



## Independent Gambling Authority Social Effect Inquiry 2011

### *AHA Response January 2011*

The Independent Gambling Authority is undertaking a social effect inquiry..

This inquiry relates to changes to the *Gaming Machines Act 1992* in relation to the processes for applying for and granting gaming machine licences, to address the social effect of the proposed licence. The Act also enables the Commissioner to require the holder of a gaming machine licence, who seeks to vary such licence to undertake a ***social effect inquiry***.

The Independent Gambling Authority is required by the legislation to establish an inquiry process which is to precede the grant of a new application. The Authority is also required to establish the principles for the assessment of the social effect of the grant of such an application. The outcome of the Inquiry will determine if a social effect certificate is to be issued. A social effect certificate is required to obtain a premises certificate which is in turn required for the grant of a licence.

The Liquor and Gambling Commissioner has the function of determining the applications and for the grant of a social effect certificate, premises certificate and licence.

These arrangements replace the present provisions of section 15 of the *Gaming Machines Act* which require the Liquor and Gambling Commissioner to have regard to social effect in determining an application for a licence and to do so having regard to guidelines issued by the Authority. Therefore, the Independent Gambling Authority is required to prescribe an inquiry process

and social effect principles to replace the Gaming Machine Licensing Guidelines which have been in place since 2 November 2005.

## AHA Profile:

### ***Introduction***

The Australian Hotels Association – South Australian Branch (AHA-SA) is one of the oldest employer based associations in South Australia, having operated continuously since 1873. The Associations role is to represent and promote the interests of hotels throughout the state. The organisation received incorporation status through registration with the Australian Industrial Relations Commission (AIRC). The AHA-SA members account for more than 87% of the hotel industry in SA. They range from small country hotels to five-star hotels and resorts. AHA-SA members are the operators of the business undertaking allowed by an hotel licence pursuant to the Liquor Licensing Act 1997. They include sole traders and partnerships, incorporated associations, trusts, limited and proprietary limited companies. The ownership of these structures are subsequently made up of individuals, husbands and wives, extended and multi-generational families, partnerships, national corporations, investment companies (domestic, national and international), superannuation funds, superannuants, shareholders, venture capitalists, community-based 'not-for profit' ownership structures and others.

### ***Economic Profile\****

- Employment in excess of 24,000 in South Australia
- Jobs created since introduction of gaming: 4400
- Capital and commercial value: \$3.1 billion
- Annual support to charities, sport/community groups: \$9 million plus.
- Annual live band performances: 21,000
- Expenditure on hotel redevelopments since introduction of gaming: \$563 million.

### ***Hotel Industry Community Grants and Donations***

- Annual collective support to South Australian charities, sporting and community groups by individual Hotels exceeds \$10 million.

### ***Gaming Care***

In addition the Hotel Industry via financial support from the Independent Gaming Corporation Ltd is funding an initiative of the AHA known as Gaming Care – the Hotels Responsible Gambling Early Intervention Agency.

Hotel Care – Community Projects.

The AHA-SA supports a range of community groups through funds allocated by the Independent Gaming Corporation Ltd.

\* Figures obtained from McGregor Tan Marketing data

### ***Culture of Responsibility***

The Australian Hotels Association (SA) welcomes this review and the opportunity to contribute to the process. We also take this opportunity of again committing this Association to working with the Authority to reduce the potential for harm associated with new or varied licences and to assist in developing principles for assessing social effects on the grant or variation of a gaming machine licence (***social effect principles***).

## **Submission**

The Association notes with interest the key findings of the ***Social Impacts of Gambling: A Comparative Study Report*** Commissioned by the Independent Gambling Authority and prepared by The Centre for Economic Studies, April 2009, the study notes “that there is no widespread agreement

on the definition of social impacts or social costs among gambling jurisdictions in Australia or New Zealand.” and, “that there is no consensus, among jurisdictions, or among researchers, in how to measure the social impacts of gambling.”

In previous submission to the Authority on a range of topics this Association has argued that there needs to be evidence to support proposals and without evidence, consensus should be sought before various initiatives are introduced.

On this topic there is clearly no consensus across jurisdiction and apparently no clear evidence about the social effects. Accordingly we would argue for the status quo. The Authority has established guidelines and subsequently modified those guidelines as a result of the 2004 Amendment Inquiry and again address those guidelines as part of the Review 2006 – Regulatory Functions Report. We would support those guidelines being prescribed as the principles to be taken into account as part of the this inquiry process.

In relation to the social effects inquiry relating to variations of a gaming machine licence, particularly a variation in the numbers of gaming machines at a venue, we would say the inquiry should be less stringent if required at all.

Support for this proposition can be found in the Productivity Commission Report (Report No. 50 February 2010):

*“Although community (and local council) input is desirable in principle, it need not be required on every application concerning gaming machines. However, extensive input should be required where the application involves introducing gaming machines in an area for the first time (as in the Romsey case), or a substantial increase in the number of gaming machines in an area.”* Page 14.20.

The example used by the Productivity Commission relating to Victoria, is against the background that the maximum number of gaming machines in any

venue is 105. Therefore, a substantial increase is far more problematic than this State's maximum of 40 gaming machines.

Furthermore, the Authority has also recommended a lifting of site caps (presently 40 machines) on the basis that such increases result in an increase of additional gaming free premises. (2004 Amendment Inquiry). Given that there is already a state wide cap, any increase in the number of gaming machines at an existing site, even if that increase doubles the number of gaming machines from say 20 to 40 machines, it will still be of lesser effect than the granting of a new licence, accordingly there should be a different criteria for assessing the social effect.

Dated 31<sup>st</sup> January 2011



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