



**NSW Government Review of the
Local Impact Assessment Scheme
ClubsNSW Submission**

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About ClubsNSW

ClubsNSW aims to deliver a range of services that creates an environment for long-term sustainability, as well as strengthen industry conditions for the benefit of those working within the NSW club industry and the local communities they support.

Clubs are not-for-profit organisations whose central activities are to provide infrastructure and services for their members and the community. There are 1,348 registered clubs in NSW, of which 40 per cent are located in metropolitan Sydney and 60 per cent in regional or rural areas.

The Industry has a combined membership base of 6.7 million club memberships – equivalent to one membership for each adult in NSW.

Registered clubs make a considerable contribution to the NSW Economy. In 2015, the industry:

- generated combined revenues of \$5.8 billion from their diverse operations;
- paid approximately \$1.4 billion in state taxes;
- support 62,000 NSW jobs;
- utilised over 50,000 volunteers, including 26,000 in the provision of sporting assistance (including junior sport coaching, refereeing and management); and
- invested \$2 billion in new assets over the past 5 years.

It is estimated that the total contribution of registered clubs in NSW to value added (i.e. the value of production less the value of intermediate goods used in production) was \$3.7 billion in 2017.

Registered clubs also provide many tangible social benefits to NSW through community infrastructure provided below cost. As of 2015, clubs provide:

- 1,300 bowling greens;
- 379 tennis courts;
- 290 golf courses;
- 218 sporting fields;
- 187 squash courts; and
- 108 gyms and fitness facilities.

Clubs also provide a range of other facilities. These include 1,779 meeting rooms, 1,181 entertainment venues, 1,670 accommodation places, 47 child and aged care facilities. Again, these are often provided to members and the general public below cost.

It is estimated that the value of the social contribution of registered clubs from these activities totalled \$1.3 billion in 2015.

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Executive Summary

ClubsNSW acknowledges the Government's public policy objectives to reduce problem gambling and minimise harm, and to that extent supports evidence-based, cost-effective measures.

The current harm minimisation regime for gaming machines in New South Wales has been highly effective. The most recent problem gambling prevalence study shows that the prevalence of problem gambling on gaming machines has fallen by 17% over a five year period.

The evidence does not warrant radical changes to the existing Local Impact Assessment (LIA) Scheme. Rather, we submit that outcomes could be improved for all stakeholders by simplifying and streamlining the current LIA process to improve transparency, efficiency and incentivise risk mitigation.

ClubsNSW is firmly of the view that with an appropriate regulatory regime it is possible to achieve the objectives of balanced industry development and harm minimisation simultaneously, and that the two are not mutually exclusive.

The evidence overwhelmingly suggests that restrictions on the number of gaming machines in particular geographic areas, while expedient, is of minimal value as a tool for reducing gambling-related harm, particularly once certain availability thresholds have already been reached. A more effective harm minimisation approach would involve using the LIA Scheme to incentivise the adoption or support of additional measures that mitigate the risks of problem gambling, such as advanced Responsible Conduct of Gambling (RCG) training, multi-venue self-exclusion, school-based education programs, collaboration with local counselling services, chaplaincy and voluntary pre-commitment.

While it is acknowledged that the Local Government Area (LGA) is a somewhat blunt instrument for assessing local area risk, the alternatives proposed in the Discussion Paper do not represent an improvement. There is no evidence that the community would be better off by migrating the Scheme from LGA to ABS Statistical Area 2 (SA2) classifications. The SA2 is an insufficient representation of the club catchment area for gaming patrons, particularly in metropolitan Sydney, and would create an unnecessary administrative complexity. A large portion of the community that are impacted by club gaming facilities would also be excluded from the consultation process if it were limited to the immediate SA2.

The complexity, uncertainty and cost of the current LIA Scheme unnecessarily impedes industry development in relatively low-risk areas with strong demand. The Scheme also fails to properly protect the most disadvantaged LGAs in the community. For example, Brewarrina, the most disadvantaged LGA in Australia, is not classified as high risk under the current process. **In fact, 11 of the top 25 most disadvantaged LGAs in the State are not presently classified as high risk.**

A simplified risk assessment should be used for determining the Band classification of individual LGAs based on ABS SEIFA Index of Relative Socioeconomic Disadvantage (IRSD). This would better protect disadvantaged communities while facilitating the balanced development of the industry in lower risk areas. The overall risk assessment of an application should also take into account the adoption of harm minimisation measures that mitigate the risk of problem gambling. This would represent a significant improvement on the current approach, in which the only countervailing benefits considered are donations to local community organisations that are often unrelated to problem gambling.

To ease the substantial administrative burden placed on industry and government, without impacting on risk, ClubsNSW recommends that Band 1 and Band 2 be combined into a single "lower risk"

category; where proportionally small increases are permitted without an LIA and proportionally high increases are required to submit a Class 1 LIA. The statistics provided in the Discussion Paper show that fewer than 4% of gaming machine threshold increase applications coming from Band 2 areas are refused, indicating that low-range increases in Band 2 areas are considered extremely low-risk by the regulator.

ClubsNSW also submits that there is sufficient evidence to support the case for allowing low-range increases in higher-risk areas under a Class 1 LIA, as these would result in relatively minor changes in gaming machine accessibility that pose limited risk in terms of exacerbating problem gambling. The proposed revised LIA banding framework is detailed below.

Band	Low-Range	Mid-Range	High-Range
1 - Lower risk	No LIA	Class 1	Class 1
2 - Higher risk	Class 1	Class 2	Class 2

Where EGM threshold increases are sought, the current system divides the applications into “low”, “mid” and “high” range changes. This system has the appearance of being risk-focused. However, evidence indicates that risk is associated with relative rather than absolute changes in gaming machine availability. For example, a venue increasing its number of gaming machines from zero to 20 carries greater risk than a venue going from 200 to 250 gaming machines.

ClubsNSW recommends separate threshold increases be defined for small, medium and large venues to reflect the relative change in accessibility, as outlined below.

Threshold Increase	Small Venue < 30 GMEs	Medium Venue 30 -100 GMEs	Large Venue >100 GMEs
Low-Range	10	20	40
Mid-Range	20	40	60
High-Range	21+	41+	61+

Finally, a transparent framework should be developed which specifies timelines, standard conditions of approval, quantification of cash contributions and any other relevant information, in order to assist with ‘self-assessment’, improve transparency, and increase certainty. A clear definition of “positive contribution” and formulae for calculation of community contribution should be published on the Department’s website in relation to each type of application.

List of Recommendations

1. The current LGA system should be retained. However, Government should:
 - a. Work with the club industry and relevant NGOs to examine whether alternate approaches to classification are viable; and
 - b. Amend the legislation to allow some discretionary special consideration for:
 - i. clubs that are located in Band 3 LGAs or equivalent but can demonstrate they have a significantly different demographic profile from their broader LGA; and
 - ii. club applications in Priority Growth Areas or Precincts.
2. Band 1 and Band 2 should be combined into a single “lower risk” category, where proportionally small increases are permitted without an LIA and proportionally high increases are required to submit a Class 1 LIA.
3. Commensurate with the reduction in gaming machine problem gambling prevalence, the proportion of LGAs classified as higher risk (i.e. Band 3) should be reduced from 25% to 20%.
4. A simplified risk assessment should be used for determining the Band classification of individual LGAs based on the ABS SEIFA Index of Relative Socioeconomic Disadvantage only.
5. The overall risk assessment of an individual application should also consider as an ‘offset’ any measures designed to address the determinants of problem gambling, such as:
 - a. Provision of on-site independent chaplains, counsellors or welfare officers;
 - b. Campaigns actively encouraging help-seeking behavior;
 - c. Activities undertaken within the community to raise awareness of problem gambling risks; and
 - d. Collaborative arrangements with local counselling services.
6. Separate threshold increases should be defined for small, medium and large venues to reflect the relative change in accessibility.
7. The Regulation should be amended so that applications relating to venues with more than 450 machines, which would otherwise not be required to submit an LIA by virtue of s35(2), do not have to comply with clause 36(3) of the Regulation if they can demonstrate that they have implemented best practice risk mitigation measures such as advanced RCG training, multi-venue self-exclusion scheme, collaboration with local counselling services, chaplaincy and voluntary pre-commitment.
8. The restriction under Section 37A of Act that new development areas must be classified as a Band 1 LGA should be removed, such that new and existing clubs in Priority Growth Areas and Precincts can obtain up to 150 GMEs under a Class 1 LIA.
9. Guidelines should be published that provide clear definition of positive contribution and formula for calculation of community contribution in relation to each type of application.
10. The ClubGRANTS guidelines should be replicated for determining community organisations eligible to receive donations under the LIA Scheme.

11. ILGA should retain the discretion to consider applications that are unable to meet the contribution requirements on the basis of hardship; for example, two struggling clubs merging.
12. ILGA should give due consideration to the level of expertise of the submitting party when receiving submissions concerning gambling impact. Clubs should only be required to respond to objections that are evidence-based and relevant to the application.
13. The Class 2 application consultation process should be subject to a clearly delineated timeline for submissions and public comment, and any responses to be provided by the applicant club.
14. Information required to be provided as part of an LIA application should be limited to that which is directly relevant to the assessment methodology and clubs should not be required to provide data which is already held by the Department or ILGA.
15. The Minister should direct ILGA to develop a set of standard conditions of approval, retaining some discretion for unique circumstances, such as border regions, de-amalgamation, or venues with a very low number of EGMS. This should be published on L&G NSW's website and made available to applicants for each class of LIA.
16. The Government should amend the Regulation to introduce a discretionary capacity for ILGA to extend the expiration date of a gaming machine threshold (GMT) increase approved under the LIA Scheme, in appropriate circumstances.

1. Introduction

Gambling is a recreational pursuit enjoyed by millions of New South Wales residents and, when provided through a member-based not-for-profit model, provides significant social and economic benefits to the community in terms of entertainment, employment, taxation revenue and funding for social and sporting infrastructure and community organisations.

The overall social impact of gambling is overwhelmingly positive even after accounting for the harm experienced by problem gamblers and their families. The Productivity Commission estimated that the net public benefit from gambling in Australia, after accounting for the costs of problem gambling, ranged between \$3.7 billion and \$11.1 billion in 2008-09.¹

Nevertheless, problem gambling causes significant costs for some individuals, their families, governments and the industry. As a result, there is a consensus among all stakeholders for the need to continue to improve harm minimisation strategies and promote a culture of responsible gambling.

The LIA Scheme is designed to ensure the movement of gaming machines within NSW occurs in a manner that is consistent with the objectives of the *Gaming Machines Act 2001* ('the Act').

Specifically, when the current LIA scheme and its underlying processes were introduced, the stated objectives were to reduce gambling-related harm, refine the requirements, increase certainty for industry and reduce the red tape associated with the predecessor system of assessment (Social Impact Assessments).^{2,3}

Notwithstanding the significant challenges in assessing the effectiveness of the LIA Scheme, ClubsNSW submits that there has been moderate success in meeting the stated objectives as evidenced by the following:

- a 17% reduction in prevalence of gaming machine problem gambling in NSW;⁴
- marginally reduced costs and timeframes compared to the previous SIA Scheme; and
- improved processes for transferring entitlements in the event of club amalgamations.

However, some of the onerous administrative processes that governed the repealed SIA applications have simply been replicated in the LIA scheme.

In addition, the current risk assessment process is flawed and fails to adequately account for circumstances; for example, venues located in interstate border regions where a significant portion of the local population resides outside the boundaries of the LGA. Moreover, the current risk assessment by ILGA is unnecessarily complex, lacks transparency and fails to identify some of the most disadvantaged communities in NSW as being high risk.

¹ Productivity Commission 2010, *Gambling*, Report no. 50 p.48

² Hon P Sharpe, MLC; *Gaming Machines Amendment Bill 2008*, 2nd reading speech, 26 November 2008

³ Liquor and Gaming NSW, 2017, Review of Local Impact Assessment Discussion Paper, p.6

⁴ See Table 1.

ClubsNSW recognises that historically, any changes to the mechanisms by which gaming machines are regulated have been contentious and challenging to implement. However, it is important to note that many of the objections and concerns raised against proposed changes demonstrate a lack of awareness of the current evidence-base. Arguably, they are philosophical not factual.

This can be seen in the experience of the last major change, in 2008, when the current LIA scheme replaced the SIA scheme. Anti-industry activists raised concerns that the new Scheme would lead to increased problem gambling as a result of the proliferation of gaming machines in high risk communities. This has demonstrably not eventuated. In fact, in the period to May 2017, the number of gaming machine entitlements in NSW has reduced to 97,643⁵ and there has been a reduction in the prevalence of problem gambling involving gaming machines.

The 2014 Memorandum of Understanding between ClubsNSW and the NSW Liberal and National Parties included a commitment to review the Local Impact Assessment (LIA) Scheme:

A NSW Liberals & Nationals Government will:

- *Review the Local Impact Assessment process to ensure it is meeting community and industry needs.*⁶

Additionally, the NSW Legislative Council Select Committee on the Impact of Gambling recommended in 2014 that the LIA process be reviewed.⁷

The agreement to review the LIA Scheme arose due to increasing concerns in both industry and government about both its effectiveness and its impact on industry sustainability when considered in relation to:

- a significant body of new research by the Productivity Commission (Commonwealth), Independent Pricing and Regulatory Tribunal (IPART), KPMG and others into the costs and benefits of gambling and clubs;⁸
- the introduction of improved harm minimisation measures such as multi-venue self-exclusion, club chaplaincy and multiple public awareness campaigns;
- demographic change and new development areas across NSW; and
- council amalgamations.

⁵ Liquor & Gaming NSW, 2017, Review of Local Impact Assessment: Discussion Paper, p.5

⁶ *Resilient Clubs, Resilient Communities*: Memorandum of Understanding between the NSW Liberals and Nationals and ClubsNSW, 13 October 2014

⁷ New South Wales. Parliament. Legislative Council. Select Committee on Gambling
The impact of Gambling / Select Committee on Gambling. [Sydney, N.S.W.] : The Committee, 2014. – xviii, 128p. ; 30 cm. (Report), Recommendation 1

⁸ Productivity Commission 2010, Gambling, Report no. 50, Canberra;
Independent Pricing & Regulatory Tribunal, 2008,
Review of the NSW Registered Clubs Industry, Sydney; KPMG, 2015, Club Census, Sydney

A Discussion Paper was released by the Department on 22 May 2017. It poses a series of questions and seeks input on various subject areas. This submission is provided in response to that Discussion Paper and call for input.

2. Response to ToR 1 – Policy Objectives

2.1. Harm minimisation

ClubsNSW acknowledges the Government’s public policy objectives to reduce problem gambling and minimise harm, and to that extent supports the introduction of evidence-based, cost-effective measures.

A threshold policy question is whether incremental changes to accessibility of gaming machines have any substantive effects on problem gambling. ClubsNSW submits that the policy of restricting the number of gaming machines in particular geographic areas, while expedient, is of minimal value as a tool for reducing gambling-related harm.

The Productivity Commission observed in 2010 that:

“once gaming machines are ubiquitous in any community, additions to their number make little difference. This is demonstrated by the Victorian example – the number of gaming machines per capita is significantly lower than in New South Wales, but without a commensurate effect on problem gambling.”⁹

The Productivity Commission concluded that:

“reductions in [gaming machine] caps in particular geographic areas failed to have marked effects on spending or on problem gambling rates”¹⁰

ClubsNSW is not arguing that the LIA Scheme should be abolished, but rather that it should be realigned to place a greater focus on relative changes in gaming machine accessibility, as well as increase the incentives for venues seeking additional gaming machines to contribute towards programs that are likely to reduce the risk of gambling problems arising in the community.

The fact is that the existing harm minimisation regime for gaming machines in NSW has been effective. There has been a marked reduction in problem gambling associated with gaming machines (see Table 1 below).

The efficacy of gaming machine harm minimisation has been masked by the stability of overall problem gambling prevalence rates, as problem gambling shifts to other forms of gambling (such as online gambling) that lack the same level of robust harm minimisation practices.

ClubsNSW submits that increasing restriction on the availability of gaming machines in clubs, in the face of ubiquitous and pervasive online gambling opportunities, is likely to exacerbate rather than reduce gambling-related harm.

⁹ Productivity Commission 2010, Gambling, Report no. 50, Canberra, p.14.6

¹⁰ Ibid, p.14.7

Table 1 Changes in Gaming Machine Problem Gambling Prevalence Rates¹¹

Year	PG Prevalence Rate	% of PGs reporting EGMs	EGM PG Prevalence Rate	% Change
2006	0.8%	90%	0.72%	
2011	0.8%	75%	0.60%	-16.7%

Over the past decade real expenditure on gaming machine play in NSW has remained relatively stagnant, with only minor fluctuations (refer to Table 2 below),¹² while average wages in Australia have grown. This means the actual proportion of income being spent on gaming machines in NSW has declined from approximately 1.85% in 2005-6 to 1.27% of average annual wages in 2014-2015; a reduction of 31%.

Table 2 Gaming Machine Expenditure as a proportion of annual wages¹³

Year	Per Capita Gaming Machine Expenditure \$ ¹⁴	% Change	Average Wage	% Change	Expenditure as a proportion of Average Wage ¹⁵
2005-2006	18.84		1,018.80		1.85
2006-2007	19.29	2.36	1,060.50	4.09	1.82
2007-2008	16.91	-12.31	1,109.10	4.58	1.52
2008-2009	17.06	0.85	1,172.90	5.75	1.45
2009-2010	16.73	-1.90	1,238.50	5.59	1.35
2010-2011	17.34	3.62	1,290.00	4.16	1.34

¹¹ Sposton, K; Hing, N; Palankay, C (2012). Prevalence of gambling and problem gambling in NSW/NSW Office of Liquor, Gaming and Racing, Sydney, NSW

¹² Australian Gaming Statistics, 32nd edition, Queensland Government Statistician's Office, Queensland Treasury

¹³ Australian Average Weekly Earnings 1981-82 to 2015-16

¹⁴ Note, weekly figures calculated by on annual per capita expenditure and divided by 52 weeks.

¹⁵ Note, annualised figures calculated on weekly average age multiplied by 52 weeks.

2011-2012	17.74	2.34	1,339.70	3.85	1.32
2012-2013	17.73	-0.04	1,408.50	5.14	1.26
2013-2014	17.97	1.33	1,445.60	2.63	1.24
2014-2015	18.82	4.72	1,480.10	2.39	1.27

While the above data relates to gaming machines in all venues, it should be noted that clubs in particular tend to have older membership cohorts than other gambling environments, and older age is associated with lower rates of problem gambling.¹⁶

It is clear that one of the NSW Parliament's primary intentions in introducing the LIA scheme was to reduce problem gambling.¹⁷ Clubs are committed to the same goal, and strongly believe in encouraging harm minimisation through self-regulation so as to minimise the need for government intervention.

With this in mind, clubs have put substantial time and energy into designing multifaceted, policy-based programs, tools and resources to benefit club patrons and their communities, including the "Part of the Solution" campaign. This approach draws on a range of academic, industry and government sources and provides the sector with a proactive and robust approach to tackling the complexities of problem gambling. In the interests of brevity details of these programs have been outlined in Appendix A.

ClubsNSW submits the current LIA scheme does not adequately incentivise best practice in responsible conduct of gambling, as it is not clear how harm minimisation efforts above and beyond compliance with legislative requirements are taken into account in the assessment processes. Venues with advanced harm minimisation programs do not appear to receive appropriate recognition under the current Scheme than those whose programs are limited to basic compliance activity.

Both industry and the community would benefit (refer to section 2.2 below), and the harm minimisation goals of the legislation would be better supported, if assessments of gaming machine entitlement applications allowed for appropriate recognition of clubs that willingly adopt new, evidence-based, best practice programs to prevent problem gambling.

Given NSW now has one of the lowest problem gambling rates in the world, with problem gambling affecting less than 0.8% of the adult population,¹⁸ the question must therefore be asked as to whether or not a continued singular focus on the harm minimisation objective - to the detriment of other objectives in the Act - is warranted.

¹⁶ Thomas, S, The epidemiology of problem gambling *Problem gambling* Volume 43, No.6, June 2014, pp.362-364

¹⁷ Hon P Sharpe, MLC; *Gaming Machines Amendment Bill 2008*, 2nd reading speech, 26 November 2008.

¹⁸ Sposton, K; Hing, N; Palankay, C (2012). Prevalence of gambling and problem gambling in NSW/NSW Office of Liquor, Gaming and Racing, Sydney, NSW (as cited in *Liquor & Gaming NSW Local Impact Assessment Review Discussion Paper*; 22 May 2017)

2.2. Balanced Industry Development

ClubsNSW submits that industry development and harm minimisation are not mutually exclusive. As clubs grow stronger and have greater capacity to employ staff and invest in measures such as advanced responsible gambling programs, they are arguably often better equipped to address the potential for harm. ClubsNSW is firmly of the view that with an appropriate regulatory regime it is possible to achieve the objectives of balanced industry development and harm minimisation simultaneously.

The LIA scheme currently impedes the development of the gaming industry, including the clubs sector, in direct conflict with the objectives of the Act. Given that clubs are central to community life in many areas of the State and play a significant role in the financing, promotion and provision of community and sporting endeavours, impeding the development of the club industry is not in the public interest.

The NSW club industry is in a period of consolidation. Between 2011 and 2015 the number of clubs in the State reduced by about 8%, from 1,471 to 1,348. Around a third of clubs show signs of financial distress and a further 40% are at risk of financial distress. Against this backdrop, it is important to support the orderly consolidation of the industry in order to preserve important community assets.

This consolidation necessarily includes the movement of gaming machines, as strong and more professionally run clubs grow and smaller clubs either close or amalgamate, and/or liquidate underused assets to enable their continued operation. The NSW Government has acknowledged the importance of clubs to both the State and local communities, and supports the Industry's ongoing development.¹⁹

The LIA scheme is therefore an important tool for ensuring balanced industry development and maintaining the industry's \$1.3 billion annual social contribution.

2.3. Overall reduction in the number of gaming machines

There is a considerable body of evidence which suggests that reductions in the number of gaming machines per se do not impact on the prevalence of problem gambling.²⁰ ClubsNSW submits that it would be reasonable to remove this objective from the *Gaming Machines Act 2001*. However, we recognise that practically this may be a difficult proposition given the lack of sophisticated understanding of problem gambling and the resulting strong support within certain sections of the community for a reduction in the overall number of gaming machines.

However, if the NSW Government sees benefit in maintaining the current objective, then it should be noted that a simplified and streamlined LIA scheme that reduces red tape and expedites the transfer of entitlements, would result in more applications, an increased volume of GME transfers, greater forfeiture and a larger reduction in the overall number of gaming machines in the State.

¹⁹ Hon M Baird and Hon T Grant, Media Release *Resilient Clubs, Resilient Communities: NSW Government and Clubs Sign MOU*; 13 October 2014

²⁰ Eltridge & Delfabbro, *Evaluation of 2004 Legislative Amendments to Reduce EGMs*, Research report for the (South Australian) Independent Gambling Authority, 2006.
SACES (South Australian Centre for Economic Studies), *Study of the Impact of Caps on Electronic Gaming Machines, 2005*

3. Response to ToR 2 – Risk Assessments

3.1. Does measuring the risk of harm at the LGA level remain appropriate?

ILGA is required by the Act (s33) to classify each LGA as Band 1, Band 2 or Band 3. LGAs are undergoing significant reform including the amalgamation of a number of councils in NSW. The Discussion Paper notes concerns that the LGA can, in some instances, be a blunt instrument as the basis for categorisation, and does not account for growing disparity between areas within LGAs, including differences in gaming machine density and expenditure, and socio-economic indicators. The Discussion Paper seeks input on whether the use of the Australian Bureau of Statistics Statistical Area 2 (SA2) would be a more appropriate spatial unit.

Determining the 'area risk' based on SA2s comes with its own unique set of problems that need to be considered.

ClubsNSW submits that while the populations in LGAs may be diverse so are the membership bases of clubs. In most instances the LGA will be a more accurate reflection of membership of a local club than an SA2.

The long-term and widely accepted policy in New South Wales is that people living within a 5km radius of a club are considered local residents. In fact, under Section 30 (3B) of the *Registered Clubs Act 1976* (NSW) people residing within a 5km radius of a registered club must become a member of that club in order to gain entry into the premises.

This commonly accepted catchment zone equates to a physical area of approximately 78.5 square kilometres, which is similar in size to most metropolitan LGAs and substantially larger than metropolitan SA2s.

A 5km radius around a club in a densely populated region of metropolitan Sydney can take in anywhere upwards of 15 SA2s either in whole or in part. It would be an exceedingly complicated statistical task to combine the demographics of each of these regions into a single area, especially given the various population sizes of the SA2s and the extent to which they fall into the 5km radius. Gathering such information would involve substantial time, cost and require the use of expert consultants, dramatically increasing both the regulatory burden on clubs in preparing an application and be an administrative burden on the Department in assessing the applicants' submissions.

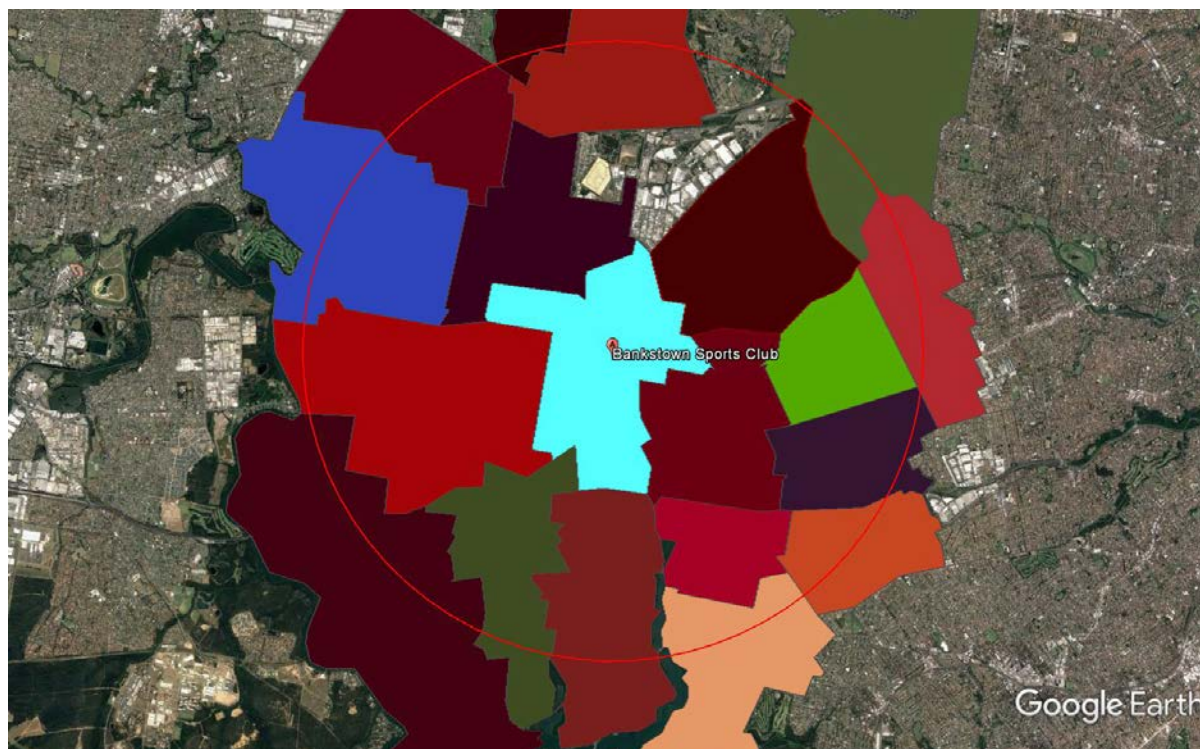
Figure 1 demonstrates a 5km radius around Bankstown Sports Clubs and the various SA2s that fall wholly or partially within that radius. Note that, unlike LGAs, there are some regions in metropolitan Sydney that do not have an SA2 SEIFA index score, as demonstrated in the figure below (i.e. uncoloured section within the 5km radius), further complicating the assessment process.

A substantial number of large, diverse clubs that draw their patronage from a wide geographic area likely to be well in excess of an SA2. Moving to SA2s as means of categorisation would unfairly disadvantage these clubs. The average estimated resident population of an SA2 is 10,000

(approximately 8,000 adults).²¹ There are over 150 clubs in New South Wales whose membership exceeds 8,000 adults.

For example, as part of its Class 2 LIA application in 2011 Mounties provided a breakdown of the catchment area for its regular and non-regular gaming machine players. The figures show that only 11.4% of regular players and 6.9% of non-regular players resided in the local SA2 (Mount Pritchard-Cabramatta West). The vast majority of Mounties' gaming machine players, 88.6% of regular players and 93.1% of non-regular players reside outside the SA2.²²

Figure 1: Bankstown Sports Club SA2s within 5km radius²³



Consequently, EGM density and expenditure per capita at the SA2 level would bear little resemblance to reality, as a large number of the gaming machine players for the relevant venue would reside outside the SA2. Under the current classification framework, any SA2 containing a large club is likely to be unfairly classified as Band 3. As a consequence, the classification of Bands would need to be completely revisited if the SA2 approach was adopted.

In addition, if the LIA were restricted to the local SA2 a large proportion of the community using or affected by the club facilities would be unfairly excluded from the consultation process.

²¹ 1270.0.55.001 - Australian Statistical Geography Standard (ASGS): Volume 1 - Main Structure and Greater Capital City Statistical Areas, July 2011

²² Mount Pritchard District & Community Club (trading as Mounties) Class 2 Local Impact Assessment, July 2011 p. 11

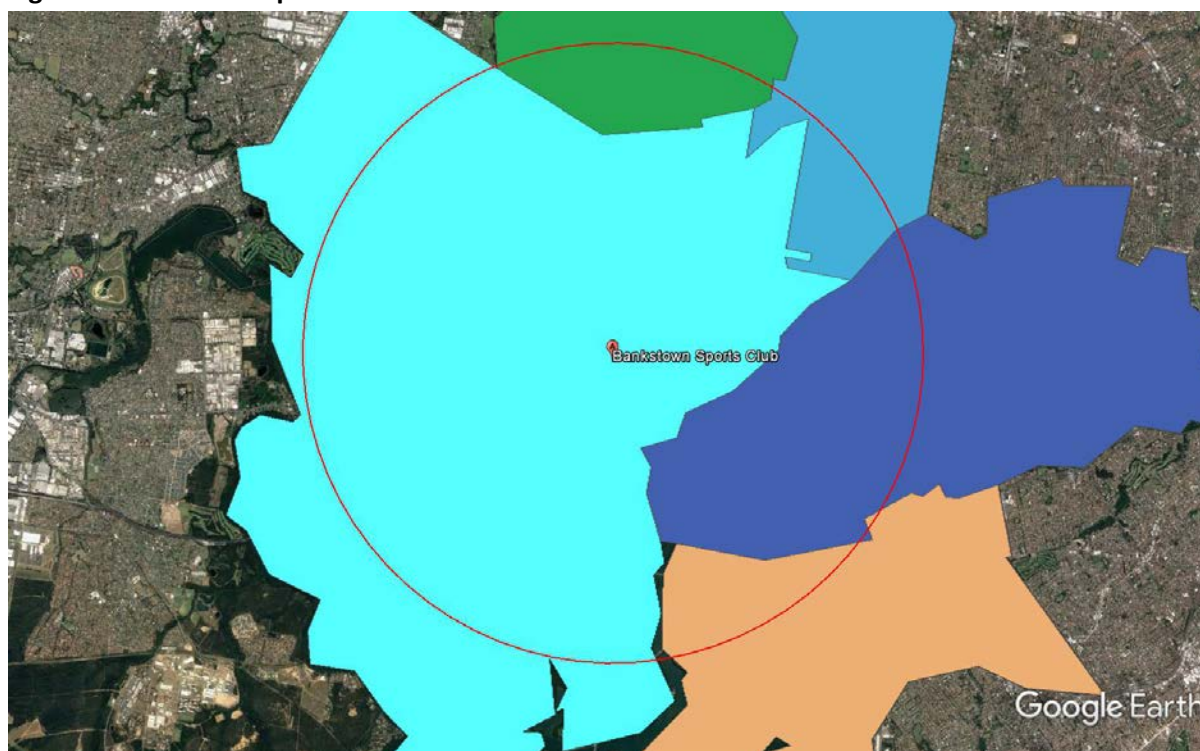
²³ NB: colours are indicative and have been selected for ease of identification, and do not indicate harm.

New South Wales is divided into more than 500 SA2s: approximately five times the number of LGAs. ClubsNSW submits that the use of SA2s would create significant administrative complexity for the Government, industry and community alike. Both clubs and community stakeholders may find it challenging to identify which SA2 they reside in, and whether they have standing with respect to a particular application.

Another perverse outcome of moving to SA2 classification is that it would likely serve to discourage club amalgamations, which the Government has recognised as an important tool for industry viability into the future. Currently, clubs can freely transfer entitlements between amalgamated premises located within the same LGA, and relocation of gaming machines during the redevelopment of the amalgamated premises is often crucial to the financial viability of the project. If this process were restricted to clubs located within the same SA2, it would likely render a number of club amalgamations financially unviable, resulting in increased club closures and the loss of community assets.

In summary, limiting the LIA to a single SA2 would disadvantage both industry and community. In contrast LGAs provide a much closer approximation of the catchment area of large metropolitan clubs, such as Bankstown Sports Club, as demonstrated in Figure 2.

Figure 2: Bankstown Sports Club and Local Government Areas within a 5km radius



Further, ClubsNSW is aware that certain elements of the community have expressed concerns that the amalgamations of local councils has caused LGAs to become somewhat unrepresentative of their local community. ClubsNSW does not share this view and we understand that, regarding council amalgamations, the NSW Government undertook a rigorous assessment process to ensure that the council amalgamation process created LGAs that were representative of their local community.

ClubsNSW recognises that LGA classifications are imperfect; however, we strongly submit that there are much larger challenges associated with adopting an alternative basis for classification, and that the complexity of designing a spatial classification system that adequately takes account of the nuances of NSW's rapidly changing environment should not be underestimated.

A more appropriate way of dealing with instances where there is clear difference between patronage profile of a venue and the LGA demographics, for example areas with high tourism, or an interstate border region where a large proportion of the local population lives outside the LGA, would be to allow some discretionary special consideration for such applications.

Finally, the system needs the flexibility to take into account regions where significant urban development is planned, so that club operations can be scaled in these regions to meet the future demand. This can be achieved by allowing special consideration for club applications in areas that have been designated Priority Growth Areas or Precincts by the Department of Planning & Environment.

Recommendation

In light of the complexity of the issues to be examined, ClubsNSW considers that the current LGA system should be retained. However, Government should:

- Work with the clubs sector and relevant NGOs to examine whether alternate approaches to classification are viable; and
- Amend the legislation to allow some discretionary special consideration for:
 - clubs that are located in Band 3 LGAs or equivalent but can demonstrate they have a significantly different demographic profile from their broader LGA; and
 - club applications in Priority Growth Areas or Precincts.

3.2. Should the LIA scheme continue to classify areas into Bands 1, 2, or 3?

In light of the policy challenges articulated in response to ToR1, and the specific operational and practical issues detailed below, ClubsNSW is of the view that the continued classification of areas as Bands 1, 2 or 3 is no longer appropriate. A new approach should be adopted which takes into account the experience gained through the administration and outcomes of the LIA process since introduction.

The current regulations and processes rely on seemingly arbitrary requirements with respect to division of LGAs into bands.

Assignment to Bands

ILGA currently assigns LGAs to bands by ranking each one against three equally weighted criteria:

- EGM expenditure per capita;
- EGM entitlement density per capita; and
- Socio-Economic Indexes for Areas (SEIFA) score, provided by the Australian Bureau of Statistics.

After this ranking process is completed across all LGAs, the highest ranked 25% of country and the highest ranked 25% of metropolitan LGAs are classified as Band 3 (highest risk), the next 25% of LGAs in both country and metropolitan LGAs are classified as Band 2, with the remaining LGAs classified as Band 1. There appears to be no basis for the 25%/25%/50% division other than an arbitrary setting of a threshold.

The classification process determines not only whether an LIA must be submitted, but also the level of complexity required. The following matrix is used to categorise these applications:

Figure 3 *Current threshold increase matrix*²⁴

	Low-Range (up to 20)	Mid-Range (21 to 40)	High-Range (over 40)
Band 1	No LIA	Class 1 LIA	Class 2 LIA
Band 2	Class 1 LIA	Class 2 LIA	Class 2 LIA
Band 3	Class 2 LIA	Class 2 LIA	Class 2 LIA

This process is problematic and does not employ a risk management approach. It is not clear that applications from venues located in Band 2 areas carry sufficiently more risk than those located in Band 1 areas to justify the additional administrative burden. In addition, despite the overall reductions in risk, as demonstrated by the declining prevalence of gaming machine problem gambling (see Table 1), there will always be one quarter of LGAs deemed too “risky” to participate.

Ironically, the current arbitrary approach also means there is little incentive for venues in low socioeconomic regions with existing high gaming machine density to make harm minimisation a priority (beyond their compliance obligations), whether individually or collectively in their area. For example, South-West Sydney has been shown in the most recent NSW problem gambling prevalence study to have the lowest problem gambling prevalence rate but most LGAs remain classified as Band 2 or 3.²⁵

ClubsNSW recognises that when the LIA scheme was first conceived there was no clear evidence on how to determine the ‘riskiness’ of particular LGAs. As such, the somewhat arbitrary divisions into the relevant Bands was a necessary compromise while evidence was collected through the operation of the LIA Scheme to determine whether the Bands were an accurate reflection of risk.

ClubsNSW submits that the statistics on approvals by LGA band in the Discussion Paper provide useful evidence to assess the relative risk of applications from different bands. The statistics indicate that less than 5% of application from Band 2 LGAs are refused, a similar refusal rate to Band 1.²⁶ The vast majority of these applications are low-range increases under a Class 1 LIA. There appear to be few instances in which venues in Band 2 areas are unable to satisfy the Authority that they meet the positive contribution test. Despite the overwhelmingly positive outcomes the small number of

²⁴ Liquor and Gaming NSW, Local Impact Assessment matrix, available online at <http://www.liquorandgaming.nsw.gov.au/Pages/gaming/local-impact-assessment-public-register.aspx>; accessed 17/05/17. Note: this publication had been removed from the L&G website as at 23/05/17.

²⁵ Sposton, K; Hing, N; Palankay, C (2012). Prevalence of gambling and problem gambling in NSW/NSW Office of Liquor, Gaming and Racing, Sydney, NSW

²⁶ Discussion Paper, p.13

applications from Band 2 - less than 20 per year²⁷ - is in our view indicative of high costs and complexity associated with the LIA process.

It would seem prudent for Band 1 and Band 2 to be collapsed into a single lower risk band and allow for low-range increases in these areas without a requirement to undertake an LIA, and for moderate and high range increases to require a Class 1 LIA. Industry and departmental resources can then be focused on ensuring a more robust LIA process for high risk areas.

The potential loss in community donations (\$1.26 million in 2015/16) is relatively minor in the context of the \$1.3 billion annual social contribution of clubs in NSW,²⁸ including \$118 million in cash donations. Therefore this change is unlikely to have a material effect on the positive contributions of clubs to their local communities.

In addition, in recognition of the overall reduction in gaming machine problem gambling prevalence and therefore risk, ClubsNSW submits that there should be a commensurate reduction in the percentage of LGAs classified as Band 3, from 25% to 20%. This approach would provide strong incentives for venues in higher risk areas to implement advanced harm minimisation measures and work proactively towards further reducing the prevalence rate of problem gambling on gaming machines.

Recommendation

ClubsNSW recommends Band 1 and Band 2 be combined into a single “lower risk” category, where proportionally small (see section 3.3 below) increases are permitted without an LIA and proportionally high increases are required to submit a Class 1 LIA.

Commensurate with the reduction in gaming machine problem gambling prevalence, the proportion of LGAs classified as higher risk (i.e. Band 3) should be reduced from 25% to 20%.

3.3. Do the criteria used to determine levels of risk remain valid?

ClubsNSW notes that the current criteria used to determine levels of risk were formed in the context of a very limited body of knowledge about the factors that influence the development of problem gambling in the community. As a result, while the current criteria appear reasonable at face value, they do not withstand scrutiny when examined with respect to a more recent evidence base.

ClubsNSW understands that the Victorian Longitudinal Gambling Study is by far the most comprehensive research undertaken into the determinants of problem gambling. Importantly, this study demonstrates that problem gambling prevalence is not determined by either area of residence or levels of EGM expenditure:

“Area of residence: These variables had little explanatory value. Therefore there was no evidence to support an association between where people live and gambling problems.”²⁹

²⁷ Discussion Paper, p.13

²⁸ KPMG, Club Census, p.38

²⁹ Stone, C, Yeung, K & Billi, R 2016, The Victorian Gambling Study: a longitudinal study of gambling and health in Victoria 2008-2012, Technical report two - Social determinants and co-morbidities: univariate analysis of gamblers, Victorian Responsible Gambling Foundation, Melbourne

“For reference, results for high, medium and low gaming machine expenditure bands... When the low spend band was compared to the high spend band, there were no significant differences in the proportions of low, moderate risk or problem gamblers.”³⁰

Previous studies, such as Rintoul, Livingstone, Mellor and Jolley (2012)³¹ that purport to show a link between problem gambling and socio-economic disadvantage are flawed because they incorrectly use gaming machine expenditure as a surrogate for problem gambling. Moreover, studies that demonstrate a correlation between EGM expenditure, EGM density, SEIFA and problem gambling typically fail to control for confounding variables. When these variables are properly controlled for, as in the Victorian Longitudinal Gambling Study, the relationship between EGM expenditure, EGM density, SEIFA and problem gambling breaks down.

Of the 60 variables analysed in the Victorian Longitudinal Gambling Study, SEIFA and EGM expenditure levels (EGM density was not a variable) had amongst the poorest fit for determining the problem gambling risk, showing “little to no explanatory value”.³²

ClubsNSW submits that the use of EGM density and expenditure per capita is especially problematic in assessing risk for areas located along interstate borders or areas with high levels of tourist activity. It is important to understand that as result of NSW being the first state to legalise gaming machines in 1956, several decades before other jurisdictions, gaming machine venues in NSW border towns often service large communities of interstate residents from the surrounding areas. The interstate population is excluded from the EGM expenditure and density calculation on the basis that they reside outside the LGA. As a result a disproportionately large number of the Band 3 LGAs are located along interstate borders.

For example, the Murray LGA has the highest expenditure and number of gaming machines per capita in NSW. However, this is unsurprising when one considers that the largest town in the LGA, Moama, shares a border with the Victorian town of Echuca which has more than twice the population of Moama.

The proposed migration of the assessments to SA2s would only serve to exacerbate this problem, as large diverse venues that were able to draw patronage from outside the local SA2 would be penalised through inflated EGM density and expenditure per capita figures.

An ideal approach would be for the risk assessment process to account for problem gambling prevalence rates and other evidence-based determinants such as mental health comorbidities, traumatic life events, and substance abuse. However, the practicality of this is likely to prove challenging. Relevant statistics on mental health conditions, substance abuse and problem gambling prevalence rates are not available and/or reliable at a local area level (either SA2 or LGA). This makes the proper assessment of risk at a local community level fraught with difficulties.

³⁰ Hare, S. (2015) Study of Gambling and Health in Victoria, Victoria, Australia: Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation

³¹ Rintoul, A. C., C. Livingstone, A. P. Mellor and D. Jolley (2012). "Modelling vulnerability to gambling related harm: How disadvantage predicts gambling losses." *Addiction Research & Theory* 21(4): 329-338

³² Stone, C, Yeung, K & Billi, R 2016, The Victorian Gambling Study: a longitudinal study of gambling and health in Victoria 2008-2012, Technical report two - Social determinants and co-morbidities: univariate analysis of gamblers, Victorian Responsible Gambling Foundation, Melbourne p.28

Significant resources could be expended trying to achieve a ‘gold standard’ approach to assessing area risk for what is likely, given the previously cited evidence that incremental changes in gaming machine numbers have little to no discernible impact on gambling-related harm, to be only marginal benefit.

Despite these difficulties we submit that the principle of creating a system that seeks to protect vulnerable communities should remain. There is widespread community support for preventing any further concentration of gaming machines in areas of high socio-economic disadvantage. In addition, while high socio-economic disadvantage may not be a valid determinant of problem gambling, it is broadly accepted that the impacts of problem gambling are likely to be greater in these areas.

In fact, there is evidence to suggest that the highest risk of harm is associated with the introduction of gaming machines into poorer communities that currently have a low density of gaming machines, rather than a high density. A detailed analysis undertaken by IPART found that:

The greatest harm, in social and economic terms, is likely to be caused from the introduction of gaming machines into local communities which are poor and currently have low densities of machines.³³

ClubsNSW submits that a simplified area risk assessment based solely on the ABS SEIFA index of relative socio-economic disadvantage would be sufficient for achieving the desired outcomes and also more easily understood by industry and community stakeholders.

In addition, the removal of EGM density and expenditure per capita would help facilitate industry development in less disadvantaged areas, where gaming machines are popular. For example, Burwood is one of the least disadvantaged LGAs in NSW, but is classified as a Band 3 LGA primarily on the basis of higher than average EGM density and expenditure per capita. It is evident that Burwood has a greater capacity to support above average EGM expenditure than, say, Brewarrina, the most disadvantaged LGA in Australia, which is only classified as a Band 2 LGA.

In summary, ClubsNSW recommends that numbers of electronic gaming machines and the level of expenditure be removed from the assessment of the relevant Band, and instead the Department focus solely on relative socioeconomic disadvantage. This would be more indicative of the risk of harm associated with the specific population of the local community, and more likely to achieve the intended outcome of reducing problem gambling prevalence.

A simplified approach risk assessment process could also place greater focus on incentivising risk mitigation by taking into consideration any actions taken by the applicant to address the determinants of problem gambling, such as poor mental health, traumatic life events and substance abuse.

ClubsNSW notes the precedent in liquor regulation, where the risk-based licensing model takes into account risk mitigation strategies adopted by the venue such as membership of the local liquor accord, use of RSA marshals, CCTV installations, voluntary lock-outs, drink restrictions (e.g. no shots after midnight) and removal of glassware after midnight.

ClubsNSW note that this approach was supported by the Productivity Commission:

³³ Gaming Prevalence as an Indicator of Gaming Harm in Local Communities: Some Policy Implications for Gaming Harm Minimisation in NSW, Stubbs & Storer, NSW IPART, 2003

The introduction of other more effective harm minimisation measures could allow some existing restrictions on accessibility of gaming machines to be relaxed such as caps and shutdowns to gaming machines.³⁴

Recommendations

A simplified risk assessment should be used for determining the Band classification of individual LGAs based on the ABS SEIFA Index of Relative Socioeconomic Disadvantage only.

The overall risk assessment of an individual application should also consider as an 'offset' any measures designed to address the determinants of problem gambling, such as:

- Provision of on-site independent chaplains, counsellors or welfare officers;
- Campaigns actively encouraging help-seeking behavior;
- Activities undertaken within the community to raise awareness of problem gambling risks;
- Arrangements with local counselling services (e.g. regular meetings).

This would improve on the current approach, in which the only countervailing benefits considered are often donations to community organisations that are unrelated to problem gambling.

Threshold increases

Where EGM threshold increases are sought, the current system divides the applications into "low", "mid" and "high" range changes. This system has the appearance of being risk-focused. However, in reality there is no evidence base to support the specified ranges (i.e., up to 20, 21-40, and over 41). Rather, the evidence indicates that risk is associated with relative rather than absolute changes in gaming machine availability.

Currently the true impact of the threshold increase is not being accurately assessed in many cases: an increase in the low-range category at a venue with a very small number of machines (say, an increase from 10 to 25) would have a far greater impact than a high-range category application that is made on behalf of one of the largest operators (for example, moving from 350 to 395 machines). The categorisation in its current form does not take into account in any way the relative increase in gaming machine accessibility.

Moreover, ClubsNSW submits that requiring a Class 2 LIA in Band 3 LGAs does not accurately reflect the difference in risk profile between low and high range increases in these areas. In our view low-range increases in Band 3 Area should require a Class 1 LIA.

This approach would still require clubs in lower risk areas to prepare an LIA for mid-range and high-range increases and clubs located in higher risk areas to prepare an LIA for all applications. As a further safeguard, a limit could be placed on the number of applications permissible in any single gaming tax year.

³⁴ Productivity Commission 2010, Gambling, Report no. 50, Canberra, p.14.38

Recommendation

ClubsNSW recommends separate threshold increases be defined for small, medium and large venues to reflect the relative change in accessibility, as outlined below.

Threshold Increase	Small Venue	Medium Venue	Large Venue
	< 30 GMEs	30 -100 GMEs	>100 GMEs
Low-Range	10	20	40
Mid-Range	20	40	60
High-Range	21+	41+	61+

If this recommendation and the recommendation made in relation to 3.2 above were adopted, the resulting threshold increase matrix would appear as follows:

Figure 4 *Proposed threshold matrix*

Band	Low Range	Mid-Range	High Range
1 - Lower risk	No LIA	Class 1	Class 1
2 - Higher risk	Class 1	Class 2	Class 2

3.4. Should the exemptions from the LIA process remain?

As is noted in the Discussion Paper, there are some limited exemptions that apply to the LIA process.

In light of the submissions made above (see 3.2 and 3.3) ClubsNSW is of the view that there is no evidence or policy basis to suggest the removal of these exemptions, particularly in light of the ongoing consolidation occurring within the industry.

Low-Range Increases in Band 1 LGAs

ClubsNSW supports maintaining the existing exemption under section 35(2)(a) of the Act, which allows low-range increases to GMT in venues located in Band 1 LGAs. In addition, under ClubsNSW's proposed collapsing of the bands into Band 1: Lower risk and Band 2: Higher risk, exemptions will extend to additional LGAs.

Considering the submissions made above (see 3.1) that incremental changes to gaming machine entitlements are unlikely to have an impact on problem gambling, these increases represent an extremely low risk of exacerbating harm. The fact that fewer than 3% of Class 1 LIAs are refused is further evidence of their exceptionally low risk profile.

Transfers within LGAs

ClubsNSW supports the retention of the exemption for transfers within LGAs. The ability to transfer gaming machine entitlements between clubs located within the same LGA without significant administrative burden is important for facilitating club industry consolidation.

Where venues are proximate to one another (i.e. they are located in the same LGA) the transfer of GMEs between them is unlikely to have any substantive impact on problem gambling risk or the local community. Therefore, an LIA should not be necessary

In addition, the transfer of GMEs within the same LGA account for the vast of majority of GME forfeiture in Band 3 LGAs. Increasing the administrative burden on this process is likely to slow the reduction of gaming machines in high risk areas, which runs contrary to the objectives of the Act.

Clubs with more than 450 GMEs

A form of reverse exemption is prescribed in clause 36(3) of the Regulation, in that registered clubs which are ordinarily exempt from the process under section 35(2) of the Act are instead required to “satisfy” ILGA of certain matters if the application will take the total number of machines above 450.

ClubsNSW is of the view that the parliamentary intention of reducing red tape by not requiring LIAs in certain circumstances under s35(2) of the Act has been subverted by the regulations subsequently made. Specifically, if a club has more than 450 gaming machines and an LIA is not required because of 35(2), the regulation requires that detailed information be provided regarding:

- “the impact of the additional gaming machines on the amenity of the local area and the action that will be taken to manage any negative impact”,
- “harm minimisation and responsible gambling measures (in addition to those already required by law)... in place at the venue”; and
- the “additional benefits to club members or the community” that will flow from the proposed increase.³⁵

This is concerning on two levels. First, a quasi-LIA has been inserted where no requirement was intended; second, the arbitrary number of 450 is again not evidence-based. There is no evidence to indicate that venues with more than 450 entitlements carry an innately greater risk of harm. The Productivity Commission found that within NSW people who usually play EGMs in hotels face greater risks of problem gambling than those that play in clubs.³⁶ ClubsNSW submits that if government intends to keep a limitation on these types of applications in place, then the risk should be addressed through additional harm minimisation mitigations.

Recommendation

ClubsNSW recommends that the Regulation be amended so that applications relating to venues with more than 450 machines, which would otherwise not be required to submit an LIA by virtue of s35(2), do not have to comply with clause 36(3) of the Regulation if they can demonstrate that they have implemented best practice risk mitigation measures such as advanced RCG training, multi-venue self-

³⁵ Gaming Machines Regulation 2010, clause 36 (3)

³⁶ Productivity Commission 2010, Gambling, Report no. 50, Canberra Table 4.15

exclusion scheme, school-based education programs, collaboration with local counselling services, chaplaincy and voluntary pre-commitment.

New Development Areas

Band categorisation also presents problems concerning the special provisions for “new development areas”. As community hubs and leisure and service centres, clubs play an important role in the development of any community and its social infrastructure. The nurturing of new clubs in the north-west and south-west Sydney growth corridors will have a positive impact on the new communities generated by development in these areas – providing local jobs, entertainment and support for grassroots sport and community groups and volunteering, and ensuring that new, emerging communities receive the same opportunities to benefit from social connection and infrastructure as in more established areas of NSW.

Under the current Scheme, however, in order to qualify as a new development area, the area must be located in a Band 1 LGA. This does not allow sufficient flexibility in the urban transformation and population density changes that are currently occurring in metropolitan areas.

In relation to new development areas, consideration should be given to amending the definition so that it is not limited to Band 1 LGAs, and includes both greenfield and brownfield sites that are identified by the Department of Planning & Environment as Priority Growth Areas and Precincts.

For example, the Western Sydney Priority Growth Area surrounding the proposed Western Sydney Airport at Badgerys Creek is scheduled to undergo significant new urban renewal, including substantial residential developments. ClubsNSW submits that this area is likely to benefit from the establishment of new club facilities. However, the Western Sydney Priority Growth Area falls outside the current new development area exemption, by virtue of the fact it is located within the Liverpool and Penrith LGAs, which are classified as Band 2 and Band 3 respectively.

Recommendation

ClubsNSW recommends the removal of the restriction under Section 37A of Act that new development areas be classified as a Band 1 LGA, such that new and existing clubs in Priority Growth Areas and Precincts can obtain up to 150 GMEs under a Class 1 LIA.

4. Response to ToR 2 – Application Processes

The current system of LIAs is a considerable improvement on the previous SIA process. However, the old system’s administrative burden, costliness, and opacity of process largely appear to have been imported into the new LIA scheme.

ClubsNSW submits that a transparent framework should be developed which specifies timelines, standard conditions of approval, quantification of cash contributions and any other relevant information, in order to assist with ‘self-assessment’, improve transparency, and increase certainty.

4.1. Should what constitutes a “positive contribution” be more clearly defined?

Currently, neither ILGA nor L&G NSW publishes any clear guidance on the process for assessing “positive contribution” under the LIA scheme. Of particular concern is the lack of specificity as to timeframes, requirements, potential conditions of approval, and what constitutes a ‘positive contribution’ or the amount required to be given in cash community contributions.

The lack of transparency means that clubs must undertake often extensive negotiation with ILGA to determine what level of community contribution (in cash form) will be acceptable. This consumes substantial time and resources for both clubs and government, with little evidence of benefit. It also creates inconsistent outcomes from case to case: for the most part, it appears a club must give a percentage of the projected uplift in gaming revenue; however, this does not seem to be evenly applied in each application and results in applications being reworked repeatedly. ClubsNSW can provide examples to the Department confidentially on request, if required.

ClubsNSW is aware that ILGA commissioned research into its past practices which suggested that ILGA operate a “rule of thumb” that the monetary value of community contributions be equivalent to a percentage of the annual pre-duty profit increase.³⁷ To our knowledge this “rule of thumb” has never been made public or available to venues.

A clear set of guidelines would facilitate applicants’ undertaking a self-assessment. This would give applicants a clear indication of the likelihood of their application succeeding, prior to expending significant resources and time. In turn, it would reduce workload for Government by ensuring expectations are clearly communicated and less clarification and negotiation is required.

Clubs have also experienced varying positions as to what is considered an acceptable “community organisation”. In some instances, ILGA has taken the view that any community organisation that has an existing relationship with the club is an inappropriate recipient for funding. Examples can be provided to the Department confidentially on request, if required.

While ClubsNSW does not dispute that donations should be genuine, it is unduly limiting to exclude organisations that are linked to the club or have previously received funding. In many areas, particularly regional areas, clubs are connected with almost every local community organisation, whether by financial donations, provision of in-kind support such as use of club facilities, or partnerships in community projects; in these instances it is clearly inequitable to deem such organisations as unacceptable. Likewise, it is short-sighted to disallow projects funded and delivered by the club itself if there is a clear and demonstrable community benefit, which is, after all, the aim of these requirements.

Clubs are not-for-profit community-owned organisations that exist for the purpose of providing benefits to members and the community. The recent census of the NSW clubs industry by KPMG found that clubs made a social contribution to NSW valued at \$1.3 billion in 2015.³⁸ Clubs provide a range of community and sporting facilities that is unmatched, and the relationship of the community organisation to the club should not be a determinant of whether there is benefit to the community. ClubsNSW submits that this requirement should be reviewed.

The ClubGRANTS guidelines are a well-established policy instrument for determining eligibility for community donations from gaming venues. These Guidelines are supported by a wide range of stakeholders including Government, local councils, NCOSS, clubs and the general community. ClubsNSW submits that replicating the ClubGRANTS guidelines would be an efficient way to define eligible community contributions under the LIA Scheme.

³⁷ Review of LIA Conditions – Community Donations, Suzanne Bermingham July 2012.

³⁸ KPMG Club Census, 2015, p 38

This will allow clubs to ‘self-assess’ their application before submitting, to determine whether it is likely to be accepted. This will reduce the workload for ILGA and L&GNSW and allow more timely processing of applications.

ClubsNSW notes that donations made under ClubGRANTS where a tax deduction has been claimed should not be eligible to be claimed as community contributions under the LIA Scheme, as this would effectively amount to “double dipping”. However, where a club provides donations above the ClubGRANTS tax deductible threshold, it should be allowed to claim the continuation of such donations as community contributions under the LIA Scheme.

Finally, the proposed guidelines should clearly outline the circumstances in which ILGA might consider an LIA where the contribution requirements have not been met. For example, on the basis of hardship where it can be demonstrated that one or both of the clubs involved are likely to close in the absence of the proposed transfer of entitlements resulting in a significant loss of community assets.

In summary, the notion of “positive contribution” and the merits of its inclusion are not in dispute. What is less clear is the extent to which the inherent characteristics of clubs and their community service focus is considered in this process.

Recommendations:

ClubsNSW recommends that:

- Guidelines be published that provide clear definition of positive contribution and formula for calculation of community contribution in relation to each type of application.
- The ClubGRANTS guidelines should be replicated for determining community organisations eligible to receive donations under the LIA Scheme; and
- ILGA should retain the discretion to consider applications that do not meet the contribution requirements on the basis of hardship; for example, two struggling clubs merging.

4.2. Should the existing community consultation process be amended?

The Act imposes consultation requirements for each class of LIA, with the Regulation further detailing the parties with whom consultation must be undertaken in order to complete a Class 2 LIA.

ClubsNSW supports the basic requirement to consult with stakeholders and in general, the Class 1 process works well. However, it must always be remembered that the scheme’s intention is to minimise harm and reduce problem related gambling and any submission should be considered based only on the relevant expertise of the interested party in relation to problem gambling issues.

ClubsNSW submits that ILGA, or the Department, should review community stakeholder submissions and only require the club to respond to submission that have direct relevance and merit.

In relation to Class 2 consultation, ClubsNSW believes the process is too onerous and requires improvement. There is currently no clear timeframe or limit on the number of consultations required. As evidenced in the case study below, Mounties’ Class 2 application took two years, with multiple town-hall type meetings being called and with no clear structure or end-point to the process.

Case Study: Mounties

Based in Mt Pritchard and with multiple satellite clubs, including Harbord Diggers and Manly Bowling Club, Mounties moved 60 EGM entitlements from Mt Pritchard to Harbord Diggers, in order to comply with the then 450-machine venue cap. The cap was lifted to 561 in 2007.

In 2011 the Club applied to increase its threshold for the Mt Pritchard venue from 561 to 621, to allow the 60 machines' "repatriation". This required a Class 2 LIA to be completed and approved, including outlining the positive and negative social and economic impacts that the increase would have on both its own LGA of Fairfield and, due to its proximity, the neighbouring LGA of Liverpool.

The Club provided extensive data on gaming machine usage in its premises and harm minimisation measures in place at the Club. The Club estimated that approximately 15% of additional revenue might be derived from people suffering problems with gambling.

The Club estimated the net revenue (after operating costs) from the machines would be approximately \$3.3 million and undertook to provide funding for the establishment of a Fairfield Youth Community Centre in its first year, having already provided seed funding of \$250,000 to commence the planning process for the project. Additionally the Club estimated that an approval would provide additional ClubGrants contributions of \$90,997 per annum.

The Club estimated the quantifiable community benefit of the application at \$2.6 million, and the quantifiable cost at \$1.6 million.

Fairfield City Council initially supported the Club's LIA2 but then reversed its position, making an opposing submission. Council stated that the Authority should consider the quantifiable and unquantifiable detriment of the application, and that the Club's estimate of "quantifiable detriment" was "likely to be an underestimation". The Council provided an extensive list of "unquantifiable" detriments it believed should be considered. However, it did not propose that "unquantifiable" benefits be considered. The Council inferred that "the extent of unquantifiable detriment is likely to be 'commensurate' with the total extra revenue to be derived from the operation of the additional machines".

Police submitted that the Club failed to address and/or recognise the link between gambling and crime. Given that BOCSAR does not collect statistics relating to the alleged link, it is effectively impossible to satisfy this. Additionally, it is not one of the terms of reference. The Police included information relating to property crime levels in the LGA but no evidence of causal relationships. As the objects of the Gaming Machines Act do not extend to reducing crime, this information should have been irrelevant to the application process.

The Club estimated an additional 50.47 problem gamblers would result from the application, but the Council submitted that relatively high rates of the Fairfield population "fall within groups that are associated with problem gambling", and that the fact that 7% of residents had identified problem gambling as an issue needing to be addressed defined it as a "significant" result. The Council dismissed a survey finding that 54% of residents did not consider the proposed EGM increase would cause problems.

The neighbouring Liverpool LGA was categorised as a low-risk Band 1 – but Fairfield Council dismissed this, citing the SEIFA score of the suburbs nearer to the Fairfield area (the opposite end of the LGA in which the club was located). It is not clear whether this reasoning was accepted, however, this is not the basis on which decisions are made if proper process is followed. In previous applications, clubs have

been prohibited from arguing for favourable consideration when they are in a higher-SEIFA-scored area of their LGA, meaning that it would be inequitable and administratively improper for a poorer score in specific suburbs be taken into account.

A public meeting was held on 4 April 2012. Following that meeting the Club submitted an amended LIA2 which:

- *replaced its proposed project with a Ted Noffs Foundation "Street University" youth centre;*
- *increased the quantifiable benefit from \$2,639,717 up to \$3,505,949 - \$3,529,920; and*
- *addressed in detail the objection raised by respondents.*

The Club submitted that its approach was consistent with the Guideline on Class 2 LIA applications, which "warns against treating an impact assessment as a quantifiable result".

After spending two years on consultation and submissions, and \$200,000 in legal and consulting fees, the Club's application was rejected in 2013.

Further, ClubsNSW notes that some councils and activists have called for local government to have 'veto' rights over LIAs. This effectively proposes to usurp the authority and decision-making remit of ILGA, and would be in conflict with provisions of the Act that explicitly prohibit councils from taking the presence of gaming machines into account in particular applications. There is no evidence to support the involvement of local government in the LIA process. Councils do not have sufficient expertise in problem gambling to make a meaningful contribution, and including another layer of approvals would only generate additional compliance and regulatory costs without any evident benefits to the community, government or industry.

ClubsNSW submits that guidelines be developed to define the process for community consultation, and that stakeholders provide opinion only where they have relevant expertise and authority.

Recommendation:

ILGA should give due consideration to the level of expertise of the interested party when receiving submissions concerning gambling impact. Clubs should only be required to respond to objections that are based in evidence and are relevant to the application.

Class 2 application consultation processes should be subject to a clearly delineated timeline for submissions and public comment, and any responses needing to be provided by the Club.

4.3. Streamlining Applications

In our view there is significant scope for further streamlining the LIA application process in a manner that will improve efficiency, transparency, and certainty for both industry and community.

Reducing Cost of Preparing Applications

The complexity of information required to be provided in an LIA application is such that in most instances it necessitates the use of external consultants to prepare the application. This is a costly and time consuming process. A recent online survey of clubs conducted by ClubsNSW revealed the average

cost of preparing a Class 1 LIA to be approximately \$9,500.³⁹ The preparation of Class 2 LIAs appear to be significantly more expensive.

While the publication of clear, transparent guidelines will assist in reducing cost and minimise the risk of clubs investing significant funds in unnecessary work, there are also small, practical measures government could take which would markedly ease the red tape burden of the process. For instance, Class 2 LIAs require the inclusion of data on the local area surrounding the venue, including relative location of schools, hospitals, places of worship and other licensed premises.

In addition, a demographic profile of the LGA is also required, including purchasing gaming machine information from L&G NSW and supplying it to ILGA. This data is largely held by government and readily available to those assessing the application. However, it is not publicly available, meaning applicant clubs generally need to engage specialist services from the private sector to prepare the necessary data and maps. This imposes substantial costs.

In many instances it is unclear how this information is used in the assessment process. ClubsNSW is concerned that this adds to the uncertainty and opacity of the assessment process. For example, how should a club expect ILGA to evaluate the number of people employed as labourers in the LGA, and what bearing does this have on the application beyond that already captured in assessment of SEFIA index of relative socioeconomic disadvantage?

ClubsNSW submits that this expense could be reduced or removed entirely if government were to reduce to the provision of data provided to that directly incorporated into the assessment methodology and to remove the requirement for clubs to duplicate effort and provide data that is already held by the Department or ILGA.

Recommendation:

ClubsNSW recommends that information provided as part of an LIA application be limited to that which is directly relevant to the assessment methodology and clubs not be required to provide data which is already held by the Department or ILGA.

Standardised Approval Conditions

ILGA is able to impose conditions of approval when granting an application for a threshold increase. These conditions can include:

- the payment of a cash contribution to particular community organisations;
- the source of gaming machines to be acquired, such as requiring that all GMEs be sourced from Band 3 clubs; and/or
- timeframes for implementation of the increase (separate to those in the legislation).

This has resulted in a great deal of uncertainty for applicants, as they have no clear understanding of the types of conditions to which they may be subject. Further, it disadvantages clubs in Band 1 or 2 areas that are seeking to sell their GMEs, by making it difficult to find a club in a position to buy them.

³⁹ Local Impact Assessment Scheme Review Survey, ClubsNSW, June 2016 (n=93)

As evidenced in the case study below, significant work goes into negotiating GME transfers between clubs. The unexpected attachment of conditions to an approval and/or the delays created by imposing timeframes for implementation can make a carefully planned transaction entirely unworkable. Given that GME vendors are often small, financially struggling clubs for which the sale of entitlements represents their only chance at survival, this can spell the end of a community asset.

CASE STUDY: Goulburn & District Soldiers Club

In May 2013 ILGA approved an increase of 20 in the Gaming Machine Threshold (GMT) of Goulburn Soldiers Club, from 115 to 135. This was approved on the basis that the Club make annual payments of \$35,000 to a local employment program over three years.

In 2015 Goulburn Soldiers applied to further increase its GMT by 20 – from 135 to 155. In December 2015 the Authority approved the application on the basis that:

- *“All gaming machine entitlements transferred to the Club... be transferred from clubs located in Band 2 or Band 3 country Local Government Areas”; and*
- *The Club make payments of \$111,000 to the employment program; however, the transfer of entitlements was required to be staged, with:*
 - a. *Up to 10 GMEs transferred subject to making the first \$37,000 contribution by 31 January 2016;*
 - b. *A further 5 GMEs transferred subject to making the second \$37,000 contribution; and*
 - c. *The final 5 GMEs subject to the Club making the third and final \$37,000 contribution by 1 July 2016.*

These conditions:

- ***Prevented the Club from arranging an efficient or expedient GME purchase.*** *GMEs can only be purchased in blocks of two or three, with one being forfeited. The requirement to transfer no more than five GMEs in the second and third tranches meant the Club would have to purchase two blocks of three GMEs, then a further block of two GMEs; and*
- ***Made the funding arrangements for the employment NGO unwieldy and unsuited to their intended purpose of providing ongoing funding to the program.*** *The schedule requirements were also very difficult to meet given the Club’s Board funding approval requirements.*

The Club explained the issues above in a letter dated 13 January 2016 and proposed that the Club transfer two tranches of 10, subject to the payment of \$55,000 each time.

On 27 January 2016 the Authority agreed to a more practical arrangement of purchasing based on pro rate LIA contributions. Although no entitlements could be transferred without the Club first having provided evidence that they had made LIA contributions proportional to the number of entitlements to be transferred. The unfilled quota expiry date was also set as 17 December 2017, providing only two years to fulfill the quota and not three years as was agreed for LIA contributions.

However, by this stage the arrangement had become unworkable. The Club had already negotiated to purchase entitlements from The Bundanoon Club Limited in the Wingecarribee Local Government Area. But after the Club spent \$8,500 and 8 months on the LIA process, the – entirely legal – sale was rendered unfeasible, disadvantaging both Goulburn Soldiers and the Bundanoon Club.

Recommendation:

The Minister should direct ILGA to develop a set of standard conditions of approval, retaining some discretion for unique circumstances, such as border regions, de-amalgamation, or venues with a very low number of EGMS. This should be published on L&G NSW's website and made available to applicants for each class of LIA.

Extension to Expiration Timeframes

Under the current system, even once a club has successfully made an application to ILGA for a threshold increase it is faced with another barrier to development and growth.

Presently, where a Class 1 LIA approval has been granted, the venue operator has a two-year time limit to acquire the relevant gaming machines. In the case of Class 2 LIA approvals, this is a five-year time limit on acquisition. There is no capacity for ILGA to extend these timeframes, as the terms of the Act are absolute, specifying that ILGA must reduce the entitlement to its prior number if the time limit expires.

On some occasions, this has presented difficulty for clubs, particularly where there were complex renovations or other works occurring, or there was a problem sourcing the approved machines. As noted above, the imposition of conditions can further complicate this process.

This has the potential to make the LIA approval process simultaneously expensive and worthless, as there is no mechanism for clubs that have been through the LIA application and met those costs to extend the timeframe for acquisition.

Recommendation:

The Government should amend the Regulation to introduce a discretionary capacity for ILGA to extend the expiration date of a gaming machine threshold (GMT) increase approved under the LIA Scheme, in appropriate circumstances.

Appendix A – Harm Minimisation Measures

Current harm minimisation measures include (but are not limited to):

- public awareness campaigns;
- signage encouraging responsible gambling behaviours;
- signage creating awareness about the risks of excessive gambling;
- compulsory responsible gambling training for staff;
- gambling advertising restrictions or bans;
- state-wide caps on the number of poker machines;
- social impact assessments prior to an increase in poker machine numbers;
- restrictions on minors accessing gambling;
- bans on inducements to gamble (e.g. free alcohol);
- bans on credit gambling;
- payment of large prizes via cheque;
- restrictions on the locations of ATMs;
- mandatory shutdown periods;
- restrictions on cash promotions; and
- restrictions on the design of gaming machines.

ClubsNSW also supports the adoption of a range of advanced harm minimisation measures including:

ClubSAFE

ClubSAFE is the club industry's Responsible Conduct of Gambling Program. ClubSAFE, which was initially developed by ClubsNSW with significant input from the Australian Institute for Gambling Research, is a comprehensive program designed to help registered clubs manage responsible gambling operations that exceeds legislative requirements and community expectations.

Responsible gambling best practice goes beyond simple compliance with legislation and regulation. It can be defined as decisions and actions taken by the club industry that are consistent with the values and objectives of the community. Responsible gambling management practices seek to prevent or minimise the harm that may occur as a result of problem gambling.

ClubSAFE provides clubs with specific tools designed to minimise the harm experienced by a minority of gaming machine players. Harm minimisation seeks to reduce the prevalence of problem gambling in the interests of maintaining local community wellbeing. The measure of achievement is not an ideal gambling level or situation, but whether the likelihood of damaging consequences has been reduced by the preventative measures. ClubSAFE provides guidance for patrons who seek assistance to deal with gambling problems.

Voluntary pre-commitment

Voluntary pre-commitment is a self-help tool whereby players can pre-set limits on their gambling expenditure and receive notification when they reach these limits. The effectiveness of voluntary pre-commitment lies in its ability to support patrons in making informed choices about their gambling expenditure.

The industry believes that with sufficient marketing and promotion efforts by venues, a venue-based voluntary pre-commitment program can become a useful tool for encouraging recreational gamblers to set and adhere to limits to improve the management of their gambling expenditure.

Due to the very limited research on the effectiveness of pre-commitment measures in minimising harm, it is essential that implementation occurs in a cost-effective manner that does not draw resources from other proven strategies or place a significant burden on industry.

The industry supports the introduction of voluntary pre-commitment technology through the natural replacement cycle of gaming equipment. In addition, venues should have the flexibility to choose the type of technological solution that best suits their needs.

Self-exclusion

Self-exclusion has been proven to be a valuable tool of recovery for those with a gambling problem, especially when used in conjunction with other vital aids such as face-to-face counselling. Self-exclusion operates by self-identified problem gamblers voluntarily surrendering the right to enter the gaming areas of their local venues. This helps them overcome their compulsive urges to gamble. A two-year study by Macquarie University found more than 70% of participants in self-exclusion reported significant reductions in the money spent on gambling as a result of participating in the program⁴⁰.

Multi-venue self-exclusion

ClubsNSW's responsible gambling program ClubSAFE has implemented a new multi-venue self-exclusion scheme across all clubs in NSW. The program allows a problem gambler to exclude themselves from multiple venues in a single application; details of the applicant are then forwarded electronically to the relevant venues for enforcement purposes. Further investigations are occurring into making the system available in all NSW hotels as well as the potential for a national multi-venue self-exclusion scheme.

ClubsNSW recognises that the tool of self-exclusion is a simple yet valuable and effective way to assist people overcoming destructive gambling behaviour, especially during the crucial early stages of recovery. For most people, self-exclusion serves well as an adjunctive measure to counselling.

It is a difficult and often embarrassing step for a problem gambler to reach out and ask for help. The ClubSAFE approach to self-exclusion recognises the importance of the member club's role in directly responding to the member with respect and discretion. ClubSAFE supports the member club by providing the tools and guidance necessary to ensure the club representative is confident of delivering this service and the client understands and takes seriously, the arrangement they are entering into.

In addition the ClubSAFE Multi-Venue Self-Exclusion (MVSE) system has been enthusiastically welcomed by the gambling counselling community across NSW. ClubSAFE is proud of the close and collaborative working relationships we have forged with the counsellors who provide treatment services through more than 40 Responsible Gambling Funded (RGF) counselling services across the state.

⁴⁰ Productivity Commission 2010, *Gambling*, Report no. 50_p.E.7

By providing the MVSE system to our gambling counsellors as well as to ClubSAFE member clubs, we offer the problem gambler the choice of self-exclusion at their club-of-choice or at their local RGF counselling service. This is especially valuable given that problem gamblers aren't always comfortable in returning to a gaming environment to self-exclude.

Providing this system for direct use by the gambling counsellors is just part of a long-term strategy for forging even closer collaborative ties between NSW clubs and the counsellors. MVSE has received strong support from L&G NSW.

Collaboration with Counselling Services

Counselling is widely regarded as the most effective treatment for people experiencing problems with controlling their gambling behaviour. ClubsNSW has always been a strong supporter of counselling as a measure to assist problem gamblers in their recovery.

ClubsNSW has negotiated memorandum of understanding (MoU) with each of NSW Responsible Gambling Fund (RGF) funded counselling services. The objectives of the MoU are to reduce the negative impact of problem gambling on NSW individuals and communities through:

- Collaboration and support for initiatives to improve harm minimisation and responsible gambling strategies in NSW;
- Ensuring that club patrons who are impacted by problem gambling are able to identify and access free help easily and effectively, including Gambling Help services;
- Enabling and supporting RGF's funded services and members of Clubs NSW to work locally to promote responsible gambling and Gambling Help services through events, displays, public talks and other activities; and
- Pooling relevant information such as research and consumer feedback in order to better understand problem gambling and emerging trends.

ClubsNSW views the MoU as an important positive step towards a more collaborative approach between all stakeholders to addressing problem gambling in NSW.

Chaplaincy program

It is widely recognised that problem gambling is often symptomatic of underlying mental health issues and other life problems. Recent studies show that problem gamblers are more likely to seek help for their comorbid disorders than they are for their gambling problems.⁴¹ It is therefore important that any program designed to reduce the rate of problem gambling has services oriented towards tackling the underlying issues that are the cause of problem gambling.

ClubsNSW recently completed a trial of a club chaplaincy programs in conjunction with the Salvation Army. The program involves Salvation Army officers being available at regular intervals in clubs to discuss a wide range of issues with patrons including those issues that are often the cause of problem gambling such as depression, anxiety, divorce or bereavement. Chaplains also screen patrons for problem gambling and advise them of specific gambling treatment options.

⁴¹ Help-seeking and Uptake of Services Amongst People with Gambling Problems in the ACT, ANU 2011

ClubsNSW is working with the Salvation Army to expanded program with the goal of having dedicated chaplain or welfare officer in each LGA who routinely visits the gambling venues in that area. Some larger venues may wish to have dedicated counsellors stationed on site.

Advanced Responsible Conduct of Gambling Training

Club staff involved in the delivery of gambling services in NSW are required to undergo compulsory responsible gambling training. The training courses are regularly reviewed to ensure that their content reflects best practice responsible gambling procedures. A feature of the majority of current training courses is to provide venue staff with a range of commonly agreed indicators of problem gambling, to help them identify potentially problematic player behaviours⁴².

It is important to recognise that problem gambling is an issue which often incorporates significant psychological distress and that intervention requires the type of interactions that can only be offered in person by an experienced and appropriately trained staff member.

Such strategies require senior staff to have knowledge both of the indicators of problem gambling and appropriate strategies for responding to potential problematic behaviours in a manner that minimises the risk of exacerbating the problem or eliciting a negative response from the patron.

Staff approaching patrons displaying the signs of problematic gambling need to have a respectful conversation to enquire about the patron's welfare and where necessary offer them assistance such as self-exclusions or referral to appropriate help services.

We believe that staff interactions create an additional level of safety that is unique to land-based gaming operators and is lacking in the online environment. ClubsNSW is currently funding research being undertaken by the University of Sydney to design an appropriate advanced training program to support staff in making these important customer service interactions.

Family interventions

Problem gambling can have a profound effect not only on the gambler but also on their family particularly where children are involved.

Family members often have a better capacity to observe problems than other parties such as venue staff and therefore are in a good position to intervene before problems progress to a crisis point. Family members should have the capacity to initiate a third party intervention on behalf of a problem gambler. Venues should be required to promote the availability of family interventions both through in-venue advertising and where applicable online through company websites.

From the industry perspective, a tiered approach to family interventions would appear to be the most appropriate implementation. This would involve a role for both venue operators and the Government.

⁴² Identifying Problem Gamblers in Gambling Venues: Final Report, Gambling Research Australia

Venues would be obligated to respond to a request for an intervention on behalf of a family member. Recognising at this stage the complaint is merely an allegation that the person has a gambling problem, venues should be required to:

- observe the gambling behaviour of the individual in question;
- as appropriate, engage in a respectful conversation with the alleged problem gambler and offer assistance;
- maintain the anonymity of the complainant; and
- provide the family member with an information pack outlining their options and advice for supporting the problem gambler's recovery.

Where the patron denies the assistance offered venue intervention, a second tier process involving a government agency can examine the allegation and where established issues appropriate orders such as involuntary exclusions or mandatory counselling

Screening kit for health professionals

A whole-of-community response to the issue of problem gambling requires the engagement of a range of healthcare and community services to improve the support network available to problem gamblers and those at risk of becoming problem gamblers⁴³.

The NSW Government should consider the development of a problem gambling awareness and screening kit for distribution to all appropriate healthcare and community service providers to assist with the early identification and treatment of problem gambling:

- ensuring that health professionals and community services have information about problem gambling and referral pathways
- providing a one-item screening test, as part of other mental health diagnostics, for optional use by health professionals and counsellors
- screening should be targeted at high-risk groups, particularly those presenting with anxiety, depression, high drug and alcohol use
- providing dedicated funding to gambling help services to facilitate formal partnerships with mental health, alcohol and drugs, financial and family services
- promote self-help and brief treatment options such as self-help manuals, gambling budget calculators and online counselling, as such interventions can be cost-effective ways of achieving self-recovery of people experiencing problems with gambling

Responsible gambling messages

Responsible gambling messages are a ubiquitous feature of existing harm minimisation programs, having successfully contributed to raising consumer awareness about responsible gambling strategies and the risks associated with excessive gambling. ClubsNSW believes that responsible gambling messages have played an integral role in the overall reduction in the prevalence of problem gambling in NSW.

⁴³ Help-seeking and Uptake of Services Amongst People with Gambling Problems in the ACT, Australian National University 2011

ClubsNSW supports the improvement of responsible gambling messaging through evidence-based, cost-effective and targeted measures that promote informed choice. However we are concerned that the clutter created by an ever increasing array of signage and messaging within venues reduces the impact and effectiveness of responsible gambling communications.

In our opinion, it is essential that all new responsible gambling messaging initiatives are comprehensively trialled and tested to assess their impact prior to introduction.

ClubsNSW also advocates for the provision of responsible gambling messages to apply consistently across all forms of gambling and not only gaming machines. The information should include at a minimum:

- An explanation of how the game works
- An explanation of the 'house edge'
- An explanation of cost of play and volatility
- A correction of common misconceptions

Often, behaviours that lead to problem gambling are symptomatic of a fundamental misunderstanding of how particular forms of gambling operate. Disclosing information about how a product operates, the cost of play and dispelling common myths can promote informed choice and reduce the chances of problematic gambling behaviours such as "chasing losses".

Community awareness campaigns

Community awareness campaigns are another common feature among government and industry sponsored responsible gambling programs. Typically, the public awareness campaigns run by governments have focused on encouraging problem gamblers to seek treatment through the promotion of the gambling helpline numbers.

ClubsNSW supports further research that investigates the benefits of community awareness campaigns that have a direct emphasis on prevention through the promotion tips and strategies to assist consumers to gamble responsibly. Research should also examines ways in which community awareness campaigns can harness new media opportunities such as social media to deliver outcomes in a more cost-effective manner.

School-based education campaigns

ClubsNSW advocates for the development and trialling of a nationally consistent school-based gambling education and awareness program that is integrated into the existing school curricula on personal health and financial literacy.

Youth are at increased risk of developing a gambling problem, a fact that is particularly concerning in light of the easy access to online gambling. Research has found that education programs can be an effective tool in preventing the development of problematic gambling behaviours.

Awareness of the serious risks of excessive gambling coupled with knowledge of the odds associated with various gambling products acts as a protective factor against the development of gambling-

related problems⁴⁴. An international panel of eminent gambling researchers recommended school-based education as a necessary requirement for any responsible gambling program.

The content of the school-based education program could draw from the Productivity Commission 2010 Inquiry into Gambling recommendation 7.1:

- dispel common myths about gambling and educate people about how to gamble safely
- highlight potential future consequences associated with problem gambling, and
- make the community aware of behaviours indicative of problem gambling, to encourage earlier help-seeking or interventions by family and friends.

A trial and evaluation of school-based education programs would help to ensure program effectiveness and protect against the potential for unintended consequences.⁴⁵

⁴⁴ http://www.austgamingcouncil.org.au/images/pdf/Discussion_Papers/agc_dis_youth_gamb_ed.pdf

⁴⁵ Productivity Commission 2010 Inquiry into Gambling, Recommendation 7.1