

LES CALDAREVIC

[REDACTED]

18 June 2017

Dear Sir/Madam,

Re: Review of the Local Impact Assessment (LIA) scheme for gaming machines

I have attached a submission with open-minded recommendations for the review of the LIA scheme for gaming machines.

The linking of the Band System to a local government area is too broad and generally unfair to smaller clubs. This situation will be amplified after the merger of some council areas.

I will be suggesting measureable alternatives for determining the suitability of a venue for gaming machine entitlement increases.

Regards,



Les Caldarevic

m: [REDACTED]
e: [REDACTED]

Submission for the Review of the Local Impact Assessment scheme for gaming machines

Introduction

I am the principal of Small Block Club Services which has been providing legal and administration advice to clubs for nearly 20 years. I have been on the boards of clubs for eleven years and the manager of two clubs – one city club and one rural club – for seven years. I am currently the secretary of Narrandera Bowling & Recreation Club.

It is my intention that this submission will be as concise as possible. There are many detailed reports on gaming and excessive repetition of other reports in my submission should not be necessary.

This submission is focussed on recommending fair measures for determining gaming machine entitlement approvals based on an individual club's circumstances rather than the current blunt measure of suitability based on the local government area (LGA) of the venue.

This submission is hoping to address the issue from a small to medium club perspective, in particular, clubs that pay little or no gaming machine tax.

It is not my intention to tailor a submission that would be of specific benefit to my current club. In fact, my current club is unlikely to ever need more gaming machine entitlements than it presently has and is focused more on replacing aging machines for which parts are no longer available.

Small to Medium Clubs

The costs involved in producing a Local Impact Assessment (LIA) are relatively high for small and medium sized clubs. This problem is magnified beyond reach for small to medium clubs in a Band 3 LGA.

Small clubs are far more likely to sell gaming machine entitlements than to buy entitlements. The small club sector is the main source of entitlements for large clubs. Small clubs that sell entitlements are generally only doing so to try to improve their solvency position and to survive. The clubs that sell entitlements are unlikely to be in a position to afford to repurchase entitlements once their financial situation improves.

For small clubs in a Band 3 LGA, it is not viable to produce a Class 2 LIA to gain the small number of gaming entitlements they could afford to purchase.

In the 1990, each club with fewer than 10 gaming machines was granted 10 entitlements as a minimum holding. This minimum threshold is still recognised during the approval process for disposing of entitlements.

Typically, the turnover per gaming machine at a smaller club is less than that at a larger club. It is not unusual for there to be very little activity in the gaming room of a small club with many machines being idle for an entire day. Low average turnover per machine also means that it is unlikely that the club has problem gamblers at the venue.

Small clubs are the hardest impacted by a change in gaming machine numbers in their local area. These clubs provide facilities for the community as part of their objects for existing. It is essential that clubs maintain some gaming facilities to complement food and beverage facilities that are offered. Without a broad base of appeal to the community, these facilities could be lost.

Regional NSW

The memorandum of understanding titled *Resilient Clubs, Resilient Communities* tries to address issues that would strengthen the viability and increase the resilience of clubs in this state, particular in regional NSW.

In many regional towns there is only one of each type of club. Typically, a town will have one bowling club, one golf club, one RSL/services club, or a club that is a combination of two or more of these. The loss of a club in regional NSW, regardless of the club's size, has a huge impact on the community.

Without even the need for a LIA, it should be clear that the protection of the financial viability of a club in a regional area "will have an overall positive impact on the local community" (as required by a Class 2 LIA).

Problem Gambling at Venues

A report produced in 2011 for Liquor & Gaming NSW titled *Prevalence of Gambling and Problem Gambling in New South Wales* outlines a number of statistics relevant to gaming in smaller clubs which reinforce some of the recommendations I will be making. These statistics include the following information relevant to clubs and hotels.

Prevalence of participation in many of the most popular gambling activities tended to peak in the youngest age group (18-25), and then decline steadily with increasing age. Young men were the most likely to be problem gamblers (2.4%) and this prevalence was lowest among men aged 65 and over (0.7%).

In a survey of gamblers, the largest differential in desirable features on a gaming machine was "games with large payouts". Of the persons surveyed, 38% of Problem and Moderate risk gamblers felt that this was an important feature of a machine. Only 13% of Non-problem gamblers said this was an important feature of a machine. Non-problem gamblers are much more likely to be attracted to the design and artwork of a machine.

Problem/moderate risk gamblers were more likely to 'normally' gamble from 5:00 PM to midnight (61% of problem gamblers) and correspondingly less likely to gamble during the day. Non-problem gamblers were more likely to gamble during the day and not gamble in the evening.

The report shows that problem gambling is less likely at a club:

- With low gaming machine turnover
- With an older demographic
- That does not trade late into the evening
- That has machines with relatively small jackpots

Recommendations

I make the following recommendations with the intention of meeting the objectives of the terms of reference of the review. I believe that if the below recommendations are adopted they will help to achieve harm minimisation, be in the public interest of the club industry, and will improve the operation of the LIA scheme.

1. Clubs with fewer than 10 gaming machines should be able to acquire entitlements directly from the Independent Liquor and Gaming Authority for a nominal fee to bring their holding to 10 machines without the need for a LIA. This will not impact on the gaming machine cap in NSW. A club gaining entitlements in this way and subsequently disposing of entitlements should repay the nominal fee.

2. Clubs in a regional area that do not pay gaming machine tax and that are the only club of that type in their town should be able to acquire up to three gaming machine entitlements without the need for a LIA and without the need for entitlements to be forfeited during the transfer. This will improve the long-term viability of small clubs.
3. The Band System for clubs should not be linked only to an LGA. The Band System should also be based on measurable factors relevant to problem gambling including:
 - a. Average turnover per gaming machine at the venue;
 - b. Average of starting jackpots (main jackpot on each machine only) divided by the number of machines at the venue; and
 - c. Number of hours trading after 5:00 PM.

Clubs should be placed in a more favourable Band based on smaller values of the above numbers. These gaming figures should be available through the DMS.

4. Any increase in gaming machine entitlements by a club or hotel should take into account any possible harm that may be caused to small to medium clubs (those not paying gaming machine tax) in the area.

Finally

The vast majority of clubs are safe, well-regulated places benefiting the community. They are non-profit organisations supported by many volunteers doing tasks for the betterment of members and the community.

Small and medium clubs really stretch their resources in order to be viable. It is important that allowances are in place to protect these types of clubs from closing.

Prepared by:
Les Caldarevic

[REDACTED]

[REDACTED]

[REDACTED]