



RSL & SERVICES CLUBS

SUBMISSION TO

**Parliamentary Joint Select Committee
on Gambling Reform**

'Inquiry into pre-commitment scheme'

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Committee Secretary
Joint Select Committee on Gambling Reform
PO Box 6100
Parliament House
Canberra ACT 2600

Introduction

The Association welcomes the opportunity to make a submission to the Joint Select Committee Inquiry into the introduction of mandatory pre-commitment for the playing of electronic gaming machines in Australian clubs.

The Association is totally opposed to the proposal for mandatory pre-commitment and ATM withdrawal limits which arose as part of an agreement struck by the Prime Minister with the Member for Dennison, Andrew Wilkie.

Importantly, it went back on previous commitments by the Government to work with industry, state and territory governments and other stakeholders to implement some of the Productivity Commissions recommendations, including a model for voluntary pre-commitment. This approach was welcomed at the time as a commonsense approach.

The Association strongly endorses the submission of Clubs Australia, in particular:

- Mandatory pre-commitment treats all players as problem gamblers;
- There has been no-cost benefit analysis of mandatory pre-commitment nor its impact on the industry;
- Pre-commitment is a method of consumer empowerment, not a solution to problem gambling;
- Problem gambling is an addiction, not defined by how much problem gamblers spend at poker machines, but whether they spend more than they can afford;
- There is no pre-commitment model precedent for Australia to follow;
- The impact on clubs would result in an estimated loss of revenue for clubs of 30%, the closure of numerous clubs, the evaporation of more than 11,000 jobs and a loss to the broader NSW economy of \$820 million.
- \$250 daily withdrawal limits from ATMs in clubs imposes unnecessary restrictions on patrons utilizing their legally earned money for purposes other than playing poker machines. Restrictions already exist for problem gamblers to place daily limits on their withdrawal of money from ATMs or other sources
- In some country towns the ATM at the local club is the only one available;
- Patrons use ATMs in clubs because they are considered safe and more convenient than using a street ATM;
- Problem gambling prevalence rates are already falling.

This submission to the Senate Select Committee focuses on the benefits provided by RSL and services clubs and their upholding of this country's Anzac traditions which the public respect so highly and are deeply imbedded in Australian culture.

They are projects which typify the RSL and services clubs contribution to community and which, if some of the proposed recommendations were implemented, would be under threat of funding cutbacks or could be lost forever.

Background

RSL and services clubs, because of their history, offer a unique contribution to the fabric of the club industry. They are steeped in the traditions of the Anzac spirit which are central to Australian society, the values of which are continually referred to and used by people from all walks of life – from politicians to sporting teams.

There has been a resurgence in these traditions in recent years, particularly among our younger generations, evidenced by the increasing numbers of them attending not only our national Anzac Day celebrations, but visiting Gallipoli.

It is on Anzac Day when RSL and services clubs become the focal point of people from every walk of life. It is a time when people's differences and life's problems are forgotten and when the Australian public joins in a single-minded objective to remember our fallen in every city, town and village across the nation.

These clubs deserve to maintain that unique place in Australian society and culture and entry is restricted by legislation to members and their guests. Virtually all NSW RSL and services clubs offer a range of quite sophisticated amenities for members other than poker machines, including food and beverage, entertainment, social sporting clubs, snooker facilities, ten pin bowling, fitness centres, swimming pools, golf courses, bowling greens and aged care. They act as a place for social interaction for many people who would otherwise stay at home in a lonely environment, the benefit of which is immeasurable.

In many cases it can be said that clubs provide what Government's don't or cannot afford to provide either in provision of their core facilities or their more diversified activities such as gymnasiums or aged/veteran care.

On several occasions this year and last the club became the designated disaster relief centres for flood victims across Queensland, New South Wales and Victoria, implementing a disaster relief plan, co-ordinating food and water supplies and providing emergency accommodation.

Whatever the case, their work is held in high esteem by politicians and heads of state. In a presentation to the National Conference of RSL and Services Clubs at Twin Towns Services Club in Coolangatta in July 2008, the then Deputy Prime Minister, the Hon Julia Gillard had the following to say about RSL and services clubs:

"It's always terrific to be associated with Australia's services clubs. They provide great enjoyment and entertainment for millions of Australians and jobs for many thousands. Not only is every Australian welcome to join, all Australians can afford to join. And of course, they're run by and for their members to the benefit of past and present servicemen and women and their dependents – and the whole community.

This makes services clubs democratic places in every sense of the word – and an important part of Australia's culture and social fabric."

Similarly, the Governor General, Her Excellency, Ms Quentin Bryce, AC, at the RSL & Services Club's 8th annual conference in Melbourne in October 2009, had this to say:

"The RSL & Services Clubs are founded on a long-standing and cherished tradition that honours the sacrifice and memory of Australian servicemen and women. In your clubhouses, you nurture camaraderie and mateship among our Diggers, and among our young people who may never know war. You support the efforts and values of the League. Every day you provide enjoyment and entertainment to thousands of Australians. And in all of this, you have shown a sensitivity and responsiveness to the changing needs of your followers, and the growing demands of the environment in which you operate."

In further understanding the specific work of RSL and services clubs there are a number of examples which typify our ethos, namely the winners of the Association's Spirit of Anzac Award – Ingleburn RSL Club, Castle Hill RSL, Richmond Club and in 2010 Orange Ex-Services Club, – along with clubs such as Twin Towns Services, Coffs Ex-Services, Dubbo RSL and Dee Why RSL. The Association would strongly recommend the member of the Committee visit these clubs to better understand the community based clubs model prior to making any final decisions.

Beyond the norm

RSL and services clubs, in addition to nurturing projects at a local level, join together in several major corporate social responsibility projects such as the Kokoda Youth Leadership Challenge, Operation CARE, the Gallipoli Scholarships and Gallipoli Art Prize.

These projects provide immeasurable 'intangible welfare' benefits to their local communities and the people of New South Wales and serve as a reminder to sacrifices of Australia's troops in war time and the strong culture which is recognized every year on Anzac Day.

However, these very same projects are seriously threatened by the introduction of the proposed pre-commitment scheme and its impact on the industry.

Kokoda Youth Leadership Challenge

The Association, through the KYLC Benevolent Fund, oversees the Kokoda Youth Leadership Challenge designed as a major community project to develop disadvantaged or wayward youth into the leaders of tomorrow. It is also aimed at fostering young

people with leadership ability and about 150 young men and women have undertaken the trek since 2005. Individual member clubs sponsor one or two young people from their local community at a cost of more than \$6,000 each, representing an investment of more than \$900,000 in our nation's youth. Up to 40 young people are destined to undertake the trek in 2011.

The leadership program – launched in 2005 is aimed primarily at young people at school and disadvantaged or unemployed young people in the community who are having difficulty in finding their way in society. It is also used to further encourage young people with natural leadership skills and is used by some clubs as a leadership incentive program for younger staff.

The Association Clubs see the project as providing a major contribution to the community by:

- ❖ Encouraging these young leaders to help motivate their peers to take a positive role in their community and, among other things, reduce youth crime rates;
- ❖ Creating a source of young leaders coming back into their ranks; and,
- ❖ Encouraging participants to work with local community leaders on a range of projects.

For clubs the program has the potential to build stronger ties with the community and local business while increasing their relevance with young people who will have the potential to be their future members and the 'custodians' of the Anzac and Kokoda traditions.

The leadership program aims to create a greater awareness of the sacrifices of the diggers on the Kokoda campaign among our young people to ensure the traditions live on. At the same time it instills in participants a strong sense of personal achievement and a commitment to community service, enhances their personal development by providing an opportunity for them to experience the same conditions under which our diggers fought and hopefully transform them for future leadership roles back in the community.

Operation CARE

In mid-2006, the Association, the Returned & Services League of Australia and the Department of Defence joined forces to establish Operation CARE.

The Scheme provides up to one week's 'Rest and Recuperation' at sites throughout the country for selected Defence personnel and their immediate family, where the Defence member has been repatriated to Australia as a consequence of wounds received in overseas combat operations, namely in Iraq and Afghanistan.

The aim of Operation CARE is to assist wounded Defence personnel and their immediate family to recover from both the physical scars incurred from combat, by providing them

some quality time together in a relaxing and stress-free environment. The widows of our fallen soldiers are also assisted by the program.

The program was initiated by member clubs of the RSL & Services Clubs Association which generously agreed to provide funding for the scheme in keeping with their objectives to support their ANZAC heritage. Lion Nathan Brewery supported the program through a donation of \$10,000 as part of its 2007 Anzac Day commemoration as has the RSL NSW State Branch United Returned Soldiers' Fund through its ANZAC Day Badge Appeal's with amounts totaling more than \$100,000.

Australian Defence Force Chief, Air Chief Marshall Angus Houston, has stated the program will improve morale and retention of personnel and strengthen the relationship between veterans and current personnel:

"We hold our forebears in great regard and for them to be doing something like this for the young people who go out there today and serve is a huge step in the right direction and certainly adds to morale and hopefully will be another thing that supports the need to retain people in the ADF".

The scheme provides these personnel with some respite so they can go away with the family and reflect on what has occurred prior to going back into active service. The wife of the first recipient of the program said that Operation CARE was just what they needed to help them reconnect again and give them the chance to relax.

"We were both really grateful for this weekend away and I think most of all, it was especially nice to think that the RSL and services clubs and the military cared enough to do this for us. It is things like this that really help with retention of people in the defence forces".

Operation CARE reinforces the importance of the relationship between the Australian Defence Force, the RSL community and the RSL and Services Clubs. More than 40 Defence Force personnel have taken up the program.

Gallipoli Scholarships

Gallipoli Scholarships are offered to students each year to help finance the first year only of a degree course in a New South Wales or ACT University. A total of seven scholarships will be available in 2011 - four for descendants of WWI veterans, and three for descendants of WWII veterans. Each year, more than 50 young people apply for the scholarships which are announced at a dinner in Merrylands RSL Club in the week prior to Anzac Day.

The scholarships are funded by RSL and services clubs and aims to perpetuate among Australians an understanding of those enduring traditions of perseverance, courage and self sacrifice which were established so indelibly in the cause of world peace at Gallipoli and thereafter on other battlefields in World War I. Subsequently, these traditions have defined the Australian response to war.

In WW2, Australian soldiers at Milne Bay were the first to halt the advance on land of the Japanese Army. Bill Hall, OAM BEM, the founder of the Gallipoli Scholarship, served in that battle. A second component of the Fund's activities is to provide a scholarship for those descended from WW2 veterans. The Bill Hall Memorial Scholarship is for such descendants, and was awarded for the first time in 2007.

Each scholarship is valued at \$5000 (tax free) to undertake the first year only of an approved degree course and continuation for the full year depends on satisfactory progress.

The proposals

Clubs are run for the benefit of club members, be they members of the RSL or not; and the local community. They are not-for-profit entities which have been granted the right by successive governments to legally operate community based gaming.

It is a generally accepted principle by Government and many members of the community that registered clubs play a vital role in providing sporting, social and recreational services, amenities and activities which are often considered "unviable or non-sustainable" if they were to be provided for on a true economic basis of return on cost. On that basis if these amenities were not provided by clubs, they would be beyond the ability of Government's to provide.

It is also well documented that registered club's assist and contribute to NSW community standards of living by allowing often free-of-charge or heavily subsidised use of their facilities for purposes of fund raising, community assistance and welfare organizations and education services (across all demographics). At times of national emergencies, clubs become a safe haven for residents such as we have seen in recent times of natural disasters.

The 2008 the Independent Pricing and Regulatory Tribunal (IPART) Report in to the NSW club industry estimated that, based on the direct cash and in-kind contributions the value of clubs' contributions to social infrastructure in NSW in 2007 was \$811 million. This did not include the indirect or intangible contributions made by clubs which IPART said was difficult to quantify consistently and reliably, but is nevertheless important.

One major role and objective of RSL and services clubs is contributions to veteran welfare. It is estimated that the value of 'in kind' and cash contributions to veteran welfare activities is in the vicinity of \$6 million annually across the 270 RSL and services clubs in New South Wales.

However, despite this major community contribution of clubs in general, elements of the proposal now being considered ignore that contribution in favour of more commercial operations such as casinos and online gambling. What is disturbing is that the Productivity Commission report and the subsequent proposals now being considered give a strong impression that problem gambling only exists in clubs and hotels.

If the object of the proposals is to reduce problem gambling the Association believes its recommendations should be equally applied across the entire gambling industry. Simply because someone is a 'high roller' or 'international visitor' does not mean they are not a problem gambler. There are in fact several recent high profile court cases where supposed 'high rollers' have been prosecuted for allegedly defrauding their employers to fuel their a gambling addiction. Therefore, the proposal to focus primarily on poker machines rather than all forms of gambling, draws into question the thrust of the proposals.

For example, the fast-growing online gambling is breeding a potentially new form of problem gambler who can bet on a plethora of sports and other forms of gambling in total anonymity, while potentially affected by alcohol, with no controls and be perhaps under-aged. Yet the proposals for pre-commitment in clubs has taken the view this form of commercialised gambling should be allowed to flourish unfettered in deference to community based gaming in clubs which is strongly controlled and provides substantial benefits to the local community.

Onus of responsibility

While the Association strongly supports harm minimisation measures to protect problem gamblers it needs to be remembered that there are 99.5 percent of members and visitors to clubs who gamble recreationally for its entertainment value and do so responsibly.

Governments in general need to re-install the notion of people taking personal responsibility for their actions, as is the case with several recent High Court decisions, and not throttle down the rights of the vast majority.

No one denies that problem gamblers need to be protected. However, the fact that the vast majority of the population has to suffer for the transgressions of a few is a notion that is wearing thin with the general public across a range of issues being addressed by governments. The Committee has to strike the right balance of harm minimisation against infringing on the basic rights of the general population.

The Association welcomes recommendations which build on the counselling and treatment support services already available and gambling research and education, such as:

- Greater emphasis on counselling and treatment support services, including
 - Minimum standards of training for counsellors
 - Stronger links between counselling services and other health services
 - Greater emphasis on community awareness campaigns

- Establishment of a national centre for gambling policy research and evaluation funded by the Federal Government

Recommendations now being considered by the Committee appear more designed to impact on the enjoyment of the vast majority and seriously impact on the viability of many community based clubs.

Pre-Commitment

The Productivity Commission recommended that over the next three years partial pre-commitment should be introduced in jurisdictions with compatible monitoring systems, while ensuring that the system underlying this are compatible with the later adoption of full pre-commitment. The recommendation was made on the basis that it would give people the capacity to control the limit they spend on their gambling.

That said, the Commission states that *The results of pre-commitment trials in Australia and the experiences from commercial and 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 (our emphasis).*

It is the Association's view that the recommendation:

- Overlooks the fact that problem gamblers already have the ability to reduce their daily spend on gaming machines by limiting their access to cash they withdraw from their own bank accounts or other institutions;
- Would amount to the introduction by default of an *Australia card* which raises numerous privacy and civil liberty concerns as well as being extremely costly to install;
- Contradicts the fact that prevalence rates for problem gambling have fallen over the past decade (a point recognised by the Commission). Through continuing counselling and education proposed by the Commission the Association believes these prevalence rates will continue to fall;
- Would inconvenience and discourage the 99.5% of recreational gamblers who play gaming machines simply for entertainment;
- Would mean that many smaller venues would not be able to afford to implement the technology and therefore force them out of business with the consequential result of loss of employment and social dislocation.

ATM limits

The Association is strongly opposed to the imposition of a daily withdrawal limit of \$250 from ATMs in gaming venues.

The Association believes the proposed limits:

- Require more conclusive arguments that it will address gambling harms
- Would serious inconvenience and impinge on the rights of the vast majority of patrons who, even the Productivity Commission agreed, want safe and immediate access to cash. ATMs in clubs are popular because they are convenient;

- Would be easily thwarted by any problem gambler who would gain access to cash via numerous other means, such as use of multiple cards, or simply take more cash with them to the venue;
- Ignore the fact that problem gamblers can already impose self-regulated daily withdrawals on their cards.

Liberalisation of Online gambling

This Association believes that if the Government is seriously concerned about the extent of problem gambling it should move to ban credit betting on online gambling and sports betting sites before it spirals out of control.

Furthermore, it should move to impose the same advertising bans on online gambling as applies to clubs, hotels and casinos. The Committee needs to consider why this form of gambling is seen as less of an issue for problem gamblers than the playing of poker machines.

As mentioned previously, these sites are spawning another category of problem gambler who is most likely sitting at home alone with no harm minimization controls, possibly under the influence of alcohol, possibly under-age and, using a credit card to bet with money they don't own.

Worse still any moves towards a mandatory pre-commitment scheme will only force problem gamblers to these sites driven by the incessant advertising invading television screens and the radio airwaves.

Even the Productivity Commission conceded that, *'In general, the evidence suggests that people who have gambled online at some stage in the past tend, on average, to have a considerably higher rate of problem gambling than people who have never gambled online.'*

One of the major drivers for the proposals being considered is to reduce problem gambling yet the Inquiry has focused on only one form and chosen to conveniently ignore the emerging online regime.

The use of a credit card for online gambling is akin to walking in to a licensed club and placing it in the slot of a gaming machine and commencing to play. While this would create a major community backlash, this Inquiry and the recent Productivity Commission report has chosen to overlook these controls in relation to online gaming. Also of concern is the 'line of credit' offered by online wagering agencies and complimentary 'start up' amounts which are used to entice people to play, along with advertising on mainstream media, which is banned for gaming machines.

While the Commission recommended the use of various harm minimisation measures, such as pop up messages (these can be turned off), it has overlooked the role that financial institutions could take under these circumstances. It is common practice for financial institutions to question irregular transactions on general use of a credit card.

However, these same institutions do not seem to have the same diligence when it comes to use of credit cards for wagering activities or the capacity of individuals to pay back the money.

Quite clearly, the banning of credit card facilities for gambling online, as it is for land based gaming, would be one of the biggest single deterrents to individuals becoming addicted to this latest form of gambling. Rather than try and harness the existing expanding problems the responsible action of Governments would be to place the same restrictions of no credit betting and an advertising ban on all forms of gambling.

Summary

It has also recognised that there are continuing uncertainties about which gambling policies can effectively reduce harm. The Productivity Commission noted that this was, in part, testimony to insufficient policy-focused research over the past decade and to the inherent difficulties in genuinely testing the effectiveness of social policies.

Clearly, the industry does not want to go down the same track again. Simply because a policy has been implemented in one jurisdiction doesn't mean that it is working and should be extended wider.

From the RSL and services clubs perspective the Government needs to adopt strategies that protect these unique clubs which nurture and protect the values of which this country is so proud and which underpin our culture.

The proposals for mandatory pre-commitment now under consideration appear more designed to impact on the enjoyment of the vast majority of recreational gamblers and seriously impacting on the viability of many community based clubs.

This Association supports a form of voluntary pre-commitment only and rejects any controls on the daily withdrawal limit from ATMs for which there is no research to link those withdrawals to problem gambling. ATMs in club venues offer many people in the community a security and convenience that have been abrogated by the big banks.

In conclusion, this Association strongly urges the Committee to review the move to mandatory pre-commitment. By backing these proposals the Association believes the Government will be responsible for overseeing the demise of an iconic club sector which offers a unique contribution to Australian society.