



Clubs SA's Submission to the Independent Gambling Authority

Social Effect Inquiry 2011

31 January 2011

In response to the Authority's notice of public consultation, published in The Advertiser 9 December 2010, for the Social Effect Inquiry 2011, Clubs SA makes the following submission:

Introduction

Clubs SA is the peak industry body representing the interests of its members – Clubs holding liquor licences.

Clubs are not-for-profit organisations whose purpose is to provide services and infrastructure for their members and the community. There are more than 1,200 licensed Clubs in South Australia, 66 of those operate gaming machines. Those 66 Clubs with gaming machines provide essential support to numerous other sporting Clubs and/or groups in their local community.

The Club industry in South Australia employs approximately 4,000 people and provides purpose and social networks for thousands of volunteers.

Sporting facilities maintained by the Club industry include approximately 230 bowling greens, 148 golf courses, 250 tennis courts and hundreds of playing fields which cater for sports such as cricket, football, soccer, softball and rugby, just to name a few.

Clubs work together with the community to achieve worthwhile benefits for those who need it most. They are responsive to the needs of the community and foster need-based activities through community partnerships.

Revenue raised from gaming machines is vital to help support and relieve the financial burden of keeping Club-based facilities up to date. Without it, Clubs would rely on local and State Government and the families who utilise the facilities - families whom already contribute both financially and physically to enable our children to play and participate in grass root sports and activities.

Through gaming machines, Clubs provide a positive social return. This is demonstrated through the significant contribution made by Clubs to local charities, causes and communities. In many cases the revenue from gaming machines has enabled Clubs to provide improved facilities to its members and the community at large.

In addition to state gaming taxes, the Club industry in South Australia voluntarily contributes gaming machine revenue via the Independent Gaming Corporation to worthy projects and initiatives throughout the South Australian community. The industry also voluntarily contributes over \$2 million every year to the Gamblers Rehabilitation Fund.

Objects of the Authority

The operation of gaming machines in South Australia was legalised in 1992 and remains a legal activity regulated by the Independent Gambling Authority ("the Authority") and the Liquor and Gambling Commissioner ("the Commissioner").

Clubs SA notes the Authority's statutory obligation to have regard to the objects at 11(2a) of the Independent Gambling Authority Act 1995, including the maintenance of a viable hotel and club gaming machine industry:

“(2a) In performing its functions and exercising its powers under this Act or a prescribed Act, the Authority must have regard to the following objects:

(a) the fostering of responsibility in gambling and, in particular, the minimising of harm caused by gambling, recognising the positive and negative impacts of gambling on communities; and

(b) the maintenance of an economically viable and socially responsible gambling industry (including an economically viable and socially responsible club and hotel gaming machine industry) in this State.”

In the context of gaming being a legal activity and given the Authority's statutory objects, Clubs SA believes that the *social effect inquiry* and *social principles* should be cast in the same direction as the legislation - enabling the subsequent grant of suitable gaming machine licences and the properly regulated operation of gaming machines – and not as instruments to deny what parliament has already determined is a legal activity requiring appropriate measures to minimise harm.

Clarity and Definition

It should be noted that the industry has suffered a prolonged period of uncertainty, and as a result, the establishment of new licensed premises with gaming and the re-development of existing licensed premises has been suppressed.

For the benefit of all parties involved and to assist applicants and interested parties contribute to the inquiry process, Clubs SA recommends that the Authority :-

- *clearly* define the meaning of “*social effect*”,
- *clearly* describe the process of a “*social effect inquiry*”, and
- *clearly* define the “*social effect principles*”.

Clubs SA suggests that the *social effect* should be :-

“the sum of social benefits less the sum of social costs, taking into consideration any measures or activities that might moderate or exacerbate either or both effects.”

Clubs SA recognises the difficulty in assessing the relative values of the variety of social benefits and social costs, and therefore accepts that the assessment of social effect will be necessarily subjective to a considerable extent. Notwithstanding that the subject of the inquiry is difficult to measure, Clubs SA prefers that the *process* of a social effect inquiry is as clearly defined as possible, avoiding ambiguity and giving the relevant parties a structure within which they can present their cases.

Examples of Social Benefits and Costs

Clubs SA recommends that the inquiry process take into account a broad range of social benefits (and costs), both direct and indirect, and a range of activities and measures that moderate or exacerbate either effect. Some examples are provided below:

Direct social benefits:-

- entertainment and enjoyment derived by patrons
- social interaction with other patrons
- employment opportunities for local residents
- volunteer opportunities for the local community
- gaming tax revenue to the state government

Indirect social benefits (particularly from Club gaming revenues):-

- services and infrastructure for members and the community
- provide sports, activities and engagement for juniors (elite athletes start their careers at local Clubs)
- improvement to local sporting and community recreational facilities
- improvement to other local in-venue facilities, such as dining, function areas, outdoor and general bar areas
- safe facilities for the elderly to meet and engage in activities
- family friendly facilities
- engaging the community
- provide a diverse and affordable range of services, goods and facilities
- increased contributions to other local clubs, community projects and charities
- sponsorship and in-kind support for smaller Clubs to survive
- support for a wide range of social groups and initiatives in the communities i.e groups like Rotary, Lions, Apex etc
- enhanced sense of community resulting from a more prosperous and patronised Club

Social costs associated with problem gambling behaviour:

- the expenditure by problem gambler that exceeds normal levels of gambling spend
- financial impact on problem gambler
- psychological distress
- family and relationship breakdown
- impost on social services

Examples of other social costs (particularly for new venues):

- loss of amenity
- increased traffic, noise and disruption to local residents and businesses

Existing Harm Minimisation Measures

Clubs SA recommends that the existing harm minimisation measures implemented by the industry be taken into account by a social effect inquiry. These measures address the potential social cost of problematic gambling behaviour and should be accepted by the inquiry as measures that moderate that behaviour and therefore moderate the social cost.

Existing harm minimisation measures include:-

- agreement with approved intervention agency (or similar) such as Club Safe;
- advanced intervention and interaction training completed by staff;
- provision of a voluntary pre-commitment system;
- compliance with responsible codes of practice;
- dissemination of information relating to problem gambling;
- development of programs, initiatives and policies to address problem gambling;
- establishing and maintaining links between Clubs, their management, staff and local gambling-related support services;
- creating awareness of gambling support services amongst patrons via initiatives such as patron surveys, patron interviews and venue promotions;
- facilitating barring and self-exclusion processes.

Competition

Clubs SA believes that the social effect inquiry should not be an assessment of the need for a licensed premises or a gaming operation.

The 'needs test' for a hotel licence is dealt with by the Commissioner as required by s.58(1) of the Liquor Licensing Act 1997. There are no other classes of licence (that are eligible for a gaming machine licence) where need must be established.

There are no provisions in the Gaming Machines Act 1992 that require an applicant for a gaming machine licence establish that the needs of the public are not adequately serviced by existing licences in that locality.

Clubs SA recommends that the social effect inquiry should not be used as a de facto regulator of competition within a given locality, for either the number of venues with gaming machine licences or the number of gaming machines operated within those venues.

As the population grows and the demographic makeup of suburbs and communities changes over time, so too does the demand for Clubs and recreational facilities. Any new subdivision will require immediate physical infrastructure such as water, utilities, roads and public transport. In the same way, new communities require community facilities such as schools, shops and health services – including social and recreational facilities and organisations.

These so-called 'green field' sites are of particular interest to Clubs SA. New areas of housing development will need new or satellite Clubs to provide organised social and sporting opportunities to the residents (and children) in those areas.

Clubs SA recommends that the social inquiry process take into account the social and recreational needs of these sites and the significant positive contribution that well managed and prosperous social and sporting Clubs, supported by gaming machine revenue, make to the growing population of this State.

Statistical Measures

Clubs SA recognises that problem gambling behaviour is a very personal issue and is often connected with other personal problems in an individual's life. The problem gambler often gambles alone; the impacts of problem gambling are often focussed on the individual, and the treatment of the problem is also a particularly personal journey.

Clubs SA suggests that the use of statistical measures (such as ABS SEIFA indices) of the socio-economic demographic of the local community in considering an application should be used with caution. Statistical measures provide a tool for comparison between areas and do not describe particular individuals within an area.

Statistical areas or local communities that have relatively high statistical measures should not be considered as having no potential problem gamblers. Similarly, statistical areas or local communities that have relatively low statistical measures should not be considered as having only potential problem gamblers and no beneficiaries.

For example, the 2006 SEIFA index ranks Roxby Downs as having the lowest score of relative socio-economic disadvantage in the state, however it cannot be argued that there is no potential for problem gambling behaviour in that municipality. In the same way, despite Port Lincoln having a score in the bottom 30% for the state, it cannot be argued that there is not a significant proportion of the population of that council area deriving considerable benefit and enjoyment from the clubs and hotels with gaming machines.

The inquiry process should recognise that in every statistical area and every local community there will be some proportion of the population of that area or community that is, at certain times, at risk of developing problem gambling behaviour.

The inquiry process should also recognise that this proportion of the population will not be so small as to remove entirely the need for responsible gambling measures, nor so large as to prevent a gaming machine licence from being granted.

The assessment of the proportion of the population that might be at risk of developing problem gambling behaviour within a statistical area or local community relative to other areas or communities should be used as a guide in assessing the proposed measures or activities that will moderate this behaviour.

For example, an application for a new gaming machine licence in an area where the statistical measures for education, employment and income are relatively higher than other areas should still be considered in the context that some proportion of the population in the area, some number of individuals who do not reflect the statistical measures, will be at risk of developing problem

gambling behaviour. As a consequence there will still be a need for responsible gambling measures and help services despite the apparent affluence of the area as indicated by the statistics.

Conversely, an application for a new gaming machine licence in an area where the statistical measures are relatively lower than other areas should still be considered in the context that a significant proportion of the population in the area will not be at risk of developing problem gambling behaviour, and that many will derive benefits from the granting of the licence.

Clubs SA recommends that the Authority accepts the personal nature of problem gambling behaviour and recommends that the inquiry process uses statistical measures of the population of a statistical area or local community with caution.

Clubs SA further recommends that the inquiry process should not place such emphasis on statistical measures such that an application is refused or granted primarily on the relative values of those measures.

Scope of local community

Clubs SA recommends that the “*local community*” should be considered to be comprised of those people residing and businesses operating in the immediate surrounding area (within a standard radial distance of the venue) and any other specific group or groups outside this region which are likely to frequent the venue. Specifically for Clubs, this should include the Clubs’ members, guests, volunteers and visitors.

Club membership provides more than just access to a venue; it provides members of the local community with a sense of belonging, opportunities to become involved in a variety of member interest groups, events and activities. Membership also provides its members with access to discounted meals, beverages and function facilities, amongst other things.

It is the range of benefits available to Club members that draws membership from outside a physically defined local area. For this reason, and for the purposes of the inquiry process, the local community should be considered to be equally comprised of residents in the local area and the Club’s membership.

Local Government Consultation

Clubs SA notes that an application for a social effect certificate requires that the local council be notified by the applicant pursuant to s.29(2)(b) of the Gaming Machines Act 1992. Clubs SA recognises councils’ contribution to the inquiry process.

Clubs SA recommends, however, that councils’ submissions should not seek to impose another level of regulation on the industry; for example by proposing regional caps on gaming machine numbers or assigning arbitrary limits to the number of machines per capita. A council’s submissions should fall within, as must the applicant’s and other interested parties’ submissions, the scope defined by the inquiry process.

Subjective Decision Making

Given that the anticipated social costs and benefits to be explored by the social effect inquiry are difficult to measure, it is expected that the grant of a social effect certificate will ultimately turn, at least in part, on a subjective decision. As it appears in the amended Gaming Machines Act 1992, this decision will rest with the Liquor and Gambling Commissioner.

Clubs SA believes that superior subjective decision making will result from a broader set of personal views, knowledge and judgement.

Clubs SA would like the Authority to consider whether there is scope within the process of a social effect inquiry for that decision to be arrived at, or substantially guided by, more than one person – perhaps a panel or tribunal format.

Summary

Clubs SA supports the changes to the Gaming Machines Act 1992 regarding the early assessment of the social effect of a proposed gaming machine licence, in that it provides a more efficient process for determining the suitability of a new or expanded gaming venue.

Clubs SA recommends that the Authority provides clear definitions of the social effect and social effect principles, and a clear description of the inquiry process in line with the statutory objects of the Authority.

Clubs SA also recommends that the inquiry process should not be a barrier to competition, nor facilitate the introduction of gaming machine regulation by local councils.

Clubs SA prefers that a broad range of social benefits (and costs) be considered by the inquiry process and urges caution in the use of general statistics concerning the local community or statistical division.

Finally, Clubs SA recommends that the range of existing harm minimisation measures be taken into account by the inquiry process when assessing measures and activities that might moderate potential problem gambling behaviour.