



LEAGUES CLUBS AUSTRALIA

SUBMISSION TO

JOINT SELECT COMMITTEE ON GAMBLING REFORM

January 28, 2011

Leagues Clubs Australia (The Association) welcomes this opportunity to provide a submission on behalf of its 82 Member Clubs in New South Wales and Queensland to the Joint Select Committee on Gambling Reform “on the design and implementation of a best practice full pre-commitments scheme that is uniform across all States and Territories and machines – consistent with the recommendations and findings of the Productivity Commission.”

Originally known as The Registered Leagues Clubs Association of New South Wales, the Association was formed in 1961 for the express purpose of ensuring that the interests of licensed Leagues Clubs were better represented in both Government and Industry forums, as well as encouraging the growth and development of the game of rugby league.

The Association later changed its name to the Leagues Clubs Association of NSW, and in November, 2008, with the acceptance of Queensland Leagues Clubs as Members, the Association became Leagues Clubs Australia. Membership in Queensland has steadily grown since then.

Although our Member Clubs number 82, the actual number of licensed premises stands at 114, with these extra 32 Clubs being amalgamated entities.

The Registered Club industry generally, and Member Clubs of the Association specifically, deliver enormous value to their members and the communities in which they operate through their primary operations (providing social, entertainment and sporting facilities to their communities) and through the extensive contributions they make to a range of stakeholders in their communities.

Member Clubs of the Association play a vital role in fostering the sport of Rugby League at all levels in NSW and Queensland. They provide substantial support in the form of funding, equipment, infrastructure and facilities to more than 400,000 seniors and juniors that play Rugby League across these states, and bring untold joy to the many fans that support the game.

Our Member Clubs also provide similar substantial support for a wide range of other sporting activities – rugby union, soccer, cricket, hockey, netball, swimming, athletics, cycling, tennis, Australian rules, and a number of indoor sports. This financial support and provision of facilities enables everyday Australians, whether they are senior citizens, adults or children, with affordable and accessible sporting options, thereby contributing significantly to the overall fitness, well being and good health of our nation.

As well, Member Clubs provide financial and in-kind support for numerous organisations, charities, schools and support groups within each of their communities.

It should be in the interests of the Federal and State Governments to foster a healthy and financially vibrant Clubs industry throughout Australia to ensure Clubs are able to continue to deliver services directly to their local communities.

HISTORICAL BACKGROUND

Rugby League has been played in NSW and Queensland since the early 1900's at senior and junior level in competitions of varying standards including National Rugby League, State-wide competitions, Country Groups, Primary and High Schools, Junior Representative and Junior League.

The first licensed Leagues Clubs in NSW commenced operations in the mid 1950's with very humble premises, which were mainly old houses donated by supporters of the game.

Many Leagues Clubs only commenced operations with the active assistance of The NSW Leagues Club and other Leagues Clubs.

All commenced with similar aims and objectives in their Articles and Memorandum of Association which were generally to:

“To propagate the game of Rugby League at senior and junior levels and to generally support the community”

Leagues Clubs were granted licenses to operate gaming machines and sell liquor by the Licensing Court on that basis.

Over time, Licensed Leagues Clubs have progressed to become much larger and more efficient, but they have never lost sight of their original aims and objectives.

RUGBY LEAGUE AND ITS VALUE TO THE COMMUNITY

Overview

The predominant objective of Member Clubs of the Association, by virtue of membership, is to foster the ongoing development of Rugby League in NSW and Queensland on behalf of their combined membership of more than 1.8 million.

RUGBY LEAGUE AT THE NRL LEVEL

Member Clubs provide enormous support to the funding of the NRL, and are considered by the NRL to be critical to the future success of the NRL competition. NRL Clubs that have relied on financial support from their Leagues Clubs are:



BRISBANE BRONCOS



NORTH QUEENSLAND COWBOYS



ST. GEORGE ILLAWARRA DRAGONS



CANTERBURY BULLDOGS



SYDNEY ROOSTERS



CRONULLA SUTHERLAND SHARKS



PARRAMATTA EELS



MANLY WARRINGAH SEA EAGLES



WESTS TIGERS



PENRITH PANTHERS



NEWCASTLE KNIGHTS

Each of these clubs also fields a National Youth (Under 20's) team in the Toyota Cup competition, the first national youth competition of any of the major Australian sporting competitions. It provides young athletes with some outstanding opportunities not only on the field but just as importantly the chance to pursue further education or vocational careers off the field. Last year mandated non-training hours saw 98% of all Toyota Cup players either working or studying – 28% of players in full-time study, 19% in apprenticeships, 16% in traineeships and 34% in general employment.

Member Clubs of the Association are key contributors to the operation of the NRL in the state. Each club employs a large number of people in administration, coaching, development and medical staff, marketing and event staff, game day ground and security staff, as well as contracted catering and beverage staff. This in itself provides a significant direct benefit to the economies of each state, not to mention the huge financial stimulus of the NRL games attracting up to 50,000 fans to competition games, and up to 80,000 for major finals games and State of Origin fixtures.

There can be little doubt that Rugby League at a senior level is a key part of NSW and Queensland culture, just as AFL is a key part of Victorian culture. The weekly focus on the game in the media alone and in all its forms serves as a constant reminder. To many people in NSW and Queensland, a love of Rugby league is their No.1 focus

RUGBY LEAGUE AT OTHER LEVELS

Across NSW and Queensland more than **400,000** players pull on their team jersey and play the game of Rugby League.

New South Wales

The **New South Wales Cup** is the premier State based competition run in NSW. Featuring 11 sides from throughout the state, and one team from New Zealand the NSW Cup is a feeder competition to many of the sides that participate in the National Rugby League.

The **Bundaberg Red Cup** is a semi-professional development level rugby league competition in New South Wales (NSW), run jointly by the NSW Rugby League and the NSW Country Rugby League. The competition is run concurrently with the National Rugby League and comprises 11 teams drawn from both the Sydney metropolitan area, the NSW Central Coast and one team from Western Australia.

The **S.G. Ball Cup** and **Harold Matthews Cup** are the two major junior representative competitions played throughout the state of NSW.

Queensland

The **Queensland Cup** is the major senior rugby league competition in Queensland and features 12 teams from Brisbane, Gold Coast, Sunshine Coast, Mackay and Central Queensland.

The **FOGS Cup** is the Brisbane A Grade competition, featuring 10 clubs, as does the Colts Challenge competition, which is Under 20's.

Junior Rugby League

All up there are approximately 1200 junior rugby league clubs throughout Australia, with 1130 of those in NSW and Queensland.

More often than not they have received significant assistance from a Member Club of the Association, including:

- Junior League jumpers, shorts and socks, trophies, insurance, grants to clubs, medical kits, administration
- Referees outfits, fees, training, insurance
- Junior representative teams outfits, insurance, kits, training, trophies, travel and accommodation
- Junior Coaching Clinics both in and out of local communities
- Scholarships, both educational and sporting
- School funding
- Development officers/school liaison officers
- Ground improvements at both senior and junior level including: lighting, change rooms, council fees, ground rentals, maintenance

Beyond being the breeding ground for tomorrow's NRL stars, Junior (and non-NRL Senior) Rugby League provides enormous benefits to those that participate, those that support, those that volunteer to assist, and those whose businesses are based around Rugby League (gym's, physiotherapists, caterers, etc).

The benefits arising from Junior (and non-NRL Senior) Rugby League include:

- Increased participation in local community activities for players, officials, spectators, coaches, volunteers and their families;
- Improved health and reduced obesity levels (and potentially reduced smoking and illicit drug use) amongst young people and regional communities actively involved in training for and playing the game;
- Coaching staff and Club Management fulfilling "role model" roles for boys and young men, something that may not be present in the home environment. The training and game day schedule also keeps these young men involved in a positive and rewarding environment.
- Increased use of parks and sporting facilities across the state.

CLUBS – THEIR ROLE IN THE COMMUNITY

Beyond the enormous value to the community from their support of Rugby League, Member Clubs of the Association along with the wider Registered Club industry in NSW and Queensland play a unique role in their communities.

Independent and mutual, Member Clubs of the Association provide a range of programs for their members and their local communities that contribute directly to the well being of those communities.

Upon limited review of their operations, it is difficult to determine any aspect of the activities of Member Clubs that do not provide benefits to their Communities. For example, at a very elementary level it can be said that:

- Club buildings provide safe and comfortable drinking, eating and entertainment venues for their members and their guests. Food and beverages prices have historically been very competitive and entertainment, in various forms is either provided for free or at heavily subsidised rates. This secure environment and affordable Club offerings are particularly attractive to elderly citizens who may be intimidated in often less welcoming hospitality environments.

- Club sporting facilities provide an opportunity to members and their guests to become involved in a range of activities that promote interaction, involvement, social discourse, and promote good health through sport. Club-sponsored sport encourages participation by younger members of the community, and provides the opportunity for involvement by older citizens (eg, healthy active retirees).

- Club administration provides employment in local communities in the form of full-time, part-time and casual jobs. In smaller communities, these are jobs that would otherwise not exist.

Due to their mutual commitment to pursuing the objects of their members, (rather than maximise shareholder returns), Clubs channel profits from their operations directly into their community. In a survey of Member Clubs of the Association conducted to support this submission, a selection of these additional programs included:

- Donations to local charities;
- Running local counselling services;
- Running local community support groups;
- Supporting activities that encourage minority groups to engage with their community (eg Muslim Youth Projects, sponsorship of the Vietnamese festival)
- Provision of services to disabled people;
- Sponsorships of disabled individuals to achieve despite their disability;
- Provision of local community transport services (supplementing public transport);
- Providing and supporting community health programs;
- Providing support and facilities to local schools;
- Hosting inter-school competitions;
- Providing sponsorship to encourage participation in sports beyond Rugby League;
- Providing Club facilities (eg meeting rooms, auditoriums, sporting facilities) to a range of local groups to use free (or at subsidised rates); and
- Provision of entertainment for senior citizens (bingo, shows, free tea and coffee etc).

Community benefits are provided in many forms, including:

- direct financial assistance to individuals and charitable associations;
- full-time, part-time and casual employment in local communities, particularly vital in regional areas of the state;
- entertainment in a safe and friendly environment that is valued by many senior citizens;
- subsidised meals and beverages;
- provision of sporting facilities, uniforms, funding and equipment that encourages involvement, health in children, and assimilation in communities;
- direct support for local schools; and
- safe accommodation and relief in times of natural disaster.

In its review of the Registered Clubs Industry in NSW, IPART estimated the value of Clubs' contribution to social infrastructure in 2007 to be \$811 million, with this figure not including the indirect or intangible contributions made by clubs which are difficult to quantify consistently and reliably.¹

A June, 2009, study of Queensland Clubs found that the total estimated value of direct community and economic benefits for 2008 was \$668 million or an average of \$711,000 for every community club.

The Community Development and Support Expenditure (CDSE) Scheme - NSW

The CDSE provides registered clubs in NSW with tax rebates (up to 1.5% of their gaming machine profits over \$1million) when they spend an equivalent amount on community development and support.

The CDSE Scheme was first introduced in 1998. Since then over \$550 million has been provided by registered clubs participating in the Scheme to their local communities to support schools, charities, sporting groups, agencies working with the disadvantaged and health services.

Historically Member Clubs of the Association have far exceeded their statutory obligations for this vital community funding. This is consistent with IPART's acknowledgement that although Clubs in 2007 were obligated to contribute \$40.2 million to CDSE, they were recognised for making eligible contributions worth \$71.5 million, some \$31.3 million extra. It is the opinion of the Association that this excess is in fact far greater as a number of Clubs do not accurately record all community contributions over their CDSE statutory obligation.

The Gambling Community Benefit Fund – Queensland

Established in 1994, the Gambling Community Benefit Fund aims to enhance the capacity of community organisations to provide services and activities to Queenslanders. The fund is part of the Queensland Government's commitment to ensure that on balance, the whole State benefits from gambling. Since its inception, the fund has distributed in excess of \$400 million to over 32,900 projects.

¹ Review of the Registered Clubs Industry in NSW – IPART – June 2008

PREVALENCE OF PROBLEM GAMBLING

In 2010 the Queensland Government announced the results of the 2008-09 Household Gambling survey which showed that 0.37% of the Queensland adult population are problem gamblers. This compared favourably to previous comparable large sample surveys with the rate dropping from 0.83% in 2001, 0.55% in 2003-04 and 0.47% in 2006-07.

In February, 2010, NSW Gaming and Racing Minister, Kevin Greene, announced the results of an extensive NSW Population Health Survey which identified that the prevalence of problem gambling rate had dropped from 0.8% to 0.4%. The Minister concluded: "These findings are very encouraging and we hope it's a sign that our high-quality counselling services and strict harm minimisation laws are making a real difference."

Since the first Productivity Commission Report into Gambling in 1999, the Club Industry has been a positive participant in working with State and Territory Governments and Regulators to develop a range of harm minimisation measures to ensure the reduction in incidence of problem gamblers.

The post 1999 gambling environment has seen the introduction of:

- Staff Training in Responsible Gambling
- Clubsafe & Betsafe (in NSW)
- State-wide caps on gaming machines
- Poker machine forfeiture scheme
- Local Impact Assessment process on allocation of gaming machine entitlements
- Self Exclusion
- Payment of prizes by cheques
- Limitations on use of Credit
- Gaming information signage
- Limitations on 24 hour gaming
- Ban on gaming advertising
- Ban on inducements
- Banning cash as promotional prizes
- Extensive display of clocks
- Minors banned from gaming areas

In addition to these harm minimisation measures, all State and Territory Governments also fund a range of gambling help services, including programs which focus on early intervention and prevention strategies. As well, there are a number of community education and awareness initiatives such as Gambling Awareness Week, Gambling websites and gambling information literature.

PRE-COMMITMENT

Comment

The brokered agreement by the Prime Minister to the Member for Denison (on a non-mandated policy) to expedite the implementation of this massively expensive technology, which experts predict will not provide any significant improvement to the prevalence of problem gambling rates, will, at the same time, cause a catastrophic financial impact on our member clubs, resulting in loss of employment, withdrawal of funding for rugby league and severely diminished community support. It will destroy the Club Movement as we know it.

The Productivity Commission's recommendation 10.4 clearly provided a path to "a jurisdictionally-based full pre-commitment system for gaming machines by 2016, subject to initial development, trialling and compatible monitoring systems." The agreement signed by the Prime Minister and Andrew Wilkie on 2 September, 2010, clearly railroads this process, and ironically ensures that the potential success of a fast-tracked full pre-commitment system will be a huge gamble and destined not to be successful. It is also ironic in that clause 7.8 of their agreement states: "The parties acknowledge the need for an evidence based approach addressing problem gambling." A national best practice full pre-commitment scheme has not been subject to credible evidence based research to ascertain whether it is an effective harm minimisation measure.

The Productivity Commission, in its final report on Gambling stated:

Whether pre-commitment measures are appropriate in practice depends on:

- the likely effectiveness of the measures
- the monetary and non-monetary costs of any proposals for venues and gamblers, including inconvenience and any erosion of people's autonomy
- privacy concerns and the receptiveness of gamblers to the options for control

The Likely Effectiveness of the Measures

Although making major recommendations relating to pre-commitment the Productivity Commission itself acknowledged - "The results of pre-commitment trials in Australia and the experiences from commercial overseas systems, such as those in Nova Scotia and Norway will provide some careful insights, but they will not 'prove' or disprove' the value of pre-commitment per se." (p10.37)

This would probably explain why the Productivity Commission wanted to ensure that the initial development and trialling phases enabled a proper evaluation of pre-commitment as an effective harm minimisation measure, and whether a full pre-commitment system was warranted.

It is interesting to note that similar comments have been raised by Clive Allcock, Honorary Associate at The University of Sydney who states in his submission -"I have tried to see where the passion for pre-commitment as the best solution has arisen." He goes on to say that "There is no really consistent scientific work supporting such proposals" (Productivity Commission's proposals for pre-commitment technology).²

² Clive Allcock – Submission to Joint Select Committee January, 2011

However, there has been acknowledgement from eminent gambling researchers that pre-commitment will benefit a number of gamblers, whether recreational or problem gamblers. However, at the same time, there is serious doubt as to whether a full pre-commitment system will be effective.

Professor Alex Blaszczynski and Dr. Sally Gainsbury conclude that “Although pre-commitment strategies will no doubt exert a positive influence on an unknown minority of regular recreational and problem gamblers, the proportion of moderate to severe problem/pathological gamblers electing to utilize such strategies remains unknown. It is predicted that a mandatory system wherein gamblers set their own limits will only be effective for a minority and will not achieve the anticipated benefits.”³

Blaszczynski and Gainsbury clarify this further saying “Pre-commitment will be effective for a minority of recreational, regular and problem gamblers (motivated to reduce their gambling) who regularly gamble more than intended and/or affordable. Given that approximately 10% of gamblers meeting psychometric criteria of problem and pathological gambling are in treatment at any given time, and that less than 50% of problem and pathological gamblers express a desire for or identify a need for treatment, pre-commitment is unlikely to have a major impact on the majority of those in the targeted population lacking motivation to modify behaviours or failing to recognise problems.” And, “under a mandatory pre-commitment scheme, gamblers, particularly problem gamblers, are predicted to pre-set high or maximal limits (combined explicit and implicit limits) to give them the option and flexibility to gamble to their typical highest level.”

Clive Allcock would seem to agree with Blaszczynski & Gainsbury after quoting responses from problem gamblers discussing mandatory pre-commitment – “Some say they would pre-commit at high levels in order to ensure they have enough room to go and chase losses. Naturally they would most likely end up playing to that limit which may even be higher than they would have otherwise gone.”

Or as The Hon Jenny Macklin MP suggested when talking about a full pre-commitment system “And players could choose no limit at all if they prefer.”⁴

Clearly for problem gamblers who have not currently pursued self exclusion or one of the many counselling services available, do you believe they will set an effective limit on a mandatory system of pre-commitment?

The Monetary and Non Monetary Costs of any proposals for venues and gamblers, including inconvenience and any erosion of people’s autonomy.

The cost to implement “a best practice full pre-commitment scheme that is uniform across all States and Territories and machines” would be “prohibitive and estimated to be in excess of \$2 billion. The other cost to the industry would be the estimated impact, with the Member for Denison suggesting a 40% downturn in revenues.

³ Alexander Blaszczynski and Sally Gainsbury – Submission to Joint Select Committee January, 2011

⁴ The Hon. Jenny Macklin MP – 20th Annual Conference of the National Association for Gambling Studies, Gold Coast

A 40% loss in revenues for the Club Industry would see a \$2.1 billion annual loss for Australia's 4000 registered clubs. For our Member Clubs that would translate to an inability to provide any funding whatsoever for the sport of rugby league (at any level), a massive reduction in employment, taxes, community grants as well as a complete restructure of their entire businesses, should they survive.

Privacy Concerns and receptiveness of gamblers to control options.

The proposed introduction of the Australia Card in 1985 caused strong discussion and heated debate. The idea of a national identification card was seen as "big brother" gathering too much information on every individual, and as such would have been a major intrusion into people's rights and privacy. As a result of continued opposition the concept of the Australia Card was taken off the political agenda in 1987.

Section 14 of the Privacy Act stipulates a number of privacy rights known as the Information Privacy Principles, which and how any relevant personal information can be collected by government agencies. Australians have a right to know why such information about them is being acquired, who will see the information and how secure that data is maintained.

A mandatory full pre-commitment system would necessitate its own version of an Australia Card, with a compulsory identification card, and/or a proposed USB with fingerprint technology to allow millions of Australians to participate in a legal, and for the vast majority, an enjoyable form of entertainment. This concept of registering to be allowed to spend your own money on an activity that will be monitored will be seen as a major intrusion on personal rights and freedoms.

Jenny Macklin has stated that "This is not about taking away people's individual responsibility for their own behaviour, or the Government controlling people's money" but to the recreational gambler it will definitely be seen as a "big brother" approach, and something that will prevent them from registering. A full pre-commitment system infringes on the freedoms of individuals. It also reinforces the perception that anyone who plays a poker machine is a problem gambler. A voluntary opt-in pre-commitment system will allow a gambler who wants to control his spending to do so (individual responsibility for their own behaviour).

As previously mentioned there is no guarantee in a full pre-commitment system that a problem gambler will set an effective limit to control their spending, or as Jenny Macklin suggest "players could choose no limit at all if they prefer."

Blaszczynski and Gainsbury concur that "under a mandatory pre-commitment scheme, gamblers, particularly problem gamblers, are predicted to pre-set high or maximal limits (combined explicit and implicit limits) to give them the option and flexibility to gamble to their typical highest level. Alternatively, individuals may participate in other forms of gambling that do not have pre-commitment measures when they reach limits on electronic gaming machines. Gamblers setting initial reasonable levels will increase their pre-commitment levels once they are socially inconvenienced or believe that a win was imminent had they the option to extend their play (gamblers fallacy)."

Conversion to other forms of gambling was discussed by the Productivity Commission when evaluating the effectiveness of pre-commitment. In other words once a problem gambler had reached his gambling limit would he then access other forms of gambling which are not governed by a full pre-commitment system? We all know of the easy access for online gambling, and the ability to use credit in that form of betting, and to those that live in major cities that have casino operations there is also that option.

It all gets back to individual responsibility – people with problems have to want to help themselves. Therefore it would seem quite obvious to when discussing the concept of pre-commitment to acknowledge that a system will only be effective where people who want to help themselves can choose to easily use that system and make it work for them.

Those that will circumvent any system and not want to help themselves need help from other initiatives developed by professional gambling help services. The Association supports the comments made by Blaszczynski & Gainsbury - “Concerns are expressed that significant funding and attention to a costly system that is likely to have minimal impacts deflects attention and directs funding from other initiatives that are more cost-effective and have greater impacts on harm minimisation and reducing the social costs of gambling.”

CONCLUSION

There can be no justification to implement a cost prohibitive national full pre-commitment system that will, according to gaming industry researchers, have little or no impact on the prevalence of problem gambling. If implemented it will destroy the club movement as we know it and the economic and social ramifications will be felt by State, Territory and Federal Governments.

The Association does support the concept of voluntary pre-commitment and agree with Clubs Australia’s proposal for the development of a cost effective model that would provide gaming machine players with voluntary options to control their play, whether it be for time and/or money. It will provide an effective option for gamblers who want control their behaviour. Why outlay in excess of \$2 billion on a system that will only be as effective as a voluntary model.

The Association pledges its commitment to the development of further measures and initiatives for problem gamblers that have been the subject of credible, evidence based research.

Peter Turnbull
Chief Executive Officer