 28

- 9.61 The Committee recommends that the Government report to the Assembly annually on how the Government assists clubs to progress towards diversification of clubs activities and business model.

RECOMMENDATION 29

- 9.62 The committee recommends that the Government further investigate the liquor licensing system to ensure that it rewards low risk venues.

RECOMMENDATION 30

- 9.66 The Committee recommends that the Government establish a cash input limit for Electronic Gaming Machines of \$250.00.

RECOMMENDATION 31

- 9.67 The Committee recommends that if the cash input limit is agreed and implemented that the Government remove note denomination limits on Electronic Gaming Machines.

RECOMMENDATION 32

- 9.68 The Committee recommends that the Government move to an electronic-based system for the reporting of Electronic Gaming Machine movements and any other activities rather than the current paper-based system.

RECOMMENDATION 33

- 9.69 The Committee recommends that the Government investigate the feasibility of introducing a central, electronic, linked monitoring system for Electronic Gaming Machines.

RECOMMENDATION 34

- 9.70 The Committee recommends that the Government review current Electronic Gaming Machines storage provisions to facilitate removal of Electronic Gaming Machines from club floors with a view to making the reduction permanent.

RECOMMENDATION 35

- 9.73 The Committee recommends that the ACT Government consider how best to devise a water subsidy scheme for eligible clubs that:
- extends the community WAC subsidy that exist for golf clubs to other sporting clubs who have a substantial community sporting use of their ovals and greens;
 - supports clubs who invest in water security infrastructure through WAC waivers or subsidies; and,
 - extends subsidies for water use by community groups and clubs to recycled water use.

RECOMMENDATION 36

- 9.76 The Committee recommends that the Government work with the clubs sector to assist with the provision of a variety of recreational activities to meet the needs

of the community, such as billiard tables, table tennis tables, darts and carpet bowls.

RECOMMENDATION 37

9.79 The Committee recommends that the Government fund a study into the cross-border leakage of ACT gamblers into NSW.

RECOMMENDATION 38

9.80 The Committee recommends that, when the results of the study into leakage of ACT gamblers into NSW are received that the government able the study in the Assembly within three sitting days of receipt.

RECOMMENDATION 39

9.83 The Committee recommends that the ACT Government should consider introducing zoning to establish Entertainments precincts across Canberra, particularly around areas with clusters of multiple clubs to ensure that clubs are able to host events such as those with live music, as well as ensure that residents understand where they can expect to have slightly higher noise levels, and thus choose where to live accordingly

RECOMMENDATION 40

9.85 The Committee recommends that the Government report to the Legislative Assembly on the implementation of recommendations made in the report from the Assembly Standing Committee on Planning, Public Works and Territory and Municipal Services Inquiry into Live Community Events by the last sitting day in November 2015.

RECOMMENDATION 41

9.88 The Committee recommends that Phase One of the Government's Clubs reform package be no shorter than three years.

RECOMMENDATION 42

9.89 The Committee recommends that the Government give no less that twelve months notice of their intention to move to Phase Two of their Club's Reform Package.

RECOMMENDATION 43

9.90 The Committee recommends that the Government, when reviewing all legislation and fees and charges, take into account the particular burden that legislation and fees and charges may have on small and medium clubs.

RECOMMENDATION 44

9.91 The Committee recommends that the Government consider ways to reduce red tape for clubs such as the need to mail out ballot papers.

RECOMMENDATION 45

9.92 The Committee recommends that the Government undertake an assessment of the contribution of clubs to the ACT community.

1 INTRODUCTION AND CONDUCT OF INQUIRY

TERMS OF REFERENCE

The terms of reference for the inquiry are detailed below—

On Thursday 26 March 2015, the Legislative Assembly referred part (3) of the following motion to the Committee for inquiry and report by the last sitting day of September 2015.

“That this Assembly:

(1) notes the ongoing value community clubs provide to the wider Canberra community; and:

- (a) the need to secure the long-term financial viability of the community clubs sector to ensure this contribution to the economic and social wellbeing of Canberra continues;
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 - (i) revenue and profitability;
 - (ii) legislation and regulations;
 - (iii) taxation and charges;
 - (iv) land development and sales;
 - (v) problem gambling;
 - (vi) diversification and mergers;
 - (vii) new business models;
 - (viii) poker machines and gambling technologies; and
 - (ix) water and resource management;

(2) notes the Government’s continuing work in partnership with ClubsACT on:

- (a) the comprehensive suite of red tape reduction measures passed by the Legislative Assembly in 2014 as part of the Gaming Machine Reform Package;
- (b) legislation introducing the second tranche of the Gaming Machine Reform Package, including a trading scheme, will be introduced into the Assembly in May;

(c) the establishment of a Community Clubs Taskforce in November 2014 to explore further ways the Government can assist community clubs to diversify their business models; and

(d) the establishment of Access Canberra as a one-stop shop for businesses, including community clubs, to work with the ACT Government; and

(3) resolves that:

(a) the matters in 1(d) and related matters be referred to the Public Accounts Committee for further investigation and consultation with the wider community;

(b) a member of the cross-bench be appointed to the committee for the purpose of this investigation; and

(c) the committee report by the last sitting day of September 2015 with a response from the Government by the last sitting day of November 2015.” —

be agreed to—put and passed.³

On 22 September 2015 the Legislative Assembly resolved:

That the resolution of the Assembly of 26 March 2015 referring Elements Impacting on the Future of the ACT Clubs Sector to the Standing Committee on Public Accounts for inquiry and report be amended by omitting the words “by the last sitting day in September 2015” and substituting “by the last sitting day in October 2015” and adding a new paragraph (3)(d):

“(3)(d) if the Assembly is not sitting when the report is completed the Speaker, or, in the absence of the Speaker, the Deputy Speaker, is authorised to give directions for its printing, publication and circulation.”

CONDUCT OF THE INQUIRY

ADVERTISEMENT

- 1.1 The Committee called for submissions by advertising in the *Canberra Times* on Wednesday 6 May 2015, by placing information about the inquiry on the ACT Legislative Assembly’s website, and by writing to the responsible Minister, individual clubs, representative bodies, community organisations, researchers and other stakeholders.

³ ACT Legislative Assembly, Minutes of Proceedings No. 96, 26 March 2015, pp. 1072–1073.

SUBMISSIONS

- 1.2 The Committee received 112 submissions. The individuals and organisations who lodged submissions are listed at **Appendix A**. Copies of the submissions can be downloaded from the Committee's website.

PUBLIC HEARINGS

- 1.3 Public hearings were held on 18 May, 9 and 10 June, and 17, 18 and 19 August, 2015.
- 1.4 A full list of witnesses who appeared before the Committee is at **Appendix B**. The Committee's website contains transcripts of the hearings.

REPORT ADOPTION

- 1.5 The Committee met on 1, 10, 17 and 30 September, and 1 and 20 October 2015 to discuss the Chair's draft report, which was adopted on 20 October 2015.

STRUCTURE OF THE COMMITTEE'S REPORT

- 1.6 The Committee's report is comprised of 10 chapters covering the following main topics:
- Chapter 1—Introduction and conduct of inquiry
 - Chapter 2—Inquiry context
 - Chapter 3—The ACT clubs sector
 - Chapter 4—The Minister for Racing and Gaming
 - Chapter 5 —ClubsACT
 - Chapter 6—Summary of the views of submitters against the 9 elements of the motion
 - Chapter 7—Views of witnesses appearing before the Committee
 - Chapter 8—Results of recent ACT gambling research—the 2014 ACT Gambling Prevalence Study
 - Chapter 9—Committee comment
 - Chapter 10—Conclusion

ACKNOWLEDGEMENTS

- 1.7 The Committee thanks all those who contributed to its inquiry by making submissions, providing additional information and appearing before it to give evidence.

2 INQUIRY CONTEXT

REFERRAL CONTEXT

- 2.1 On Thursday 26 March 2015, the Legislative Assembly referred part (3) of a motion concerning the future of the club industry to the Public Accounts Committee for inquiry and report by the last sitting day of September 2015.
- 2.2 Initially the Government tabled a motion on 10 February 2015 to establish ‘a Select Committee chaired by the Government to inquire and report on the appropriateness of regulating cash limits on electronic gaming machines, on ATM withdrawals in licensed electronic gaming venues, and various options available to government.’⁴
- 2.3 The Government did not move their motion which subsequently lapsed and was removed from the Notice Paper.
- 2.4 The Opposition tabled a much broader motion concerning the future of the ACT’s club industry on 26 March 2015.
- 2.5 Debate in the Assembly resulted in a resolution that the inquiry be conducted by the Public Accounts Committee with the addition of a member of the cross bench, and changes to the timeframe in which the Committee was required to conduct the inquiry and report.

TERMS OF REFERENCE

- 2.6 The terms of reference for the inquiry are reproduced in full in chapter one of this report.
- 2.7 The inquiry’s terms of reference were proposed and debated in the light of the significant contributions by clubs to the community and economy in the ACT and awareness of a range of elements that are considered to impact on the future of the clubs sector in the Territory.
- 2.8 In particular, the terms of reference identify nine specific elements impacting on the clubs sector to be considered in the course of the inquiry. These include:
- 2.9 (i) revenue and profitability—while licensed clubs are not-for-profit entities, a range of factors impact their revenue, costs and financial position;

⁴ ACT Legislative Assembly, Notice Paper No. 89, 19 February 2015, pp. 1082-1083.

- 2.10 (ii) legislation and regulations—including in relation to limits on ATM withdrawals in licensed premises and cash input limits on note acceptors in electronic gaming machines;
- 2.11 (iii) taxation and charges—including, for example, taxation of revenue from electronic gaming machines, liquor fees, land tax and general rates ;
- 2.12 (iv) land development and sales—clubs hold a significant amount of land and some clubs may wish to develop such land to diversify their revenue sources—opportunities for development and sale may be impacted by land use zoning regulations as well as lease variation requirements and costs;
- 2.13 (v) problem gambling—this element reflects concerns about the impact of problem gambling on the welfare of individuals, families, and the wider community as well as the need for effective harm minimisation strategies;
- 2.14 (vi) diversification and mergers—for example, in recent years some small clubs which were no longer financially viable on their own have been acquired by, or merged with, other clubs;
- 2.15 (vii) new business models—in particular, how clubs can reconfigure their operations to broaden their range of revenue sources to help ensure their ongoing financial viability;
- 2.16 (viii) poker machines and gambling technologies—including developments in electronic gaming and the emergence of online gambling ; and
- 2.17 (ix) water and resource management—water pricing is an issue for many clubs, and particularly for those sports clubs which maintain lawn bowling facilities, golf courses, and sports grounds.

LEGISLATION AND GAMING MACHINE REFORM

- 2.18 The *Gambling and Racing Control Act 1999* provides the overarching legislative framework for gambling in the Territory.
- 2.19 Section 5 of this Act established the ACT Gambling and Racing Commission with a governing board. The Commission has responsibility for administration of gaming laws and control, supervision and regulation of gaming in the Territory.
- 2.20 The Commission must exercise its functions under section 7 of the *Gambling and Racing Control Act 1999* in a way that best promotes the public interest, and in particular, as far as practicable—
 - (a) promotes consumer protection;
 - (b) minimises the possibility of criminal or unethical activity; and

(c) reduces the risks and costs, to the community and to the individuals concerned, of problem gambling.

- 2.21 The *Gaming Machine Act 2004* regulates the licensing of gaming machine operators, venues and all gaming machines.
- 2.22 The *Gaming Machine (Red Tape Reduction) Amendment Act 2014* was passed in March 2014. It included amendments reducing red tape relating to the approval of financial arrangements for the acquisition of gaming machines or the encumbrance of existing gaming machines. This Act also revised processes for the approval of arrangements for undisbursed jackpot amounts.⁵
- 2.23 On 2 October 2014, the Government announced a Gaming Machine Reform Package.
- 2.24 The *Gaming Machine (Red Tape Reduction) Amendment Act 2014 (No 2)* was passed in November 2014 and reduced red tape impacting on the clubs sector.
- 2.25 The red tape reforms:
- amended provisions about authorised gaming areas to minimise the need for unnecessary administrative approvals when relocating gaming machines;
 - clarified that an amendment of a club constitution at the direction of the Commission may occur without an election of voting members;
 - removed the requirement to maintain machine access registers and replacing them with computer cabinets access registers;
 - increased licensing periods for technicians to three years;
 - removed the requirement for the licensing of gaming machine attendants; and
 - provided assistance to small clubs by redesigning the requirements for payment by licensees to the Problem Gambling Assistance Fund.
- 2.26 It is noted that a number of reforms were introduced prior to the establishment of the inquiry into elements impacting on the future of the ACT clubs sector. However, additional reforms have been introduced since the inquiry was established. These reforms were introduced through the passage of the Gaming Machine (Reform) Amendment Bill 2015 on 4 June 2015.
- 2.27 The Bill provides amendments to the Act to enable the implementation of a trading scheme, new licensing framework, new taxation measures, a population-based ratio for the number of gaming machine authorisations in the Territory, and transitional provisions.
- 2.28 The purpose of the Bill, as presented in the revised explanatory statement for the Bill, is as follows:
-

⁵ Submission No. 56, ACT Government, p. 13.

- enhance existing licensing arrangements relating to the gaming machines to reduce administrative regulatory burden, without compromising the integrity of the industry
- establish a regulatory framework to support gaming machine trading between licensees in the Territory
- establish a two phased trading scheme mechanism to allow trading authorisations for gaming machines to be traded in an open market amongst licensees;
- reduce authorisation numbers for gaming machines in the ACT in two Phases:
 - Phase 1—implement forfeiture arrangements for authorisations for gaming machines, with gaming machine trades between licensees subject to a one-in-four mandatory forfeiture; and provide for the quarantining of gaming machines and authorisations to enable structural adjustment
 - Phase 2—implement a maximum ratio of 15 authorisations for gaming machines for every 1,000 adults living in the ACT. Clubs will be required to surrender authorisations for gaming machines on a pro-rata basis to the extent needed to meet the ratio. In addition, clubs will be permitted to take gaming machines ‘off the floor’ without limit to the number or length of time. The one-in-four mandatory forfeiture of traded authorisations will no longer apply during Phase 2.
- facilitate opportunities for hotels and taverns to divest themselves of outdated Class B gaming machines by allowing existing establishments to access the trading scheme to sell their authorisations to operate these machines to the clubs. On sale, authorisations will convert to a Class C authorisation. In addition, new hotels and taverns will no longer be able to apply for Class B authorisations. There are, however, provisions facilitating the sale of existing businesses as a going concern.
- provide audit and fee arrangements to accommodate a streamlined licensing framework
- enhance existing taxation mechanisms and regimes which introduce taxation changes applying to gaming machine revenue. Beginning on 1 July 2015, the existing tax free threshold will increase from \$180,000 to \$300,000 per annum. In addition, a new tax rate will be introduced for revenue above \$7.5 million per annum. The arrangements for community contributions are unchanged in the Bill.

2.29 The Bill will repeal a number of functions, including but not limited to existing provisions relating to gaming machine pooling arrangements; and the existing arrangements for large and small scale gaming machine relocations.

2.30 The Bill was passed on 4 June 2015.

3 THE ACT CLUBS SECTOR

- 3.1 This chapter provides information about the number and types of community clubs in the ACT, the location and size of clubs, information about club membership and the social and economic contribution of clubs as well as the importance of volunteers in clubs.

TYPES OF CLUBS

- 3.2 There are a wide range of clubs in the ACT that have been established for different reasons. These clubs include but are not limited to—
- ethnic clubs —e.g. Hellenic Club, Italo Australian Club, Harmonie German Club, Austrian Australian Club
 - sports clubs—
 - football clubs
 - rugby league—e.g. Raiders
 - rugby union—e.g. Vikings
 - soccer—e.g. Belconnen Soccer Club
 - AFL—e.g. Belconnen Magpies
 - golf clubs—e.g. Yowani Country Club, Royal Canberra Golf Club, Gungahlin Lakes Golf Club
 - lawn bowls clubs—e.g. Canberra Bowling Club
 - political interest—e.g. Labor Club
 - trade unions—Tradesmen’s Union Club
 - press—National Press Club

NUMBER OF CLUBS

- 3.3 There are 49 licensed clubs in the ACT.⁶
- 3.4 In recent years, the number of clubs in the ACT has been in decline —some small clubs have closed and/or have been acquired by or merged with other clubs. So while some small and medium sized clubs remain, at the same time a number of large clubs which operate at multiple sites have emerged—these include, for example, the Hellenic Club, Vikings Group, the Canberra Southern Cross Group, and Raiders Group.

⁶ ACT Gambling and Racing Commission, Annual Report 2014-15, p. 27.

LOCATION OF CLUBS

- 3.5 Clubs are located in areas across the ACT—including in Canberra city, in the town centres, as well as in the suburbs.

SIZE OF CLUBS

- 3.6 Clubs in the ACT vary in size —there are some large clubs with multiple venues —e.g. Vikings, Hellenic, Labor Club, Southern Cross Club—as well as smaller and medium sized clubs which have a single venue.

CLUB MEMBERSHIP

- 3.7 According to the Chief Executive of ClubsACT, ‘more than 200,000 Canberrans are members of at least one club. There are more than half a million memberships in circulation in the ACT.’⁷
- 3.8 Data are not readily available on the profile of all club members, though it is clear that members include people from a wide cross-section of the community. On 18 May 2015, the Chief Executive of ClubsACT told the Committee —

Walk through any club and you will see in its members a more representative cross-section of the broader community than almost anywhere else in Canberra. Men, women, boys, girls, old, young, public servants, the private sector—clubs are there for everyone.⁸

SOCIAL AND ECONOMIC CONTRIBUTION OF CLUBS

- 3.9 Clubs make a significant social and economic contribution in the ACT. While it is difficult to quantify the size of this contribution, this would involve consideration of the role that clubs have in the following areas:
- Employer —numbers of staff—full-time, part-time and casual
 - Trainer—hospitality, restaurant/bistro/kitchen—apprenticeships
 - Community contributions —provide financial and in-kind support for community groups —including sports groups, charitable organisations etc
 - Provide and maintain sporting facilities—golf courses, bowling greens, football ovals
 - Expenditure on wages/salaries, payments to contractors, maintenance and cleaners
 - Expenditure on goods and services sourced within the ACT

⁷ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 27.

⁸ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 27.

- Capital expenditure—building and construction, plant and equipment
- Source of gaming tax revenue for the ACT Government
- Offer opportunities for volunteers to engage with the community
- Provide safe places for people to meet and contribute to social inclusion

3.10 The ClubsACT submission to the inquiry reports on the findings of the Allen Consulting Group on the social and economic contribution that the club industry makes to Canberra. According to the ClubsACT submission—

The Allen Consulting Group study of 2007 found:

- Clubs in the ACT employed 2177 people in 2007—62% were casual workers and an additional 29% of workers were employed full-time.
- Gross expenditure by clubs was about \$208 million with more than \$86 million being paid in wages, salaries and payments to contractors each year.
- Between 2002 and 2007 the number of chefs in clubs in the ACT increased by over 270% and the number of maintenance and cleaning staff, and apprentices increased by around 105%.
- Clubs in the ACT paid \$60.3 million to employees in wages and entitlements. In addition, clubs paid \$25.8 million to contractors.
- Club expenditure on training by clubs in the ACT totalled \$2.5 million in 2007, with 56% provided through formal training. Large clubs provided around 64% of all training.
- Across all clubs, 79% of all goods and services purchased by clubs were sourced from services within the ACT.⁹

CLUBS AND VOLUNTEERS

3.11 In its submission to the Inquiry, ClubsACT also referred to the opportunities that clubs provide for volunteers—

Clubs also offer an opportunity for volunteers to engage with the community. According to the Allen Group, in 2007, at least 2553 volunteers participated in ACT clubs' activities with an estimated contribution of at least 186 243 hours.¹⁰

⁹ Submission No. 68, ClubsACT, p. 16.

¹⁰ Submission No. 68, ClubsACT, p. 55.

THE COMMUNITY GAMING MODEL

- 3.12 In the ACT the Community Gaming Model requires that clubs be not-for-profit. Clubs are able to have Class C gaming machines and are required to allocate a prescribed percentage of their gaming machine revenue to the community through community contributions.
- 3.13 Under the model, hotels and taverns can operate Class B machines, while 'Casino Canberra is prohibited from operating any type of gaming machine.' The rationale is that these organisations are deemed to operate on a 'for profit' basis.¹¹

COMMUNITY CONTRIBUTIONS

- 3.14 Section 164 of the *Gaming Machine Act 2004* (the Act) provides that the Gambling and Racing Commission may approve contributions made by a gaming machine licensee to a stated entity for a stated purpose as community contributions if satisfied the contributions will have the effect of contributing to or supporting the development of the community or raising the standard of living of the community or part of the community.
- 3.15 Examples or categories of community contributions include charitable and social welfare, sport and recreation, non-profit activities, community infrastructure, women's sport and problem gambling.
- 3.16 The Act also provides that all gaming machine licensees are required to:
- Record each community contribution made by the licensee stating the entity to which, and the purpose for which, each contribution was made and the amount or value of the contribution and the date when, or period over which, it was made (section 165); and
 - Within one month after the end of the financial year, give the Commission a copy of those records together with a financial report for the financial year (section 166).
- 3.17 The Act also provides that, within 4 months after the end of the financial year, the Commission must give the Minister a report summarising the extent of compliance by licensees with section 165 and 166 for the financial year; and analysing the extent to which revenue received by licensees was being used to make community contributions during the financial year (section 167).
- 3.18 Section 169 of the Act requires clubs that are gaming machine licensees to make a minimum community contribution of eight per cent of net gaming machine revenue.

¹¹ Submission No. 56, ACT Government, p. 5.

3.19 In 2013-14, clubs made community contributions of \$12.7 million which was 13.27 per cent of net gaming machine revenue.¹²

¹² Submission No. 56, ACT Government, p. 18.

4 THE MINISTER FOR RACING AND GAMING

- 4.1 The Committee heard from the Minister for Racing and Gaming and directorate officials on 18 May 2015 to examine elements relevant to the future of the clubs sector in the ACT.

THE ROLE OF CLUBS

- 4.2 In her opening statement the Minister for Racing and Gaming spoke about the role of clubs in the ACT. The Minister explained:

The clubs play a unique and beneficial role in our community. They support a number of community organisations. They are a place of entertainment, hospitality and companionship for many in our community.¹³

- 4.3 Later in the hearing, the Committee sought the Minister's views about the 'main role' of clubs in the Territory particularly in light of the growth of clubs and how this has 'changed the nature of their operating model and their need to generate income.' According to the Minister:

...the main role of clubs in a sense has not changed—it is a membership group. It is where members of a community, whether they are attached to a sporting group, a particular ethnic group or a location, come together to benefit from the amenity, whether that be sporting facilities or mateship....they maintain a very strong benefit for the coming together of a community....Clubs, and some are large businesses, are still community organisations. They are not there to benefit and make a profit in their own right but to be a benefit for their membership and their community. I think that principle has been maintained.¹⁴

REVENUE AND PROFITABILITY

- 4.4 The Committee was advised:

The gaming machines in the ACT provided \$176 million in gross gaming machine revenue in 2012 and 2013 and \$170 million in gross gaming machine revenue in 2013-14, which was a reduction of approximately 3.3 per cent.¹⁵

- 4.5 In response to a question taken on notice, the Committee was advised that clubs generate Gross Gaming Machine Revenue (GGMR) which is the total of all monies inserted into

¹³ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 2.

¹⁴ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 12.

¹⁵ Ms Louise Gilding, *Transcript of evidence*, 18 May 2015, p. 2.

machines less winnings to players and approved amounts set aside for the payment of linked jackpots. From GGMR, the Government receives revenues from gaming machine taxes and regulatory fees. The Committee was also advised that in 2013-14, GGMR totalled \$170.150m and that government revenue was \$33.685m in gaming machine tax and \$0.294m in gaming machine regulatory fees.¹⁶

4.6 The Committee notes that the Problem Gambling Assistance Fund (PGAF) provided about \$1 million in 2014-15 to assist with alleviating problem gambling.¹⁷

4.7 During discussion, the Committee referred to page 19 of the Government's submission noting that total annual expenditure on poker machine gambling per capita in the ACT was 'well below the national average.' It sought advice why this was the case.¹⁸

4.8 The Committee heard that demographics were 'important.' It was advised:

We are a relatively young, what you might call well-educated society. The prevalence studies we have seen both here and interstate show that those people that tend to play gaming machines and those that perhaps may develop issues with their gambling tend to be particularly young males of lower educational level and perhaps single. So demographics is clearly a major factor.¹⁹

4.9 The Committee inquired whether the ACT has 'fewer young, single males on low incomes...' An official responded:

I would need to have a look at the actual demographics, but of those that tend to come into concerns with their level of gambling, the problem gamblers, young single males of a lower educational level tend to dominate that category. In terms of overall expenditure on gaming machines per capita, most of that can be explained through our particular demographics in the ACT compared to others.²⁰

4.10 The Minister added:

Part of the demographic is our above-average income. We have greater disposable income. On page 20 it starts to go into harm minimisation arrangements as well, and perhaps that has a flow-on effect.²¹

¹⁶ See: Answer to QToN No. 1, dated 9 June 2015.

¹⁷ Submission No. 56, ACT Government, p. 20.

¹⁸ *Transcript of evidence*, 18 May 2015, p. 8.

¹⁹ Mr Greg Jones, *Transcript of evidence*, 18 May 2015, p. 8.

²⁰ Mr Greg Jones, *Transcript of evidence*, 18 May 2015, p. 9.

²¹ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 9.

TAXATION AND CHARGES

- 4.11 The Committee was interested to know how much the ACT Government received annually from electronic gaming machine taxation. It was advised that taxation was around \$33 million.²²
- 4.12 Later in the inquiry the Committee discussed taxation matters further, and asked for information on the reasons why an ACT taxation review recommendation for ‘increasing gaming machine tax ... was not taken up at the time....’²³
- 4.13 The Minister explained that some taxation changes that were part of the Government’s reform package would take effect from 1 July 2015. The Minister also advised that ‘a number of the recommendations in the taxation review were not taken up’ and that gambling tax in the ACT made up a smaller percentage of total taxation than in all other jurisdictions except for Western Australia.²⁴
- 4.14 The Committee sought confirmation that ‘taxing gaming has no price signal’ and was advised that there was no relationship between increased taxes on gaming machines and problem gambling.²⁵

PROBLEM GAMBLING

- 4.15 During the hearing, various aspects of problem gambling were discussed. These included the amount the Government spends to address problem gambling, research, and information and self-exclusion from gaming venues.

GOVERNMENT EXPENDITURE ON PROBLEM GAMBLING

- 4.16 During discussion, the Committee noted that ‘one of the main areas of interest ... is how much the government spends on addressing problem gambling each year’ —and it requested advice about this.
- 4.17 The Committee was advised that there was a levy on gaming machine licensees of 0.6 per cent of gross gaming revenue which generated about \$1.1 million annually for a specified fund under the *Gaming Machine Act*. In addition, both ACTTAB (now owned by Tabcorp) and Casino Canberra contributed \$50,000 each. The Committee was also advised that the ACT Gambling and Racing Commission is appropriated funds of about \$4 million each year through the

²² Ms Louise Gilding, *Transcript of evidence*, 18 May 2015, p. 2.

²³ *Transcript of evidence*, 18 May 2015, p. 22.

²⁴ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 22.

²⁵ *Transcript of evidence*, 18 May 2015, pp. 22-23.

Budget and that it allocates about \$200,000 annually for research on gambling and problem gambling by the ANU.²⁶

- 4.18 When asked by the Committee whether the Government's contribution of \$200,000 annually was enough, the Minister explained:

The commission itself is appropriated through the general budget, plus you could say our support across a number of community organisations that support people with problem gambling and other social issues is also a harm minimisation approach.²⁷

- 4.19 An official advised that the Commission has 'a policy research area which spends a lot of time monitoring research in other jurisdictions and contract management of research.' As to the number of FTE staff that were involved, that question was taken on notice.²⁸

- 4.20 At 20 October 2015 the Committee had not received a response to this question.

- 4.21 When the Committee again asked whether the Government's expenditure on problem gambling of \$200,000 annually through the Gambling and Racing Commission was enough, the Minister advised:

I think if you looked across the depth of community organisations that stand in support of families in need, you could look at housing and you could look at support for other NGOs that support people in times of crisis,....I think this government has a good and proud track record in response to community needs when it comes to those social matters.²⁹

RESEARCH ON GAMBLING AND PROBLEM GAMBLING

- 4.22 At various times during the hearing, the Committee discussed matters relating to research on gambling and problem gambling. When asked if research was being conducted on whether young people were moving away from gambling on poker machines and moving to online gambling, the Committee was provided information about a prevalence study undertaken by the ANU every five years. An official explained:

In terms of monitoring gambling and problem gambling in the ACT, every five years the commission arranges, through ANU, to conduct what we call a prevalence study....

The 2010 study indicated the trends towards young males, particularly, moving into online betting on sports bookmaking accounts and things like that. We are anticipating that the 2015 prevalence study will give us more data on that trend, and the

²⁶ *Transcript of evidence*, 18 May 2015, p. 3.

²⁷ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 3.

²⁸ Mr Greg Jones, *Transcript of evidence*, 18 May 2015, pp. 3-4.

²⁹ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 4.

expectations are that that is a growth area. All the prevalence studies conducted interstate, which produce similar data to the ACT, are certainly indicating that as a trend—that young males, particularly, are spending their gambling time and efforts online, either through the internet or through the apps that are available with mobile phones these days.³⁰

- 4.23 The Committee referred to the criticism by ClubsACT that the Commission had used research funds for ‘an opinion poll regarding ATMs and gaming machine reduction.’ It was noted that ClubsACT had also expressed the view that a more diverse range of researchers on problem gambling should be used. The Committee was advised that the ACT Gambling and Racing Commission had contractual arrangements with the ANU to conduct gambling research for over ten years because of their research expertise, specifically in the gambling research centre. It was advised that the ANU was recognised nationally and internationally for the quality of its research and analyses. As for the use of other researchers on gambling, the Committee heard that the Commission also contributes to research by Gambling Research Australia which involves a range of research institutions. It was told that discussions were also underway with other research institutions.³¹
- 4.24 As to the results of the most recent prevalence study, conducted by the ANU for 2015, the Committee was advised that their report was not due until July-August, but that substantial summary data may be available in June. This would be provided to the Committee as soon as it was available.³²
- 4.25 On 18 August 2015 the Committee was provided a ‘Summary of Preliminary Findings’ of the 2014 ACT Gambling Prevalence Study and this document has been included in Appendix C of this report.
- 4.26 The Committee was also interested to find out more about the ACT Gambling and Racing Commission’s contractual arrangements with the ANU. It noted that the current Centre for Gambling Research at the ANU was established in 2009 and wanted to know how that differed from arrangements made in 2001 to establish a chair of gaming studies at the university. The Committee was advised that when arrangements were re-negotiated with the ANU, the level of chair was changed to director as the endowment which was funding the professorial chair was insufficient to pay the ongoing salary at professorial level. In addition, administrative provisions, particularly in relation to IP, were also clarified.³³

³⁰ Mr Greg Jones, *Transcript of evidence*, 18 May 2015, pp. 4-5.

³¹ *Transcript of evidence*, 18 May 2015, pp. 5-6.

³² *Transcript of evidence*, 18 May 2015, p. 6.

³³ *Transcript of evidence*, 18 May 2015, p. 16.

- 4.27 The Committee questioned the appropriateness of ‘downgrading’ the funded position at the ANU from professorial chair to director, particularly if problem gambling is seen as such a dilemma for the community. The Minister advised that it was not considered a downgrading at all. The Minister explained:

We have maintained a centre of research at ANU, and we continue not only through that centre but through other harm minimisation and other approaches, through the funds from Relationship Australia in partnership with Care financial, to provide a suite of harm minimisation strategies and also to support research and then provide support to the community to address matters such as problem gambling.³⁴

- 4.28 The Committee was also interested to hear what evidence was available about how effective note acceptor limits are against problem gambling. It noted that in its submission to the inquiry ClubsACT advocated for the removal of note acceptors and argued there was no evidence that they were effective against problem gambling. The Committee heard that while research predominantly indicated that note acceptor limits had some beneficial effect a minority of research found that the effect of note acceptor restrictions was not significant.³⁵

INFORMATION SHARING AND SELF-EXCLUSION

- 4.29 The Committee noted that in its submission to the inquiry, ClubsACT requested that information sharing in relation to the gambling counselling activities of service providers with club patrons be restored. According to ClubsACT—‘No information flow or data sharing has taken place since the service provision was taken over by the ACT Gambling and Racing Commission.’³⁶ A directorate official stated that in order to protect people’s privacy, summary information was provided to the clubs industry either quarterly or half-yearly on the number of visitations to Relationships Australia. The Committee heard that Relationships Australia have declined to provide information on persons excluded from particular venues on privacy grounds.³⁷ The Chief Executive Officer of the ACT Gambling and Racing Commission advised:

Relationships Australia have a very good relationship with the industry. I think all the information they were able to provide they would be providing to the clubs and to the commission as necessary. I think everything that is available would be provided.³⁸

- 4.30 Subsequent to the hearing the Committee was further advised by the ACT Gambling and Racing Commission:

³⁴ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, pp. 16-17.

³⁵ *Transcript of evidence*, 18 May 2015, p. 24.

³⁶ Submission No. 68, ClubsACT, p. 87.

³⁷ *Transcript of evidence*, 18 May 2015, p. 20.

³⁸ Mr Greg Jones, *Transcript of evidence*, 18 May 2015, p. 21.

The Commission does not agree that information sharing has deteriorated in recent years; in fact the Commission contends that communication and information sharing in this regard has been enhanced in recent years.³⁹

- 4.31 The Committee was interested to find out how the online exclusion scheme works especially since information was not shared for privacy reasons. The Committee was advised:

The online self-exclusion scheme works by people nominating to Relationships Australia, the commission or whichever venue they particularly choose that they wish to self-exclude from. There is a fairly simple mechanism they go through about identifying which venues they want to be excluded from. They then provide the necessary information to identify them as the person. That information is then sent to those venues which have been identified that should be excluding that person. On a very restricted basis at each venue, there is a small handful of people who have signed all the appropriate privacy agreements that administer that scheme on behalf of that venue. That is how the self-exclusion scheme works, and that is very tightly controlled.⁴⁰

- 4.32 As to the possibility of extending information about excluded patrons to venues in Queanbeyan since they are close to the ACT border, the Committee was advised that information technology issues arising from the number of exclusion schemes operating in different areas of NSW meant this is not feasible at this stage. However, the Committee was told that officials will continue to develop the ACT exclusion database and will continue to look at how it could be improved.⁴¹

MEMORANDUM OF UNDERSTANDING (MOU) AND THE COMMUNITY CLUBS TASK FORCE

- 4.33 The Committee sought the Minister's views about the challenges faced by the ACT clubs sector, what it will look like in five years time, and what the Government was doing now.
- 4.34 In response, the Minister expressed the view that the clubs sector will continue to evolve. The Minister advised that an MOU had been signed with clubs 'which set out some changes and reforms...' In addition, a Community Clubs Task Force had been established 'in response to clubs' concerns around diversifying their business models.' According to the Minister:

Everybody is in agreement that the income from gaming machines is decreasing and is unlikely to resurge in a positive sense. Everyone agrees that clubs need to diversify

³⁹ See: Answer to SQoN No. 4, dated 19 June 2015.

⁴⁰ Mr Greg Jones, *Transcript of evidence*, 18 May 2015, p. 21.

⁴¹ *Transcript of evidence*, 18 May 2015, pp. 21-22.

their business models away from the reliance on gaming machine income, but it is about how we go about doing that...⁴²

4.35 When asked whether it was possible to provide clubs with certainty. The Minister responded:

The certainty comes with having a clear framework....

I would support the clubs' desire for certainty, which is why we set up the task force and why we set up the MOU. But, in a world of change and clubs changing, I think they have had a 10 per cent reduction in revenue....If any business—it does not matter whether it is clubs or anything else—saw a 10 per cent drop—...it would need to have a look at what it was doing. That is why it is important that the whole of government has a coordinated response to them.⁴³

4.36 The Committee was interested to know more about the role of the task force in the diversification of clubs. A government official explained:

The Community Clubs Task Force has brought the relevant players across government together in one location. It is like a one-stop-shop approach. A club can bring their ideas or the issues they are facing, and the decision-makers are around the table and able to give advice to that club at that particular point in time....

What we have found is that the task force is taking the role of providing a coordinated place for clubs to come and seek advice in relation to their particular issues. We are finding that those issues for clubs are diverse. They have a broad range of issues. We have representatives from planning, Treasury and the Office of the Coordinator-General. So far five clubs have come and presented. Certainly, we have been able to unblock a couple of issues quite quickly for some of those clubs.

The critical issue is that the boards of the clubs need to make some business decisions. The task force stands ready and waiting to help the clubs as they come forward with their ideas and their proposals to help them navigate government and find a pathway through.⁴⁴

GAMING MACHINE TRADING SCHEME

4.37 Again, later in the hearing, the Committee asked how government reforms give ACT clubs certainty. In response, the Minister referred to the gaming machine trading scheme included within the MOU with clubs:

I think the fact that even the trading scheme is part of the MOU gives the clubs certainty. I entered into an agreement with the clubs, set out in an agreement with

⁴² Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, pp. 10; 11.

⁴³ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 11.

⁴⁴ Ms Louise Gilding, *Transcript of evidence*, 18 May 2015, pp. 11-12.

them. Part of that is working through regulation change and introducing the trading scheme. I think that is the certainty the clubs are desiring—set out a way forward, set out some actions for both sides to participate, and get on and do it. I think that is the certainty the clubs would like to see.⁴⁵

- 4.38 The Committee referred to the view expressed by the Canberra Southern Cross Club about whether the trading scheme will have sufficient industry participation to work. In replying, the Minister referred to the considerable effort that had been invested in developing the trading scheme. The Minister explained:

Will there be a strong market uptake? I do not know. But that is, in many ways, not the purpose of introducing it. The purpose is to give the clubs certainty, for them to be masters, in a way, of their own business models and to have some sense of flexibility. Also, it gives us a true mechanism for reducing the number of machines on the floor. Up until then, it was certainly an aspirational target, and we would have waited for the surrender of machines. Now, should there be an appetite for trade, we will get a way through to reduce the number. But I am not making any assumption about the interest that will be there; that is a separate matter altogether.⁴⁶

- 4.39 As for the view of clubs that if there is not an uptake, the Government should buy machines back from clubs, the Minister explained that the Government's reform package has two phases. There is a phase in which machines will be forfeited to reach a target. If the target is not reached, the Government will take back machines until the ratio is reached. The Minister advised that the Government is:

not paying for machines to come off the floor...⁴⁷

DIVERSIFICATION AND MERGERS

- 4.40 During the hearing, the Committee noted that some clubs in the ACT had become very large and had made substantial investments over a number of years. Some clubs were looking to branch out—including into housing development and the establishment of day-care centres—to obtain income from sources that appear to be 'outside their original remit.'⁴⁸ During discussion the Minister questioned:

⁴⁵ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, pp. 17-18.

⁴⁶ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 18.

⁴⁷ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 18.

⁴⁸ Mr Shane Rattenbury MLA, *Transcript of evidence*, 18 May 2015, p.. 13.

Is it wrong for a group that supports sport to then go into supporting elderly in the community that need supported accommodation? It is different, but I do not think it is a bad thing, because it goes to that community contribution first and foremost.⁴⁹

- 4.41 The Committee then inquired about strategic planning for the use of land to meet community needs in the future. A government official replied:

The strategic planning area of the directorate keep an eye on these things. They review the community facility needs across Canberra. They work closely with their economic development colleagues in CMTEDD as well, which informs the land release program in terms of sites like that. That is in the broad planning area.

It is also about existing clubs and what they do. Obviously, with most of the clubs, their zoning is community facility zoning. As the minister mentioned, some are looking to diversify their operations. They are entitled, obviously, to talk to us about other business models and ideas and plans they may have. Some in fact have done that recently. Clubs can still do that; they can look at making their own business decisions in addition to the ongoing planning work that we do.⁵⁰

- 4.42 The Committee asked whether any strategic analysis was undertaken on the use of land. A directorate official responded:

From a planning perspective, there are a number of steps that a club would need to go through if they wanted to diversify and seek to totally redevelop a facility.... Firstly, they have to determine the status of their lease. A lot of the leases that have been issued over the years are what are termed concessional leases and were given to them with a concession. Before they can do anything, they need to remove that concession and make it a market value lease. Under the Planning and Development Act introduced in 2008 there is a development application, and as part of that DA process they must submit a social impact assessment which needs to be considered by the Minister for Planning. The Minister for Planning has to be satisfied that it is in the public interest to move ahead with the remainder of the DA. That is the first test.

Secondly, if a club gets to a market value lease... and the club wants to explore other development opportunities, say, residential and the like, it would need, in most cases, a territory plan variation. That brings in that whole territory plan process. With that, the club would have to justify to the directorate and the Minister for Planning the need and that the variation is a good idea. That whole process would commence. That ultimately goes through consultation and the variation, if approved by the Minister for

⁴⁹ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 13.

⁵⁰ Mr Jim Corrigan, *Transcript of evidence*, 18 May 2015, p. 13.

Planning, is then tabled in the Legislative Assembly and subject to disallowance by the Assembly.⁵¹

- 4.43 As to whether the use of land is considered on a case by case basis as a proponent came forward rather than the Government identifying how much recreational facility needs to be retained, the Committee was advised:

It is case by case with individual clubs wanting to diversify. Notwithstanding all of that, obviously the planning directorate, with our colleagues in the economic development area of CMTEDD, are also analysing those other needs. You mentioned community facility needs before. Our sport and recreation colleagues in CMTEDD are looking at sporting opportunities and needs analysis there.⁵²

- 4.44 The Committee was interested to know whether a club which had land could sell that land for capital gain without becoming involved in a new form of service delivery. It was explained that what can or cannot be done would depend on the lease. The Minister explained—‘It is case by case as to whether they could sell.’ An official added:

...the lease status is very important. If a club wanted to diversify and maybe enter into an arrangement with a third party, a childcare centre or some example like that, and it needs to subdivide part of its land or whatever, it would have to have a market value lease. That is a very important first step in all these things.

I outlined a minute ago the process of going from a concessional lease to a market value lease. It is a development application. If it is indeed supported, the club would need to pay out the difference to make it a market value lease. All that does is to give them a market value lease with the same development rights. It does not confer any additional development rights. That is very important. This often gets missed. It would then need to branch out and the territory would possibly vary their lease, and all these other things commence. That is why some of the clubs say, “It’s a bit of a minefield.”⁵³

- 4.45 In discussion about the leases held by clubs, the Committee heard that there was no universal lease for all clubs. Leases to clubs have been granted over a long period and different ordinances have applied at different times. As a result, quite a lot of research may be required to determine the status of a club’s lease.⁵⁴

⁵¹ Mr Jim Corrigan, *Transcript of evidence*, 18 May 2015, pp. 13-14.

⁵² Mr Jim Corrigan, *Transcript of evidence*, 18 May 2015, p. 14.

⁵³ Mr Jim Corrigan, *Transcript of evidence*, 18 May 2015, p. 15.

⁵⁴ *Transcript of evidence*, 18 May 2015, pp. 15-16.

POKER MACHINES AND GAMBLING TECHNOLOGIES

- 4.46 The Committee discussed how some clubs currently have poker machines in storage —i.e. mothballed—or that were not available for use all the time. It was agreed that information would be provided to the Committee on notice about the number of club venues where this occurred and the number of gaming machines involved.⁵⁵
- 4.47 In response to the question taken on notice, the Committee was advised that the Gambling and Racing Commission has granted approval for the storage of 114 gaming machines. These were to the Canberra Southern Cross Club for the purpose of renovations; to the Italo Australian Club, to allow the club to consider the effect on revenue by the reduction of machines, and the Canberra Services Club for storage pending building of new premises.⁵⁶
- 4.48 The Committee noted that page 9 of the Government’s submission indicated that ‘interactive gambling and sports wagering are drawing expenditure away from the more traditional forms of gambling.’⁵⁷ During discussion, the Minister advised that interactive gambling matters were mainly a federal responsibility and that she had written to the federal minister about this. While an industry group looking at interactive gambling had been established, government representation was not included.⁵⁸ The Committee noted that the Government submission states that the previous Working Group, the Select Council on Gambling Reform, had been replaced by an industry-led working group looking at illegal offshore wagering. The Minister explained that officials had ‘been advocating, quite rightly, that we need to have a place at the table on this.’ According to the Minister:
- You can sit on a bus, you can sit in a park and anyone with a smart phone or a device can be gambling, out of any framework of harm minimisation or oversight by problem gambling support to support you.⁵⁹
- 4.49 The Committee notes that on 7 September 2015 the federal government announced a review of illegal offshore wagering. According to the terms of reference, the review ‘will address the impact of illegal offshore wagering on the economic viability and integrity of the racing and sports industries. The Review will examine regulation in overseas jurisdictions that could be applied in Australia, and also review other technological and legislative options.’ The review will also examine ‘the efficacy of approaches to protect the consumer...’ The terms of reference for the review indicate that a report will be provided by 18 December 2015.⁶⁰

⁵⁵ *Transcript of evidence*, 18 May 2015, pp. 18-20.

⁵⁶ See: Answer to QToN No. 4, dated 15 June 2015.

⁵⁷ *Transcript of evidence*, 18 May 2015, p. 4.

⁵⁸ *Transcript of evidence*, 18 May 2015, p. 5.

⁵⁹ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 7.

⁶⁰ ‘Review—Impact of Illegal Offshore Wagering’ — see https://www.dss.gov.au/sites/default/files/documents/09_2015/terms_of_reference_-_illegal_offshore_wagering_review_0.pdf, accessed on 8 September 2015.

CROSS BORDER ISSUES —DIFFERENCES BETWEEN THE REGULATORY ENVIRONMENT FOR CLUBS IN THE ACT COMPARED WITH NSW

- 4.50 During the proceedings, the Committee heard that clubs frequently sought to bring the Government's attention to differences between the regulatory environments in the ACT and NSW that impacted upon them. The Minister told the Committee—

The clubs—they have here and they have every time I have met with them—make reference to the regulatory environment across the border in New South Wales compared to ours. There are some absolute, clear differences—outdoor gaming, outdoor smoking and outdoor environments—between New South Wales and the ACT. There is unlikely to be a change in government position. We, for a whole range of reasons—public health reasons and others—would not encourage outdoor smoking and gaming. But if there were other regulatory frameworks and changes that we could implement, we would absolutely do so.⁶¹

- 4.51 Later in the hearing, the Committee discussed the community contribution scheme in place in the ACT and how it differed from the arrangements in place in NSW. The Committee heard that in 2013-14, clubs in the ACT provided 13.27 of their net gaming machine revenue in community contributions, while the required minimum contribution was only 8 per cent. According to the Minister—

Community contributions from clubs continue to provide a benefit, not only to the clubs listed here but to many folk across our suburbs. Clubs continually and historically have a higher contribution than what is mandated for them. They continue to do that.⁶²

- 4.52 During discussion the Committee also heard that the scheme in the ACT was different to that in place in NSW. An official explained—

There is a difference between the New South Wales scheme and the ACT scheme. In the ACT clubs are free to allocate their contributions based on their objects or their preferences to, effectively, whoever they wish. There are fairly broad eligibility criteria under the Gaming Machine Act, which is what the commission assesses and reports on, and which is what we are talking about here. In New South Wales there is a fund, effectively, that they contribute to. So the schemes are quite different.⁶³

⁶¹ Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 11.

⁶² Ms Joy Burch MLA, *Transcript of evidence*, 18 May 2015, p. 23.

⁶³ Mr Greg Jones. *Transcript of evidence*, 18 May 2015, p. 24.

OTHER MATTERS CONSIDERED

4.53 Other matters discussed at the hearing included—

- Whether the Government has ever undertaken a study of the benefit of the clubs sector to the ACT economy;⁶⁴
- The reasons for differences in data included in the Government's submission and the ClubsACT submission on per capita expenditure on gaming machines as a percentage of household disposable income;⁶⁵ and
- Request for a Government response to all 28 recommendations included in the ClubsACT submission.⁶⁶

⁶⁴ *Transcript of evidence*, 18 May 2015, pp. 2-3.

⁶⁵ *Transcript of evidence*, 18 May 2015, pp. 9-10.

⁶⁶ *Transcript of evidence*, 18 May 2015, pp. 17; 25.

5 CLUBSACT

- 5.1 The Committee heard from the Chief Executive of ClubsACT on 18 May 2015 to examine matters relating to ACT clubs and the future of the clubs sector in the Territory.

PROBLEM GAMBLING

- 5.2 In his opening statement to the Committee, the Chief Executive of ClubsACT referred to poker machines and problem gambling:

...Not everyone likes poker machines, but it is important to remember that many Canberrans do. Not everyone can control how they gamble, but we cannot forget that the vast majority of people can and do.

To be sure, problem gambling is a scourge, but gambling itself is not. We need to maintain perspective and balance in our policy response.⁶⁷

- 5.3 The Chief Executive of ClubsACT also referred to the role of clubs in harm minimisation:

Clubs are willing partners in the effort to develop and implement targeted and effective harm minimisation measures...

We are prepared to do what we can in a collaborative and constructive way so long as we are regarded as legitimate partners in that effort.⁶⁸

- 5.4 The Committee was interested to find out whether clubs have done enough to assist those who have difficulty with poker machines. The Committee was told:

No. Quite simply, you can always do more. The current prevalence rate is 0.5 per cent. We want that to be lower. I note that other jurisdictions—New South Wales and Queensland—have a lower prevalence rate of problem gambling but a much less restrictive harm minimisation regime. I do not think we have got to the point where we can say the suite of measures we have in place are as effective as they can be. I think more broadly we need to be where we can target how we deal with problem gambling rather than looking at options which reduce gaming revenue and, by virtue of that, somehow capture problem gamblers in that approach. I think we more specifically need to get better at identifying problem gamblers, and I think we need to get better at engaging with them, in venues and outside venues.

⁶⁷ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 27.

⁶⁸ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 28.

One of the big issues around that is the stigma that is attached to not just problem gambling but poker machine playing. I think that increasingly people feel as though they are doing something wrong when they are playing a poker machine. That does not bode well for encouraging people to seek help. So the short answer is: no; there is always more that we can do.⁶⁹

- 5.5 The Committee noted how research indicated that young men who were not well educated were a group of people who were well represented among problem gamblers, but wanted to know whether people aged over 65 years were also prone to problem gambling. The Chief Executive advised:

It is difficult to say. Certainly, you are correct in identifying young males as being a particularly relevant cohort when it comes to problem gambling. That is also the case across a number of different gaming products, not just poker machines. In terms of the other end of the spectrum, retirees and plus-65s, they do have more time on their hands, generally speaking. Clubs are in many ways a natural place for them to go, not just in terms of the ones who choose to play poker machines but those who go to clubs generally. There are probably more people in that cohort that go to clubs to not play gaming machines than those that do. But in terms of disposable time and disposable income, that usually is an indicator of risk. I am not aware of any statistics that particularly identify the older age bracket as being particularly at risk. It may be out there but I am not aware of it.⁷⁰

- 5.6 The Committee noted that while the ClubsACT submission indicated that there was no acceptable evidence that note acceptors are effective against problem gambling, the ACT Gambling and Racing Commissioner concluded that a majority of studies found that they are, and that a minority of studies found they are not. The Chief Executive advised that he had not read the Commissioner's review and stated:

In our submission, all I have done is simply quote from one of the studies which presumably the commission would regard as one of the minority studies from the University of Sydney. That certainly found there was no evidence that that measure would be effective from a harm minimisation perspective.

In terms of this broader point about data, to some degree in recent years we have got to a point where it is almost "I'll match your expert with my expert, your study with my study." It is difficult to identify data which is independent and genuinely useful. It does exist, absolutely. But I think that almost in every issue that might come up, we would have a situation where I could probably quote something and someone else could quote something else.⁷¹

⁶⁹ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 30.

⁷⁰ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 32.

⁷¹ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 37.

- 5.7 The Committee asked whether there was evidence to support the view that ‘electronic gaming machines are the larger part of the problem for problem gambling.’ The Chief Executive replied:

Certainly. I would not contest the evidence that says that gaming machines currently represent the biggest slice, if you like, of problem gambling. But similar studies also identify—I do not think anyone would disagree with this—that most problem gamblers do not focus on or use exclusively one form of gambling. It usually occurs across a range of gambling products. Certainly, I absolutely agree that the weight of evidence is that gaming machines are the lion’s share at the moment. But I think that will be changing over time.⁷²

- 5.8 During discussion, the Committee noted that the ClubsACT submission had stated that raising awareness of indicators of problem gambling can lead to earlier intervention. The Committee asked whether this was not happening.

- 5.9 The Chief Executive advised:

I do not think it is happening as well as it can. It goes to issues around venue staff getting better at being able to identify potential problem gamblers and engage with them in a way that leads to something productive. We need to get better at engaging with not just the problem gambling service provider but other related agencies that deal with the impacts. Generally speaking, we favour as much as possible greater levels of education and information to inform and educate people who play poker machines than other measures.⁷³

INFORMATION SHARING AND SELF EXCLUSION

- 5.10 The Committee sought to clarify a statement included in the ClubsACT submission regarding the lack of information sharing in respect of people assisted by Relationships Australia. The submission stated that ‘No information flow or data sharing has taken place since the service provision was taken over by the ACT Gambling and Racing Commission.’⁷⁴

- 5.11 The Chief Executive of ClubsACT explained:

When the industry was directly funding Lifeline to provide the service that is now provided by Relationships Australia, we would, as the funding party, receive quarterly reports from Lifeline on activity. These reports obviously took account of privacy. There was no identification of individuals, but it gave us a sense of what was happening, which was quite useful. If there was a dramatic change in activity that related to a

⁷² Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 38.

⁷³ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 43.

⁷⁴ Submission No. 68, ClubsACT, p. 87.

particular area of Canberra or a particular club, that enabled us to work with the clubs in that area, and Lifeline to work with the clubs in that area, to try and address that.

At the moment we have absolutely no picture of what is going on. What would be useful is restoring even a general level of information sharing but, more specifically, particularly in the context of the online exclusion database that exists in Canberra now, when an excluded person seeks to re-enter a club, most clubs will simply not allow them back in but others will. We have guidelines in place that govern the process that clubs should undertake before that person is readmitted. Part of that is to try and confirm as much as we can whether or not that person has availed themselves of the problem gambling services of Relationships Australia or anyone else.

As much as we can, given privacy considerations, we would like to see some information sharing that gives us a sense of whether or not we are on the right track or whether or not we need to do more.⁷⁵

- 5.12 As previously noted in paragraph 4.30 of this report, the Gambling and Racing Commission has expressed the view that information sharing has improved in recent years, contrary to the view expressed by ClubsACT.

DIVERSIFICATION AND MERGERS

- 5.13 During his opening statement, the Chief Executive of ClubsACT spoke about the need for clubs to diversify:

...The era of clubs being able to rely on stable or growing gaming revenue is well and truly over. Clubs need to diversify or they will die. We know this. We have known it for some time.

Some clubs have taken strides along a diversified path, but it is not an easy path, and in every case money is needed to make the necessary investments. There is a window for clubs to change, and because of dwindling revenue the window is closing. For some clubs, it will close too quickly. I believe there is a role for government in assisting clubs to diversify—not a handout but a hand up, and an acknowledgement that simply driving down gaming revenue will in no way assist clubs to diversify.

Certainly diversification seems to be the one thing that all parties agree on the need for.⁷⁶

- 5.14 The Committee asked what stands in the way of clubs diversifying and reinvesting in the ACT. The Chief Executive of ClubsACT responded:

⁷⁵ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 42.

⁷⁶ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 28.

It is a multifaceted approach. It is no one thing. At one end of the spectrum, having some certainty around revenue so you can forward plan and make the necessary investments in non-traditional revenue lines is important. There are some clubs that simply do not have the resources to be able to make those investments.

Then you move on to the regulatory environment in terms of land and planning in the ACT—the costs of deconcessionalisation, the debate that occurs around deconcessionalisation. Clubs are nervous about taking that step because obviously in the past there has been a good deal of public debate around those steps. But you cannot diversify in any way that involves land without first deconcessionalising your lease. It is a necessary step. I think a better approach around deconcessionalisation is important. Lease variation costs are a factor, as well as, I think, a broader view of what constitutes community assets in terms of clubs looking to convert what might be an old club into something else. From time to time, the definition of how we regard “community asset” or “community benefit” can be a bit narrow. It is definitely a range of things, from revenue right through to land and planning and how that is dealt with in the ACT.⁷⁷

- 5.15 The Committee was also interested to hear from the ClubsACT Chief Executive about clubs’ experience with the Community Clubs Task Force. The Committee was advised:

It is early days for the task force. I think it is a very useful thing. I support it. A couple of meetings we have had so far have been very constructive and very useful inasmuch as you have got the relevant agencies of government at the same table as a particular club that is looking to navigate that minefield. On occasion already there have been instances where, just by virtue of having those same people at the table, issues have been able to be resolved. It is very useful from that perspective.

I think there is also a degree of frustration about—let me put it another way. If the task force is only going to deal with specific clubs and help them navigate the minefield, that will be certainly positive. But I think there is a role for the task force in looking at the policy settings that create some of that minefield. Unless those issues are going to be addressed and dealt with, it will still be a minefield. Every now and then you might be able to help a particular club navigate it, but I would rather deal with the minefield than try and help clubs actually not step on a mine.⁷⁸

- 5.16 The Committee was interested to find out more about the diversification options available to clubs—whether they are about maximising land value or moving into other service delivery areas. The Chief Executive of ClubsACT replied:

⁷⁷ Mr Jeff House, *Transcript of evidence*, 18 May 2015, pp. 29-30.

⁷⁸ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 31.

Land is the most efficient and effective method for diversification, simply because clubs, generally speaking, have land which they can better use. For the clubs that do not have that option, it comes down to being able to invest in non-traditional revenue-generating lines. The submission from the Southern Cross Club indicates the percentage of their revenue that comes from investments they have made in gyms, health facilities and so forth. Those options are there, but the non-land diversification options are much smaller in terms of the revenue they are likely to generate than what is available through redevelopment of land.⁷⁹

5.17 The Committee noted page 79 of the ClubsACT submission which referred to an omnibus territory plan variation. It asked whether ClubsACT was proposing that all CZ6 be changed to include certain other uses or just for clubs.

5.18 The Chief Executive of ClubsACT explained:

One of the things some clubs have come up against is not being able to undertake residential redevelopment under CZ6. In a lot of cases, residential is the ideal form of redevelopment and would represent best use of the land in question. I would imagine if there was an omnibus territory plan variation, it would be to deal with that particular issue in terms of residential.⁸⁰

5.19 The Committee then questioned whether such an arrangement would undermine the territory plan. The Chief Executive replied:

No. A change to the territory plan itself does not prevent the government, through the planning regime, making decisions on particular developments. What we would be saying is that we would like to see as broad a use as possible allowed for sites that clubs occupy. Obviously the government, through the established land and planning regime, will make decisions on particular developments, but I think it is easier for them to make those decisions when residential, for example, is included than the other way around.⁸¹

5.20 The Committee noted that pages 78 and 79 of the ClubsACT submission referred to the possibility for government to partner with clubs around development. The Committee asked what was envisaged. The Chief Executive explained:

More in terms of the helping hand side of things. But there are opportunities for the government to play a role in the types of developments that the clubs might undertake. With the Canberra Southern Cross Club, for example, the old pitch 'n' putt site, the proximity of that site to Canberra Hospital might present some opportunities

⁷⁹ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 35.

⁸⁰ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 39.

⁸¹ Mr Jeff House, *Transcript of evidence*, 18 May 2015, pp. 39-40.

for the government to say, “We could work with the club to have some ancillary services put on that site.” Certainly, initial discussions with ACT Health that the club has had have indicated there is some interest in that. If that is something that the government might want to do, there are opportunities for them to be a partner in that development.⁸²

- 5.21 In regards to the possibility for clubs to diversify into childcare, the Committee asked whether any clubs have childcare centres on their premises or whether they operate any at the moment. The Committee was advised that no club envisages having childcare on their premises—it would be provided elsewhere. It was pointed out that the Hellenic Club has a childcare centre at Yarralumla and some other clubs are looking to have childcare as part of a broader redevelopment.⁸³

TAXATION AND CHARGES

- 5.22 The Committee noted that in its submission to the inquiry, ClubsACT pointed out that clubs in the ACT have about 500 hectares of green space and the water charges which have to be met by clubs are considerable. When the Committee sought to clarify the view of ClubsACT, the Chief Executive said:

Certainly, the basic point we are making is that water costs a lot more in the ACT than it does in New South Wales. That is relevant for our sporting clubs and golf clubs, in particular, because they are competing directly against clubs in Queanbeyan. It was on that basis that we requested the government apply competition equalisation principles to the cost of water for ACT club users.

The government partly acknowledged that in applying a market equalisation approach, which means that costs for water for us have reduced, but there is still a significant gap between costs in the ACT and costs in New South Wales. That competitive disadvantage that clubs in the ACT face compared to those in Queanbeyan still remains. It has lessened but it is still there. The cost of water generally has increased dramatically, and for some clubs it is a major expenditure line.⁸⁴

- 5.23 It was also explained that in the past, clubs have had to close facilities because they were not profitable. The Chief Executive also told the Committee that some clubs had invested a lot of money on water capture to become as self-sufficient as possible in water use, but were then charged for the use of that water. The Chief Executive added:

⁸² Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 41.

⁸³ Mr Jeff House, *Transcript of evidence*, 18 May 2015, pp. 41-42.

⁸⁴ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 33.

But in terms of community service obligations, for example, New South Wales provides CSO to not-for-profit water users. We are simply suggesting that we look at those same sorts of options for clubs here.⁸⁵

- 5.24 The ClubsACT submission —from pages 76 to 79—discusses government charges to do a lease search, a lease variation charge and deconcessionalisation. The Committee asked ‘what should happen with the lease variation charge in regards to clubs?’ The Chief Executive stated:

I think the easiest approach would be, in recognising clubs as not-for-profit entities and the desire on the part of many for clubs to change their business model and land being a key ability for them to do that, to not charge a lease variation charge for developments that clubs undertake. There are remissions built into the scheme already. Some of those are due to expire in 2016. We would certainly want to see that suite of remissions extended. Equally, we think there is opportunity for the government to, as it were, kill two birds with one stone and provide remissions for lease variation and deconcessionalisation costs where clubs hand back gaming machine licences, or authorisations, as I think we are going to be calling them now.

Deconcessionalisation in terms of cost and lease variation is significant. For some it is a barrier. But I think there is a greater good to be achieved in terms of the broader picture of clubs looking to diversify and change their business models and rely less on gaming. The government could have a good look at some of the options around lease variation and deconcessionalisation costs as they relate to clubs.⁸⁶

- 5.25 The Committee also sought to clarify whether the Chief Executive thought it unreasonable that the general rates paid by clubs had increased. The Committee was told:

Given the government’s policy, it is not unreasonable. What we would say, though, is that it needs to be considered again when there are calls for clubs to change their business model and any discussion around how they might do that. As I have said before, in every case where clubs are looking to diversify, it requires funds to do that, to make the necessary investments, to make the necessary expenditures on non-traditional revenue sources. The less money they have, the less able they are to do that.⁸⁷

- 5.26 The Committee noted that ClubACT’s submission indicated that ACT clubs paid the highest licensing fees in Australia while clubs in Queanbeyan paid a third of what ACT clubs pay. The Chief Executive explained:

It was certainly part of a broader approach on the part of the government to introduce a risk-based licensing scheme. The point we would make is that the way that scheme is

⁸⁵ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 34.

⁸⁶ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 40.

⁸⁷ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 40.

currently structured penalises clubs for their generally large maximum occupancy levels. A club with a large maximum occupancy is not the same as a nightclub with a similar occupancy in terms of the numbers of people that are actually in the club. They are not jammed in like sardines in clubs. At the moment the regime penalises clubs for that occupancy level. We would like to see that remedied and also a scheme introduced where not just clubs but any licensee is rewarded for good behaviour. If we have a risk-based licensing system and there are venues that can clearly demonstrate that they do not represent a risk nor have they in years gone by, they should not be paying the same amount.⁸⁸

5.27 Later in discussion, the Committee sought to clarify whether gaming machine taxation was higher in the ACT than in NSW —it noted that the Government submission claimed that the ACT is the lowest taxing jurisdiction. However, the Chief Executive disagreed and stated that actual gaming machine tax rates in the ACT, not including community contributions, were higher than in NSW.⁸⁹

5.28 As to any relationship there is between taxation of gaming machine revenue and problem gambling, the Chief Executive stated:

...If the idea is that problem gambling is in some way impacted by the taxation arrangements for clubs, I would absolutely reject that. I do not think there is any evidence that tax rates have an impact in terms of the levels of problem gambling. As I mentioned before, there are states that have a lower prevalence rate of problem gambling than the ACT that have, by the government's own figures, a much more relaxed taxation environment.⁹⁰

REVENUE AND PROFITABILITY

5.29 In his opening statement the Chief Executive of ClubsACT referred to the financial circumstances of clubs in the ACT:

This inquiry takes place in the context of clubs experiencing the toughest time in Canberra's history. The historically low revenues, increasing costs and other factors that have led to this situation are well documented. This is also a time when clubs are facing a fork in the road.⁹¹

⁸⁸ Mr Jeff House, *Transcript of evidence*, 18 May 2015, pp. 40-41.

⁸⁹ *Transcript of evidence*, 18 May 2015, pp. 43-44.

⁹⁰ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 44.

⁹¹ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 28.

- 5.30 The Committee noted that the ClubsACT submission compared clubs in the ACT with the “normal commercial environment”. It questioned why this comparison was made as clubs were different to for-profit businesses. The Committee was advised:

I am simply making the point that clubs, by their nature, have in the past maintained significant infrastructure that in and of itself is not profitable. Obviously that is what they are supposed to do, but it is important to also understand that they can only do that as long as the revenue exists to do that. I am not necessarily saying that clubs and the private sector or other commercial businesses are apples for apples; clearly they are not. But, equally, the nature of the vast majority of clubs in the ACT is that they are also businesses, operating in a competitive marketplace. That marketplace has impacts on how they fare.⁹²

- 5.31 The Committee noted the significant level of investment that clubs in the ACT were forecast to make between 2007 and 2010 and asked why that investment has not delivered, whether clubs had overcapitalised or made poor investment decisions. The Committee heard:

I do not think it is a case of necessarily that spend not delivering. I think the spend that clubs will make expanding their businesses—some of that could be regarded as looking for a return, but a fair portion of it is not the kind of investment that would be seeking a return. It is not that anything has gone wrong, but on your point about overcapitalisation, I think the industry has overcapitalised over the years in the sense that it was built on a revenue base, particularly gambling, that simply does not exist anymore. In 2007, when those figures were gathered, the picture for revenue for clubs was markedly different from what it is now, as the graphs attest. Yes, there has been overcapitalisation in the sense that it was done on the basis of a certain amount of revenue and that revenue has declined significantly since that time.⁹³

- 5.32 The Committee referred to information included in the ClubsACT submission indicating the impact that the introduction of smoking bans in 2006 has had on gaming revenue and the Chief Executive agreed to provide additional information about this.⁹⁴

- 5.33 At 20 October 2015 the Committee had not received a response to this question.

- 5.34 The Committee also discussed with the Chief Executive the view expressed in the ClubsACT submission that there is no acceptable evidence to indicate that restricting note acceptors on gaming machines to a maximum \$20 denomination is an effective harm minimisation measure. The ClubsACT view is that having a cash input limit would be a better approach.⁹⁵

⁹² Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 36.

⁹³ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 37.

⁹⁴ *Transcript of evidence*, 18 May 2015, p. 32.

⁹⁵ *Transcript of evidence*, 18 May 2015, p. 37.

LEGISLATION AND REGULATIONS

- 5.35 When asked by the Committee to summarise in a couple of words what the clubs wanted, the Chief Executive said it was certainty. He said:

It is very difficult for clubs—indeed for any business sector or any sector of the community that is the subject of the intensity and regularity of legislative and regulatory change—to manage a business, let alone forward plan, budget and do all those things that are vitally important when you are dealing with finances and running a community club. Of course, they range from very small clubs which are all run by volunteer staff right through to the bigger groups that are multimillion dollar businesses.

In recent years, the one thing we have not had is certainty, and that makes things very difficult. It certainly makes the task of diversification extraordinarily difficult. Running a business in that circumstance is difficult enough, but when you have got overlaid with that the need to change your business model, it is incredibly difficult. I think certainty is the thing we want more than anything.⁹⁶

- 5.36 In the discussion that followed, the Chief Executive referred to the regulatory environment in terms of land and planning and deconcessionalisation in particular. He pointed out that diversification could not occur without deconcessionalising a lease, but a better approach around deconcessionalisation is important.⁹⁷

- 5.37 During the hearing the Committee discussed with the Chief Executive the different regulations in place for ACT clubs which do not apply to other types of gambling or at venues where gambling is available—for example:

- Clubs are not able to advertise poker machines but advertising is permitted for other gambling products;⁹⁸
- The Casino is exempt from ATM withdrawal restrictions;⁹⁹
- Requirements regarding how gaming floors are structured and approvals required for changes to gaming floor plans.¹⁰⁰

⁹⁶ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 29.

⁹⁷ Mr Jeff House, *Transcript of evidence*, 18 May 2015, pp. 29-30.

⁹⁸ *Transcript of evidence*, 18 May 2015, p. 38.

⁹⁹ *Transcript of evidence*, 18 May 2015, p. 38.

¹⁰⁰ *Transcript of evidence*, 18 May 2015, pp. 42; 45.

CROSS-BORDER ISSUES

5.38 On various occasions during the hearing, differences between the circumstances and requirements of ACT clubs and NSW clubs were identified. These included, for example:

- Land and planning matters and how they are dealt with in the ACT—including requirement to deconcessionalise a lease before diversification;¹⁰¹
- lease variation costs;¹⁰²
- water charges are higher in the ACT than in NSW—in NSW the government provides community service obligations to not-for-profit water users;¹⁰³
- licensing fees are higher in ACT than in other jurisdictions;¹⁰⁴
- the ease of entering a club in NSW by an interstate visitor;¹⁰⁵
- that the ACT has a higher gaming machine tax than NSW;¹⁰⁶ and
- the ACT does not have a central monitoring system for poker machines.¹⁰⁷

5.39 The Committee discussed cross-border issues identified in the ClubsACT submission which ClubsACT claims ‘have resulted in ACT residents increasingly choosing to spend their money across the border.’ The Committee asked what evidence there was to support that. The Committee heard that there was no formal research and the evidence is largely anecdotal but, according to the Chief Executive:

Certainly, I do not think anyone within the industry would disagree with the view that a lot of money is going across to Queanbeyan.¹⁰⁸

5.40 The Chief Executive indicated that ClubsACT would like some research to be undertaken on cross-border issues impacting on ACT clubs.¹⁰⁹

GAMING MACHINE TRADING SCHEME

5.41 The Committee wanted to hear more about the view of ClubsACT that government should participate in the gaming machine trading scheme and buy licences. The Chief Executive said:

...There will be a market that operates that will operate a bit differently, comparing clubs buying and selling off each other and dealing with the government. I think there

¹⁰¹ *Transcript of evidence*, 18 May 2015, pp. 29-30.

¹⁰² *Transcript of evidence*, 18 May 2015, pp. 29-30.

¹⁰³ *Transcript of evidence*, 18 May 2015, pp. 33-34.

¹⁰⁴ *Transcript of evidence*, 18 May 2015, p. 40.

¹⁰⁵ *Transcript of evidence*, 18 May 2015, p. 43.

¹⁰⁶ *Transcript of evidence*, 18 May 2015, pp. 43-44.

¹⁰⁷ *Transcript of evidence*, 18 May 2015, p. 45.

¹⁰⁸ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 43.

¹⁰⁹ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 43.

is an option for the government to identify a price for which they will purchase machines and for clubs that may not be able to sell machines on the open market to go to the government and avail themselves of that price.

Equally the government, at some point, if there are going to be new licences issued, will need a mechanism to do that. I would imagine it is not going to be how it used to be done in terms of free licences; they will want to sell them or auction them and derive some financial return for those licences. In that sense, they will ultimately be effectively participating in the trading scheme anyway. Having them do that at the start as purchasers probably makes sense as well.¹¹⁰

5.42 The Committee asked why the government should pay to get machines back when licences were issued for free in the first place. According to the ClubsACT Chief Executive:

For a number of reasons. One is because the government wants to reduce machine numbers. The other thing to keep in mind is that since those licences were originally issued, the government has received tax from each of those machines, each of those licences, over their life. As to this question of whether or not licences have a value, absolutely they do, both in terms of the amount of money they generate for the government in terms of tax but also in terms of the fact that they represent an asset on a club's balance sheet. And certainly the banks put a value on them as well; everyone else puts a value on those machines. So in terms of the trading scheme and any participation the government might have in it, there should be a value there as well.¹¹¹

OTHER MATTERS CONSIDERED

5.43 Other matters discussed at the hearing included—

- Press articles critical of ACT clubs;¹¹²
- Politics surrounding clubs;¹¹³
- Current estimate of the number of volunteers participating in club activities, cost of volunteer hours;¹¹⁴
- Reasons for community views about ACT clubs—issues re poker machines and problem gambling;¹¹⁵
- Whether clubs could do more to explain the ACT community clubs model;¹¹⁶

¹¹⁰ Mr Jeff House, *Transcript of evidence*, 18 May 2015, pp. 45-46.

¹¹¹ Mr Jeff House, *Transcript of evidence*, 18 May 2015, p. 46.

¹¹² *Transcript of evidence*, 18 May 2015, p. 27.

¹¹³ *Transcript of evidence*, 18 May 2015, p. 28.

¹¹⁴ *Transcript of evidence*, 18 May 2015, p. 31.

¹¹⁵ *Transcript of evidence*, 18 May 2015, p. 34.

¹¹⁶ *Transcript of evidence*, 18 May 2015, pp. 34-35.

- Whether there are too many clubs—number of clubs—community resistance to clubs reducing their footprint;¹¹⁷
- Whether current data is available on the number of clubs with golf courses, tennis facilities etc;¹¹⁸
- Risk-based licensing;¹¹⁹
- How gaming floors are structured—social and interpersonal aspects;¹²⁰
- Early intervention to address problem gambling;¹²¹
- Reasons why the ACT does not have a central monitoring system;¹²²
- Frequency of changes to gaming floor plans and arrangements to get approval;¹²³
- The number of gaming machines mothballed by clubs and the reasons why they are stored;¹²⁴
- Whether the recommendations made by ClubsACT in its submission for the inquiry had been previously raised with government.¹²⁵

¹¹⁷ *Transcript of evidence*, 18 May 2015, pp. 35-36.

¹¹⁸ *Transcript of evidence*, 18 May 2015, p. 36.

¹¹⁹ *Transcript of evidence*, 18 May 2015, p. 41.

¹²⁰ *Transcript of evidence*, 18 May 2015, pp. 42-43.

¹²¹ *Transcript of evidence*, 18 May 2015, p. 43.

¹²² *Transcript of evidence*, 18 May 2015, p. 45.

¹²³ *Transcript of evidence*, 18 May 2015, p. 45.

¹²⁴ *Transcript of evidence*, 18 May 2015, p. 46.

¹²⁵ *Transcript of evidence*, 18 May 2015, p. 47.

6 SUMMARY OF THE VIEWS OF SUBMITTERS AGAINST THE 9 ELEMENTS OF THE MOTION

- 6.1 In total, 112 submissions were made to the Committee in relation to the inquiry into elements impacting on the future of the ACT clubs sector.
- 6.2 Of the submissions made, more than 85 —the vast majority—were made by individuals, clubs, or other organisations acknowledging the benefits obtained from the assistance provided by ACT clubs through community grants and/or in-kind support.
- 6.3 While these submissions did not address the terms of reference of the inquiry directly, they highlight the diverse range of community groups that clubs assist —including for example, a wide range of sporting groups involving people of all ages; organisations that assist people with a disability, their families and carers; community organisations that support people with serious health issues, their families and carers; organisations that assist the aged; various charitable bodies; music groups; hobby and craft groups; and schools.
- 6.4 While the Committee appreciates receiving all these submissions, they are not discussed in detail in this chapter of the report.
- 6.5 The submissions which expressed views in relation to one or more of the elements identified in the inquiry's terms of reference are discussed below.

REVENUE AND PROFITABILITY

- 6.6 This section considers concerns raised by various submitters, and in particular the ACT Government and ACT clubs, regarding the revenue and profitability of community clubs in the ACT.
- 6.7 A number of contributors to the inquiry noted that in recent times the revenue of various community clubs has been in decline and that this combined with increased costs impacted on the profitability of clubs.

SUBMISSION BY THE ACT GOVERNMENT

- 6.8 The submission to the inquiry by the ACT Government noted that while most clubs gain revenue from a variety of sources—including, for example, food and beverage and membership fees—a large proportion of their revenue is derived from gaming machines.¹²⁶
- 6.9 It noted that Gross Gaming Machine Revenue (GGMR) was about \$170 million in 2013-14, representing a reduction of 3.3 per cent from the previous year.¹²⁷
- 6.10 Factors contributing to a decline in the revenue of community clubs include overall economic conditions in the Territory, changing demographics and customer preferences, and competition from other forms of gambling—including interactive gambling and sports wagering.¹²⁸
- 6.11 The ACT Government's submission also noted that industry had expressed concern about a number of factors impacting on the revenue and profitability of clubs. These related to:
- Regulatory arrangements in the ACT;
 - Restrictions to alfresco dining;
 - The introduction of smoke-free environments to all enclosed venues; and
 - The \$250 ATM withdrawal limit in licensed clubs which the ACT Government is committed to retain as a harm minimisation measure.¹²⁹

SUBMISSION BY THE ACT GAMBLING AND RACING COMMISSION

- 6.12 In its submission to the inquiry, the ACT Gambling and Racing Commission also noted that GGMR for community clubs in the ACT was about \$170 million in 2013-14. It noted that GGMR constitutes about 50 per cent of total club revenue, though this varied from about 74 per cent of total revenue to less than 10 per cent for a number of smaller clubs.¹³⁰
- 6.13 It was noted that community contributions are made by licensed clubs based on their net gaming machine revenue under sections 164 and 169 of the *Gaming Machine Act 2004*. In 2013-14, clubs made community contributions to the value of \$12.7 million which was 13.27 per cent of their net gaming machine revenue.¹³¹

¹²⁶ Submission No. 56, ACT Government, p. 7.

¹²⁷ Submission No. 56, ACT Government, p. 7.

¹²⁸ Submission No. 56, ACT Government, p. 8.

¹²⁹ Submission No. 56, ACT Government, p. 9.

¹³⁰ Submission No. 55, ACT Gambling and Racing Commission, p. 4.

¹³¹ Submission No. 55, ACT Gambling and Racing Commission, p. 5.

SUBMISSION BY CLUBSACT

- 6.14 ClubsACT pointed out in its submission to the inquiry that licensed clubs are not-for-profit entities. According to the submission:

Whilst clubs, like any business, earn revenue and incur expenses, the surpluses that clubs make cannot be retained as profits and be distributed to owners or shareholders. Surpluses must be used for the benefit of the club, its core purpose and its members.¹³²

- 6.15 The submission noted that club revenue in the ACT ‘is at record lows’ and that gaming revenue has been in decline since smoking bans were introduced in November 2006. In recent years, non-gaming revenue—such as from food and beverage—has also declined.¹³³

- 6.16 The submission stated that clubs have attempted to compensate for revenue loss by reducing expenditure on staff, goods and services.¹³⁴

- 6.17 In addition, the submission stated that although clubs’ revenue has reduced, costs incurred by clubs continue to rise —these include government imposed fees and charges such as liquor fee increases, general rates and the costs of water.¹³⁵

- 6.18 According to the ClubsACT submission—

One of the factors impacting on gaming revenue is that as alternatives to traditional, in venue gaming machines appear in the market, more and more people are choosing to spend their gaming dollar on those alternatives. Increasingly, people are choosing to go online not just to gamble, but to play virtual poker machines in that online environment.

The more restrictions and regulations that are placed on in-venue gaming makes it less competitive relative to online alternatives where the harm minimization issues are much, much more concerning.¹³⁶

SUBMISSION BY CANBERRA SOUTHERN CROSS CLUB

- 6.19 In its submission to the inquiry, Canberra Southern Cross Club (CSCC) noted four changes that impacted on the club. These are—

¹³² Submission No. 68, ClubsACT, p. 59.

¹³³ Submission No. 68, ClubsACT, p. 59.

¹³⁴ Submission No. 68, ClubsACT, p. 59.

¹³⁵ Submission No. 68, ClubsACT, p. 59.

¹³⁶ Submission No. 68, ClubsACT, p. 60.

... the ban of \$50 & \$100 notes; smoking bans in clubs with no alfresco gaming lounges permitted; increases in gaming levies; and the \$250 limit on ATM withdrawals in clubs have had very tangible impacts on club revenue. For CSCC the impacts of these changes have been dramatic and immediate.¹³⁷

- 6.20 The submission noted that due to a declining financial position, the Southern Cross Club had closed some businesses that were no longer viable and had cut staff numbers.¹³⁸

SUBMISSION BY EASTLAKE FOOTBALL CLUB

- 6.21 The submission by the Eastlake Football Club pointed out that over the last two years, the club experienced a significant decline in revenue while operating costs had increased. As a result it had reduced staff and its community contributions. The submission noted that the club has spread its geographical presence across the Territory and had purchased a greenfield site in Gungahlin for a new club. However, uncertainty in the regulatory environment within the club sector impacted on the development of the Gungahlin site and the club was actively seeking partners to assist in funding the project.¹³⁹

SUBMISSION BY THE WHITE EAGLE CLUB

- 6.22 The White Eagle Club differs from other community clubs in that it does not have any gaming machines. As a result, it has sought to obtain revenue from other sources and relies upon volunteers —the club's revenue is not enough to pay for a full time manager. While members and guests of the club find the absence of poker machines appealing, the submission pointed out that there are real risks with the club's operating model.¹⁴⁰

SUBMISSION BY BILLIARDS AND SNOOKER ASSOCIATION ACT

- 6.23 The submission of the Billiards and Snooker Association pointed out how some smaller clubs in the ACT had closed down for financial reasons and as a result community amenities had disappeared—

Community clubs are not for profit institutions which are to return amenities and services to its members. If the profitability is unsustainable, clubs close, as we have seen with a number of small ethnically based clubs in Canberra. Once a club closes the amenities disappear, the services disappear and so too does the uniqueness of that club community. Members go elsewhere but they are forced to walk away from that

¹³⁷ Submission No. 69, Canberra Southern Cross Club, p. 7.

¹³⁸ Submission No. 69, Canberra Southern Cross Club, p. 7.

¹³⁹ Submission No. 70, Eastlake Football Club, pp. 1-2.

¹⁴⁰ Submission No. 77, White Eagle Club, pp. 1-3.

which attracted them to the small club in the first place. The viability of clubs is linked intrinsically to the regulatory regime within which they operate and their profitability is intrinsically linked to the level of support they can give to associated entities like billiards and snooker activities.¹⁴¹

LEGISLATION AND REGULATIONS

6.24 This section considers concerns raised by submitters about the legislation and regulations concerning community clubs in the ACT.

6.25 As shown in Appendix D of the ACT Government's submission to the inquiry, key areas of regulation for ACT clubs include—gambling, club incorporation and objects, business requirements, health, food, liquor, employees, copyrighted music/videos, and services.¹⁴²

SUBMISSION BY THE ACT GOVERNMENT

6.26 In its submission to the inquiry, the ACT Government discussed legislation and regulations pertaining to community clubs. The submission discussed in some detail regulatory reform which:

is an important part of ensuring the legislation governing the club industry remains current and appropriate, balancing industry needs with a robust framework that guards industry integrity, consumer protection and facilitates harm minimisation.¹⁴³

6.27 The ACT Government submission discussed the establishment of Access Canberra which brings together 'different shopfronts and regulatory arms into a single service'. The submission details a range of amendments to the *Gaming Machine Act 2004* which aim to reduce red tape for community clubs. The submission also indicates that a number of reforms to the *Liquor Act* were being considered which could improve community health and safety as well as provide for a more efficient hospitality sector.¹⁴⁴

6.28 As previously noted in chapter 2 of this report, the Government announced a comprehensive reform package for the club sector in October 2014. The package includes a number of measures aimed at reducing red tape for clubs. Reforms contained in the Gaming Machine (Reform) Amendment Bill 2015 include a phased reduction of gaming machines in the Territory, the establishment of a gaming machine trading scheme, changes to gaming machine

¹⁴¹ Submission No. 11, Billiards and Snooker Association ACT, p. 4.

¹⁴² Submission No. 56, ACT Government, pp. 59-62.

¹⁴³ Submission No. 56, ACT Government, p. 12.

¹⁴⁴ Submission No. 56, ACT Government, pp. 13; 14.

taxation, having 15 gaming machine authorisations per 1,000 adults in the Territory, and strong harm minimisation measures.¹⁴⁵

SUBMISSION BY CLUBSACT

6.29 The submission to the inquiry by ClubsACT discussed regulation of the clubs sector at length and made a number of recommendations in relation to this. It recommended that an industry impact statement be developed prior to any legislative reform that impacts on the operation of licensed clubs.¹⁴⁶

6.30 The ClubsACT submission also drew attention to a number of cross border issues which meant that ACT clubs were not on a level playing field with clubs in NSW, and in Queanbeyan in particular. For example:

- while there is a limit on the amount that can be withdrawn each day from ATMs in ACT clubs, such a limit is not in place in NSW;
- notes of any denomination can be used in gaming machines in NSW, while a \$20 note is the maximum that can be used in the ACT;
- club patrons are able to smoke while playing a poker machine in NSW while this is not possible in the ACT;
- in NSW clubs, out of state visitors can sign in as guests, while in the ACT visitors must join the club or be signed in by a member; and
- clubs in NSW have a lower tax burden than community clubs in the ACT.¹⁴⁷

6.31 ClubsACT questioned whether restricting note acceptors on gaming machines to a maximum \$20 denomination minimised harm. It recommended that the note restriction be abolished and it supported the implementation of an agreed cash input limit.¹⁴⁸

6.32 In its submission ClubsACT also questioned why ACT clubs were prohibited from advertising their gaming machines when all other providers of gaming or wagering products could advertise freely.¹⁴⁹

6.33 ClubsACT expressed the view that there were opportunities for rationalising different types of inspections of clubs. It also favoured the establishment of a panel to consider options for the implementation of a Central Monitoring System for gaming machines in the ACT.¹⁵⁰

¹⁴⁵ Submission No. 56, ACT Government, p. 14.

¹⁴⁶ Submission No. 68, ClubsACT, p. 61.

¹⁴⁷ Submission No. 68, ClubsACT, p. 61.

¹⁴⁸ Submission No. 68, ClubsACT, p. 62.

¹⁴⁹ Submission No. 68, ClubsACT, p. 63.

¹⁵⁰ Submission No. 68, ClubsACT, p. 65.

- 6.34 ClubsACT expressed the view that the difference between visitor or interstate sign-in rules be addressed and changes be made to the requirements for member ballots to be paper based.¹⁵¹ It questioned whether having a cap on the number of gaming machines in the ACT minimised harm.¹⁵² ClubsACT also expressed the view that the ACT Government should participate in the proposed gaming machine trading scheme and purchase gaming machine licenses from clubs, pubs or hotels to achieve their target.¹⁵³

SUBMISSION BY THE INDEPENDENT ATM INDUSTRY GROUP (IAIG)

- 6.35 In its submission, the IAIG expressed its support for a decision by the NSW Government not to introduce ATM withdrawal limits as there was insufficient evidence supporting the initiative. It welcomed 'the opportunity to engage with the ACT Government on any proposed changes to regulation or legislation which has an impact on the ATM industry.'¹⁵⁴

SUBMISSION BY CANBERRA NORTH BOWLING AND ACT RUGBY UNION CLUB

- 6.36 In its submission, the Canberra North Bowling and ACT Rugby Union Club specifically questioned 'the requirement under the ACT Gaming Act and Regulations to conduct a postal ballot of members for the issue, withdrawal or transfer of a gaming machine license.' It described the ballots that it was required to conduct, noting the considerable costs incurred and the poor response rate achieved. It suggested that the Gaming Machine Regulations 2004 be amended to allow clubs the option of conducting a postal ballot, an on-line ballot or voting in person.¹⁵⁵

SUBMISSION BY CANBERRA SOUTHERN CROSS CLUB

- 6.37 In its submission, the Canberra Southern Cross Club questioned the rationale for the Government's proposed gaming machine trading scheme. It argued that the trading scheme cannot work as there is insufficient demand unless the Casino is allowed to have poker machines. For the Southern Cross Club, 'there are insufficient buyers to trade with.....there is no market for trading large numbers of machines within the Canberra market.'¹⁵⁶ It argued

¹⁵¹ Submission No. 68, ClubsACT, p. 66.

¹⁵² Submission No. 68, ClubsACT, pp. 66-67.

¹⁵³ Submission No. 68, ClubsACT, pp. 68-69.

¹⁵⁴ Submission No. 54, Independent ATM Industry Group, p. 3.

¹⁵⁵ Submission No. 58, Canberra North Bowling and ACT Rugby Union Club, p. 2.

¹⁵⁶ Submission No. 69, Canberra Southern Cross Club, p. 12.

that clubs should be enabled 'to take more machines off the gaming floor and keep them off the floor for longer' and that this would reduce gaming machine numbers quickly.¹⁵⁷

- 6.38 The Canberra Southern Cross Club also recommended that Canberra Casino not be granted poker machine licenses as this 'will not address the broader reform issues and will have a significant impact on the viability of community clubs.'¹⁵⁸

SUBMISSION BY BILLIARDS AND SNOOKER ASSOCIATION ACT

- 6.39 In its submission to the inquiry, Billiards and Snooker Association ACT stated:

It is acknowledged that some controls must be in place to deal with problem gamblers and alcoholics. But a sense of proportion must apply. It is unreasonable to have a legislative and regulatory regime impose such costs and prohibitions on club members such that the club closes and the resources previously available to members disappear. ...The laws around note acceptors, ATMs, withdrawal limits, have all contributed to a downturn in the industry with no relief in sight. Billiards and snooker will be casualties if these regimes continue.¹⁵⁹

OTHER SUBMISSIONS

- 6.40 Other submissions to the inquiry which expressed views regarding legislation and regulations for the ACT clubs sector included:
- Submission No. 71, Canberra Musicians Club
 - Submission No. 73, Old Narrabundah Community Council
 - Submission No. 79, Arko Pty Ltd

TAXATION AND CHARGES

- 6.41 This section outlines views expressed by submitters regarding taxation and charges of community clubs in the ACT. These include gaming machine taxation, community contributions by ACT clubs, contributions to the Problem Gambling Assistance Fund, liquor licensing fees, and land tax and general rates.

¹⁵⁷ Submission No. 69, Canberra Southern Cross Club, pp. 3; 4.

¹⁵⁸ Submission No. 69, Canberra Southern Cross Club, p. 4.

¹⁵⁹ Submission No. 11, Billiards and Snooker Association ACT, pp. 4; 5.

SUBMISSION BY THE ACT GOVERNMENT

- 6.42 In its submission to the inquiry, the ACT Government claimed that the ACT has relatively low per capita taxation revenue from gaming machines compared to other states. It presented data showing that the ACT has the second lowest estimated gaming machine taxation revenue per capita, with only the Northern Territory receiving less. The ACT's taxation revenue per capita is currently around 35 per cent lower than the average across Australia.¹⁶⁰
- 6.43 In May 2012, the ACT Taxation Review found that the Territory has the lowest gaming machine taxation rate in Australia—in 2012-13 this was \$35.71 million. It was estimated that the ACT's revenue from gaming machine taxation was lower than all other jurisdictions and the Review report recommended that there was scope to increase gaming machine tax in the Territory.¹⁶¹
- 6.44 According to the ACT Government's submission to the inquiry, gaming machine tax revenue totalled \$33.7 million in 2013-14, which represented about 64 per cent of total gambling taxes.¹⁶²
- 6.45 Gaming machine licensees with Class B gaming machines are currently taxed at a flat rate of 25.9 per cent of the machine's gross monthly revenue. Licensees holding Class C gaming machines are taxed through a progressive regime with a tax free threshold of \$15,000 of monthly gross revenue.¹⁶³
- 6.46 The ACT Government submission noted that, assuming the reform package is passed by the Legislative Assembly, from 1 July 2015 there will be:
- an increase in the tax free threshold for gaming machine revenue (from \$180,000 to \$300,000); and
 - a new rate of 23 per cent for revenue above \$7.5 million per annum.¹⁶⁴
- 6.47 In its submission the ACT Government noted that in addition to paying taxes on gaming machine revenue, ACT clubs were also required to pay a community contribution equivalent to 8 per cent of Net Gaming Machine Revenue (NGMR). In 2013-14, clubs made community contributions of \$12.7 million or 13.27 per cent of NGMR.¹⁶⁵

¹⁶⁰ Submission No. 56, ACT Government, p. 8.

¹⁶¹ Submission No. 56, ACT Government, p. 15.

¹⁶² Submission No. 56, ACT Government, p. 15.

¹⁶³ Submission No. 56, ACT Government, p. 16.

¹⁶⁴ Submission No. 56, ACT Government, p. 16.

¹⁶⁵ Submission No. 56, ACT Government, p. 17.

- 6.48 ACT clubs are also required to contribute to the Problem Gambling Assistance Fund. This is equivalent to 0.6 per cent of Gross Gaming Machine Revenue.¹⁶⁶

SUBMISSION BY CLUBSACT

- 6.49 The ClubsACT submission to the inquiry noted the changes to the taxation of gaming revenue, and that the new regime will provide a modest net tax cut of less than \$20,000 annually to most clubs, while a small number of clubs will pay considerably more. For ClubsACT, the new taxation arrangements are disappointing.¹⁶⁷
- 6.50 ClubsACT also pointed out that clubs in the ACT are taxed at higher rates than clubs in NSW, with much of the additional tax burden carried by smaller and medium size clubs. It noted that the tax changes announced as part of the reform package will alter the figures but ACT clubs will still be taxed more than clubs in NSW.¹⁶⁸
- 6.51 In regards to community contributions by ACT clubs, ClubsACT pointed out that clubs consistently give more than is required by legislation. However, the ability of clubs to continue to do so is undermined due to reducing revenue.¹⁶⁹
- 6.52 According to the ClubsACT submission, NSW has a ClubGRANTS Scheme which ‘provides clubs with tax rebates of up to 1.85% of their gaming machine profits over \$1 million when they spend an equivalent amount on community development and support.’ The ACT does not have a similar rebate scheme. It recommended that the ACT Government consider introducing such a scheme which would encourage clubs to maintain their community contributions at a high level.¹⁷⁰
- 6.53 In relation to liquor licensing fees, ClubsACT pointed out that in December 2010, liquor licensing fees increased by over 500% for clubs. The ACT has a ‘risk based’ fee structure which groups clubs with large bars because of their large maximum occupancy levels —however, data collected by the Office of Regulatory Services or ACT Police indicates that clubs are not ‘high risk’. Accordingly, ClubsACT recommended that the ACT Government should consider introducing a scheme that rewards low risk venues with fee rebates.¹⁷¹

¹⁶⁶ Submission No. 56, ACT Government, p. 18.

¹⁶⁷ Submission No. 68, ClubsACT, p. 70.

¹⁶⁸ Submission No. 68, ClubsACT, p. 71.

¹⁶⁹ Submission No. 68, ClubsACT, p. 71.

¹⁷⁰ Submission No. 68, ClubsACT, p. 71.

¹⁷¹ Submission No. 68, ClubsACT, p. 72.

- 6.54 ClubsACT also noted that land tax and general rates of ACT clubs had increased considerably in recent years. It suggested that these increases should be considered in light of the declining revenue and cost increases experienced by ACT clubs.¹⁷²

SUBMISSION BY BILLIARDS AND SNOOKER ASSOCIATION ACT

- 6.55 The ACT Billiards and Snooker Association expressed concern about the community contributions made by clubs in the face of declining revenue. It noted potential impacts on health and social cohesion and proposed that the ACT Government allow ‘an increase in the community contribution threshold to 10% of gross gaming revenue.’¹⁷³

LAND DEVELOPMENT AND SALES

- 6.56 This section considers the development and sale of land for the purpose of providing community clubs as well as the potential to develop land held by clubs to provide community infrastructure and facilities such as child care, aged care, and affordable housing.

SUBMISSION BY THE ACT GOVERNMENT

- 6.57 In its submission to the inquiry, the ACT Government indicated that the demand for land for community purposes in the ACT was strong and that it aimed to ensure there is sufficient land supply to meet this demand.¹⁷⁴
- 6.58 With regard to the release of land for the provision of community clubs, the submission pointed out that a 8,280m² site in Gungahlin Town centre had been released for a community club and that a separate site had been set aside for a community club and hotel in Coombs. Planning was underway for an additional community club within the Molonglo Town centre.¹⁷⁵

SUBMISSION BY CLUBSACT

- 6.59 In its submission to the inquiry, ClubsACT pointed out that community clubs are significant land holders in the ACT and that the development of that land provided opportunities for clubs to diversify their income streams as well as provide greater amenity to the local community. It expressed the view:

¹⁷² Submission No. 68, ClubsACT, p. 73.

¹⁷³ Submission No. 11, Billiards and Snooker Association ACT, p. 5.

¹⁷⁴ Submission No. 56, ACT Government, p. 19.

¹⁷⁵ Submission No. 56, ACT Government, p. 19.

Diversification of revenue is one of the principle methods for clubs to sustain themselves over the long term. More productive use of the land clubs hold is the most effective avenue for genuine and meaningful diversification.¹⁷⁶

6.60 The submission discussed options for the redevelopment of land held by clubs to provide aged care; child care; residential, commercial and mixed-use developments; and affordable housing.¹⁷⁷

6.61 However, the submission also noted that there could be significant barriers to redevelopment and diversification. Among these were the costs of a Lease Variation Charge (LVC) and deconcessionalising the lease. According to the submission:

In many cases, the prevailing land use for clubs does not allow for the kinds of developments clubs are keen to undertake. This is certainly the case where clubs are intending to undertake the kind of residential development envisaged by the Small Club Site Redevelopment Support Scheme.¹⁷⁸

6.62 The submission noted that a variation to the Territory Plan may be required and this could take up to 18 months. Also, Lease Variation Charges are a significant cost particularly for small clubs. Although the ACT Government announced changes to LVC remissions as part of an economic stimulus effort in March 2014, these remissions only remain until March 2016. The submission recommended that the LVC remissions be extended beyond March 2016.¹⁷⁹

6.63 According to the submission, the costs of planning and building a project are prohibitive for many clubs and they may have difficulties generating and/or servicing sufficient capital to undertake redevelopment. It expressed the view that government can play a vital role in encouraging and facilitating club redevelopment.¹⁸⁰

6.64 Given the likelihood that redevelopment by clubs will require a variation to the Territory Plan, the submission recommended that an omnibus variation to the Territory Plan be considered.¹⁸¹ The submission also recommended that consideration be given to allowing clubs to deconcessionalise their lease without cost or at reduced cost.¹⁸² One option would be to have a scheme whereby clubs had reduced costs associated with lease deconcessionalisation and lease variation charges by surrendering a proportion of their gaming machine licenses. The submission also recommended that consideration be given to allowing clubs tax credits for costs associated with redevelopments where these led to a reduction in

¹⁷⁶ Submission No. 68, ClubsACT, p. 74.

¹⁷⁷ Submission No. 68, ClubsACT, pp. 74-76.

¹⁷⁸ Submission No. 68, ClubsACT, p. 76.

¹⁷⁹ Submission No. 68, ClubsACT, p. 77.

¹⁸⁰ Submission No. 68, ClubsACT, p. 79.

¹⁸¹ Submission No. 68, ClubsACT, p. 79.

¹⁸² Submission No. 68, ClubsACT, p. 80.

reliance on gaming.¹⁸³ Another recommendation made in the submission was that government provide direct financial support for clubs undertaking redevelopments through low or no interest loans.¹⁸⁴

SUBMISSION BY EASTLAKE FOOTBALL CLUB

- 6.65 In its submission to the inquiry, Eastlake Football Club advised how it was implementing a business model that diversified away from gaming. To spread its business footprint the company had established businesses in various parts of the ACT. It had purchased a greenfield site in Gungahlin for the construction of a new community club but was not proceeding with the project at this stage due to uncertainty in the regulatory environment. The company was seeking potential partners to develop the site and this may require changes to the lease.¹⁸⁵

OTHER SUBMISSIONS

- 6.66 Other submissions to the inquiry which discussed land development and sales included:
- Canberra Musicians Club; and
 - The White Eagle Club.

PROBLEM GAMBLING

- 6.67 This section summarises the views expressed by submitters about problem gambling.

SUBMISSION BY BILLIARDS AND SNOOKER ASSOCIATION ACT

- 6.68 In its submission, the Billiards and Snooker Association noted that while the presence of problem gambling is acknowledged, clubs have regimes and processes in place to deal with it. Also, patrons can exclude themselves or be excluded from clubs. The Association expressed the view that online gambling is a 'more destructive disease than poker machine addiction' as there is no exclusion or gambling limit. The submission also pointed out that engagement in a peer activity is an alternative to gaming. It recommended, inter alia, that the community contribution threshold be raised to 10 per cent of gross gaming revenue and that note acceptors on poker machines be set to receive \$50 notes. It also recommended the introduction of a global exclusion system for both clubs and hotels be considered.¹⁸⁶

¹⁸³ Submission No. 68, ClubsACT, p. 81.

¹⁸⁴ Submission No. 68, ClubsACT, p. 82.

¹⁸⁵ Submission No. 70, Eastlake Football Club, pp. 1-2.

¹⁸⁶ Submission No. 11, Billiards and Snooker Association ACT, pp. 5-6.

SUBMISSION BY INDEPENDENT ATM INDUSTRY GROUP (IAIG)

- 6.69 In its submission the Independent ATM Industry Group argued that there ‘is no evidence to suggest causality between access to ATMs and problem gambling.’ It argued that ‘any new measures designed to address problem gambling should be based on thorough research and evidence.’ The submission indicated that the IAIG ‘does not support withdrawal limits on ATMs in licensed venues.’ It also expressed the view that the \$250 withdrawal limit is ‘unreasonably low’ and noted that it is not indexed with inflation. The submission argued that a daily limit on withdrawals from ATMs within licensed venues encourages patrons to use ATMs outside of venues, which may be less safe and provide greater access to credit facilities. The submission also pointed out that ATMs in licensed premises provided important banking facilities in regional areas and enabled patrons to access cash for non-gaming related purposes.¹⁸⁷

SUBMISSION BY ACT GAMBLING AND RACING COMMISSION

- 6.70 The submission by the ACT Gambling and Racing Commission expressed views about a number of issues relating to problem gambling including its prevalence in the ACT, its impacts, gambling harm minimisation, gambling help services, and research into problem gambling and harm. The submission also discussed the Problem Gambling Assistance Fund and future strategies for addressing problem gambling through a public health approach.¹⁸⁸
- 6.71 The submission noted that ‘gambling and problem gambling are key elements impacting on the future of the ACT club sector.’ It noted that the 2009 ACT prevalence study found that 0.5 per cent of the ACT adult population were problem gamblers and that a further 1.5 per cent were moderate risk problem gamblers. The study found that 27 per cent of regular EGM players were moderate risk or problem gamblers. The submission noted that moderate risk and problem gamblers together contributed 41 per cent of EGM revenue in 2009. It also noted that the 2009 prevalence study found that the typical problem gambler is male, young and less well educated.¹⁸⁹
- 6.72 With regard to the impacts of problem gambling, the submission noted that these were difficult to measure, however it is estimated that 5-10 other people are negatively impacted for each gambler experiencing harm. It also noted the 2009 prevalence study findings that gambling issues among problem gamblers can be ongoing and persistent.¹⁹⁰
- 6.73 The submission pointed out that the statutory functions of the ACT Gambling and Racing Commission include harm minimisation. The measures used by the Commission to minimise

¹⁸⁷ Submission No. 54, Independent ATM Industry Group, pp. 4-6.

¹⁸⁸ Submission No. 55, ACT Gambling and Racing Commission, pp. 2-12.

¹⁸⁹ Submission No. 55, ACT Gambling and Racing Commission, pp. 2; 6.

¹⁹⁰ Submission No. 55, ACT Gambling and Racing Commission, pp. 2; 6.

harm include—regulation of EGMs, a mandatory Code of Practice for licensees, providing help services for residents in the ACT, commissioning research, and funding assistance projects, some of which are funded through the Problem Gambling Assistance Fund.¹⁹¹

- 6.74 According to the submission, the Commission has endorsed public health principles to guide its future harm prevention initiatives. Some other jurisdictions in Australia have also adopted a public health approach to harm prevention.¹⁹²

SUBMISSION BY THE ACT GOVERNMENT

- 6.75 In its submission, the ACT Government pointed out that total annual expenditure on gaming machines was 0.574 per cent of ACT household disposable income in 2012-13—this was well below the national average of 1.066 per cent.¹⁹³ In the same year, gambling taxes totalled 4.4 per cent of total ACT taxation revenue—below the national average of 8.7 per cent.¹⁹⁴
- 6.76 The submission detailed a number of harm minimisation arrangements include a mandatory Code of Practice for all ACT gambling licensees, as well as a voluntary Code of Practice. Funding is also provided through the Problem Gambling Assistance Fund, including funding for the Problem Gambling Support Service operated by Relationships Australia.¹⁹⁵
- 6.77 The ACT Government submission listed a range of measures implemented to reduce the incidence of gambling related harm. These include but are not limited to—
- Money management:
 - prohibition on gaming machine licensees extending credit or lending money to patrons;
 - restricted access to ATM and EFTPOS cash withdrawal facilities;
 - limits on withdrawals from ATMs; and
 - winnings to be paid by cheque or electronic funds transfer (above \$1,500 or above \$300 if requested by the patron).
 - Caps on the number of gaming machines permitted in the ACT - noting that a new adult population to gaming machine ratio will be introduced as part of the Reform Package.
 - Rate of loss - bet and win limits.
 - Display of odds and return to player.
 - Provisions for self exclusion:

¹⁹¹ Submission No. 55, ACT Gambling and Racing Commission, pp. 2-3.

¹⁹² Submission No. 55, ACT Gambling and Racing Commission, p. 12.

¹⁹³ Submission No. 56, ACT Government, p. 19.

¹⁹⁴ Submission No. 56, ACT Government, pp. 19-20.

¹⁹⁵ Submission No. 56, ACT Government, p. 20.

- places statutory responsibility on the gambling venue licensees to exclude a person where the licensee has reasonable grounds for believing that the welfare of the person, or any of the person's dependants, is seriously at risk because of the person's gambling problem.
- Limitations on 24 hour gaming activities in the community clubs.
- Advertising restrictions on gambling activities.
- Restrictions on player loyalty systems/programs (the *Gambling and Racing Control {Code of Practice} Regulation 2002* sets a maximum limit of \$1000 on rewards or benefits for redeeming points under a player reward scheme).
- Minors banned from gaming machine areas.
- Staff training in responsible gambling and the employment of Gambling Contact Officers in all venues where gaming machines are located.¹⁹⁶

SUBMISSION BY THE CENTRE FOR GAMBLING RESEARCH, AUSTRALIAN NATIONAL UNIVERSITY

6.78 In its submission, the Centre for Gambling Research summarised the results of research it had undertaken on projects that were considered most relevant to the inquiry. It pointed out that a Prevalence Study had been conducted in 2009 and again in 2014-15 —this latter project involved interviews with over 7,000 adult residents in the ACT and the results would be made available to the Committee when available.¹⁹⁷

6.79 The research findings summarised in the submission included—

- In 2009, 1.8 per cent of the ACT adult population were estimated to have a gambling problem;
- Of those with moderate-risk/problem gambling, only about 20 per cent had ever accessed support from services for these problems;
- Individuals who seek professional help for their gambling problems report gaming machines as the activity they have the greatest difficulty with;
- In the ACT, the large majority of problem gambling is linked directly to playing electronic gaming machines;
- Gambling problems are not evenly distributed across the population—the risk of unpartnered men under 45 years and without Year 12 education reporting moderate-risk/problem gambling is more than 20 times the risk for partnered women with degree-level qualifications;

¹⁹⁶ Submission No. 56, ACT Government, p. 21.

¹⁹⁷ Submission No. 60, Centre for Gambling Research ANU, p. 1.

- Based on self-reported expenditure in the 2009 Prevalence Study, about 40 per cent of total expenditure on EGMs in the ACT was derived from people with moderate-risk/problem gambling.¹⁹⁸

SUBMISSION BY SENATOR NICK XENOPHON

- 6.80 According to the submission by Senator Xenophon, poker machines ‘provide very little in the way of benefits, except to those who operate them and the state and territory government who collect the revenue, but they do cause immeasurable harm.’¹⁹⁹
- 6.81 The submission expressed strong support for:
- ... the introduction of harm minimisation measures for poker machines as recommended by the Productivity Commission, including \$1 maximum bets with maximum \$120 hourly losses, ... and/or mandatory pre-commitment, where gamblers are required to set their maximum spend well in advance.²⁰⁰
- 6.82 The submission claimed that gamblers can lose approximately \$1,200 an hour on poker machines if played at high intensity and that no ‘other form of everyday entertainment has a similar cost.’²⁰¹
- 6.83 The submission also argued that poker machine losses are not offset by benefits clubs provide to the community. The submission drew the Committee’s attention to various research reports, including research undertaken in 2012 by UnitingCare and Monash University on the community contribution of clubs in 41 selected Commonwealth Electoral Divisions, as well as research by the Productivity Commission. According to the submission—
- ...a significant body of research has been developed regarding the impact of poker machines and problem gambling. There is nothing to show that poker machines operated by clubs benefit anyone but the clubs themselves, while causing significant harm to local communities.²⁰²

SUBMISSION BY CLUBSACT

- 6.84 The submission by ClubsACT noted the finding of the 2009 prevalence study that the rate of problem gambling in the ACT is 0.5 per cent. It argued that ‘regarding every player of gaming

¹⁹⁸ Submission No. 60, Centre for Gambling Research ANU, pp. 2-4.

¹⁹⁹ Submission No. 64, Senator Nick Xenophon, p. 1.

²⁰⁰ Submission No. 64, Senator Nick Xenophon, p. 1.

²⁰¹ Submission No. 64, Senator Nick Xenophon, p. 2.

²⁰² Submission No. 64, Senator Nick Xenophon, p. 3.

machines as a potential problem gambler is illogical and unreasonable.’ According to the submission—

Solutions that target the 0.5 percent directly affected population (e.g. staff intervention, exclusion programs) are inherently more cost-effective and minimize the risk of negative impacts on recreational gamblers. In contrast, blanket solutions that treat every patron as lacking the ability to gamble responsibly, waste resources and increase the risk of unintended consequences.²⁰³

6.85 The ClubsACT submission also noted the key harm minimization measures that ACT clubs have in place, including—

- Advertising bans
- Bans on poker machine signage outside a venue
- Bans on poker machines being seen through windows from outside a venue
- Cap on the number of machines able to operate within the ACT
- Social impact assessments prior to an increase in poker machine numbers
- Bans on inducements for player (e.g. free alcohol)
- Bans on credit gambling
- Payments of prizes over \$1500 paid in cheque
- Restrictions on the location of ATM within a venue
- \$250 withdrawal limit on ATMs within a venue
- Mandatory shutdown periods
- Self-exclusion schemes
- Provision of information about problem gambling help services
- Access to Gambling Contact Officer within all venues
- Compulsory responsible gambling training for staff
- Clocks on gaming machines and within gaming venues
- \$20 note acceptor limit
- Ban on provision of drink service to patrons at gaming machines.²⁰⁴

6.86 The submission recommended that the existing ACT online exclusion data base be linked with the clubs in at least Queanbeyan to enable sharing of information on excluded patrons between ACT and NSW clubs. It also recommended that the \$250 per day ATM withdrawal limit that applies to all licensed clubs be extended to Casino Canberra.²⁰⁵

²⁰³ Submission No. 68, ClubsACT, p. 83.

²⁰⁴ Submission No. 68, ClubsACT, pp. 83-84.

²⁰⁵ Submission No. 68, ClubsACT, pp. 84-85.

- 6.87 With regard to sharing information about gambling counselling, the ClubsACT submission recommended that consideration be given to restoring appropriate levels of information and data sharing between ClubsACT, individual clubs, Relationships Australia and the ACT Gambling and Racing Commission.²⁰⁶

SUBMISSION BY CANBERRA SOUTHERN CROSS CLUB

- 6.88 In its submission, the Canberra Southern Cross Club argued that it ‘does not rely on profits from problem gambling’. It emphasised that community clubs in Canberra provide a safe place for patrons to gamble. The submission also argued that—

...if there is to be a real attempt to lower gambling revenues in Canberra, the Government needs to cast a much wider net, one which extends beyond the Territory’s borders, and also captures over-reliance and excessive gambling elsewhere. Above all it needs to be one which comes to grips with the dangers posed by online gambling which has completely transformed the nature of gambling in Australia over the last ten years.²⁰⁷

SUBMISSION BY RELATIONSHIPS AUSTRALIA, CANBERRA AND REGION

- 6.89 Relationships Australia took over the management of ACT Gambling Counselling and Support Service in July 2015.
- 6.90 In its submission, Relationships Australia argues that ‘to reduce harm from poker machines, a comprehensive public health approach to gambling is necessary.’ The submission also states that since taking over this role, Relationships Australia has:
- ...strived to develop strategies which are most likely to positively impact the lives of those struggling to control their gambling along with their family and friends, as well as those individuals at risk of developing such problems.
- 6.91 The submission makes positive remarks about the relationship that the organisation has developed with the clubs of the ACT, ClubsACT and the ANU Centre for Gambling Research.²⁰⁸

OTHER SUBMISSIONS

- 6.92 Other submissions to the inquiry which expressed views regarding problem gambling included:
- Submission No. 3, Jones;

²⁰⁶ Submission No. 68, ClubsACT, p. 87.

²⁰⁷ Submission No. 69, Canberra Southern Cross Club, p. 11.

²⁰⁸ Submission No. 80, Relationships Australia Canberra and Region, pp. 1; 2.

- Submission No. 4, Emery;
- Submission No. 63, Winroe; and
- Submission No. 85, BetSafe.

DIVERSIFICATION AND MERGERS

- 6.93 This section includes the views of submitters about the diversification and mergers of clubs. The views discussed in this section overlap with the text relating to land development and sales as diversification of club activities often involves the alternative use of land held by clubs. It also overlaps to some extent with discussion in this chapter regarding new business models.

SUBMISSION BY THE ACT GOVERNMENT

- 6.94 In its submission, the ACT Government noted that community clubs were diversifying their operations for a range of reasons including changes in social, demographic and commercial circumstances, including a decline in gaming machine revenue. Some clubs have sought to diversify through residential or commercial development or through other community facilities. The ACT Government has sought to assist clubs which have sought to do this.²⁰⁹
- 6.95 Through the Small Club Site Redevelopment Support Scheme (SCSRSS) the ACT Government provided nine community clubs with grants of \$15,000 to assess the feasibility of redeveloping all or part of their sites for residential purposes. The objectives of the Scheme were to provide assistance to smaller clubs seeking greater future financial security and to support the supply of new housing in Canberra through urban intensification. Common themes of the feasibility studies conducted included clubs' desire for lease variation charge remissions before proceeding with redevelopment; concerns about the timeframes and costs incurred in navigating the regulatory aspects of redevelopment including any variations to the territory plan; and formalisation of government commitment for the small club sector.²¹⁰
- 6.96 The submission noted that as part of an economic stimulus package announced in March 2014, the ACT Government offered remissions to clubs and other organisations over a two year period, ending in March 2016. The submission also stated that the ACT Government has also worked collaboratively with ClubsACT to help clubs understand the status of their current leases.²¹¹

²⁰⁹ Submission No. 56, ACT Government, p. 22.

²¹⁰ Submission No. 56, ACT Government, p. 23.

²¹¹ Submission No. 56, ACT Government, p. 24.

- 6.97 According to the submission, clubs that received assistance under the SCSRSS have had their leases determined for no fee under section 258 of the *Planning and Development ACT*.²¹²
- 6.98 The submission noted that in November 2014, the ACT Government established the Community Clubs Taskforce with the objectives of:
- providing a key point of contact for ClubsACT on matters relating to the future viability of community clubs;
 - providing advice to ClubsACT on proposals by clubs to diversify their operations;
 - providing the opportunity to discuss other matters that may assist in the clubs operational longevity; and
 - briefing the Government on the Taskforce program and objectives.²¹³
- 6.99 The Taskforce is assisting clubs which wish to redevelop to connect with the right people in Government who can assist with planning and development processes.²¹⁴
- 6.100 The submission also noted that a scheme which will allow gaming machines to be traded among gaming machine licensees may provide an incentive for clubs looking to diversify — particularly smaller clubs with smaller machine numbers—to sell their gaming machines.²¹⁵

SUBMISSION BY CANBERRA NORTH BOWLING AND ACT RUGBY UNION CLUB

- 6.101 The submission by the Canberra North Bowling and ACT Rugby Union Club reports on its establishment through the amalgamation of two smaller clubs in Barton and Turner. It outlined how the amalgamation and providing gaming machines at the Turner site required the club to conduct three ballots over the previous 12 months. The ballots cost about \$25,000 to conduct which was considered to be a significant imposition on two small clubs. The Club expressed the view that the requirement for postal ballots under the gaming machine legislation is outdated and that online voting or in-person voting at the club premises to be better options.²¹⁶

²¹² Submission No. 56, ACT Government, p. 25.

²¹³ Submission No. 56, ACT Government, p. 27.

²¹⁴ Submission No. 56, ACT Government, p. 28.

²¹⁵ Submission No. 56, ACT Government, p. 28.

²¹⁶ Submission No. 58, Canberra North Bowling and ACT Rugby Union Club

SUBMISSION BY CANBERRA SOUTHERN CROSS CLUB

6.102 In its submission, the Canberra Southern Cross Club expressed its determination to rebuild its business through diversification. It stated it had developed a five year strategic plan and had diversified into the health and fitness industry—the club is now the sole owner of the Southern Cross Health Club, a fully serviced gym, and had invested in four 24 hour gyms through the Anytime Fitness franchise.²¹⁷ The submission also discussed the opportunities to diversify that are provided through the lease of a 3.615 hectare site formerly used as a ‘Pitch and Putt’ site in Phillip. According to the submission:

Assistance in enabling us to invest in this block will accelerate our diversification whilst providing services that are in demand and are within our expertise to deliver to our Members and the broader community.²¹⁸

SUBMISSION BY CANBERRA MUSICIANS CLUB

6.103 In its submission, the Canberra Musicians Club indicated that it ‘was established in 2008 to support musicians and lovers of live music.’ The club indicated that the income stream generated through its activities helps clubs to become less dependent on gambling revenue. It questioned whether clubs which were no longer viable should be able to convert their leases of land to allow commercial development or whether they should hand back their land to the Government for use by an alternative community group.²¹⁹

OTHER SUBMISSIONS

6.104 Other submissions to the inquiry which expressed views regarding diversification and mergers include:

- Old Narrabundah Community Council

NEW BUSINESS MODELS

6.105 This section considers views expressed by submitters regarding new business models for community clubs. This section overlaps with previous sections concerning land development and sales as well as diversification and mergers as these often involve the development of new business models.

²¹⁷ Submission No. 69, Canberra Southern Cross Club, p. 8.

²¹⁸ Submission No. 69, Canberra Southern Cross Club, p. 10.

²¹⁹ Submission No. 71, Canberra Musicians Club, pp. 1-2.

SUBMISSION BY THE ACT GOVERNMENT

6.106 In its submission to the inquiry, the ACT Government stated:

The government encourages the development of new business models to address the future challenges that the clubs face. While it does not play a direct role in developing any model, it does have a role in supporting the sector by providing and appropriate contemporary regulatory environment which allows the clubs flexibility to consider how best to structure their business going forward.

An example of this in practice is the Reform Package. The reforms are aimed at freeing up regulatory burden where it is appropriate to do so, allowing flexibility in how gaming machines are managed in line with ongoing business need. Another example is the work that government is doing, particularly as part of the Community Clubs Taskforce, to help clubs with practical assistance to move ahead with redevelopment plans.²²⁰

SUBMISSION BY EASTLAKE FOOTBALL CLUB

6.107 In its submission, the Eastlake Football Club advised that it had experienced a significant decline in revenue over the previous two years while operating costs had increased. As a result, the company had reduced employment as well as the community contributions it makes.²²¹

6.108 According to the submission:

The Company's strategic plan is to maximise revenue from existing assets while at the same time implementing a business model that diversifies away from gaming. As part of this strategic plan the Company seeks to have a geographical presence across the ACT. This spread in its business footprint strengthens the Company by lessening the impact of local economic factors. In order to achieve this, the Company has established businesses in Calwell, Griffith, Kaleen and more recently purchased a Greenfield club site in Gungahlin.

The Company is eager to develop a business on this site. Unfortunately due to the uncertainty in the regulatory environment within the club sector the Company lacks the business confidence to fund a project of this magnitude. Consequently, the Company has been actively seeking potential partners to assist in funding the

²²⁰ Submission No. 56, ACT Government, pp. 28-29.

²²¹ Submission No. 70, Eastlake Football Club, p. 1.

development of this site. Elements of the lease may need to be reviewed in order to achieve this outcome.²²²

SUBMISSION BY THE WHITE EAGLE CLUB

6.109 In its submission to the inquiry, the White Eagle Club explained how in 2007 its membership voted to remove poker machines from general trading and that the club transitioned to a concept of operations that relied on alternative activities to generate income. The submission noted that the club had succeeded in generating sufficient turnover in the years since 2007 to remain open, principally by forming partnerships with other not-for-profit groups who use the club's facilities.²²³

6.110 The submission noted that while the lack of gaming revenue limits the club's ability to employ staff, users and guests of the club 'frequently cite the absence of poker machines and gambling as something that they find very appealing ... and a key reason for supporting the club.'²²⁴ Nonetheless, there are challenges to the sustainability that are outlined in the submission—these concern, for example, difficulties in obtaining insurance, limits to the club's ability to attract grant funding, and the need to meet the costs of APRA license fees.²²⁵

POKER MACHINES AND GAMBLING TECHNOLOGIES

6.111 This section discusses view of submitters about poker machines and gambling technologies. Note that some of the matters discussed below overlap with those presented in the earlier sections of this chapter regarding problem gambling and taxation and charges.

SUBMISSION OF THE ACT GAMBLING AND RACING COMMISSION

6.112 In its submission, the ACT Gambling and Racing Commission points out that there were 49 licensed clubs in the ACT at 30 June 2014 which hold 4,906 electronic gaming machines. Most of the revenue for clubs from gambling comes from EGMs, while other forms of gambling such as Keno and Housie/Bingo contribute a minimal amount.²²⁶

6.113 The submission noted that there are ten hotels and taverns which are licensed to operate a total of 68 Class B EGMs.²²⁷

²²² Submission No. 70, Eastlake Football Club, pp. 1-2.

²²³ Submission No. 77, White Eagle Club, p. 1.

²²⁴ Submission No. 77, White Eagle Club, p. 2.

²²⁵ Submission No. 77, White Eagle Club, pp. 2-3.

²²⁶ Submission No. 55, ACT Gambling and Racing Commission, p. 3.

²²⁷ Submission No. 55, ACT Gambling and Racing Commission, p. 3.

6.114 The submission also noted that the total Gross Gaming Machine Revenue (GGMR) obtained by clubs in the ACT in 2013-14 was \$170.15 million.²²⁸

6.115 The ACT Gambling and Racing Commission's submission noted a number of developments in gaming that are affecting the clubs sector. These include interactive gaming which includes 'wagering and gambling on the internet, for example using a computer or a mobile device.' According to the submission:

The emergence of international sites for race and sports bookmaking, as well as online 'slot machines' and casino games, has presented difficulties for regulators across Australia....

The popularity of gambling online, for example, 'slot machines' or casino games, is increasing, particularly among younger males, although this increase is from a very low base.²²⁹

6.116 The submission also discussed Ticket In Ticket Out technology which is a form of cashless gaming where a patron uses a ticket or voucher in an EGM rather than cash. This has been available in the ACT since 2014. Clubs benefit from cashless gaming as less cash is required and handled on the premises.²³⁰

6.117 The submission pointed out that many jurisdictions use a Centralised Monitoring System (CMS) to monitor gambling on EGMs and this eliminates the need to manually read machine meters and complete paperwork for tax and community benefit purposes. While a CMS is not used in the ACT due to the costs of installing this technology, the Commission indicated that it will be exploring the options available in conjunction with the club industry.²³¹

SUBMISSION BY THE ACT GOVERNMENT

6.118 The submission to the inquiry by the ACT Government noted that technological change forms a key role in shaping the gaming industry as technology controls all aspects of the machine from coin or note insertion to determining the outcome of the spin.²³²

6.119 The submission also noted how all gaming machine and peripheral equipment in Australia and New Zealand must meet a gaming machine standard. The specifications of the Standard are intended to ensure that:

²²⁸ Submission No. 55, ACT Gambling and Racing Commission, p. 4.

²²⁹ Submission No. 55, ACT Gambling and Racing Commission, p. 13.

²³⁰ Submission No. 55, ACT Gambling and Racing Commission, pp. 13-14.

²³¹ Submission No. 55, ACT Gambling and Racing Commission, pp. 14-15.

²³² Submission No. 56, ACT Government, p. 29.

gaming on gaming machines occurs in a manner that is fair, honest, secure and auditable; and that gaming machines are reliable in terms of these issues.²³³

6.120 According to the submission, government has a role:

... to ensure that as technological advances continue, robust regulatory approval is in place to ensure the use of individual games or gaming machines are supported by independent technical testing....²³⁴

6.121 The submission also noted that ‘government welcomes greater opportunities for new and innovative technology that promotes harm minimisation.’²³⁵

6.122 The submission stated that as part of the Reform Package, existing hotels and taverns will have the option to continue their Class B machines or access the trading scheme to trade their authorisations to operate machines to the club industry if they wish to do so. Following a trade, a Class B authorisation will be converted to a Class C authorisation for use by the acquiring club.²³⁶

6.123 With regard to interactive gambling, the submission stated that the ACT Government has supported a national approach to regulate the interactive gambling industry and the enforcement of harm minimisation and consumer protection measures. It noted that a national working group—the ‘Illegal Offshore Wagering Working Group’—had been formed which is charged with delivering a range of harm minimisation measures. The submission notes that the ACT Government will continue to monitor the work of the Australian Government in this area.²³⁷

SUBMISSION BY ARKO PTY LTD

6.124 The submission by Arko Pty Ltd noted that limiting hotels and taverns to licensing for Class B gaming machines was problematic as these machines were outdated and there were issues concerning their repair. The submission proposed that hotels and taverns be allowed to participate in the gaming machine trading scheme like clubs and be able to upgrade to Class C machines, provided that they provide community contributions. It proposed that this take the form of 50% of community contribution funds being made by the venue and the remaining 50% being paid to a ‘community chest’ administered by the ACT Government.²³⁸

²³³ Submission No. 56, ACT Government, p. 29.

²³⁴ Submission No. 56, ACT Government, p. 30.

²³⁵ Submission No. 56, ACT Government, p. 30.

²³⁶ Submission No. 56, ACT Government, p. 30.

²³⁷ Submission No. 56, ACT Government, pp. 31-32.

²³⁸ Submission No. 79, Arko Pty Ltd, pp. 2; 3..

WATER AND RESOURCE MANAGEMENT

6.125 This section summarises views expressed in submissions to the inquiry in relation to water and resource management issues of ACT community clubs.

SUBMISSION BY THE ACT GOVERNMENT

6.126 In its submission to the inquiry, the ACT Government pointed out that it provides support to golf clubs in the Territory for non-urban water use. It does this through a Market Equity Scheme (MES) to assist clubs with Water Abstraction Charges (WAC).²³⁹

6.127 The submission noted how in June 2014 the Government introduced a 50 per cent discount to the water charges paid by golf clubs—lowering the rate for non-urban water from \$0.26 per kilolitre to \$0.13 per kilolitre. This was done to allow ACT golf clubs to compete with NSW golf clubs which do not pay a charge for water stored on their own land.²⁴⁰

6.128 According to the submission, the Government provided ACT golf clubs with a total of \$884,175 between 2002 and 2014, of which \$795,000 was for water related expenditures.²⁴¹

6.129 The submission stated that the new MES approach provides ACT golf clubs with a sustainable and transparent process.²⁴²

SUBMISSION BY CLUBSACT

6.130 In its submission, ClubsACT pointed out that over two thirds of clubs in the ACT ‘maintain some form of sport and recreation infrastructure’ and that clubs manage and care for ‘over 500 hectares of urban green space’ in the Territory. According to the submission:

... water resource management and reducing reliance on potable water is critical for clubs. The conservation of water used for irrigation, the protection of water quality, both surface and ground water, and access to affordable re-use water are all objectives of the ACT club industry.²⁴³

6.131 The submission noted that reducing gaming machine revenue, particularly since the introduction of smoking bans in 2006, has impacted on clubs’ ability to maintain facilities. The submission compared NSW and ACT water pricing. It also pointed out that despite reducing

²³⁹ Submission No. 56, ACT Government, p. 32.

²⁴⁰ Submission No. 56, ACT Government, p. 32.

²⁴¹ Submission No. 56, ACT Government, p. 32.

²⁴² Submission No. 56, ACT Government, p. 32.

²⁴³ Submission No. 68, ClubsACT, p. 89.

water consumption by clubs in the ACT over time, 'the costs attributed to water are at record highs.'²⁴⁴

6.132 The submission stated:

Water use is an enormous challenge for clubs which maintain sport and recreation infrastructure because their access to it is essential in maintaining their core asset.

... raising the cost of water will not change the demand to irrigate an oval, golf course or lawn bowls facility. Use of water for these facilities is simply a necessity and clubs have little to no ability to reduce usage due to the need to ensure the surface is healthy, playable and less subject to environmental stress....

Price signals are only effective where the user has some capacity to modify their usage. For clubs, where the need to use certain amounts of water to maintain the integrity and safety of their courses, greens or fields is simply a necessity, the price signal becomes price gouging.²⁴⁵

6.133 The submission argued that community clubs should be eligible for Community Services Obligations (CSOs) which provide discounts or rebates for water pricing.²⁴⁶

6.134 In regard to water abstraction charges, the ClubsACT submission noted:

In the ACT a Water Abstraction Charge (WAC) applies to users with a licence to take water. This charge is levied presently at 0.26 kL and applies to both ground and surface water.

The charge on surface water is for water caught in a clubs own on-site ponds or dams and remains a substantial cost, placing clubs at a competitive disadvantage to clubs in NSW.²⁴⁷

6.135 The submission noted that the Government introduced a Market Equity Scheme in 2014 which halved the current WAC rate for clubs to 0.13 kL. However, it argued that ACT clubs remain at a competitive disadvantage compared with clubs in Queanbeyan.

6.136 The submission also pointed out that 'recycled water in the ACT is more expensive than potable water in NSW.'²⁴⁸

²⁴⁴ Submission No. 68, ClubsACT, p. 92.

²⁴⁵ Submission No. 68, ClubsACT, p. 93.

²⁴⁶ Submission No. 68, ClubsACT, p. 94.

²⁴⁷ Submission No. 68, ClubsACT, p. 95.

²⁴⁸ Submission No. 68, ClubsACT, p. 96.

7 VIEWS OF WITNESSES APPEARING BEFORE THE COMMITTEE

7.1 This chapter considers matters raised by other witnesses to the inquiry.

SENATOR NICK XENOPHON, INDEPENDENT SENATOR FOR SOUTH AUSTRALIA

7.2 Senator Nick Xenophon presented views to the inquiry by conference phone at a public hearing held on Tuesday 9 June 2015.

7.3 During discussion, the Senator focused initially on a couple of issues regarding the proposed legislative changes in the ACT. He suggested that while reducing the number of gaming machines might make some people feel better, it may have ‘a minimal or negligible impact’. Rather, the key questions concerned how you make the machines less addictive and how you make those people who need help to get it.²⁴⁹

7.4 The Senator referred to the finding of the Productivity Commission’s 2010 report that about 85 to 90 per cent of problem gamblers do not get help. He also referred to the limit on ATM withdrawals, noting that since there is no limit on EFTPOS withdrawals venues can circumvent the ATM withdrawal limit.²⁵⁰

7.5 With regard to identifying problem gamblers, the Senator suggested that consideration be given to mandating that loyalty program data held by clubs and pubs be accessible by the regulator. He explained that it is not difficult to develop an algorithm that can show patterns of play that are consistent with problem gambling. He did not consider it unreasonable for a venue or the regulator to approach patrons if the algorithm suggests they are a problem gambler.²⁵¹

7.6 During discussion, the Senator also raised the idea of having ‘a differential tax rate on venues that have more stringent problem gambling measures.’ According to the Senator:

... if machines were calibrated to a maximum \$1 bet per spin, with a maximum of a \$120 hourly loss, that would make a significant difference in problem gambling.

²⁴⁹ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 48.

²⁵⁰ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 49.

²⁵¹ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 49.

- 7.7 The Senator argued that this would make machines less volatile and less addictive.²⁵²
- 7.8 During further discussion, the Senator pointed out that when poker machines were introduced in South Australia, the level of gambling losses increased exponentially. In Western Australia, where poker machines are only available at the Burswood Casino, the levels of problem gambling are a fraction to what they are in the rest of the country.²⁵³
- 7.9 According to the Senator, 'we are not doing enough in terms of online gambling.' He expressed the view that 'there is a role for the commonwealth to play to regulate that sector in a way that restricts credit, has proper warnings in terms of problem gambling and also these bonuses and the like that occur that draw people in.'²⁵⁴
- 7.10 The Committee discussed with the Senator whether approaching people who a club thinks may have a gambling problem may prompt the patron to go to another venue or go to another form of gambling. The Senator's view was that the key was not to be judgemental—'it would be a fairly soft touch, low key approach.'²⁵⁵
- 7.11 During discussion about research, the Senator told the Committee that 'research indicates consistently that poker machines have an alarmingly high proportion of their revenue coming from problem gamblers.' However, more research was required to determine what measures work or do not work.²⁵⁶
- 7.12 The Committee was interested to hear the Senator's views about whether the distribution of poker machines impacts on problem gambling. It heard that if you have to travel 20 or 30 kilometres to go to a poker machine venue that acts as a disincentive. The proportion of problem gamblers who are women has increased. It was suggested that the Committee should consider the benefits clubs provide to the community through poker machine revenue but also the harm produced as 40 per cent of poker machine losses come from problem gamblers.²⁵⁷
- 7.13 During discussion, the Senator pointed out that large sums are spent on research and development to make machines as alluring as possible. However, he argued:
- If you have a business model that relies so heavily on addiction, the way to deal with that is to ask how you make the machines less addictive so that the general recreational players are not inconvenienced but it makes a difference with the problem gamblers.²⁵⁸

²⁵² Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 50.

²⁵³ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 51.

²⁵⁴ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 51.

²⁵⁵ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 52.

²⁵⁶ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 53.

²⁵⁷ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, pp. 54-55.

²⁵⁸ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 55.

7.14 According to the Senator there are:

700,000 to 800,000 people around the country whose lives are being directly affected today by problem gambling on poker machines. That is pretty significant.²⁵⁹

7.15 The Senator also pointed out that WA has a high level of participation in sport without receiving revenue from clubs proceeds from poker machine gambling.²⁶⁰

7.16 The Committee was interested to hear the Senator's views about data in the Productivity Commission's most recent report. The Senator expressed the view that they 'took a fairly conservative approach' but the report was very useful and the 'figures they quote are not inconsistent with other gambling surveys that have been undertaken.'²⁶¹

7.17 The Committee referred to the \$1 maximum bet, noting that most jurisdictions do not have a \$10 maximum bet. It asked whether the losses on poker machines were overstated. The Senator responded that the public policy issue was how to prevent a recreational player becoming a problem gambler. He explained that the Productivity Commission's view is that 'if you can reduce the level of the average hourly loss, you are less likely to get problem gamblers in the first place.'²⁶²

7.18 The Committee sought the Senator's views about the role of community education in preventing people from harm and whether clubs should be required to contribute funds for advertising campaigns. The Senator's view was that 'we need to destigmatise the whole issue of having a gambling problem, in that it can happen to anyone.' The Senator said that he considered an education program to be very useful, particularly among high school children, given the extent of underage gambling.²⁶³

7.19 As to the impact of reducing the number of poker machines as is planned for the ACT, the Senator's view was that it would probably have a minimal impact. In his view:

Unless you radically reduce the number of machines and make them less addictive, you will not see much difference.²⁶⁴

7.20 In regard to encouraging clubs to move away from their current business model, the Senator suggested a 'carrot and stick approach' —that is, charging clubs a lower tax rate if they had proactive measures to reduce problem gambling and a higher tax rate for those that did not.²⁶⁵

²⁵⁹ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 56.

²⁶⁰ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 57.

²⁶¹ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 57.

²⁶² Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 58.

²⁶³ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 59.

²⁶⁴ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 60.

²⁶⁵ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 60.

- 7.21 The Committee inquired about what would be involved in making a shift to having poker machines with a \$1 maximum bet and \$120 hourly losses—would it require making a simple setting on a machine, a major upgrade or would new machines be required across the board. The Senator responded that incorporating software in machines that made it possible to set \$1 maximum bets and \$120 in hourly losses would involve minimal cost at the design stage.²⁶⁶
- 7.22 In terms of the business model for clubs, the Senator suggested that if clubs were given incentives to take machines out of the system entirely, you could end up with fewer venues with poker machines and more pokies-free venues as well. The Senator also suggested that if the Government wanted to assist people to find a pokies-free venue, it could fund the development of an app that people could access on their smart phone.²⁶⁷

UNITING COMMUNITIES, SA AND UNITINGCARE, KIPPAX

- 7.23 Representatives from Uniting Communities, SA and UnitingCare, Kippax appeared at the hearing on 9 June 2015.
- 7.24 During his opening remarks, the Manager, Advocacy and Communications, Uniting Communities, SA noted that the two reports on gambling by the Productivity Commission are considered to be ‘world-best practice.’ He referred specifically to the findings that about 15 per cent of regular players of poker machines are ‘problem gamblers’ and that their share of spending on machines is around 40 per cent. He also noted the findings that the significant cost of social gambling—estimated to be at least \$4.7 billion a year—means that even policy measures with modest efficacy in reducing harm will be often worthwhile.²⁶⁸
- 7.25 The Manager also emphasised that the majority of gambling-related harm is associated with poker machines and that there is no other legal product, except tobacco, that has anything like similar levels of harm. He pointed out that for every person with a gambling problem, at least seven other people are adversely affected.²⁶⁹
- 7.26 The Executive Officer, Uniting Care, Kippax referred to the emergency financial and material aid (EFMA) program at Kippax. She noted that people are more comfortable talking about substance use or misuse than gambling. The majority of people assisted at Kippax are dealing with poker machines. The 2010 ACT gambling prevalence study showed that for problem gamblers, getting counselling is a last-ditch effort. Experience with the EFMA at Kippax

²⁶⁶ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, p. 61.

²⁶⁷ Senator Nick Xenophon, *Transcript of evidence*, 9 June 2015, pp. 61-62.

²⁶⁸ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 65.

²⁶⁹ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 65.

suggests a relationship between gambling and violence and between alcohol use and gambling.²⁷⁰

- 7.27 The Manager, Advocacy and Communications, Uniting Communities, SA noted that there is a high correlation between the findings of the 2010 ACT gambling prevalence study and the 2010 Productivity Commission report on gambling. He also referred to research findings regarding the relationship between gambling and crime.²⁷¹
- 7.28 The Manager also referred to recent research by NATSEM indicating that gambling taxes are overwhelmingly the most regressive form of taxation. Gambling is most heavily undertaken by lowest income households. Most western countries tax gambling at a higher rate than standard corporations tax rates.²⁷²
- 7.29 The Manager also argued that if clubs are genuinely concerned about problem gambling, a lower tax rate should be applied for those clubs that introduce the key recommendations of the 2010 Productivity Commission report—i.e. a \$1 per spin maximum bet limit for all poker machines and that gamblers set a budget prior to gambling activity.²⁷³ He acknowledged that clubs provide a range of community services but argued that clubs that chose to be taxed at a higher rate should have a proportion of taxation on gambling hypothecated to a community chest.²⁷⁴
- 7.30 The Committee discussed the amount of money that could be gambled on a poker machine. The Manager advised that this could be between \$1200 and \$1500 an hour using a \$1 machine with maximum lines and maximum bets. With auto play, there can be three second or 3 and a half second spins. He argued for slowing down the rate of play as one of the major factors predicting risk of problem gambling is speed of play.²⁷⁵
- 7.31 The Committee asked how a community chest model should work. It heard that the critical elements include—allocations by a body independent of any direct interest that allocates funds on the basis of merit; identifying a range of useful social activities; and knowledge about the availability of the fund.²⁷⁶
- 7.32 The Committee also asked about how to educate people about the harms of gambling addiction. The Manager advised:

²⁷⁰ Ms Meg Richens, *Transcript of evidence*, 9 June 2015, pp. 65; 66.

²⁷¹ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 66.

²⁷² Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 67.

²⁷³ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 67.

²⁷⁴ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 68.

²⁷⁵ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, pp. 68; 69.

²⁷⁶ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 69.

I would certainly be saying that there is a limit to how far education programs can go.....Educating people is certainly part of the story. The critical thing is to try and stop people from getting into the gambling spiral up front. I think the strongest way to do that is by having alternatives to poker machine venues.²⁷⁷

7.33 The Executive Officer, UnitingCare, Kippax referred to the use of a public health model which indicated that a comprehensive approach should be taken—for example, involving education, legislation, taxation change, prevention work and substitution of behaviour.²⁷⁸

7.34 The Committee asked whether people with addictive personalities played poker machines. The Manager expressed the view that crisis moments may trigger predictive behaviours—for example, major relationship breakdown, domestic violence, loss of a job, motor vehicle accident, injury at work, onset of a mental health condition. He also mentioned that poker machine gambling is distributed throughout the community and is not gender-specific. For the Manager, this indicated the importance of a comprehensive social policy and responses to the range of triggers which can be factors pushing people into gambling harm. Also important, is the ability of venues to identify risky behaviours early on.²⁷⁹

7.35 The Committee asked whether there were enough services to assist problem gambling and whether the Government was doing enough. The Executive Officer expressed the view that if people could be encouraged to attend services, demand would probably outstrip supply. The Committee then inquired what things were stopping people from accessing services. In response, the Executive Officer identified a range of factors—including, for example, issues of stigma, and being identified as having a problem. For the Manager, pride was also a factor.²⁸⁰

7.36 The Committee asked whether gamblers or clubs should be taxed more and that in effect will force them to change their ways. The Manager's view was that addictive gambling is an inelastic activity. He stated that taxation has a purpose of helping to send price signals, influencing behaviour, and reducing problem gambling. In his view, the venue is the appropriate place at which taxation should be levied.²⁸¹

7.37 The Committee discussed a report by UnitingCare undertaken in April 2012 about poker machine expenditure and community benefit in selective electoral divisions. It asked whether data for electorates in the ACT was available at a suburban level. The Manager offered to take this question on notice.²⁸²

²⁷⁷ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, pp. 69; 70.

²⁷⁸ Ms Meg Richens, *Transcript of evidence*, 9 June 2015, p. 70.

²⁷⁹ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, pp. 70; 71.

²⁸⁰ Ms Meg Richens, *Transcript of evidence*, 9 June 2015, p. 71.

²⁸¹ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 72.

²⁸² Mr Mark Henley, *Transcript of evidence*, 9 June 2015, pp. 72; 73.

- 7.38 At 20 October 2015 the Committee had not received a response to this question.
- 7.39 The Committee asked whether the gambling prevalence studies should be undertaken more regularly. The Manager suggested not because of the cost involved and how problem gambling is measured. He indicated that it is what we do about the problem that is important rather than reaffirming the problem exists.²⁸³
- 7.40 The Committee asked about use of poker machine revenue to fund community activities, which the report by UnitingCare indicated was very inefficient. The Manager advised that having clubs rely on poker machine revenue to support community activities, including youth sport, is a very inefficient model. In his view, it would be more efficient to tax clubs, and hypothecate a percentage of tax revenue into a community chest or directly into other services.²⁸⁴
- 7.41 Regarding the link between gambling and crime, the Committee asked whether this was prevalent in the ACT. The Manager pointed out that data from Australia, Europe, Canada and the US indicated increasing levels of gambling has a deleterious impact on levels of crime.²⁸⁵
- 7.42 The Committee asked whether problem gambling in the ACT was worse in less well-off areas. The Manager pointed out there was a lack of really good data sets. The Executive Officer referred to the finding that problem gamblers are more likely to be male, young, Australian born, less well educated, never married and either unemployed or employed full time. A large proportion of that subset are people in the lower socioeconomic demographic.²⁸⁶
- 7.43 The Committee was interested to find out about the impact of reducing poker machine numbers. The Manager advised that econometric modelling on a reduction in the number of machines in SA found that a reduction in the number of venues had a more significant correlation with reduced levels of gambling than the number of machines. Fewer venues reduces accessibility so reduces problem gambling.²⁸⁷
- 7.44 The Committee inquired whether a small club that was local could be more dangerous than a larger club. According to the Manager, large venues still have gambling problems but also have more scope to regulate, for inspections, and for help programs going on within the venue. However, he advised that accessibility to machines is one of the major predictors of problem gambling. Fewer venues, less harm rather than fewer machines, less harm. However, more research could be undertaken on the location and size of venues.²⁸⁸

²⁸³ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 73.

²⁸⁴ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, pp. 73; 74.

²⁸⁵ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 74.

²⁸⁶ *Transcript of evidence*, 9 June 2015, p. 75.

²⁸⁷ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 75.

²⁸⁸ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, pp. 75; 76.

- 7.45 The Committee asked whether there was much discussion about online gambling with clients. The Executive Officer advised that online gambling involved a different demographic.²⁸⁹ The Manager added that while online gambling was increasing, it was from a small base and the use of online gambling was dramatically lower than poker machines. For online gambling, the biggest growth was in the use of hand-held devices.²⁹⁰
- 7.46 The Committee asked how we could reach out to young people to prevent them from becoming problem gamblers. The Executive Officer suggested that educational practice need to happen very early with children. Cultural attitudinal change needs to occur and it will take time.²⁹¹
- 7.47 The Committee was interested to hear what key changes counsellors recommend that make a difference to clients. It heard that the first step is recognising there is a problem; the second is reaching out for help; the third step is bringing supporters around. The fourth step is modifying the environment.²⁹²
- 7.48 The Committee asked for a view on the key propositions that the Committee should put forward. The Manager advised that ‘number one is reducing the amount of money that people can spend on poker machines’. He also emphasised the \$1 bet limit and the importance of setting a budget. In addition, the taxation rate was considered important as well as the community chest model where the local community works with clubs and the Government to develop alternatives.²⁹³

CANBERRA SOUTHERN CROSS CLUB (CSCC)

- 7.49 On Wednesday 10 June 2015 a number of community clubs gave evidence for the inquiry. Among the witnesses was the CEO of the Canberra Southern Cross Club.
- 7.50 During discussion, the CEO referred to three recommendations that the Canberra Southern Cross Club made in its submission to the inquiry. These concerned:
- Obtaining assistance from government to get appropriate access to the pitch ‘n’ putt site that will enable the club to take advantage of the site’s proximity to Woden town centre and Canberra hospital —this will allow development of a health and wellness hub;²⁹⁴

²⁸⁹ Ms Meg Richens, *Transcript of evidence*, 9 June 2015, p. 76.

²⁹⁰ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 77.

²⁹¹ Ms Meg Richens, *Transcript of evidence*, 9 June 2015, pp. 77; 78.

²⁹² Mr Mark Henley, *Transcript of evidence*, 9 June 2015, p. 78.

²⁹³ Mr Mark Henley, *Transcript of evidence*, 9 June 2015, pp. 78; 79.

²⁹⁴ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, pp. 81-83.

- Increased flexibility regarding poker machine storage—removing machines from the Canberra Southern Cross Yacht Club will enable further development of this site as a premium waterfront destination;²⁹⁵
- Casino Canberra is not granted access to poker machines.²⁹⁶

7.51 The Committee heard that the Canberra Southern Cross Club was introducing a community rewards program by which the club will offer community groups support based on their spend on food and beverage at Club venues.²⁹⁷

7.52 The Committee discussed the extent of problem gambling. It heard that CSCC refutes the claim that 40 per cent of gaming revenue is from problem gamblers and thinks it has a lower level of problem gambling than the national level due to regulations in place in the ACT and the club's customer profile. The CEO indicated that the Club had a very low incidence of problem gamblers and that it handled them with compassion and care.²⁹⁸

7.53 The CSCC also did not accept the claim that \$1200 could be lost per hour on poker machines. The CEO suggested that it would be in the order of \$18. As for deciding on a maximum poker machine bet, the CSCC did not support it unless it was part of a national move and was subject to cost-benefit analysis.²⁹⁹ The CEO also disputed the claim by Senator Xenophon that a poker machine would spin every three seconds—rather, it would probably be every 15 seconds on average.³⁰⁰

7.54 During discussion it was clarified that the CSCC already has 48 poker machines in storage. These would remain in storage and an additional 52 machines will be taken off the gaming floor to total 100 machines.³⁰¹

7.55 The Committee was interested to hear the CEO's views about the length of time required by clubs to diversify, reduce reliance on poker machines, and get on a viable footing. The CEO advised that they CSCC would be comfortable with a three year period as that would allow development of the pitch 'n' putt site.³⁰²

²⁹⁵ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, pp. 81; 84.

²⁹⁶ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, p. 81.

²⁹⁷ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, pp. 85-86.

²⁹⁸ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, pp. 87; 88.

²⁹⁹ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, p. 87.

³⁰⁰ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, p. 89.

³⁰¹ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, p. 91.

³⁰² Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, p. 93.

- 7.56 The Committee discussed with the CEO his views about reliance of the CSCC on poker machine revenue. The CEO indicated that at present 50 per cent of revenue was from gaming machines. He indicated they would be more comfortable if the percentage was 30.³⁰³
- 7.57 The Committee asked the CEO how many of the club's members regularly visit the club. The CEO advised that of a membership of 80,000 about 20,000 visit at least every month.³⁰⁴
- 7.58 During discussion, the CEO pointed out that there were misconceptions around problem gambling and the extent of that in Canberra.³⁰⁵
- 7.59 The CEO also pointed out that online gambling is a significant problem, that it is difficult to regulate and that a national approach was required. He stated that it would be difficult for the ACT to regulate without federal and other state support.³⁰⁶

CANBERRA HIGHLAND SOCIETY AND BURNS CLUB

- 7.60 On 10 June 2015 the Committee heard from the Chairman and the Chief Executive Officer of the Canberra Highland Society and Burns Club to discuss matters relating to the inquiry.
- 7.61 During discussion, the Chairman pointed out that the current conversation about clubs is 'largely confrontational rather than collaborative and there does not seem to be a shared agreement on the outcomes we are seeking to achieve.' He called for 'a new approach to the discussion about our industry' based on collaboration.³⁰⁷
- 7.62 According to the Chairman, 'we are now in another one of those periods of significant change which threaten our future.' He outlined that the Burns Club made accumulated losses of about \$1.5 million over the last five years. He also indicated that the financial stress faced by the Burns Club is overly common across a number of other clubs in Canberra.³⁰⁸
- 7.63 The Chairman expressed the view that a new conversation about clubs in Canberra must seek agreement on three things —i.e. what we are collectively trying to achieve; what are the key factors threatening the industry's viability now and into the future; and what are the processes and principles that must guide the development of the strategy going forward.³⁰⁹
- 7.64 During discussion, the Chairman highlighted the impact on poker machines of online gambling and the lack of interest of generation Y and subsequent generations in poker machines. He

³⁰³ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, p. 94.

³⁰⁴ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, pp. 94-95.

³⁰⁵ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, p. 95.

³⁰⁶ Mr Ian Mackay, *Transcript of evidence*, 10 June 2015, p. 96.

³⁰⁷ Mr Athol Chalmers, *Transcript of evidence*, 10 June 2015, p. 98.

³⁰⁸ Mr Athol Chalmers, *Transcript of evidence*, 10 June 2015, p. 99.

³⁰⁹ Mr Athol Chalmers, *Transcript of evidence*, 10 June 2015, p. 99.

expressed support for a couple of recommendations of ClubsACT—including, inter alia, for a ministerial advisory group, and for undertaking an impact statement prior to any regulation or legislation.³¹⁰

- 7.65 The CEO discussed how the Burns Club deals with a problem gambler. Measures in place included—strong rules associated with accessing cash; educated and trained staff; staff recognise the people who are coming into the venue; and self-exclusion schemes. Regarding access to cash, the club has a limit of \$240 on ATM withdrawals and the requirement for human interaction when withdrawing from EFTPOS terminal devices.³¹¹
- 7.66 The Chairman expressed the view that regulation impacted on a problem gambler’s enjoyment of gambling, they might turn to another form of gambling, or go over the border, or gamble online. He noted ‘how quickly this online gambling issue has developed’ and added: ‘I think that is where the bigger problem is emerging.’³¹²
- 7.67 The Committee asked about issues faced by a small single-site club that are different to multi-site or larger clubs. It heard that resources were an issue—for example, if a poker machine audit was conducted.³¹³ Also, large clubs have the revenue to diversify.³¹⁴ The CEO also discussed economies of scale.³¹⁵
- 7.68 The Committee was interested to hear the Burns Club’s views about the gaming reform task force. It was advised that it was helpful in progressing the approval of a subdivision.³¹⁶

CANBERRA NORTH BOWLING AND ACT RUGBY UNION CLUB

- 7.69 On Wednesday 10 June 2015 the Committee heard from the Secretary/Manager and the Treasurer of the Canberra North Bowling and ACT Rugby Union Club to discuss matters relating to the inquiry.
- 7.70 During his opening statement to the Committee, the Secretary/Manager pointed out a number of challenges facing small to medium-sized clubs. These include—expansion and increased competition in the entertainment and hospitality sector; reduced gaming machine revenue as a proportion of total revenue; and increased regulatory load on clubs.³¹⁷

³¹⁰ Mr Athol Chalmers, *Transcript of evidence*, 10 June 2015, p. 101.

³¹¹ Mr John Weir, *Transcript of evidence*, 10 June 2015, pp. 102-103; 104.

³¹² Mr Athol Chalmers, *Transcript of evidence*, 10 June 2015, p. 105.

³¹³ Mr Athol Chalmers, *Transcript of evidence*, 10 June 2015, p. 105.

³¹⁴ Mr Athol Chalmers, *Transcript of evidence*, 10 June 2015, p. 106.

³¹⁵ Mr John Weir, *Transcript of evidence*, 10 June 2015, p. 106.

³¹⁶ Mr John Weir, *Transcript of evidence*, 10 June 2015, p. 106.

³¹⁷ Mr Jeremy Wilcox, *Transcript of evidence*, 10 June 2015, p. 109.

7.71 The Secretary/Manager suggested that:

...we move away from the one-size-fits-all approach to club regulation and enforcement and adopt a light-touch approach in regulating smaller clubs. Hence our suggestion to the committee that the requirement for postal voting for issue transfer or withdrawal of gaming licences be removed and that personal internet voting be allowed. We also suggest that a more outcomes-oriented approach be taken to compliance auditing.³¹⁸

7.72 The Secretary/Manager also argued for trading poker machine licences for reductions in lease variation charges.³¹⁹

7.73 During discussion the Committee pointed out the protections provided by postal ballots. It asked—‘How can you guarantee, say, with people online or just walking in, that you are actually getting an accurate view of the club and what they want?’ The Secretary/Manager replied that an online system would take some regulation but postal ballots achieved a small response—‘I think an online ballot would increase the numbers from five per cent to something else.’³²⁰ Later in the hearing, the Committee heard that representations had been made to the Gambling and Racing Commission about changes to make an online or in-person vote possible, and the Commission was supportive, but legislative changes would be required.³²¹

7.74 During the hearing the Secretary/Manager and the Treasurer of the club outlined aspects of the club sites at Barton and Turner and how these were merged to form a single club. The Committee heard that the club at Barton has 15 gaming machines and revenue from these machines accounts for 5-7 per cent of its revenue. The rest of its income comes from food, beverage and functions. The Committee also heard of constraints faced by the club due to lack of parking in Barton, that it relies on patronage from local workers and ‘foot traffic.’ The Committee was advised that the club has been adversely affected by the move of three large government departments from Barton and that it is also disadvantaged by a requirement that club patrons must be members or signed in by a member. The Committee heard that it is intended that the Barton site be sold and a written offer had been received from a developer, though the government charges to deconcessionalise the lease and a lease variation charge would significantly reduce what the club made from the sale. There might also be an option to sell the Barton venue to another club or to the Government. The Committee was also advised that the intention is to transfer the value of the site to the venue at Turner.³²²

³¹⁸ Mr Jeremy Wilcox, *Transcript of evidence*, 10 June 2015, p. 110..

³¹⁹ Mr Jeremy Wilcox, *Transcript of evidence*, 10 June 2015, p. 110.

³²⁰ Mr Jeremy Wilcox, *Transcript of evidence*, 10 June 2015, p. 110.

³²¹ Mr Andrew Sykes, *Transcript of evidence*, 10 June 2015, p. 113.

³²² *Transcript of evidence*, 10 June 2015, pp. 111ff.

- 7.75 The Committee heard that the club at Turner has 50 gaming machines and income from gaming machines helps meet the costs of providing bowling to meet the interests of many older members who could not be expected to directly meet all the costs associated with bowling. From October through to March, the venue at Turner provides barefoot bowls which is 'very profitable'. The club constitution provides that a minimum of two bowling greens will be maintained by the club while the club ever has a bowling member.³²³
- 7.76 With regard to the gaming machine trading scheme, the Secretary/Manager expressed the view that it is 'a fantastic idea' but it was a shame that the Government was not participating.³²⁴

THE WHITE EAGLE CLUB

- 7.77 On Wednesday 10 June 2015 the Acting President and the Secretary of the White Eagle Club met with the Committee to discuss issues relating to the inquiry.
- 7.78 During discussion, the Committee heard that the White Eagle Club is unique among Canberra community clubs as it had transitioned from having poker machines to a situation where it relied on other income streams. The Acting President explained that the club had:
- ... increasing costs and liabilities associated with hanging on to and maintaining what was a set of ageing machines. I think they would have been class Bs, the old slots. Also there was a question of opportunity cost, given that our floor area is a reasonably small one in the club. To have that many machines occupying one room was an impediment to alternative amenity within the building.³²⁵
- 7.79 The Committee was interested to find out what types of changes to current regulations would improve the viability of the club as a live music venue. It heard that the club had not received any complaints from local residents or the EPA. In addition, the Committee heard that aspects of the club's location limited the extent that noise affected residents and the club also observed the noise curfews. The club is licensed to trade until 12am and they didn't want to trade any later as the club was staffed by volunteers who all have day jobs.³²⁶ The Committee later heard that the club has only one paid member of staff.³²⁷

³²³ *Transcript of evidence*, 10 June 2015, pp. 111ff.

³²⁴ Mr Jeremy Wilcox, *Transcript of evidence*, 10 June 2015, p. 117.

³²⁵ Mr Andrew Bajkowski, *Transcript of evidence*, 10 June 2015, pp. 119-120.

³²⁶ Mr Andrew Bajkowski, *Transcript of evidence*, 10 June 2015, p. 120.

³²⁷ Ms Elizabeth Alwast, *Transcript of evidence*, 10 June 2015, p. 121.

7.80 With regard to liquor licensing laws, the Acting President advised that the club was of low risk, and would appreciate it if the tariff was adjusted to reflect the level of risk as a place where liquor is purchased and consumed.³²⁸

7.81 The Committee was interested to know where the club sees itself in five years time. It heard:

Sustainability for us is remaining open. As a bonus to that, over five years, if we were able to employ a full-time manager, just a single staff member, that would significantly decrease the risks we face through a diminution of our volunteer pool. We rely on thousands of hours a year from volunteers, but obviously that depends on relationships and people. We have a lot of support from the community, but always with volunteer pools there is a dedicated core of volunteers and they undertake the vast bulk of the work associated with the operating of the club.³²⁹

7.82 The Committee discussed with the club's representatives the difficulties the club faced in obtaining grants and funding as it had a liquor license and was income producing. The Committee heard that the club offered its facilities to community groups at a discounted rate. The Acting President explained:

We want to see people using the building. We are glad that we are able to contribute to community life in that way.³³⁰

7.83 The Committee also discussed the ways in which the White Eagle Club keeps Polish culture alive in the ACT and how the long term plan is to keep a focus on Polish heritage.³³¹

7.84 In response to a question about what the Government could do to make things easier for the club and ensure its future, apart from the size of liquor licensing fees, the Committee was advised:

Easier access to grants and also our ability to be able to identify the grant streams as well.For instance, even \$20,000 a year would make a significant difference to us in terms of being able to look after the capital maintenance side of things.³³²

ANU CENTRE FOR GAMBLING RESEARCH

7.85 On Monday 17 August 2015 the Committee heard from researchers at the ANU Centre for Gambling Research. Matters covered in this discussion are referred to in chapter 8 of this

³²⁸ Mr Andrew Bajkowski, *Transcript of evidence*, 10 June 2015, p. 120.

³²⁹ Mr Andrew Bajkowski, *Transcript of evidence*, 10 June 2015, p. 122.

³³⁰ Mr Andrew Bajkowski, *Transcript of evidence*, 10 June 2015, p. 122.

³³¹ *Transcript of evidence*, 10 June 2015, p. 124.

³³² Mr Andrew Bajkowski, *Transcript of evidence*, 10 June 2015, p. 125.

report along with some of the preliminary findings of the 2014 ACT Gambling Prevalence Study.

RELATIONSHIPS AUSTRALIA

- 7.86 On 17 August 2015 the Committee also heard from representatives of Relationships Australia and Care Financial Counselling Service regarding a gambling counselling and support service in the ACT.
- 7.87 In her opening statement, the ACT Manager of Relationships Australia acknowledged the significant contribution of clubs in the ACT to support a large number of sport and recreational groups and community organisations.³³³
- 7.88 The Committee also heard that during the 12 months ending June 2015 Relationships Australia had worked with 403 new clients in the ACT community, of whom 166 were gambling clients and 42 were affected family members. In addition, 195 clients received financial counselling directly related to the impacts of gambling on their personal circumstances.³³⁴
- 7.89 As to the cause for why clients requested help, the Committee heard that 48 per cent did so because of financial problems, and another 20 per cent because of family relationships.³³⁵
- 7.90 The Committee discussed with witnesses the use of screening questions to determine whether a client has a gambling problem and how they are referred for assistance. The Committee also heard about work being undertaken with community organisations as well as stakeholder engagement activities, including the conduct of problem gambling awareness forums.³³⁶
- 7.91 Issues discussed also included the stigma attached to gambling and whether clients were moving to online gambling.³³⁷
- 7.92 With regard to online gambling, the Director, Care Financial Counselling Service expressed concern:

I think it is going to be a huge problem—and there was a paper launched today at Parliament House about online sports betting—because it is a bit more hidden. It is people gambling in their own living areas. It is not being picked up by somebody at the club who might notice that there is somebody staying for a long time, because it is

³³³ Ms Juleen Schiefelbein, *Transcript of evidence*, 17 August 2015, p. 144.

³³⁴ Ms Juleen Schiefelbein, *Transcript of evidence*, 17 August 2015, p. 144.

³³⁵ Ms Juleen Schiefelbein, *Transcript of evidence*, 17 August 2015, p. 144.

³³⁶ *Transcript of evidence*, 17 August 2015, pp. 146; 147.

³³⁷ *Transcript of evidence*, 17 August 2015, pp. 148; 149.

somebody who is hidden away. There is also potential that they can lose a lot of money in a short space of time. With the gaming machines, there is a certain amount of money that you can access from an ATM. Online, unfortunately, you can access a lot of money very quickly. I think it will be a very big problem, but we are probably not seeing it as much as it is prevalent.³³⁸

7.93 The Committee also discussed with witnesses how some clients who are assisted with a gambling problem may relapse and re-present at a service to get help.³³⁹ Discussion also concerned the 'cycle of gambling'.³⁴⁰

7.94 The Committee was interested in data available about the primary cause why clients seek assistance and it was agreed that this information would be provided to the Committee.³⁴¹

7.95 At 20 October 2015 the Committee had not received a response to this question.

INDEPENDENT ATM INDUSTRY GROUP (IAIG)

7.96 On Tuesday 18 August 2015 the Committee heard from representatives of the Independent ATM Industry Group (IAIG) regarding matters raised in their submission to the inquiry.

7.97 The Committee was advised that there are approximately 31,000 ATMs in Australia, of which about 55 per cent were owned by independent companies. These companies derive their income from ATM transactions using their machines.³⁴²

7.98 The IAIG urged the Government to remove the current \$250 daily withdrawal limit from ATMs in clubs. It argued that 'any evidence that links the level of problem gambling to the presence of ATMs in gaming venues is inconclusive'³⁴³ and that imposing a limit on ATM withdrawals was 'a blunt instrument' that targeted everyone who visited clubs, not just problem gamblers.³⁴⁴

7.99 According to the IAIG people used ATMs in clubs to withdraw money for a range of purposes, not just gaming. It advised that 76 per cent of people withdrew money to buy food, 70 per cent drinks, 70 per cent to spend outside the club, and just 35 per cent for gaming. The

³³⁸ Ms Carmel Franklin, *Transcript of evidence*, 17 August 2015, p. 149.

³³⁹ *Transcript of evidence*, 17 August 2015, p. 150.

³⁴⁰ *Transcript of evidence*, 17 August 2015, pp. 150; 151.

³⁴¹ *Transcript of evidence*, 17 August 2015, pp. 151; 152.

³⁴² Mr Andrew Wingrove, *Transcript of evidence*, 18 August 2015, p. 153.

³⁴³ Mr Andrew Wingrove, *Transcript of evidence*, 18 August 2015, p. 154.

³⁴⁴ Mr Andrew Wingrove, *Transcript of evidence*, 18 August 2015, p. 158.

Committee also heard that ATMs in clubs provided a convenient place to withdraw funds in a safe and secure way, especially after dark.³⁴⁵

7.100 The Committee heard that there had been an 8 to 12 per cent annual decline in the use of ATMs across Australia and a 10 to 19 per cent reduction in the volume of withdrawals from ATMs in ACT clubs since the \$250 withdrawal limit was introduced.³⁴⁶

7.101 The IAIG indicated that it supported some measures such as ensuring ATMs do not provide access to credit, locating ATMs in clubs away from the gaming floor, and providing harm minimisation messages on ATM screens, but wanted the \$250 withdrawal limit removed. It was also pointed out during discussion that the \$250 limit which currently applied was not indexed with the CPI.³⁴⁷

7.102 During discussion, the Committee asked about the use of EFTPOS or 'cash out' machines by some clubs to get around the ATM withdrawal limit. It was explained:

some of the regulations say that so long as there is a person there handling the cash out they can keep some control over somebody who might be coming back every five minutes.....if someone is there, they can make sure you are not a problem gambler coming back all the time.³⁴⁸

OLD NARRABUNDAH COMMUNITY COUNCIL

7.103 On Tuesday 18 August 2015 the Vice President of Old Narrabundah Community Council (ONCC) met with the Committee, along with the Treasurers of the Harmonie German Club and the Spanish Australian Club to give evidence in relation to the inquiry.

7.104 During discussion, the Vice President of the ONCC expressed the view that the 'ACT government undervalues the role of small clubs in our society.'³⁴⁹ Concern was expressed about public consultation and the proposal that residential development proceed on section 34, block 13 Narrabundah which is located between the Harmonie German Club and the Spanish Australian Club.³⁵⁰

³⁴⁵ Mr Andrew Wingrove, *Transcript of evidence*, 18 August 2015, p. 153.

³⁴⁶ Mr Andrew Wingrove, *Transcript of evidence*, 18 August 2015, pp. 156; 160; 161.

³⁴⁷ Mr Andrew Wingrove, *Transcript of evidence*, 18 August 2015, pp. 155; 157.

³⁴⁸ Mr Phil Timms, *Transcript of evidence*, 18 August 2015, p. 162.

³⁴⁹ Mr Austin Lynch, *Transcript of evidence*, 18 August 2015, p. 163.

³⁵⁰ Mr Austin Lynch, *Transcript of evidence*, 18 August 2015, p. 163.

7.105 The Treasurer of the Harmonie German Club expressed concern that the club had been located in the area for many years and that residential development may lead to noise complaints. He also expressed concern about the cost of rates paid by the club.³⁵¹

7.106 The Treasurer of the Spanish Australian Club drew attention to the cost the club had to pay for its liquor licence even though the club only traded 3 days per week. The Treasurer also emphasised the role of the club in supporting cultural activities including dancing. He expressed the view:

...One of the things that I do not think the government really has a handle on is that these ethnic clubs are a place for these people to come and speak their native tongue and to express their cultural and heritage interests, whether it be dance, costume, language, cuisine, music. There is a value that should be put on these places ...³⁵²

7.107 It was also pointed out that the Spanish Australian Club's rates were over \$20,000 per year and yet the club depended heavily on the support of volunteers.³⁵³

7.108 The Committee also discussed with witnesses the costs met by the clubs for insurance as well as concerns raised about the manual reporting undertaken regarding poker machines.³⁵⁴

ACT COUNCIL OF SOCIAL SERVICES (ACTCOSS)

7.109 The Director of ACTCOSS met with the Committee on Tuesday 18 August 2015 to provide evidence for the inquiry.

7.110 During discussion, the ACTCOSS Director expressed the view that the number of gaming machines in the ACT should not be linked to population growth as the Government intends. Rather, a monthly licence fee for gaming machines should be applied to encourage clubs to reduce machine numbers.³⁵⁵

7.111 According to the ACTCOSS Director, the community bears the cost of problem gambling with between 6 and 10 people harmed by every problem gambler. While ACT clubs made community contributions, the amount provided does not address the harm created.³⁵⁶

7.112 The ACTCOSS Director also pointed out that the amount of community grants made by clubs was small in comparison to the revenue made by gaming machines. The Director referred to research led by Monash University and funded by UnitingCare Australia in 2012. It was pointed

³⁵¹ Mr Max Scheckenbach, *Transcript of evidence*, 18 August 2015, p. 164.

³⁵² Mr Chris Lander, *Transcript of evidence*, 18 August 2015, p. 166.

³⁵³ Mr Chris Lander, *Transcript of evidence*, 18 August 2015, p. 166.

³⁵⁴ Mr Chris Lander, *Transcript of evidence*, 18 August 2015, pp. 167; 168.

³⁵⁵ Ms Susan Helyar, *Transcript of evidence*, 18 August 2015, p. 172.

³⁵⁶ Ms Susan Helyar, *Transcript of evidence*, 18 August 2015, p. 173.

out that although about 15 per cent of club revenue in the ACT may be returned to the community, most of the funds given by clubs are for their own sporting codes, and in return clubs receive tax and lease concessions and free advertising on sports uniforms.³⁵⁷

7.113 According to the ACTCOSS Director:

I am not inclined to support the tax concession referred to as the club grants scheme in the clubs submission. If clubs want to contribute more, it should be into a pool of funds used to support reducing gambling harm, not generic community grants aligned with club member interests and priorities.³⁵⁸

7.114 In the view of the ACTCOSS Director, clubs should be assisted to move away from their reliance on gambling revenue but they should only retain concessional leases on land if they continued to deliver a social dividend. While some clubs had expressed an interest in expanding to provide housing, aged care and child care, this should not be in competition with other community organisations which had a track record in those areas.³⁵⁹

7.115 The ACTCOSS Director expressed support for expanding the research agenda of the problem gambling research fund to include more public health focused research and interventions. Support was also expressed for regulation to reduce risks of harm from gambling because while the prevalence of problem gambling is low, the consequences are catastrophic.³⁶⁰

7.116 The Director of ACTCOSS also expressed support for exploring opportunities to increase the provision of affordable housing.³⁶¹

CEREBRAL PALSY ALLIANCE

7.117 On Wednesday 19 August 2015 the Cerebral Palsy Alliance gave evidence to the Committee in relation to the inquiry.

7.118 The Committee heard that the Cerebral Palsy Alliance had been operating in the ACT since 2001 and since then had received more than \$1.5 million in grants from ClubsACT. The funds were used to provide a range of services to people with cerebral palsy and their families and carers including therapy, accommodation and respite.³⁶² The Committee also heard that

³⁵⁷ Ms Susan Helyar, *Transcript of evidence*, 18 August 2015, p. 171.

³⁵⁸ Ms Susan Helyar, *Transcript of evidence*, 18 August 2015, p. 171.

³⁵⁹ Ms Susan Helyar, *Transcript of evidence*, 18 August 2015, pp. 173; 174.

³⁶⁰ Ms Susan Helyar, *Transcript of evidence*, 18 August 2015, p. 172.

³⁶¹ Ms Susan Helyar, *Transcript of evidence*, 18 August 2015, p. 173.

³⁶² Mr Marcus Bleasdale, *Transcript of evidence*, 19 August 2015, pp. 180; 181.

demand for the Alliance's services had increased since the establishment of the National Disability Insurance Scheme and additional staff had been recruited.³⁶³

7.119 In response to questioning from the Committee, it was advised that all funds provided to the Cerebral Palsy Alliance by ClubsACT were used to provide services. If this funding was discontinued, the Alliance advised that it would have to reduce the services it provided.³⁶⁴

7.120 According to the General Manager, Marketing, of the Cerebral Palsy Alliance:

Critically, it is not an exaggeration to say we would not have been here if it had not have been for ClubsACT. There is no question that we would not have set up a centre in Canberra back in 2001. Their money has directly helped 500 families in a huge way....³⁶⁵

7.121 The Committee was also advised that concerns had not been expressed to the Cerebral Palsy Alliance that the funds provided to it by clubs was derived largely from gambling.³⁶⁶

BILLIARDS AND SNOOKER ASSOCIATION ACT

7.122 On Wednesday 19 August 2015 representatives from the Billiards and Snooker Association of the ACT presented evidence to the Committee in relation to the inquiry.

7.123 The Committee heard that the Association has about 150 members and had use of 10 billiard/snooker tables across four venues in the ACT. The Association expressed concern that the closure of a number of small clubs in the ACT and changes in the business strategies of some clubs meant that the Association's members could use fewer tables and there were fewer venues where they could play.³⁶⁷

7.124 During the hearing, Association representatives discussed the various recommendations that were included in its submission to the inquiry. They argued that some regulations currently in place should be removed as they were considered ineffective in limiting problem gambling.

7.125 Representatives argued that the current restriction limiting the size of notes that could be inserted into gaming machines to a maximum of \$20 should be removed. It was argued that no similar limits applied to other gambling —such as at TABs located at the same venues—and that the introduction of Ticket In Ticket Out technology in gaming machines enables potentially large sums to be inserted into gaming machines at a single time.³⁶⁸ Also, gamblers could readily cash a \$50 note at a club using a note breaker machine.

³⁶³ Mr Marcus Blease, *Transcript of evidence*, 19 August 2015, pp. 182; 183.

³⁶⁴ Mr Marcus Blease, *Transcript of evidence*, 19 August 2015, p. 183.

³⁶⁵ Mr Marcus Blease, *Transcript of evidence*, 19 August 2015, p. 181.

³⁶⁶ Mr Mark Xuereb, *Transcript of evidence*, 19 August 2015, p. 184.

³⁶⁷ Mr John Hargreaves, *Transcript of evidence*, 19 August 2015, p. 187.

³⁶⁸ Mr Mark O'Neill, *Transcript of evidence*, 19 August 2015, p. 190.

7.126 The Association also argued that the \$250 maximum withdrawal limit at ATMs located at community clubs should also be removed. It was argued that this restriction limited the amount of funds that a family could access to spend to dine at club premises.³⁶⁹

7.127 The Association also called for parity with arrangements in relation to poker machine gambling in NSW to stop gamblers from the ACT crossing the border to spend their discretionary income.³⁷⁰

7.128 During discussion, Association representatives also placed emphasis on the provision of grants to community organisations from poker machine revenue and it was argued that this should be increased to 10 per cent.³⁷¹ According to the Patron of the Association:

... if the gross gaming revenue reduces, so, too, does the amount of money which is available for community contribution....³⁷²

7.129 Witnesses also argued that a global exclusion system should be considered by the Government and both clubs and hotels in relation to gambling and alcohol abuse.³⁷³

7.130 During the hearing the Committee discussed with the Association's representatives their concern about the disappearance of not just billiards and snooker from many clubs, but also other activities such as darts, carpet bowls and table tennis.³⁷⁴

TUGGERANONG VALLEY JUNIOR RUGBY UNION CLUB

7.131 The President of the Tuggeranong Valley Junior Rugby Union Club appeared at the hearing on Wednesday 19 August 2015.

7.132 The Committee heard that the Tuggeranong Valley Junior Rugby Union Club dates back to the 1980s. It has over 300 registered players aged from 4 years up to 18 years. It has a financial agreement with the senior rugby union club and is supported by the Vikings Group for \$15,000 a year. This amounts to about 30 per cent of the Junior Rugby Union Club's total costs. In addition, it is able to use Viking Club facilities for monthly committee meetings, fundraising and events. Because of the support it obtains from Vikings, the Junior Rugby Union Club is able to provide reduced registration costs.³⁷⁵

³⁶⁹ Mr John Hargreaves, *Transcript of evidence*, 19 August 2015, p. 190.

³⁷⁰ Mr John Hargreaves, *Transcript of evidence*, 19 August 2015, p. 188.

³⁷¹ Mr John Hargreaves, *Transcript of evidence*, 19 August 2015, p. 188.

³⁷² Mr John Hargreaves, *Transcript of evidence*, 19 August 2015, p. 193.

³⁷³ Mr John Hargreaves, *Transcript of evidence*, 19 August 2015, p. 188.

³⁷⁴ Mr John Hargreaves, *Transcript of evidence*, 19 August 2015, p. 189.

³⁷⁵ Mr Andrew Henderson, *Transcript of evidence*, 19 August 2015, pp. 198-202.

BELCONNEN TENNIS CLUB

7.133 On Wednesday 19 August 2015 the Vice-President of the Belconnen Tennis Club appeared before the Committee.

7.134 The Vice-President told the Committee that the Belconnen Tennis Club had always had a good relationship with Wests Rugby Union Club and this continues with the Canberra Southern Cross Club.³⁷⁶ He stated:

The relationship we have with them is mutually beneficial. They handle court bookings on our behalf....We, in turn, encourage our members and visitors to tennis to use Southern Cross Club as a community facility.³⁷⁷

7.135 It was explained that the Southern Cross Club also provides \$3,000-\$4,000 each year in cash sponsorship. This sponsorship enabled the Tennis Club to keep its membership fees low, benefitting retired members and encouraging junior participation.³⁷⁸

7.136 The Committee heard that the Tennis Club has eight tennis courts and 280 members and that the club relies heavily on its volunteers.

7.137 On the issues of gambling, the Vice-President advised that he seldom saw any of his members go near a poker machine—‘It really does not seem to be part of our thinking.’ He advised that concerns were never raised in the Tennis Club about obtaining financial support from Wests Rugby Union Club or the Southern Cross Club.³⁷⁹

TUGGERANONG VIKINGS WOMEN’S HOCKEY CLUB

7.138 On Wednesday 19 August 2015 the President of the Tuggeranong Vikings Women’s Hockey Club also gave evidence to the Committee.

7.139 During the hearing, the President of the Women’s Hockey Club told how the Women’s Hockey Club had over 250 members evenly split between junior and senior players and that it had been affiliated with the Vikings Club since its inception. The Committee heard that the Vikings Group provides the Women’s Hockey Club with about \$6,000 annually as a grant as well as the use of meeting rooms for committee meetings and the Annual General Meeting, free use of a venue for presentation nights and fundraising, free use of a 25-seater bus, scholarships for

³⁷⁶ Mr Rob Gill, *Transcript of evidence*, 19 August 2015, p. 203.

³⁷⁷ Mr Rob Gill, *Transcript of evidence*, 19 August 2015, p. 204.

³⁷⁸ Mr Rob Gill, *Transcript of evidence*, 19 August 2015, p. 204.

³⁷⁹ Mr Rob Gill, *Transcript of evidence*, 19 August 2015, p. 208.

players, and training opportunities. The Committee heard that if financial support was not provided by the Vikings Group, the Women's Hockey Club would have to increase its fees.³⁸⁰

7.140 With regard to the issues of problem gambling, the Committee was advised that this had never been raised at Women's Hockey Club Board meetings and while Club members might gamble the President stated that he didn't see any evidence of it.³⁸¹

CANBERRA MUSICIANS CLUB

7.141 On 19 August 2015 the Vice President and the Entertainment Coordinator of the Canberra Musicians Club appeared before the Committee.

7.142 The Entertainment Coordinator explained that the Canberra Musicians Club was:

...very active in the community, working in the musical sector, supporting bands, providing lots of opportunities for bands to play and for audiences to listen to them.³⁸²

7.143 The Entertainment Coordinator also said that the Musicians Club was 'very reliant on the community sector' to provide spaces where bands could play and was always looking for new venues for these activities.³⁸³

7.144 During the hearing, the Musicians Club expressed concern that some community venues for live music had disappeared in recent years with the closure and amalgamation of clubs and redevelopment.³⁸⁴

7.145 The Musicians Club spoke very favourably of its relationship with the Polish Club and said they had also worked closely with the Croatian Club and Alliance Francaise.³⁸⁵

7.146 The Committee discussed a proposal to develop public housing on land located between the Harmonie German Club and the Spanish Australian Club at Narrabundah and how this may lead to complaints about noise. During discussion, reference was made to possibly zoning areas as nightlife or entertainment precincts.³⁸⁶

7.147 The Entertainment Coordinator indicated that the Musicians Club supported preserving venues that may be used for music or other community uses. He stated:

³⁸⁰ Mr Graham Henstock, *Transcript of evidence*, 19 August 2015, pp. 209; 210; 213.

³⁸¹ Mr Graham Henstock, *Transcript of evidence*, 19 August 2015, p. 215.

³⁸² Mr Nigel McRae, *Transcript of evidence*, 19 August 2015, p. 216.

³⁸³ Mr Nigel McRae, *Transcript of evidence*, 19 August 2015, p. 216.

³⁸⁴ Mr Nigel McRae, *Transcript of evidence*, 19 August 2015, pp. 216; 217.

³⁸⁵ Mr Nigel McRae, *Transcript of evidence*, 19 August 2015, p. 217.

³⁸⁶ *Transcript of evidence*, 19 August 2015, pp. 218; 219.

Our concern is that land that was originally allocated for community use is now, in an unregulated way, being taken away from the community and put into private hands. We are wondering where Canberra is heading in the future. Are we going to have community spaces at all?³⁸⁷

7.148 During discussion the Committee heard that requirements of the Liquor Act regarding applications for a liquor permit were particularly onerous.³⁸⁸

³⁸⁷ Mr Nigel McRae, *Transcript of evidence*, 19 August 2015, p. 219.

³⁸⁸ Mr Nigel McRae, *Transcript of evidence*, 19 August 2015, p. 221.

8 RESULTS OF RECENT ACT GAMBLING RESEARCH—THE 2014 ACT GAMBLING PREVALENCE STUDY

CENTRE FOR GAMBLING RESEARCH, ANU

- 8.1 On Monday 17 August 2015, the Committee heard from researchers from the Centre for Gambling Research, ANU in relation to the Centre's submission to the inquiry. Discussion focused on research undertaken on problem gambling and the results of the Centre's 2014 Survey on Gambling, Health and Wellbeing in the ACT. This study is referred to as the 2014 ACT Gambling Prevalence Study.
- 8.2 The Committee was advised that the prevalence study involved randomly contacting over 7,000 people by telephone.³⁸⁹
- 8.3 During discussion the Committee heard that '19 per cent of EGM expenditure came from that half a per cent of the population who we think of as having gambling problems' and that there has been 'a decline in gambling prevalence and money spent on gambling across the whole territory.'³⁹⁰
- 8.4 The Committee also heard that for most forms of gambling, men spent more money than women. Also, while there was not much difference across age groups in the amount spent on gambling, specific types of gambling activities have a different demographic pattern.³⁹¹
- 8.5 The Committee was also advised about the importance of education as a factor in problem gambling. With regard to poker machines, 'you see a very clear gradient of amounts spent on poker machines by education—the lower the education, the more spent.'³⁹²
- 8.6 In relation to online gambling, the Committee was advised that data for 2014 indicated that about eight per cent of the ACT adult population gambled online.³⁹³

³⁸⁹ Dr Tanya Davidson, *Transcript of evidence*, 17 August 2015, p. 132.

³⁹⁰ Professor Bryan Rodgers, *Transcript of evidence*, 17 August 2015, pp. 131; 132.

³⁹¹ Professor Bryan Rodgers, *Transcript of evidence*, 17 August 2015, p. 133.

³⁹² Professor Bryan Rodgers, *Transcript of evidence*, 17 August 2015, p. 133.

³⁹³ Dr Tanya Davidson, *Transcript of evidence*, 17 August 2015, p. 133.

- 8.7 The researchers also told the Committee that people under-report their gambling expenditure and that the level of under reporting was ‘huge.’³⁹⁴
- 8.8 With regard to help-seeking by those with gambling problems, the Committee was advised that ‘most people, even with severe problems, do not get professional help.’³⁹⁵ The Committee also heard that ‘about five per cent of people wanted help but did not actually get it.’³⁹⁶
- 8.9 The stigma associated with gambling was also noted. The Committee was advised—‘There is a level of stigma attached to problem gambling which can even exceed very serious drug problems. People are more prepared to own up to things like heroin use than they are to having a gambling problem.’³⁹⁷
- 8.10 The ANU researchers told the Committee that the survey undertaken was a prevalence study and that it had limitations. For example, while the study estimated that the level of problem gambling had declined between 2009 and 2014, information was not collected on the reasons for that decline.³⁹⁸ Longitudinal data in relation to survey participants was not collected.³⁹⁹
- 8.11 During discussion, gaps in research on gambling and problem gambling were identified. The Director of the Centre for Gambling Research advised the Committee:

Nationally in Australia we have a shortage of good research on gambling. We have not had the same force from research which tells us not just half a per cent of the population and those sorts of figures, but the impact, the harms that arise from problem gambling. ... I think we are very light in terms of being able to say how big a problem this is.

...I do not think we quite know yet how to take that extra little step to say, “Who are the people most at risk now, where are they, how do we find them, can we tap them on the shoulder and offer them something?” I do not think we have got to that point yet.⁴⁰⁰

2014 ACT GAMBLING PREVALENCE STUDY—PRELIMINARY FINDINGS

- 8.12 Additional information about the 2014 ACT Gambling Prevalence Study was provided to the Committee by the Minister for Racing and Gaming in a ‘Summary of Preliminary Findings’ in

³⁹⁴ Professor Bryan Rodgers, *Transcript of evidence*, 17 August 2015, p. 135.

³⁹⁵ Professor Bryan Rodgers, *Transcript of evidence*, 17 August 2015, p. 136.

³⁹⁶ Dr Tanya Davidson, *Transcript of evidence*, 17 August 2015, p. 138.

³⁹⁷ Professor Bryan Rodgers, *Transcript of evidence*, 17 August 2015, p. 137.

³⁹⁸ Dr Tanya Davidson, *Transcript of evidence*, 17 August 2015, p. 132.

³⁹⁹ Professor Bryan Rodgers, *Transcript of evidence*, 17 August 2015, p. 132.

⁴⁰⁰ Professor Bryan Rodgers, *Transcript of evidence*, 17 August 2015, pp. 142-143.

response to a question taken on notice. A copy of this document is included at Appendix C of this report.

8.13 Although this was dated 13 August 2015 it was received by the Committee on 18 August 2015.

8.14 The detail also appeared in *The Canberra Times* on 17 August 2015.

8.15 Some of the main preliminary findings include—

- Participation in gambling activities has fallen over the last decade and total gambling expenditure fell from 2009 to 2014;⁴⁰¹
- Between 2009 and 2014, the percentage of non gamblers increased from 30% to 45%;⁴⁰²
- In 2009, 30% of adults gambled on gaming machines at least once in the past year—in 2014, this was 20%;⁴⁰³
- In 2014, 0.4% of ACT adults were problem gamblers and 1.1% were moderate risk problem gamblers;⁴⁰⁴
- Compared to the rest of the population, problem gamblers are more likely to be male and less well educated;⁴⁰⁵
- In 2014, 8.4% of adults used the internet to gamble;⁴⁰⁶
- Less than 10 % of people ever having gambling problems had received professional help for gambling issues;⁴⁰⁷
- People with gambling problems typically do not seek help until the consequences of their gambling are serious—feeling suicidal was the most common predictor of help-seeking for gambling problems;⁴⁰⁸
- It was estimated that 1,110 ACT adults lost over \$10,000 in gambling in the last year.⁴⁰⁹

⁴⁰¹ 2014 ACT Gambling Prevalence Study—Summary of Preliminary Findings, p. 1.

⁴⁰² 2014 ACT Gambling Prevalence Study—Summary of Preliminary Findings, p. 1.

⁴⁰³ 2014 ACT Gambling Prevalence Study—Summary of Preliminary Findings, p. 1.

⁴⁰⁴ 2014 ACT Gambling Prevalence Study—Summary of Preliminary Findings, p. 1.

⁴⁰⁵ 2014 ACT Gambling Prevalence Study—Summary of Preliminary Findings, p. 2.

⁴⁰⁶ 2014 ACT Gambling Prevalence Study—Summary of Preliminary Findings, p. 5.

⁴⁰⁷ 2014 ACT Gambling Prevalence Study—Summary of Preliminary Findings, p. 2.

⁴⁰⁸ 2014 ACT Gambling Prevalence Study—Summary of Preliminary Findings, p. 2.

⁴⁰⁹ 2014 ACT Gambling Prevalence Study—Summary of Preliminary Findings, p. 3.

SUPPLEMENTARY INFORMATION PROVIDED BY THE CENTRE FOR GAMBLING RESEARCH, ANU

8.16 Researchers at the Centre for Gambling Research, ANU provided a supplementary submission to the inquiry. This submission included information about a number of key points which are reproduced in full below—

1. 'Problem gambling is not a black and white phenomenon but reflects a continuum of harm.'⁴¹⁰
2. 'A substantial proportion of money lost on EGMs in the ACT comes from people with gambling problems.'⁴¹¹
3. 'About half the money people with gambling problems lose is lost on EGMs. For non-problem gamblers, more than half of losses is on lottery.'⁴¹²
4. 'In the ACT, gambling using the internet is a supplementary means of gambling rather than an alternative form of gambling. The one exception to this is the purchase of lottery tickets.'⁴¹³
5. 'Money lost gambling over the internet goes on different activities to that lost gambling using other means.'⁴¹⁴
6. 'High rates of problem gambling are evident amongst people who gamble using the internet and who also gamble using other means. However, the majority of people with problems do not gamble on the internet at all.'⁴¹⁵
7. 'While 30% of money gambled over the internet comes from moderate risk/problem gamblers the majority of money lost by people with gambling problems is not lost using the internet.'⁴¹⁶
8. 'In the ACT, people aged under 60 years, males and people with higher education levels are more likely to use the internet to gamble. For sports and racing this is in addition to, rather than instead of, gambling via more traditional methods.'⁴¹⁷

8.17 The supplementary submission also presented information about future directions in responding to problem gambling, including research. According to the submission:

⁴¹⁰ Submission No. 112, Centre for Gambling Research, p. 5.

⁴¹¹ Submission No. 112, Centre for Gambling Research, p. 10.

⁴¹² Submission No. 112, Centre for Gambling Research, p. 11.

⁴¹³ Submission No. 112, Centre for Gambling Research, p. 14.

⁴¹⁴ Submission No. 112, Centre for Gambling Research, p. 16.

⁴¹⁵ Submission No. 112, Centre for Gambling Research, p. 17.

⁴¹⁶ Submission No. 112, Centre for Gambling Research, p. 18.

⁴¹⁷ Submission No. 112, Centre for Gambling Research, p. 19.

The 2014-15 ACT Prevalence Survey has provided the opportunity to recontact the majority of participants in the survey who gave their consent to be recontacted. This would be an extremely valuable exercise for a comparatively small cost which could yield much more detailed information on patterns of gambling for the group assessed as having gambling problems. Such information would indicate the next step in moving towards more accurate identification of problem gambling in venues.

...following up the sub-sample from the 2014-15 Prevalence Survey would provide valuable information on formal help-seeking and on informal support sought or received by people with problems. This presents a further opportunity to assess what other forms of intervention are seen as acceptable or desirable by this group.⁴¹⁸

- 8.18 The supplementary submission also recommended that a taskforce be established 'to develop an action plan for problem gambling' with an initial focus 'to reduce the duration of gambling problems when they arise in individuals using targeted approaches.'⁴¹⁹

⁴¹⁸ Submission No. 112, Centre for Gambling Research, pp. 22; 23.

⁴¹⁹ Submission No. 112, Centre for Gambling Research, p. 23.

9 COMMITTEE COMMENT

INTRODUCTION

- 9.1 In setting down its comments, conclusions and recommendations on the inquiry, the Committee has followed an approach it has taken in previous reports of this nature. The Committee has set out in earlier chapters the reason for the inquiry, its approach to its examination and consideration of the terms of reference (ToR) and has – in detail – set out submissions made to the Committee, and evidence taken at the Committee hearings and other material presented to the Committee or which the Committee has considered from other sources.
- 9.2 In this chapter, the Committee draws together its assessment and views on these matters and has provided a picture of ACT clubs and a way forward for the continuing growth, vitality, commercial success and community involvement of clubs.
- 9.3 As the Committee has found, many, if not all witnesses and submitters drew on submissions by the Government and ClubsACT for awareness of the different aspects of clubs' role and social results in the community. However, many witnesses put to the Committee a strong analysis and recommendations to assist clubs into the future.
- 9.4 Whilst the Committee commends and recognises the activities of all participants in clubs' arrangements and regulation, the Committee considers all participants, especially the Government, have an important opportunity – from a policy perspective – to reflect on the views and observations received by the inquiry and to make appropriate and effective changes and initiatives to ensure best design and implementation of future club administration and regulation.
- 9.5 Based on the comments and evidence received during the inquiry, the Committee makes comments and recommendations – all of which are set out in this chapter – concerning the matters the Committee sees are of comparatively greater importance to clubs and clubs' futures.
- 9.6 In the main, these recommendations are directed to ensuring a degree of recognition of principal areas of concern comment and concrete proposals. The Committee believes that these recommendations, if implemented, would ensure a balanced set of outcomes for all clubs and the Government and strengthen the role of clubs in the community.
- 9.7 As the Committee has provided considerable detail in its discussion and analysis of the evidence it has taken in the inquiry which is set out in the previous chapters, the Committee has not included introductory or explanatory paragraphs in relation to some of the recommendations, as the Committee considers they are self-explanatory.

The Committee draws the following conclusions and key findings:

- It is the expectation of the Committee that there will be a continued club presence accessible to most parts of Canberra and that clubs will continue to be a focus and support for a viable and vital Canberra community.
- Community clubs provide significant value to the Canberra community, which can be directly measured in economic value, as well as contributing directly and indirectly to the social capital of the Canberra community.
- Presently community clubs are heavily reliant on revenue from electronic gaming machines, however the general community is concerned about the impact of problem gambling.
- Evidence shows that gambling prevalence in general and electronic gaming machine revenue in particular is decreasing in the ACT.
- The community generally has an interest in ensuring that problem gambling, and subsequent harm to the community, is minimised.
- There is widespread agreement that community clubs need to diversify their business models away from a reliance on gaming revenue.
- Paths to diversification are different for each club and while many community clubs are significant land holders, land redevelopment can be an important path, but not the only path to diversification.
- Community clubs have sought regulatory and policy certainty to enable a sustainable future for the community club sector.
- That support for the diversification of community clubs' revenue base must be commensurate with practical and achievable diversification strategies that also retain the community benefit of the community clubs model.

THE ROLE OF CLUBS IN THE ACT

- 9.8 Having made the general comments above, the Committee considers it is important to recognise and acknowledge the important part clubs have played in the history of the ACT, and the continuing role they play in ACT life at many levels.

- 9.9 The Secretary/Manager of the Canberra North Bowling and ACT Rugby Union Club told the Committee:

Our experience is that clubs can be a valuable community resource, not only in terms of contributions from gaming machine revenue but, more importantly, in providing community sporting facilities, especially those that are not commercially viable; meeting facilities for smaller community organisations; support for the arts, especially music; in-kind support for community and sporting organisations; and, affordable, family-friendly, locally based community facilities for entertainment, food and beverage.

However, the challenges facing the small to medium-sized clubs have increased significantly over that time. The entertainment and hospitality sector has expanded and competition has increased. We accept that and we have stepped up to the challenge by improving our offerings. Gaming machine revenue as a percentage of our total revenue has been reducing, and while the reduction in gambling revenue may have a community benefit, it is still the case that gaming machine revenue is a critical component of club revenue and it is certainly critical to our bottom line.⁴²⁰

- 9.10 Clubs, as several witnesses noted, provide everything from meeting place to sporting arrangements, to entertainment and recreation to dining to family venue to a place of familiarity and security where members can gather and enjoy themselves.
- 9.11 In addition, the recognition by successive governments of the need to provide an administrative and regulatory arrangement which not only ensures proper oversight and regulation of gaming machine arrangements, but how clubs are administered and run, is itself recognition of these elements.
- 9.12 The Committee has provided an account in earlier chapters of how the Government and ClubsACT have maintained and intend to continue this approach, but the Committee considers that the recognition of clubs in the community should be a matter of record.

Recommendation 1

- 9.13 The Committee recommends that the ACT Legislative Assembly formally acknowledge the role that ACT clubs play, and the contribution they make to the wellbeing of the people of the ACT.**

⁴²⁰ Mr Jeremy Wilcox, *Transcript of evidence*, 10 June 2015, p. 109.

PART 1 - ELEMENTS IMPACTING ON THE FUTURE OF THE ACT CLUB SECTOR

REVENUE AND PROFITABILITY

- 9.14 The Committee accepts that the club sector is undergoing a period of significant change, a principal factor being the deterioration in club trading and financial position. It is accepted that the primary element in this factor is the decline in gaming revenue in the last decade, which has led to the need to develop alternative business models.
- 9.15 It was widely highlighted in evidence provided to the Committee that, whilst a number of social, economic and demographic factors have led to this position, revenue raising measures and regulatory and taxation changes have contributed to change in the profitability of the clubs sector.
- 9.16 Evidence indicates an increasing number of clubs are experiencing financial stress, given the reality of changing use patterns and increasing competition between clubs and with other sources of recreational activity.

Recommendation 2

- 9.17 The Committee recommends that, following an audit of all current club leases and permitted uses, and following consultation with clubs on proposed leases, the Government determine a list of permitted uses on club sites which must include community benefit.**

Recommendation 3

- 9.18 The Committee recommends that the Government move an amendment to the ACT Territory Plan to provide for a specific overlay of the uses allowed on land leased by clubs, subject to planning and building codes.**

Recommendation 4

- 9.19 The Committee recommends that Government expand the remit of the Community Clubs Taskforce to address broader policy setting to enable clubs to diversify their business model.**

Recommendation 5

- 9.20 The Committee recommends that the Government invite representatives of the community sector and the sport and recreation sector and arts sector to join the community clubs taskforce.**

Recommendation 6

- 9.21 The Committee recommends that a taskforce be established ‘to develop an action plan for problem gambling’ with an initial focus, ‘to reduce the duration of gambling problems when they arise in individuals using targeted approaches.’⁴²¹**

Recommendation 7

- 9.22 The Committee recommends that the Government not apply a Lease Variation Charge when clubs seek to vary their leases to assist in diversifying their revenue base.⁴²²**

Recommendation 8

- 9.23 The Committee recommends that the Government not charge planning fees when a club submits Development Applications that assist the club to diversify its revenue base.**

LEGISLATION AND REGULATIONS

- 9.24 The ACT clubs sector is subject to regulatory and legislative arrangements which oblige clubs to comply with schemes which have considerable impact and effect on club administration and financial position.
- 9.25 Evidence taken in this inquiry demonstrated that to monitor and influence the level of regulation, and to achieve balance and result in an ideal mix of regulated and unregulated activity requires community and club involvement, particularly in the continued development of future schemes.
- 9.26 A central matter relating to online gambling was consistently raised with the Committee: a national approach to online gambling which, written submissions, associated material and

⁴²¹ Refer paragraph 8.18 of this report.

⁴²² Ms Fitzharris proposed that this recommendation include the following matters:

A remission of a proportion of any lease variation charge applicable for purposes that include a demonstrable community benefit, including but not limited to

- Childcare;
- Healthcare and health services;
- Aged care, services and accommodation
- Sporting, fitness and recreation facilities; and,
- Affordable rental accommodation.

The Government consider extending the LVC remissions as part of the ‘stimulus package’ beyond their current expiry date of 5 years.

This motion was not agreed to by the Committee.

witnesses put to the Committee, would probably need to be coordinated through the Council of Australian Governments. (COAG).

Recommendation 9

- 9.27 The Committee recommends that the Government continue to advocate to the Federal Government to undertake urgent work to understand online gambling and develop a legislative and regulatory framework to minimise harm to the community from online gambling.**

Recommendation 10

- 9.28 The Committee recommends that the Government remove the \$250 per day limit on withdrawals from ATMs in club venues.**

LACK OF CONSULTATION PARA.

Recommendation 11

- 9.29 The Committee recommends that the Government closely monitor the achievements of the Gambling and Racing Commission since its integration into Access Canberra and report to the Assembly by March 2016 on progress to reduce red tape for the community club sector.**

Recommendation 12

- 9.30 The Committee recommends that the Government update regulations for entry to community clubs to enable contemporary access to ACT residents.**

Recommendation 13

- 9.31 The Committee recommends the Government update regulations for entry for community clubs to enable contemporary access to non-ACT residents to more easily enter community clubs.**

TAXATION AND CHARGES

- 9.32 The prevailing levels of taxation applied to ACT clubs have been accepted, by and large, as 'responsible, progressive and takes account of the financial capacity of those who pay'.⁴²³ The**

⁴²³ Submission No. 54, ClubsACT, p. 97.

Committee has noted the observations raised in the inquiry regarding fine-tuning of the taxation regime, particularly in comparison to the regime in NSW and other jurisdictions. The Committee has also considered the related effect of the Community Contributions Scheme.

Recommendation 14

9.33 The Committee recommends that the Government consider increasing the Community Contribution rate from 8% to 10%.⁴²⁴

LAND DEVELOPMENT AND SALES

- 9.34 The optimization of land assets by clubs has been identified during the inquiry as matter of considerable importance. Clubs hold a significant area of land in the ACT and the location, sites and opportunities offered by these assets can be expected to have a strong influence on their future structure and future business planning.
- 9.35 The Committee received advice from the Environment & Planning Directorate of all clubs' current lease arrangements. This list is attached as Appendix D to the report.
- 9.36 As leases on community land are deconcessionalised, this can lead to a net loss of community land actually being used directly for community purposes.

Recommendation 15

9.37 The Committee recommends that there be no net loss of land zoned in the ACT Territory Plan as CFZ. In the case of a proposed re-zoning of community land to another land use zone, an equivalent community land offset should be designated elsewhere but ensuring an equitable spread of community facilities across the ACT.

Recommendation 16

9.38 The Committee recommends that the Government ensure that recognition of the rights of prior occupants are taken into account when considering Development Applications.

⁴²⁴ Mr Rattenbury and Ms Fitzharris proposed that this recommendation include other matters, as follows:
That

- the proposed 2% increase in the community contribution be held in a 'community fund' to be managed by a panel of government, industry, community and sporting organisations;
- the 'community fund' establish a different focus than the community contribution payments managed by individual clubs, for example: larger grants, infrastructure grants or annual themed grants.

This part of the motion was not agreed to by the Committee.

PROBLEM GAMBLING

- 9.39 This inquiry has reinforced, through a range of views from a wide range of submissions and evidence that a central aspect of the matters considered by the community, the Government and by a number of organisations is that of problem gambling.
- 9.40 The complex nature of problem gambling and of finding a workable and successful regime to provide preventive and support mechanisms to the problem in clubs was subject of a large part of the Committee's inquiry.
- 9.41 As the report indicates, problem gambling continues to be focus of continued research. This approach is appropriate, and the Committee draws attention to the wide range of studies recorded in detail in material provided to it. There are significant issues which affect people with a gaming problem of which a greater level of understanding is required.
- 9.42 Specific studies and trends resulting from the 2014 ACT Gambling Prevalence Study provides a more detailed picture of problem gambling behaviour.
- 9.43 The recommendations which follow are a summary of the Committee's concern that these studies are ongoing, and that implementation of follow-up actions results.
- 9.44 The Committee notes research findings that people with gambling problems experience a high level of stigma and shame about their problem gambling, and that the stigma may be a barrier to seeking help. It is the Committee's view that additional research focused on how to assist individuals to overcome this stigma may be worth undertaking.
- 9.45 In the course of the inquiry, the Committee heard and discussed a number of views on the funds available for research into problem gambling from the Problem Gambling Assistance Fund (PGAF).

Recommendation 17

- 9.46 The Committee recommends that the Government match the clubs sector levy paid to the PGAF, dollar for dollar, to fund programs to assist additional research and amelioration of problem gambling.**⁴²⁵

⁴²⁵ Mr Rattenbury and Ms Fitzharris proposed that this recommendation include other matters proposing an increase in the PGAF

This part of the motion was not agreed to by the Committee.

Recommendation 18

9.47 The Committee recommends that the Government fund additional gambling research and expand the research agenda of the Problem Gambling Assistance Fund to include research with an increased public health and harm minimisation focus. The Committee expresses support for a range of research projects, including:

- Investigating how to identify problem gamblers and the key indicators of problem gambling behaviour
- A study of the reasons why people with a gambling problem often fail to seek assistance until their circumstances are dire
- A longitudinal study on how problem gambling develops and how to reduce problem gambling behaviour
- A study of the impact of accessibility to club venues on problem gambling behaviour
- Investigating the development of an algorithm to help identify problem gambling using data generated by clubs' loyalty programs
- A study into how to increase the rate of self exclusion undertaken by people with a gambling problem
- Research focused on how to assist individuals to overcome the stigma associated with problem gambling that may be a barrier to seeking support and assistance
- The assessment of the effectiveness of problem gambling programs

Recommendation 19

9.48 The Committee recommends that when the results of each study listed in the Recommendation above have been received, that the Government (i) table the study in the Assembly within three sitting days of receipt; (ii) develop a specific program to implement the findings; and (iii) review the effectiveness of such programs within 12 months of commencement and report to the Legislative Assembly on the outcomes.

Recommendation 20

9.49 The Committee recommends that the ACT Gambling and Racing Commission work together with ClubsACT and the ANU Centre for Gambling Research to facilitate better access by researchers to gambling data and club venues.

Recommendation 21

9.50 The Committee recommends that the Government re-establish a full Professorial Chair of Gambling Studies at the ANU.

Recommendation 22

- 9.51 The Committee recommends that the ACT Gambling and Racing Commission investigate using Australian Research Council Project Linkage Grants to maximise the value of ACT Government research investment**

Recommendation 23

- 9.52 The Committee recommends that the Government work with the community sector to establish a screen for problem gambling when assisting clients.**
- 9.53 The Committee sought additional information on Ticket In, Ticket Out requirements and was provided with an explanation by the Gambling and Racing Commission. This is **Appendix E**.
- 9.54 To ensure consistency and ease of operation for clubs and patrons, the Committee believes a consistent limit is important for all payouts.

Recommendation 24

- 9.55 The Committee recommends that all EGM payouts over \$800 be paid by cheque or EFT.**

Recommendation 25

- 9.56 The Committee recommends that the Government pursue, at a national level, maximum \$1 per spin and bet rates to ensure a nationally consistent approach and as means of limiting on border-hopping gambling.**

Recommendation 26

- 9.57 The Committee recommends that the Government investigate differential tax rates for clubs that have better problem gambling measures in place.**

DIVERSIFICATION AND MERGERS; NEW BUSINESS MODELS

- 9.58 The Committee provides a comprehensive discussion of the models currently proposed to promote and support these strategies including the measures relating to club leases and the Community Clubs Taskforce. In that context, the Committee makes several recommendations.
- 9.59 The Committee believes that the community clubs should be encouraged and assisted where appropriate to explore a range of options to diversify their business models. This assistance could be provided by both the ACT Government as well as the private sector.

Recommendation 27

- 9.60 The Committee recommends that the Government discuss, through the Community Clubs Task force, and with the Canberra Business Chamber, the potential benefit of a business diversification case manager for clubs as they diversify their business.**

Recommendation 28

- 9.61 The Committee recommends that the Government report to the Assembly annually on how the Government assists clubs to progress towards diversification of clubs activities and business model.**

Recommendation 29

- 9.62 The committee recommends that the Government further investigate the liquor licensing system to ensure that it rewards low risk venues.**

POKER MACHINES AND GAMBLING TECHNOLOGIES

- 9.63 The Committee has received evidence on a range of ways to modify, control and monitor gambling machines, in addition to existing requirements, so as to ensure that excessive or uncontrolled playing is not facilitated.**
- 9.64 In this regard, the Committee notes that. rapidly changing technology is now available, which can only improve and assist this aim in the future to ensure that far more effective monitoring and policing results**
- 9.65 To this end, the Committee makes the following recommendations :**

Recommendation 30

- 9.66 The Committee recommends that the Government establish a cash input limit for Electronic Gaming Machines of \$250.00.**

Recommendation 31

- 9.67 The Committee recommends that if the cash input limit is agreed and implemented that the Government remove note denomination limits on Electronic Gaming Machines.**

Recommendation 32

- 9.68 The Committee recommends that the Government move to an electronic-based system for the reporting of Electronic Gaming Machine movements and any other activities rather than the current paper-based system.**

Recommendation 33

- 9.69 The Committee recommends that the Government investigate the feasibility of introducing a central, electronic, linked monitoring system for Electronic Gaming Machines.**

Recommendation 34

- 9.70 The Committee recommends that the Government review current Electronic Gaming Machines storage provisions to facilitate removal of Electronic Gaming Machines from club floors with a view to making the reduction permanent.**

WATER AND RESOURCE MANAGEMENT

- 9.71 The Committee considered submissions and evidence which identified factors which make water management a significant issue for ACT clubs, particularly those responsible for managing large grassed recreational facilities. Factors including the increasing need to conserve and manage water against changing standards and demands for limited water use, recycling, water quality and sustainability and increasing water cost.
- 9.72 The Committee considers there is a need to ensure well-managed and maintained golf courses, sports ovals and the level of community facility of other such spaces is retained.

Recommendation 35

- 9.73 The Committee recommends that the ACT Government consider how best to devise a water subsidy scheme for eligible clubs that:**

- **extends the community WAC subsidy that exist for golf clubs to other sporting clubs who have a substantial community sporting use of their ovals and greens;**
- **supports clubs who invest in water security infrastructure through WAC waivers or subsidies; and,**
- **extends subsidies for water use by community groups and clubs to recycled water use.**

OTHER MATTERS CONSIDERED BY THE COMMITTEE

PROVISION OF A VARIETY OF RECREATIONAL ACTIVITIES

- 9.74 An element of social activity which in the ACT has been centred on, and supported by clubs are recreational activities including billiards, table tennis, darts and carpet bowls. The support given to these activities included formation of club teams, sponsorships, organisation and the provision of prizes and trophies. It also includes the maintenance and purchase of equipment, tables and dedicated space in club venues.

- 9.75 With the general reduction in the provision of these facilities and support, the Committee considers steps should be taken to retain these activities.

Recommendation 36

- 9.76 The Committee recommends that the Government work with the clubs sector to assist with the provision of a variety of recreational activities to meet the needs of the community, such as billiard tables, table tennis tables, darts and carpet bowls.**

CROSS-BORDER (NSW-ACT) ISSUE

- 9.77 The Committee's attention was consistently drawn to the fact that residents of the ACT have ready, almost immediate, access to clubs with a significantly different gaming machine regime – as well as other regulatory and governance requirements – due to the proximity of Queanbeyan, Yass and coastal towns frequented by Canberra residents.
- 9.78 As a result, the Committee considers it will be in the interest of ACT clubs and residents if some work is carried out to identify and measure the effect of cross-border leakage of ACT gamblers.

Recommendation 37

- 9.79 The Committee recommends that the Government fund a study into the cross-border leakage of ACT gamblers into NSW.**

Recommendation 38

- 9.80 The Committee recommends that, when the results of the study into leakage of ACT gamblers into NSW are received that the government table the study in the Assembly within three sitting days of receipt.**

LIVE EVENTS AT ACT CLUBS

- 9.81 Another issue of interest to the Committee is the increasing difficulty for live music, and other entertainment acts to find appropriate venues for their activities. The Committee recognises that a variety of factors, including increasingly built-up inner urban Canberra and different approaches to the 'noise' from live venues are affecting an important and vital part of city life in Canberra.
- 9.82 The Committee notes that the Canberra Musicians' Club submitted:
- However, the live music scene in Canberra is facing a number of immediate challenges, particularly the growing conflict between the live music and encroaching development, and a lack of suitable venues.

We have demonstrated that previously underutilised clubs can be brought to life and into economic viability. A good initiative would be to identify and make information available about club facilities that may be available for greater community use.⁴²⁶

Recommendation 39

9.83 The Committee recommends that the ACT Government should consider introducing zoning to establish Entertainments precincts across Canberra, particularly around areas with clusters of multiple clubs to ensure that clubs are able to host events such as those with live music, as well as ensure that residents understand where they can expect to have slightly higher noise levels, and thus choose where to live accordingly

9.84 As a result, the Committee also draws attention to the findings and recommendations from a previous Assembly Committee report which reported on this issue entitled *Inquiry into Live Community Events*.⁴²⁷

Recommendation 40

9.85 The Committee recommends that the Government report to the Legislative Assembly on the implementation of recommendations made in the report from the Assembly Standing Committee on Planning, Public Works and Territory and Municipal Services Inquiry into Live Community Events by the last sitting day in November 2015.

PART 2 – MATTERS ARISING FROM THE GOVERNMENT AND CLUBSACT PARTNERSHIP

9.86 This part of the Committee's inquiry concentrated on discussion with clubs and the Government on the best way forward to achieve a comprehensive and well planned and well-developed set of policies which will support clubs through the changes facing them.

9.87 As a priority, clubs have emphasised to the Committee the need for certainty, including certainty of a framework of cooperative and transparent planning for viable and responsible relationships with the Government directed at better assistance, support and legislative arrangements.

⁴²⁶ Submission No. 71., p. 1.

⁴²⁷ ACT Legislative Assembly, Standing Committee on Planning, Public Works and Territory and municipal Services, *Inquiry into Live Community events*, December 2009.

Recommendation 41

- 9.88 The Committee recommends that Phase One of the Government's Clubs reform package be no shorter than three years.⁴²⁸**

Recommendation 42

- 9.89 The Committee recommends that the Government give no less than twelve months notice of their intention to move to Phase Two of their Club's Reform Package.⁴²⁹**

Recommendation 43

- 9.90 The Committee recommends that the Government, when reviewing all legislation and fees and charges, take into account the particular burden that legislation and fees and charges may have on small and medium clubs.**

Recommendation 44

- 9.91 The Committee recommends that the Government consider ways to reduce red tape for clubs such as the need to mail out ballot papers.**

Recommendation 45

- 9.92 The Committee recommends that the Government undertake an assessment of the contribution of clubs to the ACT community.**

⁴²⁸ Ms Fitzharris MLA does not support this recommendation.

⁴²⁹ Ms Fitzharris MLA does not support this recommendation

10 CONCLUSION

- 10.1 The Committee thanks the Minister for Racing and Gaming, Joy Burch MLA and officials from various ACT Government directorates, and from the Gambling and Racing Commission for their assistance, evidence and attention to the numerous matters taken on notice at the Committee's hearings.
- 10.2 The Committee also thanks ClubsACT for its detailed and comprehensive contribution to the inquiry and for its assistance to the Committee in providing factual material and other resources during the inquiry.
- 10.3 The Committee wishes to thank all those organisations, individuals – and clubs – who have contributed to this inquiry, by preparing submissions and appearing before the Committee as requested.
- 10.4 The Committee wants to express its belief in the importance of clubs to the ACT community at many levels, and has highlighted in the report, particularly and in the previous chapter, the recommendations which, the Committee considers, should enhance and improve the clubs as institutions and as attractive places to frequent, patronise and hold membership.
- 10.5 The Committee has worked to a timetable set by the Assembly in conducting this inquiry and appreciates the interest and involvement shown by the community. The Committee has programmed its inquiry to provide the best opportunities for the Committee to formulate and put their views and to provide feedback and additional comment and input to the inquiry.
[Check words]
- 10.6 The above comment is particularly applicable to the ACT club sector and to the management, officeholders and other people involved in active club administration, business planning and contribution to the administration of the complex arrangements applied to club – and particularly gaming machine – management and legislative compliance.
- 10.7 The Committee has made 45 recommendations in relation to the Terms of reference for this inquiry.

Brendan Smyth MLA

Chair

October 2015

Appendix A SUBMISSIONS

Submissions

- No. 1—ACT Deafness Resource Centre
- No. 2—Solace ACT
- No. 3—Jones
- No. 4—Emery
- No. 5—ACT Reserve Forces Day Council
- No. 6—Weston Creek Tennis Club
- No. 7—Billings Family Life Centre
- No. 8—Sleep Apnoea Association
- No. 9—National Council of Women (ACT)
- No. 10—Cass-Dunbar
- No. 11—Billiards & Snooker Association
- No. 12—Woden Valley Youth Choir
- No. 13—Better Hearing Australia
- No. 13a—Better Hearing Australia
- No. 14—ACT Disability Tenpin Bowling
- No. 15—McClure
- No. 16—Joseph
- No. 17—Woodcraft Guild ACT
- No. 18—Cerebral Palsy Alliance
- No. 19—Parentline ACT
- No. 20—Hartley Lifecare
- No. 21—Arawang Ladies Probus Club
- No. 22—Canberra Jazz Club

Submissions

No. 23—Canberra Southern Cross Club Travel Club

No. 24—Canberra Blind Society

No. 25—Variety the Children's Charity and Bash Car 45

No. 26—Carew

No. 27—Central Spears Gridiron Club

No. 28—Name withheld

No. 29—Tuggeranong Hawks Football Club

No. 30—Eastlake Cricket Club

No. 31—Wests Rugby Club

No. 32—Tuggeranong Valley Cricket Club

No. 33—Tuggeranong Tornadoes

No. 33a—Tuggeranong Tornadoes

No. 34—Canberra Surf & Lake Club

No. 35—Tuggeranong Vikings Swim Club Ltd

No. 36—Tuggeranong Vikings Women's Hockey Club

No. 37—Tuggeranong Vikings Lawn Bowls Club

No. 38—FACT BMX Club

No. 39—Tuggeranong Netball Association

No. 40—Lake Tuggeranong Rowing Club

No. 42—Tuggeranong Vikings Touch Club

No. 43—Australian Capital Taekwondo

No. 44—Tuggeranong Adult Riding Club

No. 45—Southern Canberra Gymnastics Club

No. 46—Vikings Fishing Club

No. 47—South Tuggeranong Softball Association

No. 48—Tuggeranong Valley Women's Bowling Club

Submissions

No. 49—Tuggeranong Valley Junior Rugby Union Club Inc

No. 50—Capital Field Archers

No. 51—Tuggeranong Masters Swimming Club

No. 52—Tuggeranong Dog Training Club

No. 53—Belconnen Tennis Club

No. 54—Independent ATM Industry Group

No. 55—ACT Gambling and Racing Commission

No. 56—ACT Government

No. 57—Wallace

No. 58—Canberra North Bowling and ACT Rugby Union Club

No. 59—Name withheld

No. 60—Centre for Gambling Research - ANU

No. 61—Pegasus Riding for the Disabled

No. 62—Karinya House

No. 63—Winroe

No. 64—Senator Nick Xenophon

No. 65—Woden Seniors Club

No. 66—ACT Scale Modellers' Society

No. 66a—ACT Scale Modellers' Society

No. 67—Canberra Bowling Club

No. 68—Clubs ACT

No. 69—Canberra Southern Cross Club

No. 70—Eastlake Football Club

No. 71—Canberra Musicians Club

No. 72—The Canberra Men's Choir

Submissions

- No. 73—Old Narrabundah Community Council
- No. 74—The Salvation Army Australia Eastern Territory
- No. 75—Technical Aid to the Disabled ACT
- No. 76—Endrey
- No. 77—White Eagle Club in the ACT
- No. 78— Marymead
- No. 79— ARKO Pty Ltd
- No. 80— Relationships Australia
- No. 81—Physical Activity Foundation
- No. 82—St Edmund’s College
- No. 83—Belconnen Cats Junior AFL Club
- No. 84—The ACT Eden Monaro Cancer Support Group
- No. 85—Betsafe Pty Ltd
- No. 86—Belwest Foxes Soccer Club
- No. 87—ACT Rescue and Foster
- No. 88—Hockey ACT
- No. 89—Arthritis ACT
- No. 90—Volunteering ACT
- No. 92—Bosom Buddies ACT
- No. 93—Weston Creek Bowling Club
- No. 94—Central Hockey Club
- No. 95—Canberra Labor Club Golf Club
- No. 96—Canberra BMX Club
- No. 97—Lynga
- No. 98—Fete Convenor, St Monica’s Primary School
- No. 99—Eddison Day Club

Submissions

No. 100—Saints Netball Association

No. 101—Woden Blues AFC

No. 102—U3A ACT —Musical Theatre Appreciation Class

No. 103—Women’s Twilight Tournament

No. 104—Confidential

No. 105—Deanne Calisthenics Club

No. 106—Autism Asperger ACT

No. 107—Darts ACT

No. 108—Evatt Calisthenics Club

No. 109 - Royal Life Saving Association

No. 110 – Neighbourhood Watch, Stirling

No. 111—Confidential

No. 112—The Centre for Gambling Research, ANU

Appendix B PUBLIC HEARINGS

List of witnesses who appeared before the Committee at public hearings:

Public hearing of Monday 18 May 2015

- Ms Joy Burch, MLA, Minister for Racing and Gaming
- Ms Louise Gilding, Acting Deputy Director-General, Arts, Business, Events, Sport and Tourism, Economic Development, Chief Minister, Treasury and Economic Development Directorate
- Mr Greg Jones, Chief Executive Officer, ACT Gambling and Racing Commission
- Mr Mark Kalleske, Acting Director, Policy, Projects and Legislation, Economic Development, Chief Minister, Treasury and Economic Development Directorate
- Mr Jim Corrigan, Executive Director, Planning Delivery, Environment and Planning Directorate
- Ms Kathy Goth, Director, Economic and Financial Analysis, Treasury, Chief Minister, Treasury and Economic Development Directorate
- Mr Jeff House, Chief Executive, ClubsACT

Public hearing of Tuesday 9 June 2015

- Senator Nick Xenophon, Independent Senator for South Australia
- Mr Mark Henley, Manager, Advocacy and Communications, Community Engagement Unit, Uniting Communities, South Australia
- Ms Meg Richens, Executive Officer, UnitingCare Kippax

Public hearing of Wednesday 10 June 2015

- Mr Ian Mackay, Chief Executive Officer, Canberra Southern Cross Club
- Mr Athol Chalmers, Chairman, Canberra Highland Society and Burns Club
- Mr John Weir, Chief Executive Officer, Canberra Highland Society and Burns Club
- Mr Jeremy Wilcox, Secretary/Manager, Canberra North Bowling and ACT Rugby Union Club
- Mr Andrew Sykes, Treasurer, Canberra North Bowling and ACT Rugby Union Club
- Mr Andrew Bajkowski, Acting President, White Eagle Club Inc in the ACT
- Ms Elizabeth Alwast, Secretary, White Eagle Club Inc in the ACT

Public Hearing of Monday 17 August 2015

- Professor Bryan Rodgers, Director, Australian National University Centre for Gambling Research
- Dr Tanya Davidson, Researcher, Australian National University Centre for Gambling Research
- Ms Juleen Schiefelbein, ACT Manager, Relationships Australia
- Ms Fiona Looney, Business Development Manager, Relationships Australia
- Ms Carmel Franklin, Director, Care Financial Counselling Service and the Consumer Law Centre of the ACT

Public Hearing of Tuesday 18 August 2015

- Mr Phil Timms, Independent ATM Industry Group
- Mr Andrew Wingrove, Independent ATM Industry Group
- Mr Austin Lynch, Vice President, Old Narrabundah Community Council
- Mr Max Scheckenbach, Treasurer, Harmonie German Club
- Mr Chris Lander, Treasurer, Spanish Australian Club of Canberra
- Ms Susan Helyar, Director, ACT Council of Social Services—ACTCOSS

Public Hearing of Wednesday 19 August 2015

- Mr Marcus Blease, General Manager, Marketing, Cerebral Palsy Alliance
- Mr Mark Xuereb, Business Manager, Cerebral Palsy Alliance
- Mr Robert Fraser, Secretary/Treasurer, Billiards and Snooker Association ACT
- Mr John Hargreaves, Patron, Billiards and Snooker Association ACT
- M Mark O'Neill, President, Billiards and Snooker Association ACT
- Mr Andrew Henderson, President, Tuggeranong Valley Junior Rugby Union Club
- Mr Rob Gill, Vice-President, Belconnen Tennis Club
- Mr Graham (Joe) Henstock, President, Tuggeranong Vikings Women's Hockey Club
- Mr Nigel McRae, Entertainment Coordinator, Canberra Musicians Club
- Ms Simone Swenson, Vice President, Canberra Musicians Club

Appendix C 2014 ACT GAMBLING PREVALENCE STUDY SUMMARY OF PRELIMINARY FINDINGS

2014 ACT Gambling Prevalence Study Summary of Preliminary Findings

The ACT Gambling and Racing Commission contracted The Australian National University's Centre for Gambling Research to undertake a comprehensive study of gambling and problem gambling in the ACT. *The 2014 Survey on Gambling, Health and Wellbeing in the ACT* surveyed 7,068 ACT residents in late 2014 and early 2015 and reports in detail on the prevalence of gambling in the Territory. The previous prevalence surveys on gambling in the ACT were undertaken in 2001 and 2009.

A summary comparison table between 2009 and 2014 findings is on page 2.

Major findings at a glance

Gambling Participation:

- participation in gambling activities has continued to fall over the last decade;
- total gambling expenditure fell by 19% from 2009 to 2014;
- around 45% of adults had not gambled in the last 12 months, up from 30% in 2009; and
- 20% of adults gambled on gaming machines at least once in the last year however less than 2% gambled on them once a week or more. In 2009, 30% of adults gambled on gaming machines at least once in the past year while 3% gambled on them at least once a week.

Gambling Harm (where relevant, 2009 figures are included in brackets after each 2014 figure for comparison):

- since 2009, the percentage of the ACT population reporting symptoms of moderate risk/problem gambling fell by about 0.8% but this change was not statistically significant;
- the level of problem gambling in the ACT, as measured by the widely used Problem Gambling Severity Index (PGSI), is 0.4% (0.5% in 2009) which compares to 0.8% in New South Wales, 0.5% in Queensland, 0.6% in South Australia and 1.0% in Victoria;
- A further 1.1% (1.5% in 2009) of adults were found to be moderate risk problem gamblers, 3.9% (3.4% in 2009) low risk problem gamblers and 48.7% (62.1% in 2009) were non-problem gamblers;
- 10% (7.9% in 2009) of gamblers had at least one symptom of problem gambling, with 2.9% (2.9% in 2009) being classified as moderate risk or problem gamblers;
- problem gambling was fifteen times more common in high frequency gamblers (gambling weekly or more) compared to medium frequency gamblers (gambling monthly or more);
- over 26% (22.1% in 2009) of people losing \$5,000 or more annually were moderate risk or problem gamblers;

- of those that were identified as moderate risk or problem gamblers, 76% (92% in 2009) reported playing gaming machines (but not necessarily exclusively);
- moderate risk/problem gamblers tend to bet on a range of products – the average being four different products;
- compared to the rest of the population, a problem gambler is more likely to be male and less well educated;
- poor physical and mental health, smoking, and alcohol consumption were associated with problem gambling;
- less than 10% of people ever having gambling problems had ever received professional help for issues related to their gambling with a further 5% trying unsuccessfully to get help and 5% wanting but not trying to access help;
- people with gambling problems typically do not seek help until the consequences of their gambling are serious, the most common predictor of help seeking was feeling suicidal; and
- 15.8% of ACT adults have ever had a close family member with gambling issues.

The table below provides a comparison of key gambling prevalence statistics from the 2009 and 2014 ACT gambling prevalence surveys. The 2009 survey did not administer the Problem Gambling Severity Index (PGSI) to participants who gambled less than 12 times a year and lost less than \$2000. The 2014 survey included this group to gain a more complete picture of harms experienced from gambling. The *adjusted* 2014 results exclude this group to facilitate accurate comparison of results between the two surveys.

Comparison of key statistics 2009-2014

Category	2009 survey	2014 results (adjusted)	2014 survey	Number of ACT adults*
Problem gambling				
problem gamblers	0.5%	0.4%	0.4%	1,110
moderate risk problem gamblers	1.5%	0.8%	1.1%	3,053
low risk problem gamblers	3.4%	2.1%	3.9%	10,825
total reporting symptoms of problem gambling	5.3%	3.3%	5.4%	14,988
non-problem gamblers	62.1%	50.9%	48.7%	135,171
non-gamblers	30.2%	45%	45%	124,901
Frequency of gambling				
high frequency gamblers (48+ times last year)	17.6%		12.1%	33,585
medium frequency gamblers (12-47 times last year)	17.1%		12.8%	35,527
low frequency gamblers (less than 12 times last year)	35.2%		30.2%	83,823
non-gamblers	30.2%		45%	124,901

Category	2009 survey	2014 results (adjusted)	2014 survey	Number of ACT adults*
Gambling expenditure (self-reported estimates)				
positive net expenditure (profit) in the last year	1.8%		3.6%	9,992
net expenditure (loss) of less than \$103 in the last year	65.1%		71.1%	197,344
net expenditure (loss) between \$103 and \$999 in the last year	22.8%		17.2%	47,740
net expenditure (loss) between \$1,000 and \$9,999 in the last year	9.0%		7.7%	21,327
net expenditure (loss) over \$10,000 in the last year	1.4%		0.4%	1,110

*Based on 2011 ACT ABS Census data, 277,558 persons over 18 years of age.

Findings in more detail

Gambling prevalence, frequency and expenditure

Between 2009 and 2014 the percentage of non gamblers rose from 30% to 45%. The number of people who gambled at least once in the last 12 months fell 3% between 2001 and 2009 and has fallen a further 14% since then. The percentage of people who gambled more than monthly fell from 17% to 13% between 2009 and 2014 and those who gambled weekly or more fell from 18% to 12%.

Participation rates for most types of gambling have fallen except sports & special events betting and bingo. There has been a corresponding drop in gambling expenditure across all activities amongst ACT adults (19%). The extent of the decrease suggests this is a result of changing spending patterns of individuals.

Problem gambling was strongly related to more frequent gambling. Gamblers who gambled at least weekly were twice as likely to be moderate risk gamblers and problem gambling was fifteen times more common compared to those that gambled at least monthly. This association was markedly stronger for gaming machine gamblers, strong for gambling on other activities excluding lotteries and scratch tickets and consistent with 2009 findings.

On average, gaming machine gamblers gambled for 47 minutes per session and 16 hours each year in 2014. High frequency gaming machine gamblers were three times more likely than other gaming machine gamblers to gamble for 2 hours or more per session and on average gambled for 120 hours per year.

Problem gambling amongst gaming machine gamblers was also strongly associated with the length of time of gambling sessions. Of those who gambled for less than an hour per session

3.3% were moderate risk/problem gamblers, rising to 10% for those playing between one and two hours and 19.2% for those playing from more than two hours at a time in 2014. For 2009 these percentages were 2.4%, 11.1% and 26.3% respectively.

Half (51%) of the gamblers surveyed reported gambling on two or more activities and 11% of this group gambled on four or more activities. For high frequency gamblers this increased to 24% gambling on four or more activities in 2014 down from 32% in 2009.

Losing more than \$1,000 a year gambling was reported by 8% of ACT adults and 1% reported losing more than \$5,000. For high frequency gamblers these figures increased to over 50% losing more than \$1,000 a year and 9% losing more than \$5,000. In 2009 10% of adults lost more than \$1000 and 3.4% lost more than \$5000. These dollar figures are not adjusted for inflation.

Problem gambling

Problem Gambling Severity Index results indicated that:

- 0.4% of the ACT adult population were problem gamblers;
- 1.1% of adults were moderate risk problem gamblers;
- 3.9% were low risk problem gamblers; and
- 48.7 % were non-problem gamblers.

However, care must be exercised when assessments of risk or harm are based on the entire population, as this includes infrequent and non-gamblers. As the Productivity Commission's 2010 report on gambling notes, assessments should focus on the specific products most related to harm and the people who regularly use them.

Gambling on gaming machines in the last year was reported by 76% (92% in 2009) of moderate risk/problem gamblers compared to 36% (38% in 2009) of other gamblers. Compared to the rest of the population, problem gamblers are more likely to be male and less-well educated.

The 2014 adjusted prevalence results show a significant increase in the number of non-gamblers and significant decreases in the number of non-problem gamblers and low risk problem gamblers since 2009. During the same period, the proportion of moderate risk/problem gamblers has fallen from 2% to 1.2%. However this is a small change in a relatively small group of people and as such is not statistically significant.

Impacts of problem gambling on family

A close family member ever having a gambling issue was reported by 15.8% of ACT adults with 6.1% saying this had been in the last 12 months.

Where the gambling issue had occurred in the last 12 months, 38.8% of family members said the issue had affected them. Family members reported relationship and family impacts (92.7%), emotional impacts (86%) and financial impacts (47.8%).

The family members with gambling problems were often parents (27.6%) and spouses/partners (19.1%).

Gaming machines

In 2014, 19.9% of the ACT adult population gambled on gaming machines, down from 30.2% in 2009. Other gaming machine related findings include:

- 14% (16.8% in 2009) of gaming machine gamblers gambled weekly or more;
- 3.1% of gaming machine players reported losses of \$5,000 or more in the last year;
- 15.7% (15.2% in 2009) of gaming machine gamblers reported symptoms of problem gambling and 5.8% (6.6% in 2009) were moderate risk/problem gamblers;
- 76% (92% in 2009) of people identified as moderate risk/problem gamblers played gaming machines and this was the most common activity reported by this group;
- 61.2% of high frequency gaming machine gamblers reported losing more than \$2,000 in the last year and 29.1% lost \$5000 or more; and
- amongst gaming machine gamblers, non-problem gamblers accounted for:
 - o 92.5% of low frequency gamblers;
 - o 74.9% of medium frequency gamblers; and
 - o 50.9% of high frequency gamblers.

Internet gambling

The survey provides the first comprehensive estimate of internet gambling in the ACT. The report revealed that 8.4% of adults used the internet to gamble. However, only 2.1% of ACT adults do so weekly or more often. The most common forms of online gambling were sports or special events gambling, horse or greyhound racing, and buying lottery tickets. Less than 1% of adults gambled on gaming machines or table games online.

In addition:

- 22% of high frequency internet gamblers lost \$2,000 or more in the last year including 11% who lost \$5,000 or more; and
- 23.7% of people using the internet to gamble reported at least some problem gambling symptoms compared to 7.4% of other gamblers.

Help seeking and service use

As in other Australian jurisdictions, the report found that receiving professional help for gambling problems is uncommon. Of those who self-identified as ever having problems with gambling, 17.9% had wanted help, 14% sought help and 8.9% received professional help. Although 58% of moderate risk/problem gamblers self-identified as having gambling-related problems in the last year, even when people recognised a problem with their gambling, a large proportion did not seek professional help.

People often wanted help for more than one issue:

- 89% wanted help cutting back or stopping their gambling;

- 66% wanted help with feelings of stress, anxiety or depression;
- 53% wanted help for financial issues; and
- 35% wanted help for relationship or family issues.

The report found that feeling suicidal was the most common predictor of help-seeking for gambling problems. 8 out of 10 people who sought help because of feeling suicidal received help.

Community attitudes

The survey also asked a number of questions relating to participants' attitudes towards gaming activity:

- the percentage of people agreeing that gambling does more good than harm continued to decrease, 11.6% in 2001, 9.1% in 2009 and 7.3% in 2014;
- gaming machines and gambling over the internet were seen to be harmful with 86.2% and 84.1% of adults respectively disagreeing that these activities did more good than harm;
- 53.7% of people agreed that ATMs should be allowed in gaming machine venues up from 24% in 2009; and
- 86% of respondents supported an ATM cash withdrawal limit of \$250 or less, per card, per day.

Knowledge of the ACT's self-exclusion from gambling program was reported by 45.5% of gaming machine gamblers. This rose to 72.3% for low-risk gamblers and 77.6% for moderate risk/problem gaming machine gamblers.

Support is available

Anyone experiencing problems with their gambling is encouraged to seek assistance. Confidential help is available anytime at no charge by phoning the national gambling helpline on 1800 858 858 or through the national online help service at:

www.gamblinghelponline.org.au

**Appendix D LIST OF ACT CLUB LEASES AND SITES – OCTOBER
2015**



ACT
Government

Environment and Planning

List of Licensed Clubs

Trading Name	Premises	Zone
Ainslie Football & Social Club	11/23 AINSLIE 52 Wakefield Avenue	CZ6 Leisure and Accommodation
Australian Capital Territory Rugby Union Club	2/66 TURNER McCaughy Street	PRZ2 Restricted Access Recreation
Australian Capital Territory Rugby Union Club	25/6 BARTON 51 Blackall Street	DES Designated
Australian Croatian Club	5/67 TURNER 68 McCaughy Street	CFZ Community Facility
Austrian Australian Club	10/57 MAWSON 5 Mountevans Street	CZ2 Business zone
Belconnen Bowling Club	1/3 HAWKER Beetaloo Street	CFZ Community Facility
Belconnen Magpies Sports Club	25/51 HOLT 76-80 Hardwick Crescent	CZ2 Business zone
Belconnen Soccer Centre	14/71 MCKELLAR 12 Walkley Place	CZ6 Leisure and Accommodation; PRZ2 Restricted Access Recreation; PRZ1 Urban Open Space
Belconnen Soccer Club Hawker	13/33 HAWKER Hawker Place	CZ2 Business Zone
Calwell Club	27/787 CALWELL 1 Were Street	CZ3 Services zone
Canberra Bowling Club	3/12 FORREST 25 Hobart Avenue	PRZ2 Restricted Access Recreation
Canberra City Bowling Club	16/25 BRADDON Elder Street	CZ6 Leisure and Accommodation
Canberra Club	3/2 CITY Petrie Plaza	CZ1 Core zone
Canberra Deakin Football Club / Croatia Deakin Soccer Club	11/12 DEAKIN Grose Street	CZ6 Leisure and Accommodation
Canberra Highland Society & Burns Club	54/346 KAMBAH 8 Kett Street	CZ6 Leisure and Accommodation
Canberra Irish Club	2&14/67 WESTON 6 Parkinson Street	CZ6 Leisure and Accommodation
Canberra Labor Club (Belconnen)	52/55 BELCONNEN Chandler Street	CZ2 Business zone
Canberra Labor Club (Weston Creek)	5/24 STIRLING Teesdale Close	CZ6 Leisure and Accommodation
Canberra Racing Club	1/70 LYNEHAM 2 Randwick Rd	NUZ1 Broadacre
Canberra Services Club	5/15 GRIFFITH Manuka Circle	PRZ2 Restricted Access Recreation
Canberra Southern Cross Club	11/18 PHILLIP 92-96 Corinna Street	CZ2 Business zone
Canberra Tradesmen's Union Club	28/34 DICKSON 2 Badham Street	CZ3 Services zone
Canberra Wine & Food Club	9/34 FORREST 13 Fitzroy Street	CZ5 Mixed Use

City Labor Club	4/14 CITY 16 Petrie Plaza	CZ1 Core zone
Commonwealth Club	4/44 YARRALUMLA 25 Foister Crescent	DES Designated
Eastlake Football Club	4/19 GRIFFITH 3 Oxley Street	CZ2 Business zone
Federal Golf Club	1/56 RED HILL Red Hill Lookout Road	PRZ2 Restricted Access Recreation
Ginninderra Labor Club	3/95 CHARNWOOD Lhotsky Street	CZ1 Core zone
Gungahlin Lakes Golf & Community Club	2/84 NICHOLLS Gundaroo Drive	PRZ2 Restricted Access Recreation
Harmonie German Club Canberra	2/34 NARRABUNDAH 49 Jerrabomberra Avenue	CZ6 Leisure and Accommodation
Hellenic Club of Canberra (City)	7/23 CITY 13B Moore Street	CZ1 Core zone
Hellenic Club of Canberra (Woden)	21/6 PHILLIP 1 Matilda Street	CZ2 Business zone
Italo Australian Club (ACT)	9/19 FORREST 78 Franklin Street	CZ6 Leisure and Accommodation; RZ2 Suburban Core
Lanyon Valley Rugby Union & Sports Club	10/212 CONDER Heidelberg Street	CFZ Community Facility
Magpies City Club	5/47 CITY 70 Bunda St (Garema Pl)	CZ1 Core zone
Magpies Golf Club	12/99 HOLT Stockdill Drive	PRZ2 Restricted Access Recreation
Mawson Club	1/57 MAWSON 10 Heard Street	CZ2 Business zone
Murrumbidgee Country Club	KAMBAH Kambah Pool Road	PRZ2 Restricted Access Recreation; CZ6 Leisure and Accommodation
National Press Club of Australia	2/23 BARTON 16 National Circuit	CZ6 Leisure and Accommodation
Polish White Eagle Club	8/67 TURNER 38 David Street	CFZ Community Facility
Raiders Belconnen	55/50 HOLT Hardwick Cres	PRZ2 Restricted Access Recreation
Raiders Gungahlin	1/8 GUNGAHLIN 23 Hibberson Street	CZ1 Core zone
Raiders Weston	1/66 WESTON 1 Liardet Street	CZ6 Leisure and Accommodation
Royal Canberra Golf Club	2/119 YARRALUMLA Westbourne Woods	DES Designated
Slovenian-Australian Association of Canberra	4/23 PHILLIP Irving Street	CZ2 Business zone
Southern Cross Club Jamison	15/49 MACQUARIE Cnr Catchpole & Bowman	CZ2 Business zone
Southern Cross Club Tuggeranong	8/15 GREENWAY Cnr Pitman & Howell	CZ2 Business zone
Southern Cross Club Turner	2/66 TURNER McCaughy Street	PRZ2 Restricted Access Recreation

Southern Cross Yacht Club	1/42 YARRALUMLA Mariner Place	DES Designated
Spanish Australian Club Of Canberra	4/34 NARRABUNDAH 5 Narupai Place	CZ6 Leisure and Accommodation
Sports Club Kaleen	4/89 KALEEN 16 Georgina Crescent	PRZ2 Restricted Access Recreation
Town Centre Sports Club / Tuggeranong Vikings	5/46 GREENWAY Rowland Rees Crescent	CZ6 Leisure And Accommodation; NUZ4 River Corridor
Tuggeranong Rugby Union Group - Chisholm Sports Club / Vikings	14/575 CHISHOLM Benham Street	CZ3 Services zone
Tuggeranong Valley Rugby Union & Sports Club	8/127 WANNIASSA 6 Ricardo Street	CZ3 Services zone
Weston Club (Raiders)	1/66 WESTON Liardet Street	CZ6 Leisure and Accommodation
Woden Tradesmen's Union Club	13/3 PHILLIP Cnr Launceston & Furzer	CZ2 Business zone
Yowani Country Club	4/67 LYNEHAM 455 Northbourne Avenue	PRZ2 Restricted Access Recreation

**Appendix E ACT GAMBLING AND RACING COMMISSION – TICKET-
IN, TICKET-OUT (TITO) REQUIREMENTS AND MACHINERY –
OCTOBER 2015**

ACT Gambling & Racing Commission

Ticket-in Ticket –out machinery.

19 October 2015

How TITO Works

- Patrons insert cash into the gaming machine and begin to play. When the player is ready for a break or they want to finish, they press *collect* and a ticket is printed with the collected credit amount.
- This ticket is then either inserted into another TITO machine via the bill acceptor for continued play or redeemed for cash at a cash redemption machine or cashier station.

The machines utilise a barcode scanner built into the bill acceptor, a thermal ticket printer in place of a coin hopper and a network interface to communicate with a management system that tracks the tickets.

How TITO is Regulated

Approval of Equipment

Pursuant to section 69 of the *Gaming Machine Act 2004*, the Commission may approve gaming machines and peripheral equipment. Peripheral equipment is defined in the Act as equipment or a device that is incidental to the basic operation of the gaming machine, such as note acceptors, ticket readers, management systems etc.

In assessing the gaming machines and peripheral equipment for approval, the Commission must consider a technical evaluation of the products by an approved entity and any available research on the consumer protection and harm minimisation implications of the products proposed to be approved. In most instances, if a product has been approved under NSW legislation, the Commission accepts a technical evaluation from the regulatory body (ILGR) who provide approvals based on the Australian And New Zealand Gaming Machine National Standards (this is because NSW and ACT gaming machines are run on the same communication protocol). The Standards are a set of rules that manufacturers must meet in order to provide gaming products in Australia and they are formulated by input from all jurisdictions including the ACT.

Once gaming machines or peripheral equipment are approved they are notified on the legislation register.

Cashless Gaming Systems

Pursuant to section 6 of the *Gaming Machine Regulation 2004*, TITO is considered a *cashless gaming card* or part of a *cashless gaming system*. The legislation is quite complicated but basically allows for gaming machine licensees to operate TITO as long as they are using an approved management system and adhere to legislative requirements.

Suppliers of gaming machine equipment must seek approval for their equipment to be notified as an approved management system. In assessing the management system the Commission must ensure the system provides the mechanisms to allow a licensee to meet their legislative obligations regarding TITO. A licensee and therefore the management system, must be able to keep a record of:

- The tickets issued;
- Ticket transactions and the information contained in each transaction;
- The value of unredeemed and expired tickets held by the licensee;
- Information identifying each player the licensee holds tickets for (an identifying number);
- The abovementioned information for two years;
- Limit the amount contained on a single ticket to \$800;
- Produce a gaming machine ticket that displays the following:
 - (a) information regarding the venue where the ticket was printed (e.g. the licensee's trading name);
 - (b) a unique identification number for each ticket;
 - (c) the value of the ticket's gaming credits in dollars and cents;
 - (d) the date and time the ticket was printed; and
 - (e) at least one of the following harm minimisation messages or a message that is materially the same and approved by the ACT Gambling and Racing Commission:

Gambling too much?

For free and confidential advice call 1800 858 858

or visit www.gamblinghelponline.org.au

Not winning? Don't chase your losses.

For free and confidential advice call 1800 858 858

The licensee is also required to:

- Keep control procedures relating to TITO;
- Give a copy of TITO records to the Commission if asked;

- Prepare a written report of the records kept for each month within one week of the end of the month to which the information relates, keep the report for two years, and give the report to the Commission if asked;
- Distribute funds relating to expired gaming tickets (unclaimed tickets more than a year old) to patrons in a manner approved by the Commission;
- Give the Commission a written report within one month of the end of the financial year, of the value of unclaimed tickets held each month of that year and the amount of funds distributed to patrons;
- Ensure that tickets from other premises are not able to be used on their premises.

Compliance

Compliance checks are extended to checking transaction details, including ticket limits, via the licensee's management system, ticket information, equipment approval, expired ticket disbursements and assessment of reporting submissions. Additional inspection may be carried out depending on the information obtained above or receipt of complaints. There have been no complaints from patrons to date.

Appendix F ADDITIONAL COMMENTS - MR RATTENBURY MLA

Public Accounts Committee Inquiry into the Future of Clubs

Additional Comments

As the Committee noted in its key findings, community clubs provide significant value to our community. I support this finding, but note the dilemma that lies at the heart of this issue for our community – that much of the benefit delivered by the clubs is derived from the revenue from poker machines. Our community also recognises the inherent harms arising from problem gambling, and has a strong desire to see those harms minimised.

The focus of this inquiry has therefore been to explore the issue of how to minimise the reliance of clubs on poker machine revenue. I have supported a range of the recommendations of the Committee, however do disagree with some of the findings, and also wish to add further comments.

GAMING

Recommendation 1: That the Government retain the \$250 ATM withdrawal limit.

It is noted that the majority report of the Committee recommends the removal of the existing \$250 withdrawal limit on ATMs. Such a recommendation runs counter to accepted problem gambling harm minimisation measures and should be rejected by the Government. The Government submission noted that the existing ACT withdrawal limit was passed by the ACT Legislative Assembly on 6 September 2012 with tri-partisan support. The Commonwealth Government introduced a nationwide \$250 ATM withdrawal limit on 29 November 2012. Both withdrawal limits came into effect on 1 February 2014. The election of Tony Abbott as Prime Minister saw the Federal Government withdraw from problem gambling harm-minimisation regulation, and the national ATM withdrawal limit was rescinded on 31 March 2014, at which point the ACT withdrawal limit came into effect.

The Victorian Government currently limits withdrawals from ATMs in gaming venues to \$200 with a total withdrawal limit of \$400 in any 24hr period.⁴³⁰ The South Australian Government currently limits withdrawals from EFTPOS facilities in gaming venues to \$200; and limits withdrawals from ATMs in gaming venues to \$250 in any 24hr period.⁴³¹

In 2010, The Productivity Commission released the report of its wide ranging, comprehensive and well regarded inquiry into gambling in Australia. Recommendation 13.2 of the Productivity

⁴³⁰ [Gaming Regulation Act 2003](#) – 3.5.32 (p.316)

⁴³¹ [Gaming Machines Regulations 2005](#) – 15B (p.14)

Commission report states: *“cash withdrawals from ATMs/EFTPOS facilities should be limited to \$250 a day”*.⁴³²

The ACT Government submission states: “Notwithstanding the repeal of the Commonwealth withdrawal limit...the ACT Government is committed to retaining its withdrawal limit as an important harm minimisation measure.”⁴³³

Recommendation 2: Introduce a \$250 withdrawal limit for EFTPOS machines in addition to retaining the ATM limit.

The existing \$250 ATM withdrawal limit does not currently apply to EFTPOS machines. It is well known that some clubs have been circumventing the ATM limit by providing patrons access to money through EFTPOS Machines. In response Joy Burch MLA, the Minister for Racing and Gaming, asked Clubs ACT to develop a voluntary Code of Conduct providing guidelines on the appropriate use of EFTPOS facilities.

The Committee heard evidence from Senator Xenophon regarding the matter:

“With the limit on ATM withdrawals, there is no limit on EFTPOS withdrawals, as I understand it, which means that venues can circumvent the limit on ATM withdrawals quite easily. This has happened also in South Australia where the ATM withdrawal limits can be circumvented quite easily by having an EFTPOS machine and you can take cash out of that. I would suggest to the Committee that that is something you may want to be aware of because any benefit from limiting withdrawals from ATMS can be easily overcome by access to EFTPOS.”⁴³⁴

As stated elsewhere in my comments, the South Australian Government currently limits withdrawals from EFTPOS facilities in gaming venues to \$200 per transaction.

The ACT Government submission states:

“The Commission will continue monitoring the use of EFTPOS cash withdrawal facilities and provide advice to the Minister on the adequacy of the [Voluntary Code of Practice]. If concerns continue about the use of EFTPOS cash withdrawals, the government will consider legislative changes that introduce a similar withdrawal limit as that applies to ATM withdrawals.”⁴³⁵

Given the evident intent to circumvent the ATM limits through the provision of the EFTPOS option, it is my view that the Government should move immediately to close this loophole, rather than waiting to see whether the Voluntary Code of Practice is adhered to. Such a limit would not apply to EFTPOS transactions that do not involve the withdrawal of cash. This is important so that if a large family or

⁴³² Productivity Commission Inquiry Report: Gambling Volume 1, 26 February 2010

⁴³³ ACT Government Submission No. 56

⁴³⁴ Hansard 9 June 2015, p.49

⁴³⁵ ACT Government Submission No. 56

group wishes to dine at a club, they can still pay in a single transaction. But given the recognised harm minimisation benefits of constraining cash withdrawals, the limitation should also be applied to EFTPOS machines immediately.

Cash Input Limit and Note Denomination Limits

It is noted that the majority report recommends both that the Government establish a cash input limit for Electronic Gaming Machines of \$250.00; and that when a cash input limit is implemented, that the Government remove note denomination limits on Electronic Gaming Machines.

While I agree with these recommendations, I strongly reiterate my position that note denomination limits should not be removed before a cash input limit is finalised and operational.

The ACT is one of only two jurisdictions (also SA) that do not currently employ a cash input limit on EGMs, while the NSW load up limit is currently set at \$10,000. The ACT has employed note denomination limits since 2004, banning both \$50 and \$100 notes from use in EGMs. A 2004 study by the ANU Centre for Gambling research (Commissioned by the ACT Gambling and Racing Commission) found that a strong relationship between problem gambling and frequent use of note acceptors. The study reported that note acceptors were identified by all counsellors and community representatives interviewed, and most problem gamblers, as being linked to the development of gambling problems.

The 1999 Productivity Commission report, *Australia's Gambling Industries, Report No.10*, found that problem gamblers were much more likely to use note acceptors, with 62% of problem gamblers using this feature 'often' or 'always', compared with 22% of non-problem gamblers.

Problem gambling harm minimisation measures are most effective when a range of different measures complement each other as a package. If a \$250 load up limit was implemented, it would be possible to remove note denomination limits on EGMs without significantly altering the package of problem gambling harm minimisation measures. Removing note denomination limits before implementing an effective cash input limit would be likely to again cause the high levels of community concern seen in January 2014 when note denomination limits were temporarily removed.

Recommendation 3: That the proposed 2% increase to the Community Contribution be held in and disbursed by a community fund.

The Committee heard evidence from Ms Susan Helyar, Director, ACT Council of Social Services, who stated:

"I am not inclined to support the tax concession referred to as the club grants scheme in the clubs submission. If clubs want to contribute more, it should be into a pool of funds used to support reducing gambling harm, not generic community grants aligned with club member interests and priorities. Clubs were set up for a social purpose, so giving grants for those social purposes is completely within their articles of association and is the intention of those organisations. It should not be considered a bonus to the community."

Ms Heylar went on to say:

“Another idea is to centralise the levy in an independent grant-making authority, like Lotterywest. Indeed, in some jurisdictions like Victoria and New Zealand, the levy funds an anti-gambling foundation that supports public health research and promotes approaches to reducing gambling. If any changes to current regulatory settings are to be made, the community risks and benefits of these options that I have suggested should be explored further.”

In Victoria, The Community Support Fund (CSF) was established in 1991 to distribute part of the Victorian Government’s gaming revenue to projects that benefit communities. The CSF is a trust fund governed by the *Gambling Regulation Act 2003* and receives 8.33 per cent of the hotel gaming revenue from electronic gaming machines.

The Committee also heard evidence from Mr Mark Henley, Manager, Advocacy and Communications, UnitingCare Kippax, who stated:

“We also note that one of the arguments the clubs give is that they provide a range of community activities. We do not argue with that. However, the revenue they get from gambling we see as a very ineffective way of distributing money to sport for young people or whatever. A much better way, we suggest, for those clubs that chose to be taxed at a higher rate, would be for a proportion of the taxation on clubs’ gambling to be hypothecated to a community chest. That money could then be sought by communities from across the ACT that are involved with any of a range of alternatives to gambling, both at the prevention level as well as at the treatment level.”

It is further noted that in 2012, the ACT Government signed an MOU with Clubs ACT. Point 14 of the MOU states:

“ClubsACT agrees to work with the ACT Government to identify new opportunities where clubs can assist in making additional contributions to the community. This could include the establishment of a Canberra Centenary Community Fund modelled on the Victorian Community Support Fund.”

Recommendation 4: The Government increase the Problem Gambling Assistance Fund Levy from 0.6% to 1.0%.

The Committee heard evidence from Ms Susan Helyar, Director, ACT Council of Social Services, who stated:

“Of all the organisations the clubs support, a generous reading would find between one and two per cent have a purpose in assisting people adversely affected by gambling. That is based on the ClubsACT list in their submission. The remaining 98 per cent of grants are for community interests the clubs see as aligned with their purpose and member priorities.”

The ACT Government submission states that the Problem Gambling Assistance Fund provided approximately \$1 million in 2014-15 to assist with alleviating problem gambling. The submission also

states that the Government remains open to consider any proposal that encourages clubs to maintain or increase their level of community contribution.

The Committee recommended that the Government match the clubs sector levy paid to the Problem Gambling Assistance Fund, dollar for dollar, to fund programs to assist additional research and amelioration of problem gambling. I disagree with this recommendation. Rather than the broader pool of ACT taxpayers being asked to fund this, the revenue to problem assistance for problem gamblers should be derived from poker machine revenue. Therefore my recommendation is to increase the levy.

Recommendation 5: Introduce a \$1 maximum bet limit, and a maximum loss rate of \$120 per hour on all Class-C EGMs.

It is noted that the Committee majority report recommends that the Minister for Racing and Gaming take to COAG a proposal to progress national \$1 maximum bet limits for EGMs. While this is welcome, further noted however are the difficulties experienced by former Prime Minister Gillard in her attempts to progress the poker machine reforms in her agreement with Andrew Wilkie MP. The proposed reforms included mandatory pre-commitment and an ATM withdrawal limit. After a well funded and high profile campaign by Clubs Australia, the Gillard government passed a watered down package of reforms in November 2012. Mr Wilkie subsequently withdrew his support from the Government.

The Public Accounts Committee heard evidence from Senator Xenophon that the 2010 Productivity Commission Inquiry Report into Gambling found that “about 40% of the revenue [GGR] comes from problem gamblers” and that “in the order of 88-90% of gamblers do not spend more than \$1 per spin, and if machines were calibrated to a maximum of \$1 bet per spin, with a maximum of a \$120 hourly loss, that would make a significant difference in problem gambling”.

Chapter 11 of the Productivity Commission report states:

Current bet limits imposed by all jurisdictions are set too high to be effective in constraining the spending of problem gamblers, given the speed and intensity of play that a modern gaming machine allows. The maximum bet needs to be low enough to constrain the spend rate of problem gamblers, but not so low as to adversely affect recreational gamblers (who typically bet at quite low levels).⁴³⁶

The Productivity Commission went on to recommend:

Governments should require that by 2012, all new EGMs include the capability of being played at a maximum intensity of \$1 per button push, with this being activated in 2016.

⁴³⁶ Productivity Commission Inquiry Report: Gambling Volume 1, 26 February 2010

In 2016, all EGMs should be limited to a \$1 bet, with an exemption until 2018 for venues with less than ten machines that also face significant implementation costs relative to revenue.⁴³⁷

These proposals were also raised by Mr Mark Henley, Manager, Advocacy and Communications, UnitingCare Kippax, who stated “number one is reducing the amount of money that people can spend on poker machines. It is the \$1 bet limit and it’s basically saying set a budget”.

Given the significant and ongoing damage caused by problem gambling, and the difficulties of progressing national gambling reforms through COAG or any other mechanism, it is recommended that the ACT Government not delay action on lowering bet limits and loss rate while pursuing national action on gambling reforms.

Recommendation 6: That the Government lower the Ticket In - Ticket Out limit from \$800 to \$250

In September 2014, the Minister for Gaming and Racing introduced Ticket In - Ticket Out (TITO) technology into EGMs in the ACT. Gamblers are now able to insert a slip of paper into an EGM up to the value of \$800.

TITO technology decreases the number of hand pays a gambler makes and may help distance a problem gambler from the reality of the money they are spending. Any technology resulting in longer periods of gaming machine operation and a reduction in face-to-face interactions can effectively make it easier for problem gamblers to spend more money over longer periods of time.

The \$250 limit on ATM withdrawals was also designed to help interrupt the flow of constant gambling. Lowering the Ticket In limit from \$800 to \$250 will help augment the existing ATM withdrawal limit in a package of complementary harm minimisation measures, and combined with other recommendations in this section, produce a consistent \$250 limit across ATM’s, EFTPOS and TITO.

Trading Scheme

At Recommendation 33, the Committee recommends that Phase One of the Government’s Clubs reform package be no shorter than three years.

It is noted that the majority report of the committee recommends that Phase One of the Government’s trading scheme be no shorter than three years. It is further noted that this matter was debated in the Legislative Assembly on 4 June 2015 at the time the *Gaming Machine (Reform) Amendment Bill 2015* was passed. During the debate, Mr Brendan Smyth MLA, moved an amendment to the Bill to the same effect as the above recommendation. At the time of the debate I said:

⁴³⁷ Productivity Commission Inquiry Report: Gambling Volume 1, 26 February 2010

“Mr Smyth’s first amendment proposes to fix a date for the commencement of phase 2 which is at least two years after the commencement of the trading scheme. I have discussed this proposal with the minister for gaming and I have received advice from her that the economic development directorate considers that such a fixed period would be likely to stymie the period of trading by causing licensees to postpone trading. I feel it is reasonable to take the advice of the directorate, which developed the trading scheme in concert with industry. For this reason, I will not be supporting this part of Mr Smyth’s amendment.

In recent days Mr Smyth and I have spoken regarding this bill and his proposed amendments. He raised concerns, as he has articulated here today, that the clubs industry has for too long been subject to a changing regulatory environment, to their detriment. I am well aware that the club industry has had significant input into the development of this bill and, indeed, has been lobbying the government for a number of years to institute a trading scheme. The minister is now doing this at the industry’s behest. I feel that claims of a changing regulatory environment ring hollow on this occasion”.

Mr Smyth’s amendment was put to a vote of the Assembly and defeated. As such I do not support majority recommendation 33.

At Recommendation 34, the Committee recommends that the Government give no less than twelve months notice of their intention to move to Phase Two of their Club’s Reform Package.

As above, this matter was also debated at the time the *Gaming Machine (Reform) Amendment Bill 2015* was passed. During the debate, Mr Brendan Smyth MLA, moved an amendment to the Bill to the same effect as the above recommendation. At the time of the debate I said:

“With regard to part (b) of Mr Smyth’s amendment, which also calls for the public notification of the commencement of phase 2 at least 12 months prior to that commencement, Minister Burch’s amendment undertakes to provide that notification six months prior to commencement rather than 12 months prior, which I consider to be a reasonable time frame. I think it is a reasonable approach in the circumstances. I will be supporting Ms Burch’s amendment to Mr Smyth’s amendment and then supporting the revised version.”

As such I do not support majority recommendation 34.

LOSS OF COMMUNITY LAND

I would like to further support the Committee Recommendation relating to the need to avoid net loss of community land. Page 2 of the Canberra Musicians Club submission states:

“There is a current trend where the large sporting clubs (e.g. Brumbies, Raiders, Ainslie Group) are swooping on the small clubs only later to claim they are not viable, apply for deconcessionalisation and put in a development proposal. Is the windfall profit going to particular clubs fair? And are we losing valuable community facilities (halls, open space and sport facilities) which will only become more valuable as urban infill intensifies.

Indeed it is the very sites that are most valuable (e.g. inner north and inner south) and where developer pressure is greatest, that these facilities are most valuable to the community as urban development intensifies.”

LEASE AND ZONING

There are two Committee recommendations that relate to club leases:

- The Committee recommends that, following an audit of all current club leases and permitted uses, and following consultation with clubs, on proposed leases, the Government determine a list of permitted uses on club sites which must include community benefit.
- The Committee recommends that the Government move an amendment to the ACT Territory Plan to provide for a specific overlap of the uses allowed on land leased by clubs, subject to planning and building codes.

I disagree with both of these recommendations. Club sites are situated on a range of land-use types. If they are on land zoned for community use, then the Territory Plan already clearly states the zone objectives for any Community Facility Zone. The Territory Plan also clearly stipulates what the permitted and prohibited uses of the land are, and most commercial uses are prohibited.

The current objectives for community zoned land are:

- a) To facilitate social sustainability and inclusion through providing accessible sites for key government and non-government facilities and services for individuals, families, and communities.
- b) To provide accessible sites for civic life and allow community organisations to meet the needs of the Territory’s various forms of community.
- c) To protect these social and community uses from competition from other uses.
- d) To enable the efficient use of land through facilitating the co-location, and multi-use of community facilities, generally near public transport routes and convenience services appropriate to the use.
- e) To encourage adaptable and affordable housing for persons in need of residential support or care.
- f) To safeguard the amenity of surrounding residential areas against unacceptable adverse impacts including from traffic, parking, noise or loss of privacy.⁴³⁸

However, if the club is situated on a commercially zoned site, then it is not appropriate for there to be constraints about community benefit on a site that the club may have purchased for a range of uses.

It is not logical to group sites owned by clubs as one type of land use, when they are situated in a range of zones.

⁴³⁸ [ACT Territory Plan – Ch6 – Community Facility Zones](#)

However, it could be logical to identify sites where there is a conglomeration of club ownership on commercial land, in areas which do not already offer any community zoned land. For example, the clubs section on the East side of Southlands (Austrian, Serbian, Hungarian club sites) are all based on commercial land, while there is no community zoned land in the Southlands area at all.

Recommendation 7: The Government should identify any Group Centres across Canberra that do not currently have any community zoned land, consult with community clubs in the areas, and should then propose a variation to the Territory Plan to insert community zoned areas in Centres that are currently without any.

ENTERTAINMENT PRECINCTS

The Committee agreed that “Entertainment precincts should be established around areas with clusters of multiple clubs to ensure that they are able to host events such as those with live music”.

To further clarify this point, the Government should consider introducing zoning to the Territory Plan to establish Entertainment Precincts across Canberra, particularly around areas with clusters of multiple clubs.

This would ensure that clubs are able to host events such as those with live music, as well as ensure that residents understand where they can expect to have slightly higher noise levels.

I would like to further support the Committee’s recommendation relating to consideration of order of occupancy in cases of residential dwelling proposals where there are neighbouring clubs which host live entertainment events.

In many areas of New Zealand a policy of ‘reverse sensitivity’ is in place, whereby decisions about new residential dwellings are made with consideration of the impacts on existing buildings and businesses. This policy shifts the burden of managing the impacts of the new use of the area onto the developer, rather than any existing businesses. In practical terms, this can mean a range of responses, from deciding not to approve residential developments adjacent to busy commercial areas, to ensuring sufficient sound attenuation requirements are in place to suit the situation.

GOVERNMENT FEES AND CHARGES

There are two Committee recommendations that relate to government fees and charges:

- That the Government not apply a lease variation charge when clubs seek to vary their leases to assist in diversifying their revenue base
- That the Government not charge planning fees when a club submits DAs that assist the club to diversify its revenue base

I disagree with both of these recommendations. I agree that clubs should have appropriate financial support when operating as not-for-profit entities. However, when a club decides to deconcessionalise a block of community land in order to run a for-profit venture, e.g. residential or

commercial development, it is entirely appropriate there is a return to the community from this increase in value that is derived from a change in lease or purpose clause.

Shane Rattenbury, ACT Greens MLA

26 October 2015